

# 2013-2014 Guide to PWC

Public Works Commission of the  
City of Fayetteville, North Carolina



## Guide to



**Public Works Commission of the City of Fayetteville**

### **PWC Vision**

To be valued by our customers for improving their quality of life by providing first-rate utility services and by being a leader in community sustainability.

### **PWC Mission**

To be a safe, highly productive utility that invests in our team, facilities and infrastructure, and provides information to customers, helping them to make informed choices.

This guide was developed by the PWC Communications/Community Relations Department as a resource for responsibilities of the PWC Board and overviews of PWC's utility operations. Copies are available upon request.

*Updated August 2013*

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# About PWC



### ***Building Community Connections For A Century***

The Public Works Commission was created on March 4, 1905, through an act of the State Legislature, to manage, operate, and supervise the three utilities — electric, water and sanitary sewer — as well as to be responsible for operating the city market stalls, and to test weights and measures. The Act establishing the Public Works Commission specified that the Board of Alderman (now the City Council) appoint three Commissioners for a period of three years each, with staggered terms.

Today, the Commission consists of four members, appointed by the City Council to serve up to three four-year staggered terms. The Commissioners elect a Chairman, Vice Chairman, Secretary, and Treasurer; they meet on the second and fourth Wednesday of each month.

The site of the old City Hall on Green Street was leased in October, 1914, for the purpose of erecting an office and an electrical substation for the Public Works Commission. The substation became overloaded during the 1930's and was relocated to Williams Street. The office facilities also became inadequate for the increased work of the Commission, and a City Hall was erected on the site during 1941. A separate Public Works Commission Administration Building was completed in February, 1966, at 508 Person Street.

In 1987-1988, PWC purchased a 65-acre tract of land and began developing a centralized PWC Complex in order to consolidate all operating and administrative functions. This centralization of non-plant facilities lends itself to efficiency and effectiveness which extends to manpower requirements, equipment utilization, materials management, information flow, customer service, security, and control of operations.

Facilities at the PWC Complex include the Administration Building, Operations Center, Fleet Maintenance, Electronic Fuel Islands, Warehouse and Storage Yard, Electric Meter Shop, Apparatus Repair Shop, Water Meter Shop, Utility Field Services, Water/Wastewater Facilities Maintenance, and Vehicle/Small Equipment Storage Sheds.

In August 2000, PWC opened its Customer Service Center in the Robert C. Williams Business Center in downtown Fayetteville. Customer Service moved to the PWC Operations Complex in November 2009 when PWC's LEED-certified Customer Service Center opened.

Through the foresight of Fayetteville's forefathers, the citizens of Fayetteville have, in their Public Works Commission, a significant community asset with a proud history. The Public Works Commission has kept up with demands for electric, water and sanitary sewer utilities to serve the rapidly growing city and surrounding urbanized areas. Water and sanitary sewer rates are comparable to other major cities in North Carolina, while electric rates are extremely competitive.

Nearly 600 employees benefit from jobs provided to local residents. The employees, in turn, work diligently to serve the needs of their families, friends, and fellow ratepayers.

*Note: Historical information about electric, water, and wastewater utilities appear behind their respective tabs.*

Municipalities such as the City of Fayetteville are statutorily empowered in North Carolina to construct and operate electric, water and wastewater systems. Municipalities by statute have the right to set the rates and service practice for such services and revise such rates from time to time. Municipalities by statute have the right to extend electric, water and wastewater services outside of their corporate limits within reasonable limitations. The limitations involve territorial law established by the General Assembly and case law established by the courts. PWC has negotiated favorable agreements with neighboring utilities.

PWC's rates are not subject to regulation by the North Carolina Utilities Commission; they are approved by the PWC Commissioners. The City and the PWC are subject to regulation by federal and state authorities with respect to air quality, water quality and disposal of liquid and solid wastes. Some portions of PWC's electric system are considered to be a part of the nationwide Bulk Electric System. PWC's ownership of such equipment requires PWC to adhere to reliability standards published by the North American Electric Reliability Corporation.

PWC's Butler Warner Generation Plant is subject to air quality, stormwater management, and groundwater quality regulations of the State of North Carolina. BWGP operates under permits issued by and enforced by the North Carolina Department of Environment and Natural Resources (DENR). DENR performs annual on-site inspections at BWGP and PWC has consistently been found to be in compliance. BWGP is also required to submit to the Environmental Protection Agency (EPA) and to update periodically both a Spill Prevention Control and Countermeasures Plan and a Facility Response Plan. Together these two plans reduce the potential for spills and ensure proper response if a spill does occur. BWGP has met all requirements for submitting, updating and complying with these plans.

Recent North Carolina legislation mandates municipal electric suppliers source 3% of their retail load from advanced renewable and efficiency technologies. This mandate extends to 10% by 2018. Beginning in 2009, electric suppliers were required to file compliance reports annually with the NCUC. PWC is in compliance with the filing requirements and plans to continue its compliance through its wholesale power supply contract, methane generation, solar generation, and energy efficiency programs.

The PWC's water and wastewater treatment plants also must comply with regulations set forth by the EPA and State of North Carolina to ensure protection of drinking water and the environment. Both water treatment plants produce drinking water that is of a higher quality than required by the permits. As a result of this high quality, the water plants are recognized by EPA in the Partnership for Safe Water Program. The discharges from both wastewater plants are of a higher quality than is required by the permits as well. In addition to compliance with permits associated with the treatment plants, PWC is also in compliance with permits associated with the drinking water distribution system and wastewater collection system.

PWC's contractors and consultants are also required to comply with the various EPA/PWC rules and regulations. Indemnification agreements and insurance are in place to protect PWC against certain losses. Internal compliance audits are regularly conducted throughout the year by internal and external auditors.

Each year, the American Public Power Association conducts its annual “Governance Survey” to determine the type of control local governments exercise over publicly owned electric systems. The latest results from 2010 (from nearly 700 of the over 2000 municipal electric systems) follow. Of those responding 34 are in PWC’s customer size class with a customer base greater than 50,000.

## **Type of Primary Governing Body**

Of responding utilities, 41% are governed by Independent Boards, similar to the Public Works Commission. The results varied significantly when summarized by customer size class. 68% of utilities serving more than 50,000 customers (PWC’s class) are governed by independent boards while the smallest customer size class is the only one in which the majority of utilities are governed by a city council.

<b>Customer Size Class</b>	<b>Independent Board</b>	<b>City Council</b>
Less than 5,000	28%	72%
5,000-20,000	60%	40%
20,000-50,000	67%	33%
Greater than 50,000	68%	32%

## **Independent Utility Board as Primary Governing Body**

Utilities surveyed were asked to indicate which governing body or individual has final approval for eight specific actions: setting retail electric rates, approving the utility budget, setting salaries of key utility officials, issuing long-term bonds, making financial investments, approving purchased power contracts, exercising the right of eminent domain and hiring and firing utility personnel.

Approximately 270 utilities report that an independent utility board is their primary governing body. A majority of these utilities list the independent utility board as retaining final authority for all of the eight functions except for issuing long-term bonds. Utility boards are most likely to have final approval over setting salaries of key utility officials, approving utility budgets, approving purchased power contracts and making financial investments.

## **Payment in Lieu of Taxes**

Seventy-four percent of those surveyed make payments in lieu of taxes to their state or local governments. Eighty-two percent of utilities with independent boards make payments compared to 60% of utilities governed by city councils. For utilities with greater than 50,000 customers, 88% make payments in lieu of taxes. Of the utilities that make payments in lieu of taxes, 63% use a formula to determine the amount and 90% of utilities with greater than 50,000 customers do so.

## CHAPTER VI. PUBLIC WORKS COMMISSION

**Sec. 6.1. Commission continued; election and term of members; vacancy.**

A commission of the City of Fayetteville to be known as the "public works commission" as heretofore created, established and now existing, is hereby continued and the number of members shall increase, effective July 1, 1981, to four (4). The terms of office of the current members shall each be expanded for an additional year, with each term expiring four (4) years from the date, which the appointment was originally made. A new appointment shall be made in June of 1981, and it shall be for a term of four (4) years. As each appointment expires, the city council shall, at its regular meeting in June of each year, elect a member of said commission for a term of four (4) years to replace the expiring member.

(Session Laws 1981, Ch. 756, § 2)

**Sec. 6.2. Qualifications of commissioners.**

The members of said commission shall be resident freeholders and taxpayers of the City of Fayetteville, and shall be persons of recognized ability and good business judgment and standing who, in the opinion of the city council, can and will perform their official duties to the best interest of said city and its inhabitants.

**Sec. 6.3. Duties of commission.**

Said commission shall have full charge and control and the general supervision and management of the electric utility plant, the waterworks and sewerage, and shall collect all rents and profits accruing therefrom and shall make all disbursements on account of the same.

**Sec. 6.4. Organization; chairman, secretary, and treasurer.**

The members of the commission shall meet as soon after their election as possible, and shall elect out of their number a chairman, secretary, and treasurer, each of whom shall be a different person. The duties of each shall be such as is prescribed by said commission from time to time, not inconsistent with the provisions of this act.

**Sec. 6.5. Records and accounts.**

Said commission shall keep a full and complete record of all meetings held and official action taken, and of all other transactions, items and facts, necessary to the proper and intelligent conduct of the business affairs, and shall keep a separate account of each item of property under their control, showing in detail the income from each, the disbursements on account of each, and the net income or loss on each of the same.

**Sec. 6.6. Receipts and disbursements.**

All funds handled by said commission shall be paid over to the treasurer thereof, and all disbursements by said commission shall only be made by order upon the treasurer, signed by the secretary and countersigned by the chairman thereof, and all orders shall state for what object the same is drawn, and a record shall be kept of all such orders.

**Sec. 6.7. Supervision of electric light, water and sewerage plants.**

Said commission shall have charge of and control over, and shall supervise the construction, repairing,

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alteration or enlargement of the electric light plant, the waterworks plant and the sewerage plant with power and authority to make all necessary contracts relating to the same, including the purchase of all necessary sites, machinery, supplies and other property and the employment of necessary labor and other help in said construction, repairing, alteration or enlargement but no appropriation of moneys or expenditures or contracts in excess of ten thousand dollars (\$10,000.00) shall be made by the said commission until the same shall have been approved by the city council provided no such appropriation, expenditure or contract shall be approved on the date on which it is submitted except by an affirmative vote equal to or greater than two-thirds of the members of the council.

**Sec. 6.8. Contracts; title to property.**

No contract shall be entered into by said commission without the concurrence of at least two (2) members thereof, and all contracts made by said commission, required to be in writing, shall be in the name of the City of Fayetteville, signed by the chairman and attested by the secretary of the said commission and sealed with the corporate seal of the said city. The title to all property under the management and control of said commissioners shall be and remain in the City of Fayetteville, and the title to all property purchased or acquired by said commission shall vest in said city; provided, that nothing in this act shall be construed as conferring upon said commission any power or authority to convey title to any public utilities, buildings, or other real property under their management and control.

**Sec. 6.9. Proceeds of bonds and special funds to be paid to treasurer; disbursement.**

The proceeds from the sale of any bonds, and all other special funds to be used in the construction, repairing, alteration or enlargement of any public utilities, building or other property mentioned in Section 6.7, shall be paid over to the treasurer of said commission, who shall disburse the same as provided in this act.

**Sec. 6.10. Powers of commission in management of property.**

Said commission is hereby fully authorized and empowered to make all necessary contracts in the property management of said public utilities and other property under its management and control, and to employ and discharge all necessary superintendents, clerks, accountants, laborers, artisans and other help in said management; to prescribe the duties and fix the salaries of each, and to require such bonds of each as said commission may deem proper to the successful management of said property.

**Sec. 6.11. Rates and rents.**

Said commission is hereby fully authorized and empowered to fix all rates, rents for water, light and sewage, scales, and all other public property under their control, subject to the limitations fixed in any franchise heretofore granted or which may hereafter be granted for the same. All such rates and rents shall be established upon such terms and conditions as said commission shall deem for the best interest of the city.

**Sec. 6.12. Monthly reports; special reports.**

Said commission shall render a full report to the city council of the City of Fayetteville, not later than the second Monday of each month, and shall pay over to the treasurer of said city all balances in excess of necessary expenses and disbursement to said date, as shown by said report. Said report shall show among other things:

- (1) The several items of public property under the control and charge of said commission, the value of same, and the floating and bonded indebtedness outstanding against the same;

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- (2) The amount received from each item of public property, and the amount disbursed on account of same, separately;
- (3) All amounts received and disbursed on account of construction, repairing, alteration or enlargement of said property;
- (4) The physical condition of the property;
- (5) The amount of insurance carried upon said property;
- (6) The names of all delinquents to said city, three (3) months or more in arrears, and the amount of such delinquency; and
- (7) All other facts, items and information pertaining to the condition and management of said property.

Said commission shall also furnish to the city council of said city such additional and special reports as the said council may request from time to time.

**Sec. 6.13. Annual report.**

At the end of each fiscal year said commission shall publish a complete report for the year, which shall include all financial operations of said commission during the year, and all items, facts and information required by the provisions of this chapter to be reported monthly to the said city council.

**Sec. 6.14. Bonds of chairman, secretary and treasurer.**

The chairman and secretary of said commission shall each give bond to the City of Fayetteville in the sum of one thousand dollars (\$1,000.00) each, and the treasurer of said commission shall give bond in double the amount of any funds in his hands. All bonds required by this section shall be filed with the city clerk.

**Sec. 6.15. Compensation.**

The members of said commission shall receive a salary as set by the council on an annual basis.

**Sec. 6.16. Audit of books and accounts.**

At the end of each fiscal year the books, accounts and records of said commission shall be audited by the city council.

**Sec. 6.17. Neglect of duty by member.**

If any member of said commission shall willfully neglect or fail to perform any duty required by the provisions of this chapter, or required by any rule or regulation made by said commission in pursuance of the authority contained in said act, he shall be guilty of a misdemeanor, and upon conviction shall be removed from office by the city council.

**Sec. 6.18. Budget.**

Said commission shall cause to be prepared and published in a newspaper published in Cumberland County a budget in the same manner as is required of the city council.

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**Sec. 6.19. Sale of electricity, water and sewer [service] in Cumberland County.**

The public works commission of the City of Fayetteville is hereby authorized and empowered to extend its electric system, water system and sewerage system anywhere in Cumberland County, and to sell water, sewer service, and electricity anywhere in Cumberland County.

**Sec. 6.20. Retirement system.**

The city council of the City of Fayetteville is authorized to establish by ordinance an actuarially sound retirement system for the payment of retirement benefits to the employees of the public works commission. The city council is authorized to appoint a board of trustees and to delegate to the board of trustees such powers and duties as may be deemed necessary to administer the retirement fund; however, if a board of trustees is appointed, they shall employ an actuary and designate a trustee for the investment, care, or administration of the funds of the retirement system.

Any retirement system established by the city council for the employees of the Fayetteville Public Works Commission shall be jointly financed by employee contributions and appropriations from the funds of the public works commission and shall be maintained on a solvent actuarial reserve basis for all benefits at the date of the establishment of the fund, excepting the present value of benefits based on prior service. The contributions of the Fayetteville Public Works Commission shall be sufficient to fund the liability for such prior service in not more than thirty (30) years from the date of the establishment of such fund.

Any retirement system heretofore created for the employees of the Fayetteville Public Works System and in existence on the date of the ratification of this act shall continue in existence and remain in full force and effect after the date of the ratification of this act, the intent herein being to continue any existing retirement system under the same established requirements and criteria stated herein.

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007**

**SESSION LAW 2008-103  
HOUSE BILL 2784**

AN ACT CONCERNING INVESTMENTS OF THE CITY OF FAYETTEVILLE AND THE  
PUBLIC WORKS COMMISSION OF FAYETTEVILLE.

The General Assembly of North Carolina enacts:

**SECTION 1.** Chapter VIII of the Charter of the City of Fayetteville, being Chapter 557 of the 1979 Session Laws, as amended, is amended by adding the following new Article to read:

"ARTICLE 9.

"INVESTMENT AUTHORITY.

"Sec. 8.35. **Certain investments.** In addition to the authority granted in G.S. 159-30, the City may invest and reinvest any of the City's employee benefit funds held in trust, risk reserve funds, cemetery perpetual care funds, and capital reserves, as designated from time to time by the City Council, in one or more of the types of securities or other investments authorized by State law for the State Treasurer in G.S. 147-69.2(b)(1)-(6) and (8)."

**SECTION 2.** Chapter VI of the Charter of the City of Fayetteville, being Chapter 557 of the 1979 Session Laws, as amended, is amended by adding the following new section to read:

"Sec. 6.21. **Investment Authority.** In addition to the authority granted in G.S. 159-30, the Public Works Commission may invest and reinvest any of the Commission's employee benefit funds held in trust, risk reserve funds, and capital reserves, as designated from time to time by the Commission, in one or more of the types of securities or other investments authorized by State law for the State Treasurer in G.S. 147-69.2(b)(1)-(6) and (8)."

**SECTION 3.** This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 15<sup>th</sup> day of July, 2008.

s/ Beverly E. Perdue  
President of the Senate

s/ Joe Hackney  
Speaker of the House of Representatives

## About Our Electric Systems?

- PWC is the largest municipal power system in the state of North Carolina and the 35th largest public power system (of more than 2,000) in the United States.
- PWC is the only municipal electric system in North Carolina to own and operate its own generation plant.
- In 2011, PWC earned its 3rd Reliable Public Power Provider™ (RP<sub>3</sub>) award from the APPA for providing consumers with the highest degree of reliable and safe electric service. The award was given to 82 utilities and PWC was one of 3 to receive Diamond Level, the highest RP<sub>3</sub> designation.
- In 2010, the Southeastern Electric Reliability Council (SERC) conducted an audit of the PWC electric system and found PWC to be 100 percent compliant in all areas. SERC is the enforcement agency that monitors electric utilities to ensure that reliability of the electric grid is maintained. They enforce standards and regulations put in place by the federal government following the Blackout in the Northeast in August 2003. During the audit, SERC reviewed PWC policies, procedures and records to ensure PWC was compliant with the federal standards. The review included PWC's high voltage transmission facilities as well as a review of PWC substations, maintenance procedures, vegetation management and tree trimming.

## About Our Financials?

- PWC received upgraded bond ratings from Moody's Investors Service (Moody's) and Standard & Poor's Rating Service (S&P) in the last two years. Moody's gave PWC a Aa2/Positive rating and S&P gave PWC an AA/Stable.
- PWC was recognized for its contribution to the City's insurance rating for fire protection. Fayetteville ranks in the top .7% in the nation for fire protection, earning the City a Class 2 rating; thus lowering fire insurance rates for commercial properties in the city.
- PWC has earned the Distinguished Budget Presentation Award, the highest-level award in governmental budgeting, for 18 consecutive years and the Certificate for Excellence in Financial Reporting for the 6<sup>th</sup> straight year.
- The Government Finance Officers Association presented PWC the Award of Excellence in Capital Financing and Debt Administration in 2011. PWC received the award for "Electricity at a Discount: Using Tax-Exempt Debt to Pre-Pay for Energy in Fayetteville, NC." This is the GFOA's more prestigious award and was given to only 9 utilities in the US and Canada.

## About Our Water Resources?

- PWC was the first utility in the state to have water treatment facilities receive the prestigious Director's Award from the EPA for its participation in the Partnership for Safe Drinking Water. PWC received the award in 2000 and has maintained the award standards each year since. PWC is one of less than 100 water utilities in the U.S. to maintain that designation for 10 years or more.
- Both the Rockfish Creek and Cross Creek Water Reclamation Facilities have been honored with the National Operation and Maintenance Award from the EPA for outstanding operations.
- PWC has local permitting authority for processing requests for water and sewer extensions and modifications. The local permitting benefits developers and contractors in that permits are issued 5 times faster than previous permitting.
- In July 2001, PWC received the state's first issued permit for sanitary sewer collection systems. The permit holds PWC accountable for proper maintenance and operation of the system.

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- PWC's water was voted the "Best Tasting" in the state at the annual NC American Water Works Association annual meeting in 2005. Fayetteville water entered by PWC won a taste contest when compared to other municipal water systems in the state.
- PWC has two independent water supplies in the Cape Fear River and the Glenville Lake.
- PWC has a 40-year contract with the Department of Defense to provide water to the Fort Bragg Army installation. PWC partnered with Harnett County to provide the military installation a maximum daily demand of 16 MGD. The contract for PWC is valued at over \$90 million dollars.

### About Our Employees?

- PWC employees have been recognized 8 times in the last 15 years for having worked over one million consecutive hours with no lost-time injuries: Aug. 6, 1995; Aug. 24, 1998; Sept. 27, 2002; Dec. 14, 2006; July 2, 2011; August 2012 and 2 Million Hours on Oct. 5, 2007 and June 4, 2013.
- General Manager Steve Blanchard is serving a 3-year term (2011-2014) on the APPA Board of Directors.
- General Manager Steve Blanchard was a contributing author in the book, "The Energy and Utility Business [Energy Authorities on Conservation, Management and Cost]."
- PWC's Wellness Committee formed in November 2007. Its objective is to encourage and promote the physical and mental well-being of all PWC employees and to encourage, communicate and educate staff in achieving a healthier lifestyle to improve their quality of life, job performance and overall health. The members organized an annual wellness fair to help promote this objective and also created walking trails within the Operations Complex.
- PWC employees earned the United Way of North Carolina's "Spirit of NC" award 8 times (7 consecutive years -2003-2009; 2013), which is presented to NC businesses that have conducted exceptional United Way campaigns.
- PWC was the first company in Cumberland County to receive the American Heart Association Gold Start! Fit Friendly Company award. PWC has earned the award twice. The award represents PWC's recognition of the importance of a healthy workplace and the steps it has taken to create a wellness culture by providing support to employees and implementing physical, nutritional and cultural changes.
- Two PWC employees were named 2012 Hometown Heroes by Electricities of NC. The Hometown Hero award recognizes municipal employees who have made outstanding efforts to save a life or lives. The employees' split-second decision to act saved the life of a Fayetteville citizen in the summer of 2011.
- PWC has been honored 3 times (1994, 2005, 2013) by the APPA with their Community Service Award. This award recognizes "good neighbor" activities that demonstrate the commitment of the utility and its employees to the community.

### About Our Sustainable Practices?

- The American Public Power Association presented PWC with the 2012 Energy Innovator Award for its "Voltage-Drop Calculator" The "Calculator" simplifies the evaluation of the impact customer equipment has on the electric system and provides information to better manage the customer's impact on system reliability and power quality. PWC also received the APPA Energy Innovator Award in 2010.
- PWC owns and operates a 750-acre farm in Eastern Cumberland County that allows it to recycle biosolids removed during the wastewater treatment processes as fertilizers and solid conditioners. These biosolids are used on over 3,100 acres of farmland in Cumberland County.

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- PWC will upgrade its 34,000 street lights and area lights to LED lighting. In 2013, PWC began installing LED Lighting which produces a higher quality light, has a longer life expectancy, greater efficiency and reduces energy and maintenance costs.
- PWC's fleet is changing for the benefit of air quality. PWC operates 7 hybrid vehicles including 2 bucket trucks. PWC is also replacing older diesel trucks with trucks with lower emission diesel engines. As other aging equipment is replaced, PWC is also using lower emission equipment such as all-electric forklifts and solar powered message boards.
- PWC opened its LEED-Certified Gold Customer Service Center in November 2009. The 10,000 sq. ft. building is one of the first buildings in Cumberland County to be built to LEED (Leadership in Energy & Environmental Design) standards, the nationally accepted bench mark for the design, construction and operation of high performance green buildings. LEED is designed to promote design and construction practices that reduce the negative environmental impacts of buildings and improving occupant health and well-being.
- PWC is a founding member of the Sustainable Community Foundation along with Fayetteville State University, Fort Bragg, the Fayetteville-Cumberland County Chamber of Commerce, and Sustainable Sandhills. The Foundation will work to attract sustainable economic development to the community as well as develop a degree or certification program at FSU in environmental sustainability.

### **About These Other Interesting PWC Facts?**

- PWC was chartered in 1905 and celebrated its Centennial in 2005.
- PWC Commissioners have represented PWC and the community well during their tenures and several former Board members have also served in additional leadership roles in both state government and the electric industry.
  - o Former PWC Board member Wilson Lacy served a 3-year term on the Electricities of NC Board of Directors.
  - o Former PWC Board member Terri Union served a 3-year term on the APPA's Policy Makers Council, which is comprised of local elected/appointed officials representing the diverse interest in several areas of concern for public power systems, and to support the APPA legislative program.
- PWC's monthly TV show "PWC Connections" was awarded a "Telly Award" in 2006. The prestigious award is recognized by the National Videographers as the highest industry standard.

PWC is proud of its association and involvement with numerous local, state, and national organizations. PWC's involvement includes active board and committee membership by PWC staff members. The benefits include PWC's input in local, regional and national issues and bringing recognition to the quality workforce and resources of PWC and the Fayetteville and Cumberland County area.

## Local/Regional

- Cape Fear River Assembly
- Downtown Alliance
- Economic Development Alliance of Fayetteville/Cumberland County
- ElectriCities of North Carolina
- Fayetteville Board of Realtors
- Fayetteville Homebuilders Association
- Fayetteville Plumbers Association
- Fayetteville Regional Chamber of Commerce
- NC GreenPower
- Sandhills Area Land Trust
- Southeastern Electric Reliability Council (SERC)
- Sustainable Community Foundation
- Sustainable Sandhills

## National

- American Public Power Association
- American Water Works Association
- EPA WaterSense
- North American Electric Reliability Council (NERC)
- SmartGrid Consumer Collaborative



PWC reviews its strategic plan annually in the spring with adoption at a later board meeting. You can view the executive summary of the most recent PWC Strategic Plan at [www.faypwc.com/pdf/executive\\_summary.pdf](http://www.faypwc.com/pdf/executive_summary.pdf).

## GUIDING PRINCIPLES

- To Be Valued By Our Customers
- Improving the Quality of Life
- Providing First-Rate Utility Services
- Being a Leader in Community Sustainability

## STRATEGIC GOALS

1. Lowest Responsible Rates, Most Financially Sound Utility
2. Strong Core Businesses – Quality and Reliable Services
3. Customer Focused
4. Top Quality Workforce
5. Visionary Working Relationship with City and
6. Local Government Bodies
7. Sustainable Environmental, Economic, and Community Growth

## ACTION ITEMS IDENTIFIED IN 2012 STRATEGIC PLAN

### Goal 1: *Lowest Responsible Rates, Most Financially Sound Utility*

- Bond Program for PWC (In Progress)
- Loss Control/Recovery Policy (On-going)
- National Health Insurance: Analysis of Financial Impact (In Progress)
- Pre-Payment Metering and Process (On-going)
- Long Term Electric Rate Plan and Revenue (Complete)
- New Electric Rates (Complete)
- Comprehensive Organization Restructure (Complete)
- Water/Sewer Rate Model (Complete)
- RC Williams Building (Complete)
- Outside City Water Rates (Complete)
- Deposit Policy (On-going)

### Goal 2: *Strong Core Businesses – Quality & Reliable Services*

- Butler-Warner Generation Plant Strategy (Delayed)
- County Wide Water Strategy (On-going)
- Alternative Fuel Vehicles (On-going)
- IT Strategy & Plan (In progress)
- Solar Energy Strategy (Complete)
- Undergrounding Utilities Policy (In Progress)
- Scorecard/Dashboard Reports (In progress)
- Cape Fear River Water Allocation (On-going)
- Cyber Security: Impact Analysis, Compliance (In progress)
- Eastover Service Contract Amendment (Complete)
- Fleet Utilization Study (In Progress)
- Disaster Recovery/Continuity of Business Plan (In progress)
- Textfi Monitoring (On-going)

### Goal 3: *Customer Focused*

- Customer Program Call Center Group Expansion (On-going)
- Small Commercial: Demand Meter Deployment (Complete)
- C/I Customer Use Pattern (100 largest) (Complete)
- Energy Audit Program (Complete)
- Water Audit Program Development (On-going)
- Partnership - Equipment Suppliers/Retailers (On-going)
- App: Development (In progress)
- Customer Information Update (Complete)
- Communications Plan (Complete)
- Pay by Text (Complete)

### Goal 4: *Top Quality Workforce*

- Employee Compensation/Benefit Policy (Complete)
- Performance Management System (In progress)
- Kiosk System (In progress)
- Mgt/Employee-Succession Plan (In progress)
- Apprentice Program (In Progress)
- HR Policies (Complete)
- Safety Manual Update (Complete)

### Goal 5: *Visionary Working Relationship with City and Local Government Bodies*

- Support Services with City (On-going)
- MIA Growth (Complete)
- Sewer Service to Airport Property (On-going)
- Green City Designation (Delayed)

### Goal 6: *Sustainable Environmental, Economic, and Community Growth*

- Sustainable Community Foundation/Property (Complete)
- Foreign Trade Zone (On-going)
- Garner Study (Complete)
- Economic Development Partners Summit (In progress)

## MAJOR PROJECTS IN PROGRESS

- Hoffer Water Treatment Plant Expansion
- Textfi: Clearwell Refurbishment Project (Complete)
- Large Water Mains Evaluation
- Phase V Utility Installation
- Navigate
- Comprehensive Review of Street Lights
- Smart Metering/Smart Grid (Connect Initiative)
- LED Lighting Replacement

PWC and its employees are frequently recognized for providing outstanding customer service and community outreach while maintaining a safe working environment. Our employees also represent PWC on many industry-related organizations and community-based committees, and hold a variety of certifications that reflect PWC's commitment to training a top-quality workforce.

## 2012-13 Awards

- APPA Community Service Award
- APPA Electric Utility Safety Award
- ElectriCities of NC Municipal Electric Safety Award
- GFOA Distinguished Budget Presentation Award
- GFOA Certificate of Achievement for Excellence in Financial Reporting
- NCDOL 2 Million Safe Hours Worked
- NCDOL Certificate for Safety Achievement Award- 25 consecutive years
- NC Water Operators Association- Area Wide Optimization Program Award
- Public Power Awards of Excellence from ElectriCities of North Carolina: Competitive Business Environment, Financial Stability, Legislative Involvement, Customer Service Programs, Energy Efficiency Programs
- United Way of NC- Spirit of NC Award
- United Way of Cumberland County - Marquis Award, Chairman's Award, Spirit of Community Award

## Employee Memberships & Certifications

### **EXECUTIVE DIVISION**

**Steve Blanchard** (CEO/GM) –ElectriCities of NC Board of Directors, SERC, APPA Board of Directors, APPA Membership Committee, APPA Generation and Fuels Committee Chairman, Fayetteville Regional Chamber of Commerce Board of Directors, Fayetteville Regional Chamber of Commerce Board Executive Committee, Fayetteville Regional Chamber of Commerce Military Affairs Council, FSU School of Business and Economics Advisory Council, MU Foundation Board of Directors Chair, South Central-PENC Director, South Central-PENC Steering Committee, Cape Fear River Assembly, UNC Institute of Government Municipal Administration, Leadership Fayetteville Alumni, AHA Board Chair, United Way Campaign Chair, United Way Board Chair; **Venus Durant** – Notary Public; **Ellen King** – Notary Public; **Joan Starling** – Notary Public

### **COMMUNICATIONS/COMMUNITY RELATIONS DIVISION**

**Carolyn Justice-Hinson** (Officer)– APPA Public Communications Section Chair, NCAGIO, PRSA, NCPRSA, NC3C, CCPRP, LFAA, LF (1998), Networth (Past Chair), MU Board of Visitors Chair, CC Air Quality Stakeholders Committee Vice Chair, **Courtney Lucas** – NCAGIO, NC3C, PRSA, FYP, UWCC Review Panel; **Nicole Stiff** – NCAGIO, PRSA, NCPRSA, NC3C, CCPRP, LF (2007) LFAA, UWCC Marketing Committee, ASYMCA Board of Directors

### **CORPORATE SERVICES DIVISION**

**Susan Fritzen** (CO) – PENC, Networth; **Aaron Adams** – ASE Certified, EPA Motor Vehicle A/C Certification; **Karl Baker** – OBD 2 Emissions Inspections Certification, Vehicle Safety Inspection Certification; **Rod Boyle** – MCP, MCAD, ITIL v3, CompTIA Security+, OCP9iDBA, AACST, BSIT; **Todd Bradley** – OBD 2 Emissions Inspections Certification, Vehicle Safety Inspection Certification; **Graham Bramble** – OBD 2 Emissions

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Inspections Certification, Vehicle Safety Inspection Certification, Certified Commercial Tire Service Technician; **Brian Brockway** – OBD 2 Emissions Inspections Certification, Vehicle Safety Inspection Certification; **Billy Canady** – GISP Certification, NCAUG, CURISA, Sandhills GIS Association; **Troy Chandler** – AMA; **Jaime Covas** – OBD 2 Emissions Inspections Certification, Vehicle Safety Inspection Certification; **Cecil Culbreth** – OBD 2 Emissions Inspections Certification, Vehicle Safety Inspection Certification; **Rene Denis** – CCNA, MCSE +S, CompTIA (A+); **OJ Dennings** – MCSE +S, MCTS; **Christy Friendly** – IRA, NNA; **Dawn Furr**-Notary Public; **Jill Gibbs** – IIA; **Verlene Godwin** – PEG, NCPUG; **Godfrey Hodge** – OBD 2 Emissions Inspections Certification, Vehicle Safety Inspection Certification; **Wesley Jacobs** – GITA, NCAUG, ESRI-SERUG; **Charles Johnson** – PE Certification; **Chris Jones** – CCNA, Cisco Advanced Wireless Field Specialist, MCSE +S, CompTIA (Server+, Security+, and Network+); **Roger Joy** – PEG, NCPUG; **John Lynch** – OBD 2 Emissions Inspections Certification, Vehicle Safety Inspection Certification; **Sandy Martin** – CAGP; **John McColl** – Learning for Leaders Graduate; **Charisa McGougan** – Notary Public; **Vernon Montgomery** – OBD 2 Emissions Inspections Certification, Vehicle Safety Inspection Certification; **Retha Morris** – CLGPO, CAGP; **Dennis Morrison** – OBD 2 Emissions Inspections Certification, Vehicle Safety Inspection Certification; **Mike Myers** – OBD 2 Emissions Inspections Certification, Vehicle Safety Inspection Certification; **Will Nunnery** – OBD 2 Emissions Inspections Certification, Vehicle Safety Inspection Certification; **Philip Parker** – Grade B Water Distribution Certification, Grade III Sewer Collection Certification; **Michael Phillips** – OBD 2 Emissions Inspections Certification, Vehicle Safety Inspection Certification; **Jerry Pierce** – OBD 2 Emissions Inspections Certification, Vehicle Safety Inspection Certification, EPA Motor Vehicle Air Conditioning Certification; **Chris Revels** – OBD 2 Emissions Inspections Certification, Vehicle Safety Inspection Certification; **Aaron Rosenberg** – EPA certified; **Paula Shambach** – UWCC Review Panel, STC, GPA; **Larry Sherman** – OBD 2 Emissions Inspections Certification, Vehicle Safety Inspection Certification; **Georganna Simpson** – CPA, NCACPA, AICPA, GFOA, UWCC Audit and Finance Committee; **Tim South** – OBD 2 Emissions Inspections Certification, Vehicle Safety Inspection Certification; **Jim Strickland** – OBD 2 Emissions Inspections Certification, Vehicle Safety Inspection Certification, Certified Commercial Tire Service Technician, Lift Truck Certified Operator; **Steve Stropoli** – OBD 2 Emissions Inspections Certification, Vehicle Safety Inspection Certification; **TaVeris Walker** – OBD 2 Emissions Inspections Certification, Vehicle Safety Inspection Certification, Grade C Water Distribution Certification; **Ken West** – Certified Emergency Vehicle Technician, OBD 2 Emissions Inspections Certification, Vehicle Safety Inspection Certification, Automotive Service Excellence certified; **Darrell Woodard** – PEG, NCPUG; **Kelvin Young** – AMA, OBD 2 Emission Inspection Certification, Vehicle Safety Inspection Certification

#### CUSTOMER PROGRAMS DIVISION

**Mark Brown** (Sr. Officer) – PE; **Armando Acevedo** - Grade I Sewer Collection Certification; **Carl Campbell** – AMA Certificate in Management, IURPA Member, NCSCRPC Board; **Kimberly Rodriguez** – NC State Bar Certified Paralegal, GISP, NCAUG, URISA; **Floyd Russell** - IURPA Member, Learning For Leaders Graduate; **Lloyd Tatum** – HERS Certification; **Angie Vurnakes** – Water Sense Partner, Fayetteville Regional Chamber of Commerce, FAHBA, Plumbers Association, HVAC Association, United Way Loaned Executive

#### ELECTRIC SYSTEMS DIVISION

**David Trego** (COO) – SERC Board of Directors, SERC Executive Committee, SERC Board Compliance Committee, Fayetteville Regional Chamber Board of Directors and Executive Committee, Fayetteville Regional Chamber of Commerce Military Affairs Committee; **Frank Barrow** – IEEE, Electricities Purchasing and Stores Committee; **Mark Bielat** – P.E. Certification, IEEE Transformer Standards Committee, United Way Loaned Executive

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Committee; **Gail Boggs** – NCAMES Secretary/Treasurer; **Joel Brown** – Licensed Real Estate Broker with Broker in Charge Certification; **Mike Brown** – NC Waterworks B Surface Certification Operator, NCDOL IE&C Technician Certification, AMA; **Jewell Chambers** – GITA Committee, NCAUG, ESRI-SERUG, GISP, AMA Certificate in Management; **Jim Cline** – ElectriCities Operation Standards Team (OST), IEEE; **Steve Collins** – GITA, NCAUG, ESRI-SERUG, GISP; **Randy Cummings** – Certified Level II Thermographers; **Stockton Davis** – Certified Level II Thermographers; **Scott Enloe** – AMA Certificate in Management; **Wayne Faircloth** – ISA Certified, UAA; **Mark Falcon** – ISA Certified, SAF Certified, NCVMA, UAA, Arbor Day Society; **Michael Germany** – Comptia A+ Certification, Network+ Certification, Security+ Certification, RHCSA; **David Gibbs** – GITA, NCAUG, ESRI-SERUG, GISP; **Lance Gray** – Certified Level II Thermographers, Licensed Electrical Contractor; **Bruce Grobe** – 1<sup>st</sup> Class Boiler Engineer License; **Gary Heath** – Industrial Mechanics Certification; **Johnny Lanthorn** – NCDOL IE&C Journeyman, ISA, CC Air Quality Stakeholder, Commissioner of Town of Wade (Elected Official), Joint City County Appearance Commission (Chair); **Jimmy Lowery** – GITA, NCAUG, ESRI-SERUG; **Keith Lynch** – Sustainable Sandhills Board, CCS Academy of Green Technology Advisory Committee; **Ace May** – AMA; **Rick Nunnery** – NCAMES Safety & Training Board Chairman, APPA Rodeo Site & Event Committee; **Bob Parham** – SERC-DCFT, P.E. Certification; **John Prevette** – PLS, EI Certification; **Brian Simmons** – NCAWWA Maintenance Technology Certification, NCDENR Control Installer – Services, Universal Refrigerant Certification; **Ed Smith** – GITA, NCAUG, TUG Technical Advisory Group, ESRI-SERUG, GISP, AMA Certificate in Management; **Duane Stalnaker** – NCAMES Safety & Training Board, APPA Rodeo Site & Event Committee; **Marc Tunstall** – P.E., NERC, SERC Vegetation Management Subcommittee, IEEE; **Reggie Wallace** – Fayetteville Plant Managers' Association, SERC Operating Committee; **Rick Anderson** – DOE Distribution Transformer Design Efficiencies Committee, SERC, APPA RP3 Review Panel, IEEE, NC Transmission Planning Collaborative Committee, VACAR Executive Committee Chair, NERC Planning Board, P.E. Certification, NC Licensed General Building Contractor, NC Licensed Electrical Contractor; **Royce Walters** – NC Grade 3 Biological Water Pollution Control System Operator, NC Land Application of Residuals Operator; **William Westbrook** – IEEE, IESNA Street & Roadway Lighting Committee, GITA Committee, NCAUG, PWC CAG, TUG, ESRI-SERUG, GISP; **Randy Williams** – AMA; **David Willis** – IEEE, P.E. Certification, Rotary Club

#### FINANCE DIVISION

**Dwight Miller** (CFO) – IMA-Past Chapter President, IMA Financial Executive of the Year (Carolinas), AICPA, CPA (Georgia, NC, Tenn.), Chartered Global Management Accountant, NCACPA, Tennessee SCPA, NCLGIA-Past President, NCGFOA, US Army War College National Security Seminar, UNC Institute of Government Municipal Administration, Fayetteville Regional Chamber of Commerce, Fayetteville Regional Chamber of Commerce-Military Affairs Council, LF, LF Faculty, LFAA-Past Chair, UWCC Board Chair, UWCC-Past Treasurer, UWCC Personnel Committee, UWCC Community Impact Council, UWCC Review Panel-Chair, Boys and Girls Clubs of America Medallion Recipient, Boys Club of Columbus, GA and Phenix City, AL Man and Boy Award; **Karen Aippersbach** – CPA, NCGFOA, AICPA, NCACPA; **Jim Autry** – SRA Member of the Appraisal Institute, NC Licensed Real Estate Broker, NC Licensed State Certified Real Estate Appraiser, Certified NC Appraiser – NCAAO, Certified Real Property Appraiser – NC Department of Revenue, IRWA, CFRAG-Past President, Notary Public; **Tange Bennett** – Notary Public; **Lisa Buffaloe** – NCLGBA; **Brenda Chester** – CPA, MPA, GFOA, NCGFOA, AICPA, NCACPA, Networth, GFOA Special Review Committee; **Diane Coffman** – APA; **Ike Copeland** – PRMA, NCPRMA, NCPRMA Technology Chair, AWWA NC Disaster Preparedness Committee, Local Emergency Planning Committee, AICPCPU Associate in Risk Management Designation, AICPCU-RMPE; **Robin Crayton** – NC State

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Broker, IRWA Chapter 31 Carolinas, Directors, Notary Public; **Kim Everitte** – Notary Public; **Rhonda Haskins** – CPA, CGMA, GFOA, NCGFOA, AICPA, NACCPA, NCMCA Alumni, NCWPF-Subcommittee; **Ray Hayes** – APA, AAPA; **Ray Jackson** – CC Emergency Planning Committee, NC Certified Fire Fighter Level III, NC Certified Instructor Level II, NC Certified Emergency Medical Technician, NC Certified Hazardous Materials Specialist, NCCCPS-Radiological Response Team, University of Michigan-Lean Six Sigma Green Belt, NCSU-MESH, Project Management Basics Certification, Environmental Safety & Health Auditor Certification, ICS; **Linda Jacobs** – NC State Bar Certified Paralegal, NC Real Estate Broker, NC Real Estate Appraisal Trainee, Negotiation/Acquisitions with IRWA Certification, CFRAG, IRWA Chapter 31 Carolinas, Candidate for the SR/WA Designation-IRWA, Notary Public; **Sabrina King** - Bronco Toastmaster Treasurer, PMI; **Donna Lopes** – NCLGBA, GFOA-Review Committee, LFAA; **Donna Peters** – Notary Public; **Jeanette Strickland** – CAGP; **Carla Supples** – Fayetteville Dogwood Festival-Executive Committee & Chair/Past Chair), Historic Hauntings-Chair, Fayetteville After Five Committee; **Kim Toon** – CLGPO, CAGP, VRC Board of Directors; **Deborah Williams**—IAAPP; **Gloria Wrench** – CLGPO, CAGP

#### HUMAN RESOURCES DIVISION

**Jennifer Bullard** – SPHR; **Andy Dunlap** – Notary Public; **Magie Fishburne** – SPHR, CCP

#### WATER RESOURCES DIVISION

**Mick Noland** (COO) – PENC, NSPE, AWWA, WEF, Urban Water Consortium, Cape Fear River Assembly, NCLM Regulatory Advisory Committee, CC Safe Water Task Force, Jordan Lake Stakeholders Advisory Committee, AWWA/WEA Governmental Affairs Committee, P.E., Certified Public Manager; **Majid Abraham** – Grade IV Collection Certification, Electrical Contractor’s License Certification and Pesticide License H&L Certification; **Charles Autry** – Grade IV Biological Water Pollution Control System Operator, Land Application of Residuals Operator, Grade II Sewer Collections Certification, AMA Certificate in Management, NCDOL Wastewater Plant Operator Apprenticeship, WEF; **Gene Autry** – Water Cross Connection Certification, Grade A Water Distribution Certification; **John Allen** – NCAWWA-WEA Collections and Distribution Committee, ASCE; **Larry Bailey** – Grade IV Biological Water Pollution Control System Operator, Land Application of Residuals Operator; **Randy Baldwin** – Grade 1 Collection System Operator, Grade B Water Distribution Certification; **Charles Bass** – Grade C Water Distribution Certification; **Chuck Baxley** – Grade IV Biological Water Pollution Control System Operator, Land Application of Residuals Operator, NCDOL Wastewater Plant Operator Apprenticeship, Eastern Region Professional Wastewater Operator’s Committee Vice Chair, Eastern Region Pro-Ops Committee Chair, Pro-Ops NCAWWA-WEA, Water Environment Federation, AMA Certificate in Management, Leadership Fayetteville Graduate, Fayetteville Area Plant Managers Association; **Cary Becker** – Grade III Biological Water Pollution Control System Operator; **James Biggs** – Grade I Sewer Collection Certification; **David Boehn** - Grade C Water Distribution Certification; **Tina Canady** – GISP, NCAUG, Sandhills GIS Association; **Jim Capps** – Grade II Sewer Collection Certification; **Jeff Carlisle** – NCWOA-SE Section Chair, NCWOA Board of Examiners, NC Grade A-Surface Water Treatment Facility Operator Certification, NC Grade C –Well Water Treatment Facility Operator Certification, NC Grade II NC Water Pollution Control System Operator Certification, NC Grade I-Physical/Chemical Water Pollution Control System Operator Certification; **Dean Carter** – Grade C Water Distribution Certification; **Adrian Carver** – Grade B Water Distribution Certification; **Alex Chance** – Grade IV Biological Water Pollution Control System Operator, Residuals Land Application Certification, NCDOL WW Operation Journeymans Certification; **Jonathan Chavis** – Grade I Sewer Collection Certification; **Kim Chavis** – Grade IV Biological Water Pollution Control System Operator Certification, Bacteriological Methods in the Analysis of Drinking Water Certification, Class I Lab analyst Certification, Professional Wastewater Operators of

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the NCAWWA-WEA, NCWOA Total and Fecal Coliform Certification, AWWA-WEA SLAM; **Del Coffman** – NCAWWA/WEF, NC Grade A Surface Water Treatment Facility Operator, NC C-Distribution Certification, NCWOA; **Jeff Corder** – Grade IV Wastewater Certification, Grade I Collections Certification, Sub-Surface Certification, AWWA/WEA; **Joe Davis** – Wastewater Operator I Certification, Mechanical Journeyman; **Rick Davis** – Grade A Water Distribution Certification, Grade II Sewer Collection Certification; **Tim Davis** – Cross Connection Control ORC Certification, BFPA Repair and Maintenance Technician Certificate, Grade II Biological Water Pollution Control System Operator, Grade III Pretreatment Program Specialist Certification, C-Distribution Certification, American Backflow Prevention Association, NC-PC, AWWA-WEA Cross Connection Instructor, AMA Certificate in Management; **Anthony Diolosa** – AUGI, PLS; **Debra Douglas** – Grade II Wastewater Operator Certification, NCWOA Total and Fecal Coliform Certification, Class 1 Wastewater Laboratory Analyst, AWWA/WEA, WEF, NCRWA, Pro-Ops NCAWWA-WEA), AMA Certificate in Management; **Tracy Dowd** – Grade II Biological Water Pollution Control System Operator, AMA Certificate in Management, SLAM, ISA, Pro-Ops NC AWWA-WEA; **Wendy Dunaway** – NCLMS Board, NALMS, NC Native Plant Society, Carnivorous Plant Society, PADI Certified Open Water Diver; **Chris Edge** – Grade I Sewer Collection Certification; **Eugenia Edwards** – Grade I Biological Water Pollution Control System Operator Certification, Bacteriological Methods in the Analysis of Drinking Water Certification, Class I Lab Analyst Certification, Pro-Ops NCAWWA-WEA, Grade I Wastewater Operator Certification, NCWOA Total and Fecal Coliform Certification, AWWA-WEA SLAM, Professional Operators Association; **Phillip Edwards** – Grade-A Surface Water Treatment Facility Operator Certification, Grade A Water Distribution Certification, NCAWWA-WEA Automation Committee, ISA, NCWOA, Unlimited License NC Electrical Contractors; **Wayne Egan** – NC Grade A Surface Water Treatment Facility Operator Certification, NCWOA; **Walter Elliott** – NC Grade A-Surface Water Treatment Facility Operator Certification; **Glen English** – NCWOA, NC Grade B Surface Water Treatment Facility Operator, NC C-Distribution Certification; **Carl Fields** – Grade I Sewer Collection Certification; **William Floyd** – Grade I Sewer Collection Certification; **John Fones** – Level II Certified Erosion and Sediment Control/Stormwater Certificate; **Tony Fowler** – Grade IV Wastewater Certification, Residuals Land Application Certification, NC Department of Labor Wastewater Operations Journeyman’s Certificate, NCWEF, Level One WW Laboratory Analyst Certification; **Adrian Furr** – Grade I Sewer Collection Certification; **Jeremy George** – NC Water Treatment Facility Operators Board of Certification A-Distribution, Water Pollution Control System Operators Certification Commission Grade 4, Level 2 Erosion & Sediment Control/Stormwater Certification; **James Gibson** – NCWOA, NC Grade A Surface Water Treatment Facility Operator, NC C-Distribution Certification, NC Grade C Well Water Treatment Operator, NC Grade I NC Water Pollution Control System Operator Certification, Water Treatment Plant Journeyman; **Joe Glass** – PENC, NSPE, ASDSO, AWWA, WEF, PENC Sedimentation Control Commission, PENC South Central Chapter Board of Directors, PENC Government Committee, Westover HS Engineering Academy Advisory Board, FTCC Architectural Technology Program Advisory Board; **Charlie Griffin** – Grade I Wastewater Operator Certification, Class I Maintenance Technologist Certification; **Tim Griffin** – Grade C Water Distribution Certification; **James Hair** – “A” Distribution Certification, Grade 2 Collections Certification; **Mike Haire** – Grade B Water Distribution Certification, Grade III Sewer Collection Certification; **Jeff Hales** – Mechanical Journeyman, Grade A Surface Water Treatment Facility Operator Certification, Unlimited License NC Electrical Contractors, NCAWWA-WEA; **Chad Ham** – MCFRBA Chair, NCAWWA-WEA W/R Committee Chair, CFRA Board, NCWQA President (former Vice Chair), NCLM Regulatory Advisory Committee, Grade IV Biological Water Pollution Control System Operator, NCAWWA-WEA Governmental Affairs Committee; **Kenny Hart** – Grade A Water Distribution Certification, Grade IV Sewer

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Collection Certification, CC Utility Coordinating Committee Chair; **Kevin Hawley** – Grade C Water Distribution Certification, Grade IV Sewer Collection Certification; **Taylor Hill** – Grade III Biological Water Pollution Control System Operator; **Angela Hillis** – NC Grade B-Surface Water Treatment Facility Operator Certification; JW Ivey – Grade IV Sewer Collection Certification, Grade C Water Distribution Certification; **Bert Jeffries** – Grade C Water Distribution Certification; **Adam Johnson** – Grade C Water Distribution Certification; **Lynne Johnson** – NC Grade A-Well Certification, Grade C-Distribution Certification; NCWOA Life Member, NCRWA; **Anthony Jones** – Grade IV Biological Water Pollution Control System Operator, Land Application of Residuals Operator; **John Junot** – Grade IV Sewer Collection Certification; **Ed Konstantellis** – Grade II Collection Certification; **Bobby Kulik** – Grade I Collection Certification; **Mark Kuykendall** – Grade III Sewer Collection Certification; **Greg Love** – Grade IV Biological Water Pollution Control System Operator; **Jim Lowery** – Grade IV Biological Water Pollution Control Operator, Land Application of Residual Operator, NCWEF; **Chad Lucas** – Cross Connection Control ORC Certification, BFPA Repair and Maintenance Technician Certificate, Grade II Biological Water Pollution Control System Operator, Grade II Pretreatment Program Specialist Certification, American Backflow Prevention Association, NC-PC, AWWA-WEA Cross Connection Instructor, 1994 Itron Meter Reader of the year finalist (Top 20 in the US); **Tony Lucas** – Grade C Water Distribution Certification; **Heidi Maly** – Grade C Water Distribution Certification, Grade III Water Pollution Control System Operators Certification; **Rodney Maness** – NCAUG, AUGI, PLS, NCSS, Sandhills GIS Association, URISA, CURISA, AMA Certificate in Management, CTAM; **Misty Manning** – PENC, Level II Certified Erosion and Sediment Control/Stormwater Site Manager; **Mike Marshall** – NC Grade IV Wastewater Certification, NC Land Application Certification, NC Honorary Journeyman Wastewater; **Ron McCarthy** – Grade C Water Distribution Certification; **Scott McCoy** – Grade IV Biological Water Pollution Control System Operator, Land Application of Residuals Operator, NCDOL Journeyman Certificate, WEF; **Darrell McManus** – Level II Certified Erosion and Sediment Control/Stormwater Certificate; **Brian McMillan** – Grade C Water Distribution Certification, Grade IV Sewer Collection Certification; **Mike McNeill** – Grade I Sewer Collection Certification; **Terrance McNeill** – Grade C Water Distribution Certification; **James Merritt** – NCWOA Southeast Section Vice Chair, NCWOA, NC Grade A Surface Water Treatment Facility Operator, NC C-Distribution Certification, Grade C-Water Distribution, State of NC Journeyman Apprentice Water Treatment Plant Operator; **Robin Miller** – AWWA-WEA SLAM, Professional Operators Association; **Jeff Moore** – Grade B Water Distribution Certification, Grade IV Sewer Collection Certification; **Brian Morrison** – Cross Connection Control ORC Certification, Cross Connection Control Inspector Certification, BFPA Repair and Maintenance Technician Certificate, BFPA Instructor Certification, BFPA Tester Certification, Grade II Biological Water Pollution Control System Operator, Grade III Pretreatment Program Specialist Certification, C-Distribution Certification, American Backflow Prevention Association, NC-PC, AWWA-WEA Cross Connection Instructor, Carolinas Chapter ABPA President, United Way Loaned Executive; **Robert Munn** – Grade C Surface Water Certification; **Daren Paige** – Grade IV Biological Water Pollution Control System Operator, Land Application Operators License, Apprenticeship Program-NCDOL for WW Plant Operator; **Dewayne Pleasants** – Grade I Sewer Collection Certification; **Kevin Plessinger** – Grade C Water Distribution Certification; **Donald Plummer** – Level II Certified Erosion and Sediment Control/Stormwater Certificate; **Chris Rainey** – PENC, Level II Certified Erosion and Sediment Control/Stormwater Site Manager; **Tim Ramsey** – Grade II Sewer Collection Certification; **John Reeves** – Grade B Water Distribution Certification; **Dane Reid** – NCWOA Total and Fecal Coliforms Analysis certification, Class II Wastewater Laboratory Analyst, AWWA-WEA SLAM, Professional Operators Association, WEF; **David Robinson** – Grade C Water Distribution Certification, NCAWWA/WEF, NCWOA, NC Grade A-Surface Water Treatment Facility Operator Certification; **James Scroggins** – Grade A Water Distribution Certification; **Kelly Shoulars** – Grade C Water Distribution Certification, Grade I Sewer Collection Certification; **Chris Smith** – NC Water Treatment Facility Operators Certification Board, AWWA,

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NCAWWA/WEA, AMWA, PEAC, NCWOA-Vice President, NCWOA Finance Committee, NCWOA Annual Schools Committee, NCWOA Board of Examiners, NC Grade A Surface Water Treatment Facility Operator Certification, NC Grade C Well Water Treatment Facility Operator Certification, NC Grade I NC Water Pollution Control System Operator Certification, NC Grade I-Physical/Chemical Water Pollution Control System Operator Certification; **Michael Smith** – Grade IV Sewer Collection Certification, Grade B Water Distribution Certification; **Walter Spence** – Grade IV Wastewater Plant Operator Certification, Land Application of Residuals Operator; **Milton Stephens** – NCWOA, NC Grade A Surface Water Treatment Certification; **James Strickland** – Grade B Water Distribution Certification, Grade IV Sewer Collection Certification; **Marty Tew** – Grade IV Sewer Collection Certification; **Susan Thomas** – Notary Public; **Adam Thompson** – Grade I Collection Certification; **Gary Thompson** – NCWOA, NC Grade A Surface Water Treatment Facility Operator, NC C-Distribution Certification; **James Tipton** – Grade II Sewer Collection Certification; **Thomas Urbanek** – NCAWWA Class I Maintenance Technologist Certification; **Elizabeth Vasser**– Notary Public, NNA, NOW- Nat’l Organization for Women-Fayetteville Chapter Secretary, RCVCC- Vice Chair, Board of Elections Chief Judge (Cross Creek 6 District); **Christopher Waggy** – AUGI; **John Walters** – Grade I Sewer Collection Certification; **Blake Wheelless** – Level II Certified Erosion and Sediment Control/Stormwater Certificate; **Jeff Williams** – Cross Connection Control ORC Certification, Grade C Water Distribution Certification, BFPA Repair and Maintenance Technician Certificate, Cross Connection Survey and Inspection Certificate, BFPA Tester Certification, Grade II Water Pollution Control System Operator, AWWA-WEA Cross Connection Instructor, Grade I NC Pretreatment Program Specialist, NC-PC Committee, NCWOA Backflow Schools Committee, American Backflow Prevention Association, NC-PC, AWWA-WEA Cross Connection Instructor, Backflow and Maintenance Certificate, FAPA, NC Pretreatment 2011 Peer Award Recipient, NC AWWA-WEA Tapping Team; **Mike Willis** – Grade B Water Distribution Certification, Grade IV Sewer Collection Certification; **Orville Wint** – Grade IV Pollution Control Collection Certification, Class 1 Maintenance Technologist Certification; **Donnie Wright** – Level II Certified Erosion and Sediment Control/Stormwater Certificate & “B” Distribution Certification; **Mike Wright** – Class 2 Maintenance Technologist Certification, Grade IV Collection Certification, Mechanical Journeyman; **Kevin York** – Grade C Surface Water Treatment Operator, NCWOA; **Keith Young** – Grade I Wastewater Collections Certification, Grade I Wastewater Plant Operator Certification, Grade II Wastewater Plant Operator Certification; **Richard Young** – Grade II Sewer Collection Certification

# **PWC Board**

The four commissioners of the PWC can be appointed for up to three four year staggered terms by the Fayetteville City Council. Once appointed, the commissioners annually elect a chairman, vice chairman, secretary, and treasurer. The members of the PWC and the expiration dates of their terms of office are as follows:

<b>Name</b>	<b>Office</b>	<b>Term Expiration</b>
Michael G. Lallier	Chairman	September 2016
Wick Smith	Vice Chairman	September 2014
Lynne Greene	Secretary	September 2015
Darsweil L. Rogers	Treasurer	September 2017

### Regular Board Meetings

The Commission holds a regular meeting the second and fourth Wednesday of each month, except that if the regular meeting day falls on a legal holiday, the meeting shall be held on the following business day. The meetings are held at the PWC offices at 955 Old Wilmington Road and begin at 8:30 a.m. The time and place of meetings can be changed by majority vote taken at a previous meeting. Public notice shall be given to the news media of any deviation from the regular meeting time and place. Meeting agendas and minutes are posted on the PWC website.

### Other PWC Meetings

PWC conducts strategic planning and budget workshops in the spring. Based on members' schedules, meetings may be held following regular Board meetings or on other days.

#### Joint City/PWC Meetings

Upon request of the City Council, joint meetings may be held to discuss PWC/City business. Meetings generally take place at City Hall.

The City Council also appoints a council liaison to attend PWC meetings.

### Issued Items

PWC provides Commissioners the following items for conducting business while serving on the board. At completion of terms, items are to be returned to PWC.

- PWC Security Pass
- Printer/Fax Machine
- Internet Service (Roadrunner or Sprint DSL)
- Laptop Computer
- E-Mail
- Calling Card (issued upon request)

### Parking

Reserved parking spaces for PWC Board Members are located in the PWC employee parking lot (off service road adjacent to Eastern Blvd.). Spaces are reserved on the days of Board meetings. Visitor parking is also available daily in front of the Operations Center off Old Wilmington Road.

### Compensation

PWC Board Members are compensated. The Chair receives \$600 a month, while the Vice Chair, Secretary, and Treasurer each receive \$500 a month.

**Michael G. Lallier, Vice**

Michael G. Lallier was appointed to the PWC Board in July 2004 and is serving in his third term after being reappointed in 2008 & 2012. He served as Chairman in 2007 and 2011.

Lallier has been in the automobile business for over 30 years, having started as a salesperson in 1980 in his hometown of Dallas, Texas. Today, he is Dealer and co-owner of Reed-Lallier Chevrolet. He and Gene Reed purchased the former M&O Chevrolet in December 1988. They sold the dealership to United Auto Group in 1997 and then repurchased it in 2007. He has remained with the company as manager and dealer operator since that time. He is also the co-owner of Fayetteville Auto Marts

and Classic Express Car Wash.

Lallier attended the University of Texas at Arlington from 1972-1976. He has been active in community affairs since moving to Fayetteville in 1988. He is on the Community Development Foundation and Chamber Alliance Boards. He is a past chair of the FTCC Foundation Board. He has served on the Chamber Task Force for Teacher Recruitment and Retention, and Chair of the Cumberland County Schools Quality Leadership Council. He is a past District Chairman for the Boy Scouts of America. He chaired the successful \$98 million school bond initiative in 1997 and co-chaired the ¼ Cent Sales Tax Referendum in 2008. He is a past president of the NC Science Olympiad state board, Cumberland County Education Foundation, Fayetteville Area Economic Development Corporation and Braxton Bragg Chapter of AUSA. He has served on the boards of the Airborne and Special Operations Museum, Fayetteville Chamber of Commerce, Fayetteville Airport Commission, Crimestoppers, Museum of the Cape Fear, Triangle Bank and Methodist College Board of Trustees.

He and his wife Debbie have twin sons, Cody and Cory. Cody recently completed his Masters of Social Work at Columbia University and is a social worker in New York City. Cory has been employed in the automobile business by the Hendrick organization for three years and is a dealership used vehicle manager in Charleston.

**Wick Smith, Vice Chairman**

Wick Smith was appointed to the PWC's Board of Commissioners in December 2012. In addition to serving as a PWC Commissioner, Smith currently serves on the Community Advisory Board for the Fayetteville Observer, the Fayetteville Arts Council Board of Directors, and the Moore County Chamber of Commerce Board of Directors. He also devotes volunteer hours to the NC Baptist Men Disaster Relief Ministry, the Snyder Memorial Baptist Church Missions Committee and the Snyder Memorial Baptist Carpentry Ministry.

For nearly 20 years, Smith has held positions on a number of boards and committees in Fayetteville, including President of the Fayetteville Kiwanis Club, Habitat for Humanity, and the Pope Special Activities Committee. He has served in the past as Vice President of Small Business within the Fayetteville-Cumberland County Chamber of Commerce, and Treasurer of the Fayetteville Arts Council. Smith has also served on the Board of Directors for the FTCC Foundation, the Fayetteville Appearance Commission, and the Fayetteville Board of Adjustments. Other organizations that Mr. Smith has supported in years past include, the United Way of Cumberland County, the Fayetteville Institute for Community Leadership (a joint effort between Methodist University and Fayetteville Technical Community College), and the Fayetteville Area Convention and Visitors Bureau.

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From 1997-1999, Smith served as a Fayetteville City Council Member representing District 9.

Smith graduated from Terry Sanford High School in 1974 and attended North Carolina State University from 1974- 1979. He is the president and owner of Biz Tools One, a full-service web design company that was launched in 2001. Prior to that, Smith spent 20 years in sales, marketing and management with Anheuser-Busch wholesalers in Raleigh and Fayetteville.

He currently lives in Fayetteville with his wife, Jane. They have one son, Wick III who lives in Norfolk, VA.



**Lynne Green, Secretary**

Lynne Greene is serving her first term on the PWC board after being appointed in December 2012. She is only the second woman to hold the position since the creation of the Public Works Commission in 1905.

An active member of the community, Greene has been named president of the Professional Women of Fayetteville three times since 2006. She has also served as president of Methodist University Board of Visitors, Center for Economic Empowerment and Development (CEED), and The Re-Store Warehouse. Currently, Greene serves on the Board of Directors at the Partnership for Defense Innovation (PDI), the Home Builders Association of Fayetteville, Center for Economic Empowerment and Development, and Fayetteville Urban Ministry. Greene has previously served on the Board of Directors for United Way of Cumberland County, Fayetteville Area Economic Development Corporation, Fayetteville-Cumberland County Chamber of Commerce, and the Women's Center of Fayetteville. She is a member of the Southern Building Materials Association and the NC Home Builders Association.

In 2009 Greene was named Professional Woman of the Year by the Professional Women of Fayetteville.

Greene has been with Highland Lumber Co., Inc. since 1991, becoming president of the company in 2009. She is a graduate of EE Smith High School, and holds an AA degree from Peace College and a BA in Sociology from NC State University. Greene has two children, and one grandchild.



**Darsweil Rogers, Treasurer**

Darsweil L. Rogers was appointed to the Public Works Commission board in September 2013, and is currently serving his first term. Rogers brings over 30 years of experience in the business and finance industry to the PWC Board. Rogers is the founder and managing member of Rogers Management Consultants, LLC (RMC) in Fayetteville. His company specializes in executive business coaching, strategic business consulting, and management effectiveness training. A graduate of Howard University with a degree in Finance, Rogers is also the executive coaching resource for the Howard University Executive MBA Program. A former Wall Street banker, Rogers has held the position of CEO and Division Manager for JP Morgan Insurance and is a former Director of Strategic Business Development for Chase Insurance Group.

Rogers is active in the community. He is a regular weekly radio talk show guest discussing business on WIDU 1600MA, and a dancer in the 2013 edition of "Dancing with the Fayetteville Stars Annual Fundraiser" for CEED. He was previously a Board Member on the Town of Spring Lake Chamber of Commerce; Chairman, Economic Development Committee, Town of Spring Lake, and a Fayetteville Chamber of Commerce Ambassador. In his spare time, Rogers gives back to the community officiating youth and high school football, basketball, and soccer.

## OVERVIEW

The Public Works Commission derives its authority base from Chapter 6, Public Works Commission, of the City Code. In 1974, with the adoption of the Local Government and Fiscal Control Act, some of the Charter provisions were superceded by the changes to North Carolina General Statutes. This general and charter law, together with prior practice, was used to develop duties and responsibilities of the Public Works Commission, as listed below.

## QUALIFICATIONS

The City Charter Chapter VI Section 6.2. Qualifications of Commissioners states: "The members of said Commission shall be resident freeholders and taxpayers of the City of Fayetteville, and shall be persons of recognized ability and good business judgment and standing who, in the opinion of the City Council, can and will perform their official duties to the best interest of said City and its inhabitants."

## GENERAL

- Commission shall have full charge and control and the general supervision and management of the utility, subject to compliance with North Carolina General Statutes.
- Commission shall elect a Chairman, Vice-Chairman, Secretary, and Treasurer on an annual basis, usually in October, each of whom shall be a different person.
- Commission shall maintain minutes of its meetings and forward to City Council for inclusion in the City Council agenda packet.
- Commission shall adopt procedures governing the conduct of business before the Commission, i.e., order of business, agenda, quorum, voting majority, presiding officer, organization meeting, duty to vote, procedures for requests to appear before Commission, etc.
- Commission, in addition to the duties and responsibilities listed above, shall comply with all Bond Order covenants relative to the operation of the utility.
- All contracts required to be in writing shall be in the name of the City of Fayetteville, signed by the Chairman and attested by the Secretary, and sealed with the Corporate Seal of the City.
- Commission shall employ and discharge the General Manager of the Public Works Commission, and, prescribe the duties and fix the salary of the General Manager.
- Commission shall set all rates and rents for property under their control, for the best interest of the City.
- Commission shall publish an annual report which shall include the financial statements prepared in accordance with generally accepted accounting principles, all disclosures in the public interest required by law, and the auditor's opinion and comments relating to financial statements.
- Commission shall prepare and publish a budget as prescribed by North Carolina General Statutes.

## SPECIFIC

### Chairman

- Execute contracts for Commission
- Chair Commission meetings
- Serve as Commission Liaison to Mayor on items of mutual interest (monthly meetings)
- Sign Commission Meeting Minutes
- Sign Resolutions of the Commission

*Continued on next page*

- Sign Bond Issue and Closing Documents
- Serves as a Board Member of “The Alliance”
- Serves as a Commissioner to Electricities of North Carolina, Inc.
- Serves as an alternate voting delegate at APPA national conference
- Attend community functions, participate on local, state and national Boards, Committees, etc. and be active in legislative activities that could impact PWC business operations

**Vice Chairman**

- Act as Chairman in the absence of the Chairman
- Sign Commission Meeting Minutes
- Serves as an Alternate Commissioner to Electricities of North Carolina
- Serves as an alternate voting delegate at APPA national conference
- Attend community functions, participate on local, state and national Boards, Committees, etc. and be active in legislative activities that could impact PWC business operations

**Secretary**

- Attest contracts signed by the Chairman
- Sign Commission Meeting Minutes
- Sign Resolutions of the Commission
- Sign Bond Issue and Closing Documents
- Serves as an alternate voting delegate at APPA national conference
- Attend community functions, participate on local, state and national Boards, Committees, etc. and be active in legislative activities that could impact PWC business operations

**Treasurer**

- Sign Commission Meeting Minutes
- Authorize Disbursements of Bond Proceeds Held by Trustee
- Serves as an alternate voting delegate at APPA national conference
- Attend community functions, participate on local, state and national Boards, Committees, etc. and be active in legislative activities that could impact PWC business operations

PROCEDURE:

**DUTIES OF PWC VICE CHAIRMAN IN THE ABSENCE OF THE CHAIRMAN**

SECTION NUMBER:

1.A.1

P1.A.1

**POLICY REGARDING DUTIES OF PWC VICE CHAIRMAN IN THE ABSENCE OF THE CHAIRMAN**

It shall be the policy of the Public Works Commission that in the absence of the Chairman, the Vice Chairman is hereby authorized to assume the duties and responsibilities of the Chairman, including the execution of contract documents as may be required on behalf of the Public Works Commission.

Reference PWC Resolution 2003.07 adopted July 9, 2003.

Resolution No. PWC 2003.07

**RESOLUTION**

WHEREAS, Chapter 6 of the Fayetteville City Code creates the Public Works Commission and establishes duties and responsibilities of said Commission;

NOW THEREFORE BE IT RESOLVED that COMMISSION hereby declares in the absence of the Chairman, the Vice Chairman is hereby authorized to assume the duties and responsibilities of the Chairman, including the execution of contract documents as may be required on behalf of the Public Works Commission.

The above Resolution adopted this 9<sup>th</sup> day of July, 2003.

PUBLIC WORKS COMMISSION OF  
THE CITY OF FAYETTEVILLE, N.C.

/s/ Wilson A. Lacy, Chairman

ATTEST:

/s/ Terri Union, Secretary

ORIGINAL     REVISION NO. 1

APPROVED: OCTOBER 1, 2012

APPROVED BY:  GENERAL MANAGER

<b>PROCEDURE:</b> <b>DUTIES OF PWC VICE CHAIRMAN OR TREASURER IN THE ABSENCE OF THE SECRETARY</b>	<b>SECTION NUMBER:</b> <b>1.A.2</b>
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P1.A.2

**POLICY REGARDING DUTIES OF PWC VICE CHAIRMAN AND TREASURER IN THE ABSENCE OF THE SECRETARY**

It shall be the policy of the Public Works Commission that in the absence of the Secretary, the Vice Chairman or Treasurer is hereby authorized to assume the duties and responsibilities of the Secretary, including the execution of contract documents as may be required on behalf of the Public Works Commission.

Reference PWC Resolution 2008.03 adopted February 20, 2008.

Resolution No. PWC 2008.03

**RESOLUTION**

WHEREAS, Chapter 6 of the Fayetteville City Code creates the Public Works Commission and establishes duties and responsibilities of said Commission;

NOW THEREFORE BE IT RESOLVED that COMMISSION hereby declares in the absence of the Secretary, the Vice Chairman or Treasurer is hereby authorized to assume the duties and responsibilities of the Secretary including the execution of contract documents as may be required on behalf of the Public Works Commission.

The above Resolution adopted this 20<sup>th</sup> day of February 2008.

PUBLIC WORKS COMMISSION OF  
THE CITY OF FAYETTEVILLE, N.C.

/s/ Michael G. Lallier  
\_\_\_\_\_  
Michael G. Lallier, Chairman

ATTEST:

/s/ Terri Union  
\_\_\_\_\_  
Terri Union, Secretary

ORIGINAL     REVISION No. 2

APPROVED: OCTOBER 1, 2012

APPROVED BY:  GENERAL MANAGER

PUBLIC WORKS COMMISSION  
MEETING OF WEDNESDAY, \_\_\_\_\_  
8:30 A.M.  
AGENDA

- I. REGULAR BUSINESS
  - A. Call to order.
  - B. Approval of Agenda.
- II. CONSENT ITEMS (See Tab 1)
  - A. Approve Minutes of meeting of \_\_\_\_\_
  - B. Approve bid recommendation to award bid for purchase of \_\_\_\_\_ to \_\_\_\_\_ in the total amount of \_\_\_\_\_ and forward to City Council for approval. The \_\_\_\_\_ is a budgeted item (budgeted amount of \_\_\_\_\_). Bids were received as follows:
 

<u>Bidders</u>	<u>Total Cost</u>
C. Agreements	
- III.
- IV.
- V. General Manager Report
- VI. REPORTS AND INFORMATION (See Tab \_\_\_)
  - A. Monthly Cash Flow Report for \_\_\_\_\_
  - B. Recap of Uncollectible Accounts
  - C. Investment Report for \_\_\_\_\_
  - D. Purchase Orders
  - E. Utility Billings (Progress Energy, NCNG, SEPA)
  - F. Monthly Incident Summary for \_\_\_\_\_
  - G. \_\_\_\_\_ Budget Transfers
  - H. Personnel Report for \_\_\_\_\_
  - I. Position Vacancies
  - J. Approved N.C. Department of Transportation Encroachment Agreement(s):
  - K. Approved Natural Gas Encroachment Agreement(s):
  - L. Approved Railroad Encroachment Agreement(s):
  - M. Approved Utility Extension Agreement(s):
  - N. Approved NC DOT Relocation Agreement(s):
  - O. Approved License Agreement(s) and Memorandum of License Agreement(s) with Cellular Companies:
  - P. Actions by City Council during meeting of \_\_\_\_\_, related to PWC:
  - Q. Financial Statement Recaps
  - R. Commission Requests – Outstanding Issues
- VII. ADJOURN

## MEETINGS OF THE PUBLIC WORKS COMMISSION

### **1. Regular Meetings**

The Commission shall hold a regular meeting the second and fourth Wednesday of each month, except that if the regular meeting day falls on a legal holiday, the meeting shall be held on the following business day. The meeting shall be held at PWC offices at 955 Old Wilmington Road and shall begin at 8:30 a.m. The time and place of meetings can be changed by majority vote taken at a previous meeting. Public notice shall be given to the news media of any deviation from the regular meeting time and place.

### **2. Special Meetings**

The Chairman or a majority of the members may call a special meeting at any time by giving actual notice of the time and place of the meeting and the subjects to be considered to each board member at least six hours before the meeting. If reasonable efforts to give each member actual notice are not successful, written notice shall be left at the member's home. Only those items of business contained in the notice may be transacted at the meeting unless all members are present.

The Clerk of the City of Fayetteville shall be notified of any special meetings of the Commission, and the Clerk shall be responsible for the posting of said notices as well as the required notification pursuant to N.C.G.S. §143-318.12.

### **3. Organizational Meeting**

The Commission shall hold an organization meeting on the first regular meeting in September or on the first regular meeting in October each year. New Commission members shall take the oath of office as the first order of business. As the second order of business, the Board shall elect a chairman, vice chairman, secretary and treasurer from its members.

### **4. Agenda**

The General Manager of PWC shall prepare the agenda for the meetings. Agendas will normally be distributed on Friday prior to the meeting date, but no later than Monday prior to the meeting date. A request to have an item of business placed on the agenda must be received at least five (5) working days before the meeting date. Any Commission member may have an item placed on the agenda. The Commission may, by majority vote, add an item that is not on the agenda.

### **5. Public Address to the Commission**

Any individual or group who wishes to address the Commission shall make a written request to the General Manager to be placed on the agenda, stating the purpose of the request. The Commission reserves the right to determine the relevance of the request and may request appropriate investigation and/or preparation of reports prior to meeting with individuals or groups.

### **6. Attendance**

The Commission recognizes that its members cannot be physically present for each meeting. To facilitate full participation the Commission recognizes technology that enables Commissioners to participate when

*Continued on next page*

unable to be physically present. Attendance by phone or other live audio and or video devices is permissible. One Commissioner must be physically present to chair the meeting. (Note: When a regular meeting is cancelled, Commissioners are still considered present under the City Council Attendance Policy.)

### **7. Order of Business**

Items shall be placed on the agenda according to the Order of Business. The Order of Business for each regular meeting shall be as follows:

- REGULAR BUSINESS
  - A. Call to order.
  - B. Approval of Agenda.
- CONSENT ITEMS
- ACTION/DISCUSSION ITEMS
- REPORTS AND INFORMATION
- ADJOURN

By general consent of the Commission, items may be considered out of order.

### **8. Presiding Officer**

The Chairman shall preside at Commission meetings. In order to address the Commission, a member must be recognized by the Chairman. The Chairman shall have the following powers:

- a. To rule motions in or out of order, including the right to rule out of order any motions patently offered for obstructive purposes.
- b. To determine whether a speaker has gone beyond reasonable standards of courtesy in his remarks.
- c. To entertain and answer questions of parliamentary law or procedure.
- d. To call a brief recess at any time.
- e. To adjourn in an emergency.

### **9. Action by the Commission**

The Commission shall proceed by motion. Anyone, including the Chairman, may make a motion.

### **10. Second Required**

A motion shall require a second.

### **11. One Motion at a Time**

A member may make only one motion at a time.

### **12. Substantive Motion**

A substantive motion is out of order while another substantive motion is pending.

### **13. Adoption by Majority Vote**

A motion shall be adopted by a majority of the votes cast, a quorum being present, unless otherwise required by these rules or the laws of North Carolina.

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## **14. Debate**

The Chairman shall state the motion and then open the floor to debate on it. The Chairman shall preside over the debate according to the following general principles:

- a. The member who makes the motion is entitled to speak first.
- b. A member who has not spoken on the issue shall be recognized before someone who has already spoken.
- c. To the extent possible, the debate shall alternate between opponents and proponents of the measure.

## **15. Withdrawal of Motion**

A motion may be withdrawn by the member who makes the motion at any time before a vote.

## **16. Duty to Vote**

Every member must vote unless excused by the remaining members. A member who wishes to be excused from voting shall so inform the Chairman, who shall take a vote of the remaining members present. No member shall be excused from voting except on matters involving his own financial interest or official conduct. In all other cases, a failure to vote by a member who is physically present or has withdrawn without being excused by a majority vote of the remaining members shall be recorded as an affirmative vote. The Chairman shall vote.

## **17. Closed Sessions**

The Commission may hold closed sessions as provided by law. The Commission shall commence a closed session by a majority vote to do so and end it in the same manner.

## **18. Quorum**

A majority of the actual membership of the Commission, excluding vacant seats, shall constitute a quorum. A member who has withdrawn from a meeting without being excused by majority vote of the remaining members present shall be counted as present for purposes of determining whether a quorum is present.

## **19. Minutes**

Minutes shall be kept of all board meetings, including closed sessions as required by law.

## **20. Reference to Robert's Rules of Order**

To the extent not provided for in these rules and to the extent that the reference does not conflict with the spirit of these rules, the Commission shall refer to Robert's Rules of Order, Revised, for unresolved procedural questions.

*Original: Adopted March 13, 1986*

*Rev. #1: Approved November 14, 1991*

*Rev. #2: Approved November 27, 1991*

*Rev. #3: Approved November 23, 1994*

*Rev. #4: Approved October 10, 2001*

*Rev. #5: Approved December 12, 2012*

## Legal Authority and Duties of the Commissioners

### **Notes:**

1. PWC was created in 1905 pursuant to Chapter VI of the Charter of the City of Fayetteville.
2. The Charter has been amended on several occasions.
3. No Charter revisions have addressed the authority of the Commissioners.
4. Commission is composed of four members appointed by the City Council.
5. Commissioners serve a four-year term and can serve only three consecutive terms.

### **Commission Authority:**

1. Commission "...has full charge and control and the general supervision and management of the electric utility plant, the waterworks and sewage..."
2. Commission is directed to collect all revenues and make all disbursements in connection with the foregoing enumerated enterprises.
3. This grant of power and fiscal directive is the broad language that puts the entire supervision and management of the utility exclusively in the hands of the Commission.
4. Commission has charge and control over and supervisory responsibility for the construction, repair, alteration, or enlargement of the utility systems.
5. PWC is responsible for making contracts relating to the utility systems, including contracts for the acquisition of assets and for the employment of labor necessary to carry out the foregoing duties.
6. Charter does impose a spending limit of \$10,000 without the approval of the City Council.
  - a) The Commission and City Council have agreed that the Budget and Fiscal Control Act has superseded this provision.
  - b) PWC followed the General Statutes as they apply to purchasing to support the Commission responsibilities.
  - c) The City Council has designated the PWC General Manager (or his designee) as a Deputy Finance Officer of the City.
7. PWC has the sole power and authority to enter into contracts related to the general management of the property of the utility systems and to employ and fix the salaries of all persons necessary to implement such management.

*Continued on next page*

8. PWC has the sole and exclusive authority to fix all rates and charges upon such terms and conditions as the PWC deems for the best interest of the City.
9. In effect, the Charter precludes the City Council from exercising any of the forgoing powers and authority with respect to the utility systems.
10. The City Council may not impose its will in the management and operations of PWC. It may, however, appoint new Commissioners that adhere more closely to its policies and desires.
11. Commissioners may be removed from office only after conviction of the misdemeanor of willfully neglecting or failing to perform a duty required by the Charter or by rules or regulations established pursuant thereto.

**Fiduciary Duties:**

1. Commission fiduciary duties are the duty of loyalty and the duty of care.
2. The duty of loyalty requires that the Commissioners' decisions in connection with the affairs of the PWC be free from fraud, bad faith and self-dealing.
3. The duty of care requires that a Commissioner be diligent and prudent in managing the affairs of the PWC, but affords the Commissioners broad freedom of action.
4. The law does not impose liability on Commissioners for exercising the wrong, or bad, judgment, only for exercising poorly informed judgment.
5. "Informed decisions, made by the Commissioners, generally will receive the protections afforded by the business judgment rule and, therefore will not be disturbed by the courts."

Reference: Memorandum from Michael S. Colo, attorney with Poyner & Spruill dated July 10, 2003 to Steve Blanchard, CEO/General manager of PWC.

## MEMORANDUM

To: Steve Blanchard  
From: Michael S. Colby *MS*  
Date: July 10, 2003  
Re: Authority and Duties of Public Service Commission Commissioners

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You have requested that we prepare a memorandum outlining both the authority of the Commissioners of the Public Works Commission of the City of Fayetteville (the "Commissioners") and the fiduciary duties of the Commissioners in exercising such authority.

### I. Background of the Commission

The Public Works Commission (the "PWC") was created in the early 1900's pursuant to Chapter VI of the Charter of the City of Fayetteville. While certain provisions of the Charter, including provisions of Chapter VI, have been amended, none of the amendments have addressed the authority of the Commissioners. Commissioners are appointed by the Fayetteville City Council and currently the Commission is composed of four members, each of whom serves a term of four years. In analyzing the powers, authority and duties of the Commissioners, one must be cognizant of the fact that the enabling language of the Charter was written some 100 years ago. As a result, antiquated terms and phrases must now be interpreted in light of modern technology, practices and procedures. This memo will (i) outline the powers and authority granted to the Commission by the Charter and attempt to interpret such powers and authority, where necessary, in light of today's technology, practices and procedures, and (ii) discuss the fiduciary duties of the Commissioners when exercising these powers and authority.

### II. Authority of the Commission

Section 6.3 of the Charter grants the Commission "... full charge and control and the general supervision and management of the electric utility plant, the waterworks and sewage . . ." (This memo will only discuss the electric system) In addition, the Commission is directed to collect all revenues and make all disbursements in connection with the foregoing enumerated enterprises. This grant of power and fiscal directive is the broad language that puts the entire supervision and management of the electric system exclusively in the hands of the Commission. By way of contrast, most municipalities in North Carolina that own and operate their own electric distribution and/or generation systems do so through the city or town council or board. In addition to this broad grant of authority, the Charter contains the following, additional grants of more specific authority:

1. The Commission has charge and control over and supervisory responsibility for the construction, repair alteration, or enlargement of the electric light plant (today, read "electric system", which includes Fayetteville's distribution and generation facilities). In such capacity, the PWC is responsible for making contracts relating to the electric system, including contracts for the acquisition of assets and for the employment of labor necessary to carry out the foregoing duties. In connection with these specific powers, however, the Charter imposes a spending limit on the PWC without the approval of the City Council. Appropriations, expenditures or contracts related to the construction, repair, alteration or enlargement of the electric system in excess of \$10,000 must first be approved by the City Council.

2. The PWC has the sole power and authority to enter into contracts related to the general management of the property of the electric system (today, read "electric system") and to employ and fix the salaries of all persons necessary to implement such management.

3. The PWC has the sole and exclusive authority to fix all rates and charges upon such terms and conditions as the PWC deems for the best interest of the City.

The Charter grants the foregoing powers and authority exclusively to the PWC. In so doing, the Charter precludes the City Council from exercising any of the foregoing powers or authority with respect to the electric system. If, per chance, the City Council were to disagree with the manner in which the Commissioners manage or operate the electric system, it may not interpose its will in said management or the operations. Rather, the City Council may only appoint new Commissioners whom it believes will follow or adhere more closely to its policies or desires, as opposed to those of the PWC. In this regard, it is important to note that Commissioners may be removed from office only after conviction of the misdemeanor of willfully neglecting or failing to perform a duty required by the Charter or by rules or regulations established pursuant thereto.

### **III. Fiduciary Duties**

The principle fiduciary duties of the Commissioners in exercising the powers and authority discussed above are the duty of loyalty and the duty of care. The duty of loyalty requires that the Commissioners' decisions in connection with the affairs of the PWC be free from fraud, bad faith and self-dealing. That is, the interests of the PWC and the citizens of Fayetteville must at all times be paramount to the individual interests of a Commissioner or the collective interests of the Commissioners. The duty of care requires that a Commissioner be diligent and prudent in managing the affairs of the PWC, but it affords the Commissioners broad freedom of action. The duty of care places an affirmative duty on Commissioners to protect the interests of the PWC and the citizens of Fayetteville and to inform themselves of all material information reasonably available before making a business decision. In satisfying the duty of care, a Commissioner may rely upon information provided and reports prepared by certain persons, such as engineers, accountants, financial advisors and attorneys, who may be experienced in discrete matters beyond the normal business experience of the Commissioners, and, of course, upon the management and staff of the PWC. This reliance, however, must be reasonable under the circumstances. If each Commissioner satisfies his duty of care, and no issues concerning the duty of loyalty are present, a court will invoke the "business judgment rule" in any proceeding challenging the Commissioners' actions. The hallmark of the business

judgment rule is that the court will not use hindsight to substitute its business judgment for that of the Commissioners, so long as the Commissioners' business decision can be attributable to a rational business purpose. As a result, the actions of the Commissioners will not be disturbed, notwithstanding the eventual results associated with the Commissioners' decision. The burden of proof is shifted to the plaintiff who must demonstrate that the Commissioners' acted without considering all material information reasonably available to it or that an impermissible personal consideration motivated the decision. The law does not impose liability on Commissioners for exercising the wrong, or bad, judgment, only for exercising poorly informed judgment. Some courts have expressed this view by using the negligence standard and have imposed liability on Commissioners only for gross negligence, as opposed to simple negligence.

Decisions affecting the PWC made by the Commissioners must be free from fraud, bad faith and self-dealing and must be made on an informed basis. In connection with all such decisions, Commissioners must avail themselves of all reasonably available information material to the proposed course of action and reach a conclusion that such action is in the best interests of the PWC and the citizens of Fayetteville. The Commissioners must establish that they reached their decision in good faith. In one sentence, informed decisions, made by Commissioners in good faith and reasonably designed to protect the interests of the PWC and the citizens of Fayetteville, in light of all facts known or reasonably available to the Commissioners, generally will receive the protections afforded by the business judgment rule and, therefore, will not be disturbed by the courts.

## MEMORANDUM

**TO:** City Council of City of Fayetteville  
City of Fayetteville Public Works Commission

**FROM:** Parker, Poe, Adams & Bernstein L.L.P.

**DATE:** May 31, 2006

**RE:** Relationship of City Council and Public Works Commission

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The City Council of the City of Fayetteville ("City Council") and the City of Fayetteville Public Works Commission ("PWC") have inquired as to the nature of their relationship and their respective rights and duties. Our analysis has included review of the City Charter, the North Carolina General Statutes, and applicable case law, as well as consultation with the North Carolina Institute of Government and the Local Government Commission. The opinions set forth below are independent, and are not intended to be advocacy for either the City Council or the PWC.

In the absence of statutes or case law which bear directly on most of the questions at issue, we have focused on the Charter of the City of Fayetteville, as amended, and specifically including Chapter VI concerning the PWC. After reviewing the historical background and the Charter's provisions, we will respond to the specific questions asked.

### **I. HISTORICAL BACKGROUND**

The General Assembly incorporated the City of Fayetteville (the "City") in 1893. See 1893 N.C. Sess. Laws 153. This Charter established the City's original board of aldermen, mayor, tax collector, clerk, treasurer/secretary, chief of police, engineer, and attorney. See id.

In 1905, the General Assembly amended the Charter to create the PWC "in addition to the offices already provided by the [1893] Charter." See 1905 N.C. Sess. Laws 311.

The General Assembly revised the City's Charter in 1979. See 1979 N.C. Sess. Laws 557. This revised Charter maintained the PWC and kept the PWC's structure, powers, and duties substantially identical to its structure, power, and duties as described in the original Charter. See City of Fayetteville Charter Ch. VI. The revised Charter also established that the City would operate under the council-manager form of government, but specified that the PWC is not under the control of the city manager. Id. at §§5.1, 5.1(1).

In 1981, the General Assembly revised § 6.1 of the Charter in order to increase the number of commissioners on the PWC from three to four, and expand the terms of office from three years to four years. See 1981 N.C. Sess. Laws 603. Other revisions to the Charter have occurred but are not material to this discussion. A composite copy of the current Charter is attached as Exhibit A.

## **II. CHAPTER VI OF THE CHARTER**

### **A. PWC Commissioners**

The City Council appoints commissioners to the PWC for four-year terms. See City of Fayetteville Charter § 6.1. The City Council sets the salary for these commissioners on an annual basis. Id. at § 6.15. Any commissioner willfully neglecting or failing to perform any duty required by the Charter shall be charged with a misdemeanor. Id. at § 6.17. Upon conviction, the City Council must remove the offending commissioner. Id.

### **B. PWC Powers and Duties**

Section 6.3 of the Charter gives the PWC “full charge and control and the general supervision and management” of the City’s electric, water, and sewer utilities.

The PWC has authority to enter all necessary contracts for these utilities plants, including real property, personal property and employment contracts, except that capital expenditures or contracts in excess of \$10,000 must be approved by the City Council. Id. at § 6.7. All contracts entered by the PWC are in the name of the City, as is the title to all property under management and control of the PWC, including property acquired by the PWC. Id. at § 6.8. The Charter prohibits the PWC from conveying title to any public utilities, buildings, or other real property under PWC management and control. Id.

The PWC may extend its utilities systems and sell electricity, water, and sewer service anywhere in Cumberland County. Id. at § 6.19.

The PWC is authorized to fix all utility rates and rents as the PWC deems is in the best interest of the City. Id. at § 6.11.

The PWC must prepare and publish an annual budget. Id. at § 6.18. The Charter requires the PWC to give monthly reports to the City Council regarding the status of the City’s property under the PWC’s control. Id. at § 6.12. The City Council may also request additional special reports from the PWC. Id. The PWC must also publish a complete annual financial report. Id. at § 6.13. The City Council must conduct an annual audit of the PWC at the end of each fiscal year. Id. at § 6.16.

The Charter also authorizes the City Council to establish by ordinance a retirement system for PWC employees. Id. at § 6.20.

### **III. STATUTORY PROVISIONS**

#### **A. Local Government Budget and Fiscal Control Act**

Article 3 of Chapter 159 of the North Carolina General Statutes contains the Local Government Budget and Fiscal Control Act. A copy of this act is attached as Exhibit B. This act requires local governments and public authorities to prepare and operate under an annual balanced budget ordinance. Section 159-7(c) provides:

It is the intent of the General Assembly by enactment of this Article to prescribe for local governments and public authorities a uniform system of budget adoption and administration and fiscal control. To this end and except as otherwise provided in this article, all provisions of general laws, city charters, and local acts in effect as of July 1, 1973 and in conflict with the provisions of Part 1 or Part 3 of this Article are repealed. No general law, city charter, or local act enacted or taking effect after July 1, 1973 may be construed to modify, amend, or repeal any portion of Part 1 or Part 3 of this Article unless it expressly so provides by specific reference to the appropriate section.

The Act defines a "local government" as a municipal corporation that is not subject to the Executive Budget Act and that has the power to levy taxes. G.S. § 159-7(b)(15). A "public authority" is defined as (1) a municipal corporation that is not subject to the Executive Budget Act and lacks the power to levy taxes; or (2) a local government authority, board, commission, council, or agency that is not a municipal corporation, is not subject to the Executive Budget Act, and operates on an area, regional, or multi-unit basis, and the budget and accounting systems of which are not fully a part of the budgeting and accounting systems of a unit of local government. Id. at § 159-7(b)(10).

Local governments and public authorities must appoint a budget officer who shall prepare a budget and submit it to the governing board of the entity. Id. at § 159-9 through -11. The governing board of the local government or public authority then must approve the budget, which will guide the entity's operations for the fiscal year. Id. at § 159-8 and -13.

#### **B. N.C.G.S. Chapter 143**

Chapter 143 of the General Statutes contains various provisions regarding the procurement of property and services by a public entity. Article 3D deals with the formal procurement of architectural, engineering, and surveying services, generally in excess of \$30,000. Article 8 deals with the formal procurement of public contracts. Public bodies procuring construction and repair work requiring expenditures in excess of \$300,000 or the purchases of apparatus, supplies, materials, or equipment requiring expenditures in excess of \$90,000 must comply with the formal bidding requirements of Article 8. These provisions are attached as Exhibit C.

#### IV. ANALYSIS OF RELATIONSHIP

A review of other North Carolina municipalities indicates that the type of arrangement employed in Fayetteville is unique in this State. Typically, a city would maintain a public works department to oversee the operations of the city's utilities. This public works department would be a line department of the municipality and, as other line departments of the city such as a planning and zoning department or parks and recreation department, would report to the city manager. The city manager would oversee the department's personnel and financial matters. Authority to determine utility rates and enter contracts would be reserved to the city council. This appears to be the typical arrangement envisioned by Chapter 160A of the General Statutes.

Here, however, the General Assembly has, by and through the City's Charter, set out a different form of organization for the City, the City Council, the city manager, and the PWC. The PWC is not a line department of the City. It does not report to the city manager, and it is responsible for its own personnel, contracts, and finances. The PWC, and not the City Council, establishes the rates and rents for the City's utilities. There are only four areas in which the City Council has control over the PWC: (1) the City Council appoints the PWC's commissioners; (2) the City Council sets salaries for the PWC's commissioners; (3) the City Council must approve PWC capital expenditures and contracts in excess of \$10,000; and (4) the City Council may establish a retirement system for PWC employees. Other than these areas, the PWC controls its operations.

The Charter does require the PWC to provide monthly and annual reports to the City Council regarding the property overseen by the PWC, as well as the PWC's finances. The City Council is also required to conduct an annual audit of the PWC. However, there is no language in the Charter indicating that the PWC is subject to direction by the City Council on these matters or that the City Council has any underlying veto power over the PWC's actions.

The verb "report" can mean to provide direction (i.e., a police officer "reports" to his or her commander). However, Chapter § 6.12 uses the phrasing of "render a full report" in the context of providing information.

If a PWC commissioner willfully neglects his or her office or fails to perform a required duty, the commissioner shall be charged with a misdemeanor. Upon conviction, the City Council must remove that commissioner. Otherwise, the City Council does not have discretion to remove a commissioner from the PWC or control that commissioner's actions or the actions of the PWC.

Moreover, the Charter expressly provides that the PWC has "full charge and control and the general supervision and management" and "charge of and control over" the utility systems. See §§ 6.3 and 6.7. The Charter contains nothing to countermand these directions to indicate that the City Council can direct the PWC on how to manage its affairs.

It could be argued that the PWC's obligation to report to the City Council implies that the PWC's actions are subject to review and/or approval by the City Council. Such an implication is inconsistent with the general "full charge and control" authority granted to the PWC. Moreover, such implication conflicts with the power that the City Council has to approve any capital

expenditure in excess of \$10,000. See § 6.7. If the City Council already had the general power to review and approve the PWC's actions, the provision concerning approval of capital expenditures would not have been included.

This argument related to reporting appears to have been relied upon in a prior discussion of the parties' relationship. See Memorandum dated May 11, 2005. For the above reasons set out above, we do not find this argument, nor the analogy to a corporate board, to be a basis on which to set aside the express provisions of Chapter VI of the Charter.

Under G.S. § 159-7(c), the Local Government Budget and Fiscal Control Act would preempt any conflicting provision in the Charter, as the revised 1979 Charter does not expressly provide otherwise.

In an April 2, 1974 letter, the Attorney General indicated that the PWC is an administrative agency of the City and that the PWC's "budgeting and fiscal control functions are considered responsibilities" of the City. This letter was written less than a year after G.S. § 159-7(b)(10) was amended to expand the definition of a "public authority." See 1973 N.C. Sess. Laws 474, § 4 (ratified May 14, 1973). Copies of this letter, the prior statutory provision from 1972, and the amending session law are attached as Exhibit D. If it is indeed the case that the PWC is an administrative agency of the City, then presumably the Local Government Budget and Fiscal Control Act would preempt the conflicting provisions of section 6.18 of the Charter authorizing the PWC to prepare its own budget. Ultimately then it would be the City Council's responsibility to approve a budget for the PWC.

While we recognize and must defer to the Attorney General's letter, please note that under the definition provided in G.S. § 159-7(b)(10), it appears that the PWC is actually a "public authority" rather than an administrative agency of the City. While the Attorney General's letter references the statutory citation of the amended definition of "public authority," it is unclear whether the Attorney General considered that the PWC might qualify as a "public authority" under the then-new subsection (ii) of G.S. § 159-7(b)(10). Rather the Attorney General appears to have focused solely on whether the PWC is a municipal corporation.

The PWC is a commission of local government that is not a municipal corporation and is not subject to the Executive Budget Act. In serving the utility needs of other Cumberland County municipalities such as Hope Mills, Spring Lake, and Stedman, as well as unincorporated portions of Cumberland County, the PWC appears to operate on an area or multi-unit basis. Finally, it has been the practice of the PWC and the City for decades that the budget and accounting systems of the PWC are not fully a part of the budgeting and accounting systems of the City. As a result, it would seem that the PWC is a "public authority" under G.S. § 159-7(b)(10)(ii) and is thus responsible for preparing, approving, and operating under its own budget. While the PWC's budget could be included in the City's financial figures for the purposes of compiling the City's budget, the City Council would in that case not have authority to approve the PWC's budget.

The PWC and the City Council have indicated that neither entity currently abides by the requirement under section 6.7 of the Charter that the City Council approve all contracts and expenditures in excess of \$10,000 that relate to the electric light, waterworks, and sewerage

plants. Rather, the PWC only submits to the City Council (1) contracts for architectural, engineering, and surveying services under G.S. § 143-64; (2) contracts for construction and repair work requiring expenditures in excess of \$300,000 under G.S. § 143-129(a); and (3) contracts for the purchase of apparatus, supplies, materials, or equipment requiring expenditures in excess of \$90,000 under G.S. § 143-129(a).

In this case, section 6.7 of the Charter does not appear to be preempted by these statutory provisions. Section 6.7 requires that contracts in excess of \$10,000 that relate to the electric light, waterworks, and sewerage plants be approved by the City Council. The provisions of Chapter 143 of the General Statutes require that the public body comply with formal bidding requirements prior to entering certain contracts. Thus, these provisions are not in conflict. The PWC can submit contracts in excess of \$10,000 that relate to the electric light, waterworks, and sewerage plants to the City Council. For contracts that would exceed the monetary thresholds contained in the relevant sections of Chapter 143, the PWC would also need to comply with formal bidding requirements. The provisions of Chapter 143 do not excuse the PWC from seeking the City Council's approval of contracts in excess of \$10,000 that relate to the electric light, waterworks, and sewerage plants unless the City Council decides not to exercise that authority.

#### **V. CHANGE OF RELATIONSHIP**

Under the typical arrangement, a city council could exercise its power under G.S. § 160A-146 to change, abolish, or consolidate the public works department. See also Board of Adjustment v. Town of Swansboro, 334 N.C. 421, 432 S.E.2d 310 (1993) (where the town's board of commissioners abolished its board of adjustment pursuant to its authority under G.S. § 160A-146 and subsequently reestablished that board of adjustment with new members) (copy attached as Exhibit E). In this case, however, because the PWC was established by acts of the General Assembly, it may be modified or abolished only by another act of the General Assembly. See City of Greensboro v. Smith, 239 N.C. 138, 146, 79 S.E.2d 486, 491 (where commission established by city was ratified by local act of the General Assembly, "entity became solely the creature of the General Assembly"); see, e.g., 1981 N.C. Sess. Laws 603 (where the General Assembly amended the City Charter to alter the number and length of terms of the commissioners on the PWC).

Please note that while G.S. § 160A-102 allows municipalities to amend their charters by ordinance for matters listed in G.S. § 160A-101, this is an exception to the general rule and, as an exception, is limited to its own terms. Any other amendment to a charter, still being an act of the General Assembly, requires General Assembly action. Because the PWC is not a matter encompassed by G.S. § 160A-101, the City Council cannot alter the PWC by ordinance, but would rather need to seek local legislation from the General Assembly.

#### **VI. CONCLUSIONS AND RECOMMENDATIONS**

In summary, the PWC was created by act of the General Assembly. This legislation, reflected in the City's Charter, grants authority to the PWC over the City's electric, water, and sewer utilities. Because the current arrangement exists as a result of an act of the General Assembly, changes to this arrangement may be made only by further action by the General

Assembly. Because the City Council cannot alter the structure, powers, or duties of the PWC by ordinance, if the City and/or the PWC wish to make such changes, they must seek a local act from the General Assembly.

As to questions concerning salaries and benefits for PWC employees, the PWC has the authority to set those terms. See Section § 6.10. Terms of employment of PWC employees are not required to be the same as those employees of the City of Fayetteville.

As to the appointment of PWC members, those appointments last for four years and may not be terminated except for willful neglect or failure to perform duties. That is, the City Council may not remove a PWC member because the Council does not agree with his or her votes or positions.

Finally, if the City Council and the PWC wish to work together under the current Charter, we suggest that several steps be taken:

- a. The recent practice of having City Council liaisons who attend PWC meetings is helpful. This practice will facilitate the flow of information between the two bodies. Setting aside a time at each City Council meeting for the liaisons to report on PWC issues would also be helpful. Likewise, the PWC should also consider having a place on its agenda to hear from the City Council liaisons.
- b. Whenever there is to be a significant decision or policy change in the public utilities area, each party should endeavor to keep the other alerted so that the Council and the PWC know the information when the public learns it.
- c. When there are important policies and/or projects to be agreed upon, it would be helpful for those understandings to be put in writing through interlocal agreements so that the terms of those agreements are clear even when the numbers of bodies change. We understand that this approach has been followed in regard to the recent annexation phase.
- d. When the PWC receives questions from the City Council, PWC answers should be made in writing and circulated to the whole City Council.
- e. In general, both the City Council and the PWC should try to establish a relationship whereby both entities operate as a team to serve citizens of Fayetteville and the rest of Cumberland County. Each body has its own areas of expertise, and by working together the public interest will be served better.

Please note that the specific questions asked are responded to in Exhibit F.

Charles Meeker and Brent McConkey of our firm will be available to respond to questions about this Memorandum as well as other questions concerning the relationship of the City Council and PWC at a time that is convenient for both entities. Bruce Thompson, a practice group chair, has also reviewed this memorandum. We appreciate the opportunity to have provided the above analysis.

PWC Board members are requested to represent PWC at national, regional and local conferences and functions. PWC staff provides information on various events and assists in coordination of attendance. The following is a general annual schedule of events. Dates are based on previous events and subject to change. Other requests for attendance may occur.

**January**

MLK Breakfast  
Fayetteville Regional Chamber of Commerce Annual Dinner

**March**

Human Relations Dinner

**April**

Cape Fear River Assembly Annual Meeting  
Methodist College Stock Market Symposium

**May**

Existing Industry Appreciation Lunch

**June**

American Public Power Association Annual Meeting \*

**August**

Fayetteville Regional Chamber of Commerce State of the Community Luncheon

**September**

ElectriCities Annual Meeting \*

**October**

APPA Policy Maker Workshop (new board members) \*  
Methodist College Economic Outlook Symposium

**November**

Fayetteville Regional Chamber of Commerce Military Luncheon

*\* travel required*

<b>PROCEDURE:</b> <b>INFORMATION SYSTEMS USER REQUIREMENTS</b>	<b>SECTION NUMBER:</b> <b>1.C.1</b>
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**I. PURPOSE**

The purpose of this procedure is to educate employees about Information Systems (IS) user requirements and how to protect IS infrastructure and data.

**II. RESPONSIBILITY**

- A. Officers, Directors, Managers, Supervisors:** Responsible for communicating employee requirements to IS Department; reviewing/approving employee requests for equipment, software or data access; and enforcing the provisions of this procedure.
- B. Information Systems (IS) Department:** Responsible for communicating requirements and requests to staff; providing support to employees; responding to requests for assistance in an appropriate manner; and supporting compliance efforts.
- C. Employees:** Responsible for complying with procedures, notifying IS staff of any non-compliance issues, and communicating requests in a timely manner.

**III. GUIDELINES**

- A.** Internet access, email accounts, and data sent or received using any PWC system, network, hardware, equipment or device is the property of the PWC. The PWC reserves the right to restrict, inspect, copy, store and disclose the contents of email messages and website visits. This will be done only when appropriate to prevent or correct improper use, satisfy a legal obligation, or ensure proper operation of the email and Internet facilities.
- B.** Privacy or confidentiality of any email message or data received via the Internet or email cannot be guaranteed. All correspondence is considered a public record according to the North Carolina Public Records Act.
- C.** All communications, including text and images, can be disclosed to law enforcement or other third parties without prior consent of the sender or the receiver.
- D.** The confidentiality and integrity of data stored on PWC computers and other equipment must be protected at all times.

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APPROVED: OCTOBER 1, 2012

BY:  GENERAL MANAGER

- E. Only authorized employees have access to the PWC network. Access shall be restricted to only those systems that have been approved for the employee and are appropriate for their position.
- F. Other PWC policies and procedures governing ethical guidelines or oral/written communications shall also pertain to email and Internet access.

#### IV. PROCEDURES

##### A. **New Users**

1. To request new hardware or software for a new employee, the appropriate Supervisor must complete the IS Justification Form (available on the IS Intranet page).
  - a. IS Department staff will work with the Supervisor to ensure that the appropriate hardware and software are ordered to meet the employee's needs.
  - b. The IS Justification Form should be submitted at least two (2) weeks prior to the employee's first day of work to allow time for ordering and preparing the computer and software for use.
2. To establish a new user on the PWC network (to include telephones and other telecom needs), a request must be submitted by the appropriate Supervisor using the Information Services Request Form located on the IS Intranet page at least two (2) weeks prior to the employee's first day.
  - a. If the new user requires an email account, authorization will be required from the appropriate Division Officer.
  - b. Access to specific applications/databases may require approval from the designated Cost Center representative.
  - c. IS staff will obtain and document the appropriate approvals required to establish new users after the Information Services Request Form has been submitted.

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- 3. For current employees needing new access privileges or transfers, the Information Services Request Form must be submitted two weeks prior to the requested move or start date.

**B. Requesting Assistance**

- 1. Employees have three ways to request assistance from the IS Department:

**a. Email (Preferred Method)**

- i. Submit a work order through the IS Work Order System by sending an email to [isworkorder@faypwc.com](mailto:isworkorder@faypwc.com).
- ii. When possible, include one of the following descriptive terms as the Subject for the email:

Cell Phone	Pager	Radio
Telephone	Logica	Printer
Monitor	Computer	Network
Programming	Application Review	Budgeting

- iii. The body of the email should contain a specific description of the issue, the level of urgency, and relevant identifying information, to include:

User name	Computer #	Barcode #
Phone #	Serial #	Product
Location		

- iv. Once the email has been submitted, the requestor will receive an email indicating that a work order has been created, along with the work order number assigned to the issue. Status of work orders can be monitored using the following intranet link: <http://isprod/TrackitWEB70/scripts/trackit.asp>.

**b. Call**

- i. Call the Help Desk at extension 4317 for computer and related peripheral assistance.

- ii. Call extension 4300 for communications equipment (telephones, pagers, cell phones, radios) assistance.

**c. Create a Work Order**

- i. Employees can choose to enter a work order directly into the Track-It system by using the following intranet link:  
<http://isprod/TrackitWEB70/scripts/trackit.asp>.
- ii. For detailed instructions on creating a work order, visit the IS Intranet site at:  
<http://intranet.pwc.is/default.htm>.

**C. User IDs and Passwords**

1. IS will assign User IDs and passwords to all employees. User IDs and passwords will be required for access to the network and all applications.
2. To protect their passwords and User IDs, employees must:
  - a. Record passwords where they cannot be easily obtained by others.
  - b. Never disclose their User ID or password to others.
  - c. Change passwords at required intervals.
  - d. Use complex passwords that will not be easily guessed by others.
  - e. Never disable the automated screen lock without direct permission from the IS Department. (Exceptions are granted on a limited basis, and only when computers are located in a secured area.)
  - f. Log out when leaving a workstation for an extended period of time.
  - g. Change the password immediately if it may have become known to others.

3. Employees will be responsible for all computer transactions that are made with their User ID and password.
4. To request access to the network outside of PWC, employees must obtain an authorized VPN connection through the IS Department.

#### **D. Electronic Data Access**

1. The IS Department will work with the appropriate Officers, Managers and Supervisors to assign electronic data access privileges for employees.
2. When an employee needs to access electronic data outside of their assigned applications, the following procedures will be followed:
  - a. The employee must make a formal request to their Supervisor. If approved, the Supervisor will then submit the request in writing to the appropriate Department Manager.
  - b. At the Department Manager's discretion, the written request may also be forwarded to the appropriate Officer for approval.
  - c. Approved requests will be forwarded to the Director of Information Systems. If the request involves access to personnel data, the IS Director will require written verification from the Human Resource Officer that the request is in compliance with any legal requirements.
  - d. After development of necessary programs and security clearances, IS will make the appropriate levels of access available to the employee. The appropriate department Manager and Supervisor will be notified of actions taken.
  - e. Every individual accessing PWC data shall be responsible for adhering to the N.C. Public Records Statute 132. A copy of this Statute is available on the PWC Intranet Site.

#### **E. Electronic Mail and Internet Access**

1. PWC provides email and Internet access to employees as tools to help facilitate daily operations.

2. Requests for email and Internet access must be approved by the appropriate Officer and then forwarded to the Information Systems Department (via the electronic Information Services Request Form located on the IS Intranet page).
3. Employees with email and Internet access are held accountable for the following usage requirements:
  - a. Employees will use email and Internet access as a method of communication, sharing information, and meeting obligations pertaining to the operations of the PWC.
  - b. Every individual with an email account is responsible for monitoring his/her email as often as is required for his/her particular job.
  - c. Employees will use MS Exchange and MS Outlook for e-mail applications.
  - d. Employees will use MS Internet Explorer as the standard web browser.
  - e. Every individual with an email account shall be responsible for adhering to the N.C. Public Records Statute 132 and the Municipal Records Retention and Disposition schedule. A copy of this statute is available on the PWC Intranet Site.
  - f. For more information on formatting and other usage requirements related to electronic correspondence, please refer to the PWC Communications Procedure.
4. Employees may not abuse or misuse email or Internet access, to include:
  - a. Activities and functions that interfere with the operations of the PWC or do not respect the image and reputation of the PWC.
  - b. Concealment or misrepresentation of names in email messages.
  - c. Use for personal or private business purposes.

- d. Use that unreasonably interferes with or threatens other individuals.
  - e. Transmitting any content that is offensive, harassing or fraudulent.
  - f. Sending spam (unsolicited, non-PWC related email sent to multiple email addresses).
  - g. Transmitting copyrighted materials without permission.
  - h. Transmitting nonpublic customer or proprietary information. If it is necessary to transmit nonpublic or proprietary information, employees are required to take steps reasonably intended to ensure that information is delivered only to the proper person who is authorized to receive such information for a legitimate use.
5. Employees who abuse or misuse email or Internet access may be subject to appropriate disciplinary action, up to and including termination.

#### **F. Computers and Equipment**

1. Computers, equipment and peripherals will be allocated to employees based on approval from the IS Department and appropriate Supervisor, Manager and/or Officer. For more information on the request process and/or usage requirements for computers and equipment, please refer to the PWC Information Systems Equipment Procedure.
2. Employees are responsible for protecting all PWC resources, to include computers, equipment, peripherals and other materials. Any misuse or negligence resulting in damage or loss of any item may result in disciplinary action and/or requirement to reimburse the PWC for the cost of replacement or repair of the item.

#### **G. Computer Virus Protection**

1. Computer viruses are programs designed to make unauthorized changes to programs and data. Malicious viruses can cause destruction of PWC resources and create major disruptions to operations.

2. The IS Department is responsible for reducing computer virus hazards by implementing enterprise-wide virus protection and intrusion detection software in addition to other precautionary measures.
3. Computer viruses are much easier to prevent than cure. Therefore, to support computer virus protection efforts, employees will:
  - a. Never disable or interrupt the memory resident antivirus program in any way.
  - b. Never knowingly introduce a computer virus into PWC computers.
  - c. Never use CDs, flash drives or other devices of unknown origin.
  - d. Ask the IS Department to scan CDs, flash drives and other devices for viruses before they are used.
  - e. Immediately power off the workstation and contact the IS Help Desk if symptoms of a virus are evident.
  - f. Contact the IS Help Desk for assistance if a specific program will not run while the antivirus program is running.
  - g. Contact the IS Help Desk about any unusual problems with your system, such as scrambled print or displays, noise from your monitor, strange displays, disk access problems, or anything that is out of the ordinary.

#### **H. Copyrights**

1. Employees must comply with all laws regarding intellectual property.
2. Employees are not permitted to copy, transfer, rename, add or delete information or programs belonging to others unless given express permission to do so by the owner.
3. Employees are legally bound to comply with the Federal Copyright Act (Title 17 of the U.S. Code) and all proprietary software license agreements.

4. Failure to observe copyright or license agreements/laws may result in disciplinary action by the PWC and/or legal action by the copyright owner.

#### I. Software

1. Requests for software must be forwarded to the IS Department. The IS Department will review the request, and based on user needs and technical specifications, make appropriate recommendations as needed.
2. If approved, the IS Department will work with the individual or department to obtain the necessary approvals and place the order.
3. Only members of the IS Department will install software, to include upgrades. Employees outside of the IS Department should not install any software or upgrades without IS support and approval. Anyone found to install unauthorized software or upgrades to any software system or computer is subject to disciplinary action, up to and including termination.
4. Employees must use software in accordance with the manufacturer's license agreement.
  - a. Employees shall not make copies of commercial software in order to use that software on machines other than the one it was originally purchased for, unless permitted by the license agreement.
  - b. IS employees shall not install software purchased for a single machine on other machines unless permitted by the license agreement.
  - c. Employees found violating the license agreements of commercial software, or installing software or software updates without IS approval, will be subject to disciplinary action, up to and including termination.

#### J. Security

1. The IS Department will take steps to protect computer hardware, software, data, and documentation from misuse, theft, unauthorized access, and environmental hazards as needed.

2. To help ensure that PWC procedures are followed, all computers are subject to unannounced audits to be conducted by the IS Department. Audits will be designed to capture the following information:
  - a. Hardware: Asset tags and serial numbers of all hardware, including peripherals, will be checked and compared to asset records. The condition of the equipment will be noted.
  - b. Software: Installed software will be checked to see if it is licensed; non-PWC issued software, as well as presence of manuals and media, will be noted. If non-PWC issued or unauthorized software has been installed, it will be removed.
  - c. Virus: IS will also verify that the required virus protection software is installed on the computer.
3. All employees must comply with audit requirements and all other security requirements outlined in this procedure, the IS Equipment Procedure, and other policies and procedures related to safeguarding PWC assets.
4. For more information on employee responsibilities related to the protection of IS equipment, please refer to the IS Equipment Procedure.

#### **V. EFFECTIVE DATE**

This procedure will become effective on the date of approval.

PROCEDURE:

TRAVEL

SECTION NUMBER:

3.A.8

P3.A.8

## TRAVEL POLICY

It shall be the policy of the Public Works Commission (PWC) to reimburse employees and Commissioners for reasonable Commission related travel expenses.

### I. PURPOSE

The purpose of this procedure is to serve as a comprehensive resource and provide uniform guidelines and procedures for employees' and Commissioners' business-related travel expenses, payments, and reimbursements.

### II. DEFINITIONS

- A. **Travel** – Transportation to and from a destination to conduct PWC business, whether from normal job location or home, outside the employee's normal commute
- B. **Employee** – For purposes of this procedure, employee refers to both PWC employees and Commissioners
- C. **Transportation** – Commuting by means of airline, auto, taxi, shuttle, limousine, bus, rail or other mode of transportation
- D. **No-show Fees** – Expenses incurred for lodging, registration, or transportation caused by an employee's lack of attendance/participation
- E. **Upgrade** – Extra fee(s) incurred for all service beyond the standard cost, including upgrades for such items as airline seats and preferential boarding, rental cars, hotel rooms, and all other separate fees charged for employee preferences

### III. RESPONSIBILITIES

- A. **Chief Executive Officer/General Manager:** Responsible for approving all out-of-country travel requests and all Executive Division travel.
- B. **Officers:** Responsible for approving employee Travel Request Forms for the assigned Division. The Chief Financial Officer (CFO) approves all Travel Expense Statements submitted by employees. The HR Officer receives, maintains and shares employee records as required.

ORIGINAL  REVISION NO. 1

APPROVED: MARCH 1, 2013

APPROVED BY:  GENERAL MANAGER

- C. **Directors, Managers, Supervisors:** Responsible for reviewing training needs in accordance with annual performance appraisal of each assigned employee, working with Human Resources (HR) to develop a list of seminars/conferences/training for employees as needed, and reviewing/processing employee Travel Request Forms.
- D. **Employees:** Responsible for preparing and submitting all required forms and documents in accordance with approved procedures, to include maintaining records, collecting receipts submitting course documentation to HR, completing Program Evaluation Forms, and sharing course information with fellow employees.

#### IV. GUIDELINES

##### A. **General Requirements**

1. All travel expenditures and requests for payment must be made in alignment with the Accounts Payable and Internal Control policies and procedures in addition to the Travel procedure.
2. A Travel Planning Spreadsheet (Form #1) and Travel Request Form (Form #2) are required for any overnight travel and must be approved by the employee's Division Officer prior to the trip and before any expenses are incurred.
3. Room reservations and prepaid expenses (registrations) are to be paid in advance with a PWC procurement card or through Accounts Payable.
  - a. Department Managers or Office Assistants may use procurement cards issued to them to make hotel reservations, pay room deposits, pay registration fees, and purchase airline tickets for employees without a company-issued procurement card.
  - b. Any expenses prepaid by the employee will be reimbursed after the travel has been completed and all required documentation is received and approved.
4. Travel advances may be issued when approved by the employee's Manager and Division Officer; however, use of procurement cards is the preferred payment method.

- a. A copy of the approved Travel Request Form must accompany the request for an advance.
  - b. Employees who hold a PWC procurement card will not be issued travel advances unless there is substantiated justification.
  - c. Advances are subject to federal and state taxation if not documented with a proper expense statement.
  - d. Travel Expense Statements must be submitted within two (2) weeks of the ending travel date. If an advance is provided, and the appropriate forms are not submitted within the two-week time period, repayment in full may be required at the discretion of the CFO.
5. Non-exempt employees will be paid for travel time as follows:
- a. Travel time will be paid for those hours spent driving to and from the approved event or activity.
  - b. Passengers will be reimbursed for travel time only if the travel occurs within the standard working hours of the employee, to include corresponding hours on non-working days (e.g., If an employee's normal working hours are 8 a.m. to 5 p.m. Monday – Friday, travel time is paid any day of the week during the hours of 8 a.m. to 5 p.m.). This applies to riding in a vehicle driven by another PWC employee, flying in a plane, riding in a cab, or being transported through any other means of transportation.
  - c. The manager/supervisor of the employee may choose to alter the employee's schedule to avoid or minimize overtime expenses.
6. Reasonable and customary tips (\$2/bag, not to exceed 20% for paid services) will be reimbursed to employees.
7. It is the employee's responsibility to obtain receipts to file with Travel Expense Statements. Reimbursements will not be made for any expense more than \$25 if a receipt is not provided. Exceptions will be made for expenses where receipts are not easily provided, such as tips, or public transportation, etc., as long as the cost is less than \$25.

8. Non-reimbursable personal expenses include, but are not limited to, the following:
  - a. Alcoholic beverages, in-room movies, mini-bar, theater tickets, golf fees, laundry, dry cleaning, haircuts, shoe shines, spa treatments, personal clothing, hygiene items and medications.
  - b. Costs of spouse, family members or personal guests.
  - c. Parking and traffic tickets, and other fines and penalties.
9. It is grounds for disciplinary action, including possible termination, to knowingly file or approve a fraudulent travel report.
10. All travel is contingent upon the availability of budgeted funds.
11. While traveling or attending seminars, events, or standard business functions as a representative of PWC, employees are expected to conduct themselves in an appropriate and professional manner. Any employee in violation of PWC policies/procedures regarding code of conduct will face disciplinary action, up to and including possible termination.
12. Any employee(s) presenting at a conference or seminar is required to consult the Communications & Community Relations Department (CCR) to gain input and approval for presentation materials and handouts.
  - a. Employees shall submit presentations/materials to CCR for review as soon as possible in advance of the conference. No response from CCR after seven (7) working days from submitting the information will constitute an approval.
  - b. Presentations shall be prepared in accordance with written PWC guidelines and templates available through the CCR Department.
13. No more than two (2) employees per cost center will be permitted to attend any one particular conference or seminar with the exception of training required to maintain certifications or to gain continuing education credits for professional licenses. When seeking an exception to this guideline, Officers are required to

provide justification to the CEO/General Manager a minimum of 30 days in advance of the conference or seminar.

14. Employees are expected to exercise the same care in incurring business travel expenses that a prudent person would exercise if traveling on personal business and expending personal funds. Excess costs; circuitous routes; avoidable delays; or luxury accommodations and services unnecessary, unjustified, or for the convenience or personal preference of the employee; are not acceptable. Employees will be responsible for unauthorized costs and any additional expenses incurred for personal preference or convenience.

#### **B. Business Travel vs. Education-Related Travel**

1. Employees are to distinguish between normal business travel and education/training-related travel when preparing travel request forms, expense statements and weekly time sheets. Managers will be responsible for verifying this information is charged correctly.
2. Business travel is defined as meetings attended by employees in association with routine activities, projects, community relations, industrial/professional organizational support or other matters related to the daily operations of PWC.
3. Educational travel is charged for the purpose of further developing the knowledge and/or skills of employees for the betterment of the PWC. Educational travel includes seminars, workshops, forums and conferences.
4. Time and expenses for employees who independently pursue study in accordance with PWC's Educational Assistance Program are not eligible for compensation through this procedure.

#### **C. Modes of Transportation**

Many factors, including time and cost, shall be considered when selecting the mode of travel for employees. Prior to submitting a Travel Request Form to his/her Manager for approval, employees will be required to have a travel analysis completed in accordance with this procedure.

If the drive time is greater than five (5) hours, flying shall be evaluated; however, the employee's time away from work should be considered in the decision whether to drive a personal vehicle or fly commercial airline.

Whenever the distance is greater than 500 miles and the airline ticket is less than the mileage reimbursement, the employee will be directed to fly rather than drive. In the event flying is the cheaper alternative, but an employee is unable to fly for substantiated medical or personal reasons, every alternative will be considered, including car, bus, and train travel. PWC will reimburse the lesser of the mileage at the applicable rate or 120% of the lowest cost of an airline ticket. Trip miles and airline ticket cost must be documented and mode of travel approved by the Division Officer on the Travel Request Form prior to travel.

#### 1. Automobile Travel

- a. Personal vehicle use for travel within Cumberland County will be paid according to the federal allowance for personal vehicle use, plus \$0.13 per mile. Personal vehicle use for travel to destinations outside of Cumberland County will be paid the federal allowance for personal vehicle use. Mileage will not be paid for commuting from an employee's home to the Fayetteville Regional Airport or a conference/seminar in Cumberland County. When attending a conference/seminar outside of Cumberland County, reimbursement will be made from an employee's home to the conference location OR the distance from PWC to the conference location, whichever is less.
- b. When more than one employee is traveling to and from the same destination, only one is eligible for mileage reimbursement unless work-related circumstances require more than one vehicle be driven and prior approval is obtained from the Division Officer.
- c. Rental cars may be used when they are the most economical and practical form of transportation. Car size shall be based on the number of employees traveling together. Preauthorization is required on the Travel Request Form by the Division Officer. Minimal incidental personal use is permitted. Car rental insurance should be declined. To receive reimbursement, employees must submit the car rental charge receipts with the Travel Expense Statement. Reimbursement requests for car rental charges not pre-approved will require clear justification and approval of the Division Officer.

## 2. Airline Travel

- a. Air travel arrangements should be made for the lowest available fares as dictated by the travel circumstances and time constraints. All options should be explored in order to locate the lowest priced ticket (i.e., airlines, Internet sites, government employee discounts, conference specials, travel agencies, etc.). Airline pricing methods can fluctuate widely; make reservations at least 14 days prior to departure to avoid excessive pricing.
- b. Air travel must be coach or business class (not first class unless employee pays the difference in price).
- c. Employees should exercise due caution when requesting a non-refundable ticket. Note: In case of trip cancellation; only the original ticketed passenger may be able to apply the fare toward another ticket in the future (within 12 months).
- d. Employees are personally responsible for any additional costs incurred due to missed flights unless approved by the Division Officer.
- e. Permissible grounds for missed flights include, but are not limited to, family emergencies, illness of the employee, business-related reasons and schedule changes or delays by the airline which result in missing connecting flights.
- f. PWC generally pays invoices directly for airline tickets booked by a travel agency arranging the ticket. The cost of direct paid airfares must be indicated as such on the Travel Expense Statement. The cost should include cancellation penalties or nonrefundable tickets not used.

## 3. Other Travel Expenses

- a. Public transportation costs will be reimbursed for necessary business travel.
- b. Charges for hotel parking or public parking where the destination does not provide free parking will be reimbursed. Valet parking will not be reimbursed by PWC, unless it is the only parking available.

- c. Airport parking will be reimbursed for actual cost when a receipt is turned in with expense report.
- d. Checked bag fees are a reimbursable expense when it is a standard charge by the airline; no more than two (2) checked bags are allowed and a receipt is required. Extra fees charged because of oversized or overweight bags shall be the responsibility of the employee.

#### **D. Lodging**

1. Following the procedures outlined in this document, each employee is responsible for making his/her lodging reservation.
2. The cost of lodging is of considerable importance and will be weighed to compare actual cost versus distance from business location. Employees should research all possible discount rates (governmental rate, corporate rate, AAA, AARP, etc.) to obtain the lowest possible price.
3. Employees will not be reimbursed for overnight stays when the distance to the meeting or conference is within reasonable driving distance (2 hours or less) from PWC and the meeting or conference starts at 8 a.m. or later and concludes by 5:00 p.m.
4. Reimbursement will not be made to employees wishing to extend stays before or after a conference or seminar for non-business related activities. Employees who choose to extend their stay at their expense will be required to obtain prior approval from their Supervisors/Manager to use vacation time.
5. Reimbursement for lodging will be for the actual room expense and applicable taxes. A receipt is required.
6. No-show fees are the responsibility of the individual employee unless the cause is sickness, an emergency, business or other reason approved by the Division Officer. All unapproved no-show related costs will be borne by the employee.

#### **E. Meals**

1. Actual reasonable expenses for meals including tip (not to exceed 20%) will be reimbursed to the individual employee. Receipts are required.

2. Reimbursement will not be made for any meal served where the cost is included in the cost of the event, except for continental breakfast.
3. Meals for day trips are not reimbursable.
4. On the first day of overnight travel, the PWC will not reimburse for breakfast expenditures unless travel begins before 7:00 a.m. On the last day of overnight travel, PWC will not reimburse for a dinner unless the employee returns home after 7:00 p.m.

#### **F. Out-of-Country Travel**

1. All out-of-country travel must be authorized by the CEO/General Manager.
2. When traveling out of the country, the employee that has not been issued a PWC procurement card and does not wish to use their personal credit card must request a temporary PWC procurement card through the CFO's office at least ten (10) days prior to departure. Employees should use their PWC procurement card or their personal credit card whenever possible. This will ensure that any currency conversion issues will be kept to a minimum.
3. When foreign currency is required, the employee is advised to convert currency at a financial institution well in advance of departure due to high fees at other conversion centers. Foreign currency can be obtained from most US banking institutions if ordered in advance.

### **V. PROCEDURES**

#### **A. Travel Request**

1. Each Department Manager shall designate a person to perform a travel analysis for every trip an employee of that department wishes to take. That person is responsible for evaluating various options of transportation and accommodations, completing the Travel Planning Spreadsheet (Form #1), and advising the employee of the lowest cost options. Should the employee desire to deviate from the allowed lowest cost alternative, they will be required to pay the cost differential (payments can be made to the Accounting Department in advance, receipt will be provided).

2. Employees shall submit a Travel Request Form (Form #2) to the designated person in the department for their travel cost analysis to be performed.
3. The employee shall submit the Travel Request Form and the completed Travel Planning Spreadsheet to the appropriate Manager and Division Officer prior to expending funds and/or the actual travel occurs.
4. Employees may make necessary arrangements as stated on the Travel Request Form only after the appropriate approvals have been granted. Approved payment methods are outlined in this procedure.
5. If a cash advance is requested by the employee, justification must be included on the Travel Planning Spreadsheet and approved by the designated Department Manager and Officer. The written justification must explain why a procurement card cannot be used.
  - a. Upon approval and receipt of the signed Travel Request Form, the employee is responsible for submitting a check request for the advance to the Accounting Department at least ten (10) days prior to departure.
  - b. Advances will be direct deposited to the employee's designated bank account no sooner than five (5) days prior to departure.
  - c. The original recipient of the cash advance is responsible for accounting for all expenses and receipts related to that advance on one Travel Expense Statement (this applies even if one advance is divided between more than one employee).

#### **B. Request for Reimbursement**

1. Employees must submit an approved Travel Expense Statement (Form #3) to the Accounting Department within two (2) weeks from the date of the last expense. In addition to all receipts, the Travel Expense Statement should have attached the approved Travel Request Form, Program Evaluation Form (Form #4), event program, brochures, fee schedules or other materials itemizing the cost included in the registration and other expenses.

2. Employees may fill out the Business Use of Personal Vehicle Form (available on the PWC intranet) for day trips when the only expense reportable is mileage.
3. After attending a seminar, conference or educational program, employees are required to provide HR with copies of certificates obtained. In instances where certificates are not provided, employees are to forward documentation regarding the seminar, conference or program to HR so it can be incorporated into the appropriate personnel file. The HR Department will forward pertinent information to the Accounting Department. **Employees will not be reimbursed until documentation has been received by HR.** Exceptions will be made in cases where documentation is not provided at the time of the training/conference but mailed to employees at a later date.

#### C. Reporting

1. Upon returning from a seminar, conference or educational program, employees are required to complete the Program Evaluation Form and submit it to the HR Department within 10 days of the event. Employees should not request reimbursement for expenses until this form is submitted.
2. Employees are encouraged to share materials and/or knowledge obtained at all conferences or seminars with coworkers through distribution of materials, discussions, presentations, website postings or other avenues.
3. Accounting will send quarterly reports to the CEO/General Manager indicating all expenses incurred by each cost center for all travel reimbursed.
4. Officers or their designee shall provide HR with quarterly reports for travel that has occurred within their Division. Reports shall include: employee's name, reason for travel (training, conference, etc.), location and dates attended, an explanation of how the training resulted in new knowledge or skills for the employee, and how information was shared for the benefit of others within the Division.

#### VI. EFFECTIVE DATE

This procedure replaces all previous procedures and will be effective upon approval.

# **PWC Staff**

PWC employs more than 550 people. To better serve the public, PWC is divided into the following divisions so that a multitude of tasks may be accomplished with efficiency.

## MANAGEMENT DIVISION

General Responsibilities: General Management; In addition to the CEO/General Manager, this division includes the Officers for each of the other divisions and the Senior Executive Assistant/Clerk to the PWC Board and two Executive Assistants.

**Departments:** Executive Customer Programs Administration  
Electric Administration Human Resources Administration  
Financial Administration Corporate Development Administration  
Support Systems Administration Water Administration  
Communications/Community Relations Administration

## COMMUNICATIONS/ COMMUNITY RELATIONS DIVISION

General Responsibilities: Communication activities involving customers, employees, stakeholders and the general public; managing customer communications, media relations, community relations and public relations.

**Departments:** Internal Communications External Communications  
Community Relations

## CORPORATE SERVICES DIVISION

General Responsibilities: Company-wide initiatives and strategic planning, analysis and oversight, providing company-wide support for everyday business operations. Specific functions carried out are planning, development and implementation of special projects, grant acquisitions and management, technical writing, corporate metrics and analysis oversight, delivery and material repair shop, maintenance of all buildings and grounds, vehicles and equipment of the company; telecommunications systems including telephone, radio, paging, fiber optics, computer systems, including hardware, software programming and reliability and supply chain operations.

**Departments:** Corporate Development Fleet Acquisition & Maintenance  
Project Management Facilities Construction & Maintenance  
Corporate Analytics Information Systems  
Technical Support Telecommunication Systems  
Warehouse

## CUSTOMER PROGRAMS DIVISION

General Responsibilities: Respond to customers, builders, and developers needs related to customer programs; Act as the primary initial liaison for special services and programs; Implement customer programs for PWC; Provide a lead role in the expansion of PWC services in Fayetteville and Cumberland County; Work with those

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external and internal to PWC to ensure that electricity and water is being used in an efficient manner; provide auditing services to ensure customer billing is correct and/or provide recommendations on conservation; Ensure water produced and electricity sold is accounted for and measured so that revenue can be collected; Responsible for reading meters, new electric and water meter installations, read-in, read-out, non-payment disconnect, reconnect, meter change and miscellaneous general service order/request; Operating the Revenue Recovery/Protection Program which is designed to minimize financial losses for illegal acquisition of services.

**Departments:** Programs Call Center  
Development & Marketing  
Conservation

Water & Electric Meter Shop  
Utility Field Services  
Loss Control

#### **ELECTRIC DIVISION**

General Responsibilities: Complete oversight and responsibility for the electric facilities, operations and performance including generation, transmission and distribution of power; Design, construction, maintenance and operation of the generation plant, transmission plant and distribution plant facilities.

**Departments:** Engineering  
Electric System Support Services

Construction and Maintenance  
Generation

#### **FINANCE DIVISION**

General Responsibilities: Accounting, customer accounts, legal, internal audit, and financial planning; Payroll, accounts receivable, risk management, environmental compliance, claims, property and right of way management, collections, capital projects, budget and rates.

**Departments:** Accounting  
Customer Accounts  
Legal Services

Internal Audit  
Financial Planning  
Purchasing

#### **HUMAN RESOURCES DIVISION**

General Responsibilities: Initiates and fosters collaborative partnerships that enrich the work and learning environment for PWC staff and seeks solutions in support of strategic initiatives through leadership, engagement, and innovation; manage policies, processes, and procedures relative to the hiring, training, maintaining, and appropriately compensating a highly competent, diverse workforce that supports the mission, vision and values of PWC.

**Departments:** Human Resources  
Safety

Medical  
Training

#### **WATER DIVISION**

General Responsibilities: Complete oversight and responsibility for the design, construction, operation and maintenance of water treatment and wastewater treatment plants as well as collection and distribution facilities.

**Departments:** Engineering  
Water Treatment  
Environmental Programs

Construction and Maintenance  
Wastewater Treatment

**Steven K. Blanchard, CEO/General Manager**

Steven K. Blanchard has served as CEO/General Manager of the Fayetteville Public Works Commission (PWC) since June 1994 and is responsible for all divisions and departments at PWC. Blanchard joined the PWC in 1972. He has held positions of Engineer I, II, and III; Assistant Chief Electrical Engineer; Assistant Director of Electrical Systems; and Director of Generation and Power Supply.

A native of Fayetteville, Blanchard is a 1972 graduate of North Carolina State University with a Bachelor of Science degree in Electrical Engineering. He completed a program in Municipal Administration at the Institute of Government at the University of North Carolina at Chapel Hill and the Leadership Fayetteville Program. A member of the South Central Chapter of Professional Engineers of North Carolina, he has served as a chapter director and state level steering committee member. Blanchard has served on the Board of Directors for Electricities of NC, Inc., Southeastern Electric Reliability Council and Cape Fear River Assembly serving as Chairman for several years. He is presently serving on the American Public Power Association (APPA) Board of Directors and the APPA Membership Committee and has served on the APPA Generation and Fuels Committee where he served as Chairman.

He is a member of the Board of Directors of the Economic Development Alliance of Fayetteville & Cumberland County, NC and the North Carolina's Southeast Board of Directors. He is serving on the Fayetteville Regional Chamber of Commerce Military Affairs Council and the Advisory Council for the School of Business and Economics at Fayetteville State University and served on the Foundation Board of Directors at Methodist University where he served as Chairman. He is active in the community through his church and other organizations such as the American Heart Association (served as Chairman) and the Cumberland County United Way (served as Campaign Chairman and Board Chairman).

**Susan Fritzen, Chief Corporate Services Officer**

Susan Fritzen became PWC's first female officer when she was named Chief Corporate Services Officer in June 2012. The Corporate Services Division includes the following departments: Facilities Construction & Maintenance, Fleet Acquisition & Maintenance, Information Systems, Warehouse, and Corporate Development (Project Management, Corporate Analytics, and Technical/Grant Writing).

Fritzen joined PWC in 2008 as Special Projects Manager. She has also served as Sr. Corporate Development Officer (2011) and interim Support Services Officer (2012) for PWC. Fritzen has 30 years of management experience in both the private and public sectors. Her past work experiences include designing and overseeing major projects from planning to completion, to include new construction of higher education facilities, subdivisions, highways, bridges, and other government facilities. She has also served on and/or chaired numerous boards throughout her career. Since joining PWC, Fritzen has worked across the organization on various projects, and led the Navlgate Project development process. She continues to serve as project director of the Implementation phase of the project, as well as directing the Meter Data Management system implementation and PWC's Smart Grid Program (Connect Initiative).

Fritzen graduated with a Civil Engineering degree from the NJ Institute of Technology in 1983. After working and gaining management experience with various employers, to include several consulting firms, Rutgers University, Morris County (NJ), and UNC Wilmington, she went back to school at night in 2003 and earned an MBA from the Cameron School of Business at UNC Wilmington. She also worked for McKim & Creed and Biltmark Corporation on various engineering, construction and management projects.

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**Carolyn Justice-Hinson, Communications/Community Relations Officer**

Carolyn Justice-Hinson, PWC's Communications & Community Relations Officer, has 23 years' experience in the communications field and has managed external and internal communications at PWC for 16 years. Since establishing PWC's first Public Information office in 1997, her role and responsibilities have grown from traditional media relations and customer communications, to also include an extensive internal communications & community relations program and other areas of public affairs.

Among her roles and responsibilities are Coordinator of PWC's annual United Way Campaign which has earned eight United Way of North Carolina's "Spirit of NC" awards and producer of the PWC Connections TV Show which earned a Telly Award, recognized by National Videographers as the highest industry standard. PWC's community involvement and support has also earned the American Public Power Association's Community Service Award in 2005 and 2012.

A native of Jacksonville, N.C. and a 1989 graduate of East Carolina University, Justice-Hinson began her career in collegiate athletics where she served as ECU's Assistant Sports Information Director from 1990-1997.

She currently is serving as Chair of the American Public Power Association's Public Communication Section; as well as the Chair of the Methodist University Board of Visitors and Vice-Chair Cumberland County Air Quality Stakeholders. She is also the past President of Fayetteville's NetWorth Professional Women's Association.

A 1998 Graduate of the Chamber of Commerce's Leadership Fayetteville Program, Justice-Hinson serves as Lead Faculty for the Program's Government Day and was selected the as the 2012 Leadership Fayetteville Alumni Associations' Alumni of the Year. She is also a member of the Public Relations Society of America, the North Carolina Government Information Officer Association, the NC City and County Communicators Association and the Public Relations Alliance of Cumberland County.

**J. Dwight Miller, Chief Financial Officer**

J. Dwight Miller joined the Public Works Commission as Chief Financial Officer in November 1998.

Miller has over 35 years of utility experience. Prior to his appointment at PWC, he held the position of Vice President for the Georgia and South Carolina Division of the United Cities Gas Company (now Atmos Energy Corporation).

Miller received his B.S. Degree in Accounting from Lipscomb University in Nashville, Tenn. and is a Certified Public Accountant in the states of North Carolina, Tennessee, and Georgia. He also holds the designation of a Chartered Global Management Accountant (CGMA). He completed graduate course work in Municipal Administration at the University of North Carolina, Chapel Hill and was a guest participant of the U.S. Army War College National Security Seminar.

He serves on the Wells Fargo Treasury Management Advisory Council and has held the positions of President of the North Carolina Local Government Investors Association, Chapter President of the Institute of Management Accountants and President of the Boys and Girls Club of Columbus, GA and Phenix City, AL. In addition, he holds memberships in the North Carolina Association of Certified Public Accountants, the American Institute of Certified Public Accountants, the North Carolina Government Finance Officers Association, and the Institute of Management Accountants. Miller received The Financial Executive of the Year Award for the Carolinas from the Institute of Management Accountants in 2006.

He currently serves as Chairman of the Board for the United Way of Cumberland County, a member of the Fayetteville Chamber of Commerce, the Military Affairs Council of the Chamber, Graduate of the Leadership Fayetteville Chamber program and has served as a faculty member of the Leadership program. He was instrumental in establishing the Chamber's Leadership Fayetteville Alumni Association and served as the Chair

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of that group. Other awards and memberships include the Boys and Girls Clubs of America Medallion recipient and the Man and Boy Award from the Boys Club of Columbus, GA and Phenix City, AL, and previously chaired committees for the Southeastern Gas Association and Southern Gas Associations.

#### **Marion (Mick) Noland, Chief Operations Officer-Water Resources Division**

Mick Noland is in his 20<sup>th</sup> year as Chief Operations Officer of PWC's Water Resources Division. Joining PWC in 1993, Noland's division has emphasized operating efficiency, environmental compliance, facility expansion and planning for the future growth of the Cumberland County area.

Noland has 37 years of experience in the water industry. Prior to joining PWC, he worked as the Fayetteville Regional Supervisor of the North Carolina Division of Environmental Management office. There his duties involved application and enforcement of air, surface water and groundwater pollution regulations in an eleven county area.

A native of Waynesville, NC, Noland received a B.S. in Civil Engineering from North Carolina State University in 1976. He is a Registered Professional Engineer in North Carolina and a Certified Public Manager. He is a member of the National Society of Professional Engineers, American Water Works Association, Water Environment Federation, Fayetteville Chamber of Commerce, Cape Fear River Assembly, and serves on the N.C. League of Municipalities Regulatory Action Committee and Water Resources Subcommittee as well as various other local and state level committees.

#### **Bobby Russell, Human Resources Officer**

Bobby Russell joined PWC as the Director of Human Resources in May 2009. He was named the Human Resources Officer in 2012. He came to PWC from Biolex Therapeutics in the Research Triangle Park, where he was their Senior Director of Human Resources.

Russell has over 25 years of HR experience, having also worked Burlington Industries, and Nortel Networks. He has a Bachelor of Science degree with a major in Business Administration from the University of North Carolina at Charlotte.

Russell and his wife Angela have two daughters, Jessica and Ashley.

#### **David Trego, Chief Operations Officer-Electric Systems Division**

David Trego joined the PWC staff as the Chief Operations Officer for the Electric Division in January 2010. In January 2012, Trego took an interim assignment starting up the newly created Customer Programs Division as its Senior Officer before returning to his Electric Division Duties in February 2013.

Trego brings over 30 years of utility industry experience to PWC including an extensive career at UGI Utilities in Reading, Pennsylvania from 1987-2009. While at UGI, he served as President and CEO from 2004-2009 overseeing the operations of the 625,000 customer natural gas and electric utility. During his career at UGI, he also served as Vice President of Electric Distribution, Area Gas Operations Manager as well as overseeing Marketing, Rates and Customer Relations for the Gas Division. Prior to his work at UGI Utilities, Trego worked for General Electric Company's Power Generation Group in Chicago from 1980-1987.

A graduate of Penn State University, Trego earned both his MBA and undergraduate degrees in Architecture and Civil Engineering from PSU, where he was also recognized by receiving the University's Outstanding Alumni Achievement Award in 2007.

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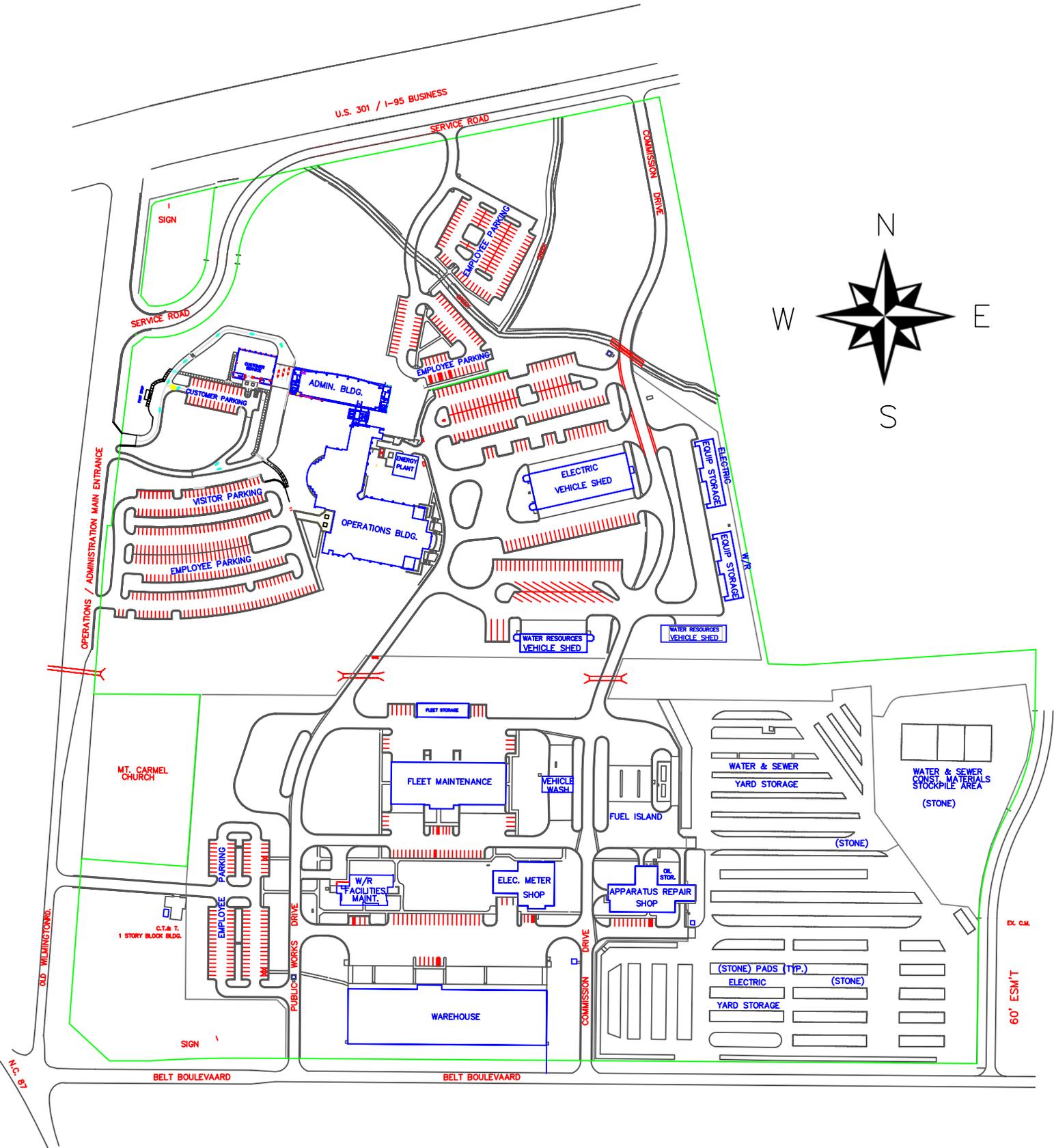
He has been active in economic development and served on the Board of Directors of several professional, civic, and community organizations. His involvement includes currently serving on the SERC Reliability Corporations Board of Directors and the Board's Executive Committee. SERC, which has delegated authority through the Federal Government, is responsible for promoting and improving the reliability, adequacy, and critical infrastructure of the bulk power supply systems in all or portions of 16 central and southeastern states. He also is currently serving on the Fayetteville Regional Chambers Board of Directors, the Board's Executive Committee and the Military Affairs Council.

**Mark Brown, Sr. Customer Programs Officer**

Mark Brown became the Sr. Customer Programs Officer on Jan. 7, 2013 and will oversee the newly formed Customer Programs Division, which will have a significant role in our Smart Grid (Connect) initiative. He came from Plymouth, MI and has over 20 years of experience at Detroit Edison in the electric utility business, especially in the business development and marketing area.

Brown has a BSEE degree from Bucknell University and a MBA from the University of Michigan. He also completed the Public Utility Executive Program at the University of Michigan and is a Registered Professional Engineer.

# PUBLIC WORKS COMMISSION OPERATIONS COMPLEX



## Location

- 200 Block of Hay Street, Downtown Fayetteville

## Design

- Architects: Shuller, Ferris, Johnson, Lindstrom
- Four (4) story, 57,023 sq. ft. (includes a 764 sq. ft. Elevator Equipment Penthouse)
- Designed to have similar appearance of former LaFayette hotel which stood on the 200 Block of Hay Street most of the 1900s
- Opened August, 2000
- Named for former PWC Commissioner, Robert C. Williams, a retired educator and PWC Board member for 20 years

## Features

- 57,023 square feet of leasable space/approximately 88% currently leased
- Current tenants
  - Bragg Mutual Federal Credit Union (3,025 sq. ft.)
  - HealthSmart Third Party Administrators, Inc. (3,136)
  - Olde Fayetteville Insurance and Financial Services, Inc. (1,967)
  - United States Government - Department of Veteran Affairs (12,120)
  - The Charleston Group, PA (2,800)
  - Adams, Burge, & Boughman - Attorneys at Law (3,909)
  - Edward Jones (1,236)
  - World Wide Language Resources (16,667)
  - ABC-WTVD 11/ABC Disney (1,520)
- Served as PWC's Customer Service Center from 2000-09. PWC is in the process of obtaining a real estate marketing and management firm to manage the RCWBC to include marketing and negotiating new leases, managing existing leases and managing the maintenance and operation of the building.
- PWC joined the City of Fayetteville and Cumberland County in a three-party agreement to fund the construction of Fayetteville's first public parking deck in downtown. The \$6.2 million parking deck is connected to the Robert C. Williams Business Center by a walkway to the 3rd floor; and has 98 allocated spaces for RCWBC tenants and opened in February 2012.

## Personnel Report June 1-30, 2013

DIVISION	AUTHORIZED POSITIONS	ACTUAL EMPLOYEES	Part-time Employees	CONTRACT POSITIONS	VACANT POSITIONS	Staff by Temp Agency
<b>MANAGEMENT</b>						
Executive	5	4			1	
Customer Programs Admin	1	1				
Human Resources Admin	1	1				
Communications/Comm Rel	1	1				
Corporate Services	1	1				
Financial Administration	1	1				
Water Administration	1	1				
Electric Administration	1	1				
Total	<b>12</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>COMM/COMM REL</b>						
Internal Communications	1	1				
External Communications	1	1				
Community Relations	1	1				
Total	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>HUMAN RESOURCES</b>						
Human Resources	6	6			0	
Medical	1	0		1		
Safety	1	0			1	
Training	1	1				
Total	<b>9</b>	<b>7</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>CUSTOMER PROGRAMS</b>						
Programs Call Center	3	3				
Development & Marketing	6	6				
Conservation	2	2				
Water Meter Shop	2	2				
Electric Meter Shop	2	2				
Utility Field Services	28	26			2	
Loss Control	2	2				
Total	<b>45</b>	<b>43</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>
<b>CORPORATE SERVICES</b>						
Project Management	23	21			2	
Corporate Analytics	0	0				
Technical Support	1	1				
Warehouse	12	12				
Fleet Maintenance	43	42			1	
Facilities Maintenance	7	7				
Telecommunications	5	4			1	
Information Systems	14	12			2	
Total	<b>105</b>	<b>99</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>0</b>
<b>FINANCIAL</b>						
Accounting	11	10			1	**2
Payroll	1	1				

<i>DIVISION</i>	<i>AUTHORIZED POSITIONS</i>	<i>ACTUAL EMPLOYEES</i>	<i>Part-time Employees</i>	<i>CONTRACT POSITIONS</i>	<i>VACANT POSITIONS</i>	<i>Staff by Temp Agency</i>
Accounts Receivable	8	7			1	**2
Customer Accts Call Center	41	*43				
Customer Service Center	12	12				
Risk Management	2	1			1	
Environmental Compl	1	1				
Claims	1	1				
Property & ROW Mgmt	3	3				
Collections	3	3				
Internal Auditing	0	0				
Financial Planning	6	6				
Budget	2	2				
Rates & Planning	2	2				
Purchasing	8	8				
Total	<b>101</b>	<b>98</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>4</b>
<b>WATER RESOURCES</b>						
W/R Engineering	32	32				
W/R Construction	101	96			5	
P.O. Hoffer Plant	8	8				
Glenville Lake Plant	6	6				
W/W Facilities Maint.	23	23				
Cross Creek Plant	11	11				
Rockfish Plant	7	6			1	
Residuals Management	2	2				
Environmental Services	1	1				
Laboratory	6	6				
W/R Environ. Sys. Prot.	4	4				
Watersheds	1	1				
Total	<b>202</b>	<b>196</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>0</b>
<b>ELECTRIC</b>						
Electrical Engineering	21	20			1	3
Fiber	2	2				
Electric Construction	74	68			6	
Substation	15	13			2	
SCADA	1	1				
Apparatus Repair Shop	5	5				
CT Metering Crews	4	4				
Compliance	3	2			1	
Power Supply SEPA	0	0				
Power Supply Progress Ene	0	0				
Generation	27	25			2	
Total	<b>152</b>	<b>140</b>		<b>0</b>	<b>12</b>	<b>3</b>
<b>TOTAL</b>	<b>629</b>	<b>597</b>	<b>0</b>	<b>1</b>	<b>31</b>	<b>7</b>

\*2 temporary overstaff in Customer Service

\*\*2 temporary part-time in Accounting & Accts Receivable

# Financial Info

The Public Works Commission budget is authorized through the City of Fayetteville Budget Ordinance as an Enterprise Fund. Funds are the control structures that ensure that public moneys are spent only for those purposes authorized and within the amounts authorized. Funds are established to account for the different types of activities and legal restrictions that are associated with a particular government function. **Enterprise Funds** are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of assets, liabilities, fund balance, revenues and expenditures.

The Public Works Commission uses the following funds to control its financial activities:

**Electric Fund** – To account for all revenues and expenses associated with the sale of electricity.

**Water/Sewer Fund** – To account for revenues and expenses associated with the sale of water and sewer services.

**Rate Stabilization Funds** – Established for the purpose of maintaining rate competitiveness.

**Annexation Phase V Reserve** – Established for the purpose of financing annexation related utility extension costs.

**Fleet Maintenance Internal Service Fund** – To account for the consolidated Fleet functions provided to the City and PWC.

**Series 2009B Revenue Bonds Capital Project Fund** – To account for the Series 2009B Revenue Bonds issued for additions and modifications to the Water/Wastewater system.

**Annexation Phase V, Areas 8 – 13 Capital Project Fund** – To account for the PWC Water/Wastewater activities on Areas 8 – 13 of the City of Fayetteville Annexation Phase V Program.

**Annexation Phase V, Areas 14 – 15 Capital Project Fund** – To account for the PWC Water/Wastewater activities on Areas 14 – 15 of the City of Fayetteville Annexation Phase V Program.

**2012 Edgewater/Northview State Revolving Loan Capital Project Fund** – To account for activities for a stream restoration project to stabilize the creek banks and protect the integrity of an existing road and sewer main.

**2013 Sanitary Sewer Replacement on Person Street at the Lobster House State Revolving Loan Capital Project Fund** – To account for activities of the replacement and relocation of existing 36-inch concrete sewer main.

**2012 Water Treatment Facility Clearwell and Chemical Feed Improvements State Revolving Loan Capital Project Fund** – To account for activities for the rehabilitation to the chemical storage and feed facilities at the

P.O. Hoffer Water Treatment Facility and the  
Glenville Lake Water Treatment Facility.

**2013 Outfall Rehabilitation State Revolving  
Loan Capital Project Fund** – To account for  
activities for the rehabilitation of deteriorated  
concrete, infiltration and other defects of the  
48-inch diameter outfall that serves a large  
portion of western Cumberland County.

**2013 P.O. Hoffer Water Treatment Facility  
Improvements Planning and Design State  
Revolving Loan Capital Project Fund** – To  
account for activities for the rehabilitation of  
aging infrastructure and improvements  
necessary to operate the water treatment  
facility reliably at the current 32 MGD  
capacity rating.

PWC’s budget and accounting system is separated into two funds, Electric and Water/Wastewater. Budgets are presented and approved by fund. Each fund is a stand-alone fund and no operating fund transfers have occurred in the past 19 fiscal years. During FY 2006, the Fleet Maintenance Internal Service Fund (FMISF) was created to account for the consolidated Fleet Functions provided to the City and PWC.

The PWC’s current practice is to prepare an annual budget, including the current year’s capital projects. In addition, the PWC staff annually prepares a separate Capital Improvement Program (“CIP”) which includes projections of capital improvements recommended over the ensuing six year period. No later than mid-April, the annual operating and capital budget is prepared by staff and submitted for consideration by the General Manager. On or before May 1, the General Manager submits the budget for approval of the Commissioners. On or before June 1, the Commissioners submit their approved budget for consideration and adoption by the City Council. The City Council has historically adopted the PWC’s annual budget before the start of the fiscal year on July 1.

The Commissioners have adopted certain policies to guide the development of the annual budget. As a matter of policy, the Commissioners set rates, fees and charges sufficient to generate a minimum 1.75x debt service coverage on outstanding revenue bonds notwithstanding the lower requirement of the Bond Order. This policy is not legally binding and is subject to change.

### FY 2013-14 BUDGET

<b>TOTAL</b>	<b>Total Electric Fund</b>	<b>Total Water/Sewer Fund</b>	<b>Total FMISF</b>
\$353,882,200	\$242,288,200	\$103,834,500	\$7,759,500
	<b>Electric Capital Outlay</b>	<b>Water &amp; Sewer Capital Outlay</b>	<b>FMISF Capital</b>
	\$36,432,100	\$30,442,700	\$108,100
	<b>Electric Operating Fund</b>	<b>Water &amp; Sewer Operating Fund</b>	<b>FMISF Operating</b>
	\$205,856,100	\$73,391,800	\$7,651,400

#### Pay & Benefits

- Raise pay scales by CPI (1.8%)
- Maintain all other programs

#### Employees

- Available increase in performance pay: .7% plus CPI

#### Rates

- Electric: Last change effective May 2013
- Water: Last change effective May 2013
- Sewer: Last change effective May 2013

PWC has been recognized 18 straight years with the Distinguished Budget Presentation Award by the Government Finance Officers Association (GFOA). The award is the highest form of recognition in governmental budgeting.

**FY 2013-14 Budget  
Contributions to City of Fayetteville**

<b>General Fund Contribution</b> .....	\$12,303,700
 <b>Electric</b>	
Street and Pedestrian Lighting Improvements .....	\$3,525,000
Underground Conversions and Gateway Improvements .....	\$2,525,000
 <b>Water/Sewer</b>	
Annexation Phase V Fund .....	\$1,688,300
Annexation City Bond Principal Payment.....	\$800,100*
Annexation City Bond Interest Expense.....	\$167,700
City of Fayetteville Storm Drainage Improvement .....	\$445,000
 <b>Economic Development</b>	
Fayetteville-Cumberland Chamber of Commerce .....	\$315,000

\* *Net of City Contribution of \$385,200*

PWC's bond ratings assigned by Moody's Investors Service (Moody's) and Standard & Poor's Rating Service (S&P) are Aa2/Stable and AA/Stable, respectively. Prior to January 2008, PWC was rated in the single A category by both agencies. The last rating review was performed in FY 2012. A follow-up review with Moody's occurred in July 2012. Only five other municipal utilities in the U.S. have ratings higher than PWC.

**In its February 24, 2012 report, S&P supported the higher AA rating with the following highlights:**

- Their view is that PWC's margins will remain strong, providing good debt service coverage and healthy liquidity in the five-year forecast period, during which management will continue to upgrade and expand the utility systems;
- Management's ability to maintain competitive utility rates. Electric rates are below the average of other utilities in North Carolina. Water and wastewater rates are in the lower tier;
- Very good electric system reliability and water system management, which the installation of Smart Grid technology will enhance;
- Modest leverage, even after the expected issuance of debt to fund about one-third of projected capital spending in the 2012-2017; and
- A good regional economy that includes Fort Bragg and Pope Army Air field, a customer base that has grown steadily, and no reliance on any customer for a significant portion of revenue.

S&P also cited that the stable outlook reflects their expectation that during their two-year outlook horizon, the combined utilities' credit metrics will remain within the range of other similarly rated issuers. The outlook also reflects management's intent to fund a good portion of the expansion costs with internally generated funds, as well as having reserved a healthy rate stabilization fund that will help limit the size of rate increases and keep utility service prices competitive. They do not expect to raise or lower the rating during the forecast period.

**In its August 3, 2012 report, Moody's supported its higher Aa2 rating with the following highlights:**

The Aa2 rating and stable outlook is based on the system's continued healthy financial operations with sound fiscal practices, the strong debt service coverage and adequate bond holder protection, and the large size stable customer base benefitting from the continued growth in and around Fort Bragg. The rating assignment also reflects the low debt ratio expected to remain manageable despite plans to issue new debt in the near term, ample reserves and prudent management. The rating also factors in the electric utility's decreased generation risk given a five-year lease agreement of the Butler Warner Generating Plant to Duke Energy Progress (DEP), effective July 1, 2012, which significantly reduces exposure to generation risk.

**Strengths**

- Large stable customer base experiencing continued growth drive by Fort Bragg;
- Competitive rate structure; among lowest in the state; and
- Sound fiscal practices with strong rate setting and transfer policies

**Challenges**

- No assurance of renewal of the Butler Warner Generating Plant lease agreement (5-year agreement)

In May 2011, the Government Finance Officers Association (GFOA) presented PWC the Award for Excellence in Government Finance in the category of Capital Financing and Debt Administration for "Electricity at a Discount: Using Tax-Exempt Debt to Prepay for Energy in Fayetteville, NC". This is the GFOA's most prestigious award and was presented to only 9 government entities in the US and Canada. The Award for Excellence recognizes outstanding contributions to the practice of government financial management and stresses practical, documented work that offers leadership to the profession, and promotes the use of best practices in public finance.

The Fleet Maintenance Internal Service Fund was established on July 1, 2005. The Fund is used to account for the accumulation and allocation of cost associated with the City of Fayetteville's and PWC's fleet maintenance activities.

- The Fleet Maintenance Internal Service Fund is an internal service fund and independent from the PWC operations budget.
- Both PWC operations and City operations are charged at cost of service for their fleet expenses. Rates are set to recover the cost of the operation. Hourly labor rates were established by those overseeing the operation, to recover personnel cost, parts, equipment, overhead, etc.
- Fleet maintenance activities are tracked and billed monthly to the City, PWC's Electric and PWC's Water funds. A final bill is generated for each to ensure that the Fleet Maintenance Internal Service Fund has a \$0.00 balance at the end of the fiscal year.
- The Fleet Maintenance Internal Service Fund budget is developed annually based on projected costs.
- Historically, approximately two-thirds of annual costs are related to services provided to the City of Fayetteville and one-third of costs are related to services provided to PWC.

An annual financial report from the American Public Power Association indicates PWC is achieving its commitment to having the “Lowest Responsible Rates and Most Financially Sound Utility in NC.” In its November 2012 “Selected Financial and Operating Ratios of Public Power Systems, 2011 Data” the APPA indicated that PWC is performing very well in financial comparison to other Public Power systems. Compared to the median and other utilities in our region and of similar size, PWC operated at a lower cost than most.

An example of the information reported is PWC’s Total Operation & Maintenance expense (excluding Power Supply) per Retail Customer. In 2011, PWC cost was \$283, which fell well below the median cost of \$407, \$347 among utilities in the SE and \$402 among utilities with 50,000-100,000 customers. Below are cost comparisons in other areas of operation:

	<b>PWC</b>	<b>Median</b>	<b>Southeast Public Power Utilities</b>	<b>Utilities with 50,000-100,000 Customers</b>
Debt to Total Assets	0.093	.320	0.356	.285
Operating Ratio	0.706	.864	.905	.829
Current Ratio	8.07	2.52	2.15	3.42
Total Operation & Maintenance expense(excluding Power Supply) per Retail Customer	\$282	\$407	\$347	\$402
Customer Accounting, Service and Sale Expense per Retail Customer	\$53	\$59	\$55	\$79
Administrative and General Expense per Retail Customer	\$93	\$150	\$126	\$141
Labor Expense per work hour	\$29.39	\$33.04	\$28.57	\$36.34
OSHA Expense per Worker-Hour	0.0	2.6	1.8	2.9

PWC's Financial Statements are audited on an annual basis. The audit process begins before the end of the fiscal year, with an expected completion date of September. PWC's auditors present the audited financial statements to the Commission, typically in October. PWC's audited financial statements are incorporated into the city's audited financial statements and then presented to City Council.

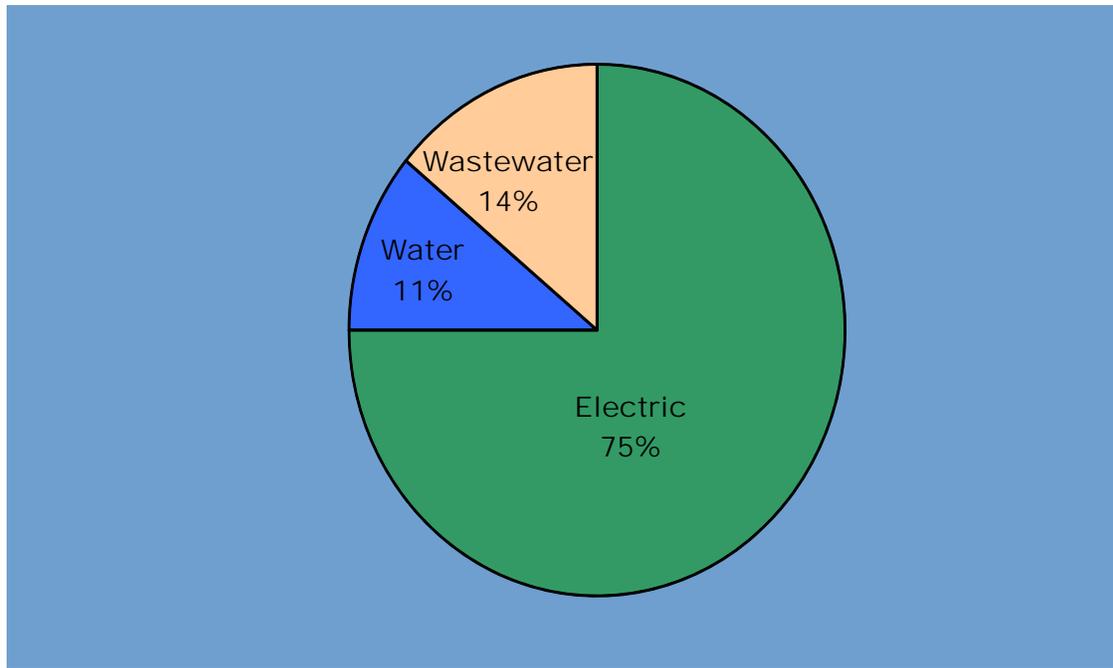
A complete audit packet is made available to all Board members and to the public on the PWC website at [www.faypwc.com/financials.aspx](http://www.faypwc.com/financials.aspx).

PWC has been recognized 6 straight years with the Government Financial Officers Association (GFOA) Certificate of Achievement for Excellence award in Financial Reporting for its Comprehensive Annual Financial Report (CAFR).

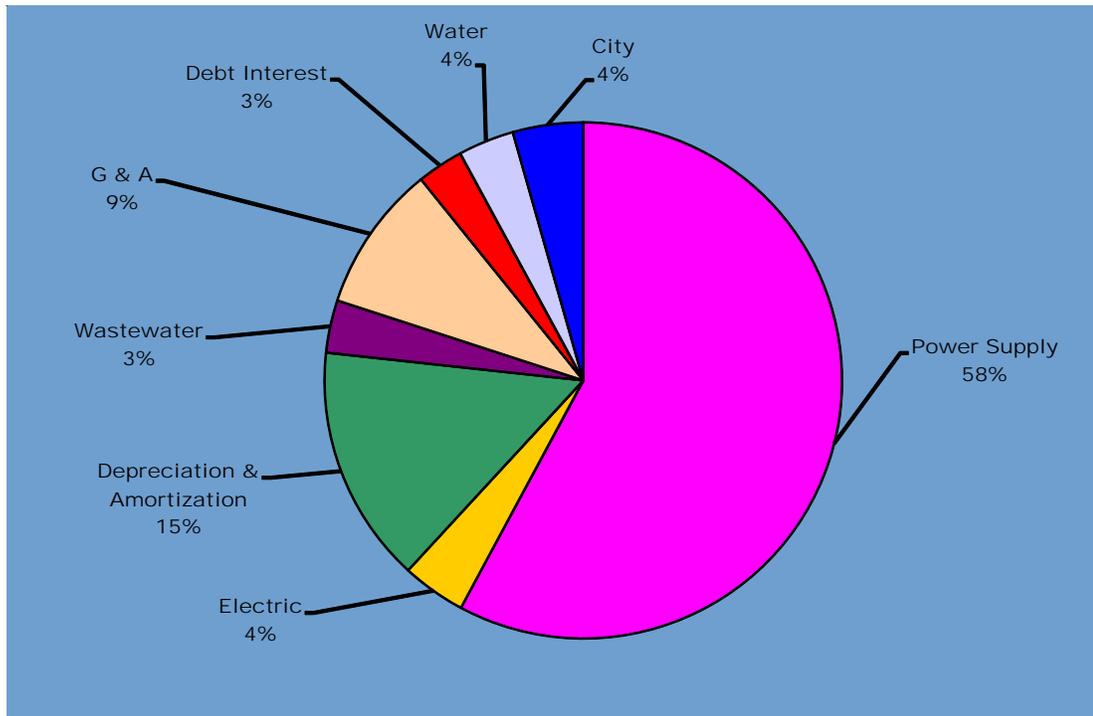
# PWC Revenues & Expenses

FY 2013\*

## 2013 Revenue by Fund



## 2013 Operating Expenses



\*Based on FY2013 Annual Audit

## PWC Highlights FY 2013

	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Electric System</b>			
Number of Customers (year end) - excluding Area Lighting	78101	78987	79709
Residential	69467	70154	70843
Commercial	8616	8806	8850
Industrial	18	18	16
Electricity sales(kWh)	2,201,179,812	2,053,384,900	2,037,402,888
<b>Water System</b>			
Number of Customers (year end)	82155	83157	83804
Residential	76017	76907	77478
Commercial	6119	6231	6309
Industrial	9	9	7
Wholesale	10	10	10
Water sales (gal)	8,888,870,465	8,616,578,607	8,149,665,040
<b>Wastewater System</b>			
Number of Customers (year end)	78040	79179	80651
Residential	72828	73797	75151
Commercial	5199	5370	5488
Industrial	9	8	7
Wholesale	4	4	5
Gallons Treated	6,043,126,183	5,972,453,649	5,933,990,637
<b>REVENUE/EXPENSES/CHANGE IN NET ASSETS</b>			
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Electric Revenues	194,811,519	197,656,327	211,789,791
Power Supply and Generation expense	(107,702,994)	(103,619,819)	(148,520,775)
Electric Operations Expenses	(11,439,256)	(12,501,170)	(14,276,714)
Water Revenues	32,599,286	33,420,708	32,402,110
Wastewater Revenues	36,150,318	37,509,510	39,001,170
Water operations expense	(13,477,499)	(14,074,104)	(14,562,693)
Wastewater operations expense	(11,602,787)	(12,743,659)	(13,016,609)
General & Administrative expenses	(24,634,211)	(27,639,853)	(31,067,333)
Depreciation Expense	(30,726,227)	(31,405,126)	(36,610,726)
Total Operating Revenue	263,561,123	268,586,545	283,193,071
Total Operating Expenses	(199,582,974)	(201,983,731)	(258,054,850)
Total Non-operating Expenses	(8,650,069)	(6,163,696)	(4,952,340)
Income before Operating Transfers	55,328,080	60,439,118	20,185,881
Capital Contributions	12,154,156	11,152,573	3,803,969
Transfers in	33,595,642	0	28,419,249
Transfers out	33,595,642	(594,334)	(28,461,707)
Transfers from the City of Fayetteville	627,172	1,332,077	2,934,498
Transfers to the City of Fayetteville	(10,800,269)	(9,820,653)	(10,961,399)
Change in Net Assets	124,500,423	62,508,781	15,920,491

\*based on FY13 Annual Audit

# The Public Works Commission Of The City of Fayetteville

## **Principles of Sound Financial and Operational Management Policy**

### **Section 1 Deputy Finance Officer**

- Section 1.1 City Code Sec. 2-33
- Section 1.2 Deputy Finance Officer (s) of the Public Works Commission

### **Section 2 Financial Policies**

- Section 2.1 Accounting Concepts
- Section 2.2 Operating Reserve
- Section 2.3 City Transfer
- Section 2.4 Rate Stabilization Fund
- Section 2.5 Revenues and Collections
- Section 2.6 Debt Management
- Section 2.7 Fiscal Planning
- Section 2.8 Capital Improvement Program and Fixed Assets
- Section 2.9 Cash Management

### **Section 3 Operational Policies**

- Section 3.1 Personnel
- Section 3.2 Accounting, Auditing and Financial Reporting
- Section 3.3 Risk Management
- Section 3.4 Expenditure Control
- Section 3.5 Policy Review

# The Public Works Commission Of The City of Fayetteville

## **Section 1 Deputy Finance Officer**

### **1.1 City Code Sec. 2-33**

- (a) For purposes of G.S. 159-7 et seq., the public works commission manager, or his designee, is hereby designated deputy finance officer of the city for the public works commission
- (b) The deputy finance officer so designated shall be charged with the responsibility for signing all checks, purchase orders, and contracts of the public works commission in strict compliance with G.S. 159-28. The responsibilities of the deputy finance officer for the city public works commission shall be limited to the city public works commission fiscal transactions consistent with G.S. 159-25. The deputy finance officer shall be bonded to the city as prescribed by G.S. 159-29.
- (c) Unless otherwise provided in this section, the deputy finance officer so designated shall perform only those acts or responsibilities authorized for a deputy finance officer under G.S. 159-7 et seq.

### **1.2 Deputy Finance Officer(s) of The Public Works Commission**

The Public Works Commission's (PWC) Deputy Finance Officers shall be the General Manager, the Chief Financial Officer and the Director of Accounting Systems. For purposes of this document, the Chief Financial Officer is the Chief Financial Officer of the PWC unless otherwise specified.

# The Public Works Commission Of The City of Fayetteville

## **Section 2 Financial Policies**

### **2.1 Accounting Concepts**

#### 2.1.1 Reporting Entity

The PWC is an enterprise fund of the City of Fayetteville, North Carolina (City) and is composed of the Electric Fund and the Water and Wastewater Fund. The PWC also provides fleet maintenance services for the utility and the City through a Fleet Maintenance Internal Service Fund (FMISF). These funds operate similar to commercial businesses and follow financial reporting standards similar to commercial organizations. These standards require that full accrual accounting be used and that revenues be recorded when they are measurable and earned. The accounting system exists to supply information. It provides the financial information necessary to ascertain the financial condition, to evaluate its performance and to plan its future activities. Accounting information is used by several audiences, which include management, governing boards, investors, regulatory agencies and the public at large. For the information to be useful, each audience must be confident of and familiar with the accounting principles—the concepts, standards, and procedures—used in preparing and presenting the information. (See Section 3.2.1)

#### 2.1.2 Reimbursement of Other Funds

Expenditures/expenses shall be allocated and or billed appropriately between all funds (including funds of the City) for accounting purposes. Such allocations and or payments received are not transfers and shall be recorded appropriately to insure the PWC Financial Statements properly reflect the cost of the Electric and the Water and Wastewater operations.

#### 2.1.3 Transfers to Other Funds

Transfers involve the movement of resources from one fund to another fund for the purpose of supplementing the resources of a fund. The Board of Commissioners and City Council in the Budget Ordinance approve transfers.

#### 2.1.4 Shared Services

Proper allocation of the cost of shared services is necessary to accurately determine that operations are self-supporting. Realistic estimates should be developed to allocate cost for shared services between appropriate funds. Since utility customers and property taxpayers are not necessarily the same groups of people, it is important for tax and user fee equity to ensure that the general fund and each enterprise fund are self-supporting. In essence, the utility customers should not subsidize general government operations and property taxpayers should not subsidize utility services.

# The Public Works Commission Of The City of Fayetteville

## **2.2 Operating Reserve**

### 2.2.1 Necessity

The Electric and Water/Wastewater Utility Systems (the “System”) will maintain an Operating Reserve to pay for current obligations and to ensure that sufficient funds are available to meet unexpected needs. If the Operating Reserve drops below the required amount, the PWC will endeavor to replenish the Operating Reserve within a 12-month period of time.

### 2.2.2 Requirement Amount

The amount of Operating Reserve (Unrestricted Cash and Investments) on hand should equal or exceed a 60 day requirement. The requirement shall be computed as (x/360) of total budgeted expenses, including transfers to the City General Fund, on a GAAP basis for the then current year.

### 2.2.3 Other Reserves

Other cash and investment reserves should be identified and recorded for debt covenants, legal requirements, resolutions, and other purposes.

## **2.3 City Transfer**

### 2.3.1 Transfer Agreement

An amount mutually determined and agreed upon from time to time by the City and the PWC and budgeted by the PWC in such Fiscal Year as a required transfer from the PWC General Fund to the City General Fund. This agreement establishes the criteria for transferring funds to the City.

### 2.3.2 Bond Order Compliance

The annual transfer to the City will at all times comply with the requirements of the Bond Indenture for its outstanding debt. The transfer, if available, shall be made in accordance with 2.3.1 and it shall be payable to the City from funds held in the General Fund pursuant to Section 602(b)(6) of the Bond Order, unless a default has occurred and is continuing.

## **2.4 Rate Stabilization Fund**

### 2.4.1 Establishment

In order to maintain rate competitiveness and rate stability by offsetting cost increases that would otherwise have been imposed on the customers, Rate Stabilization funds will be maintained.

### 2.4.2 Electric Amount

The Electric Utility Fund shall budget annually an operating transfer to the Electric Utility System Rate Stabilization Fund an amount not to exceed 5% of the annual gross Electric sales with a minimum transfer of \$250,000. The accumulated balance of the Electric Utility System Rate Stabilization Fund shall not exceed 20% of the

# The Public Works Commission Of The City of Fayetteville

average annual gross Electric sales for the preceding three years (as reported in the most recent Annual Audited Financial Report).

## 2.4.3 Water Resources Amount

The Water/Wastewater Fund shall budget annually an operating transfer to the Water/Wastewater Utility System Rate Stabilization Fund an amount not to exceed 5% of the annual gross Water/Wastewater sales with a minimum transfer of \$250,000. The accumulated balance of the Water/Wastewater Utility System Rate Stabilization Fund shall not exceed 20% of the average annual gross Water/Wastewater sales for the preceding three years (as reported in the most recent Annual Audited Financial Report).

## 2.4.4 Restrictions

Any amounts withdrawn from the Electric Utility System Rate Stabilization Fund and the Water/Wastewater Rate Stabilization Fund must be used to maintain rate competitiveness and rate stability. The Board of Commissioners will determine the amount and time period to replenish any withdrawal by a budget amendment for the current fiscal year or during the annual budgeting process for the next fiscal year.

## **2.5 Revenues and Collections**

### 2.5.1 User Fees

It is the intent of the PWC that the costs of providing utility services to the general public on a continuous basis be recovered primarily through user fees.

### 2.5.2 Billing and Collections

The PWC shall monitor all System rates, charges and fees to ensure they are equitably administered, all collections are timely, all payment delinquencies are efficiently managed and all prudent collection efforts are exercised.

### 2.5.3 Rate Design

The Electric and Water/Wastewater rates, charges and fees shall be designed to:

- (a) Generate sufficient revenue required, after consideration of interest income and miscellaneous revenue, to:
  - (1) Support the full cost (direct and indirect) of operations, debt and policy requirements
  - (2) Provide debt service coverage and meet other revenue bond covenants, if applicable
  - (3) Ensure adequate and appropriate levels of operating reserves
- (b) Be competitive, retain existing customers and encourage economic development
- (c) Be non-discriminatory and non-capricious

### 2.5.4 Implementation

# The Public Works Commission Of The City of Fayetteville

The System shall endeavor to adjust rates, charges and fees over a reasonable period of time to avoid single, large increases on an infrequent basis.

## 2.5.5 Revenue Uses

Revenue generated by the System in excess of debt service coverage requirements shall be used for

- (a) Utility System capital investment
- (b) Other Utility System requirements (such as Operating Reserve or non-CIP expenditures)
- (c) Transfers to the City General Fund.

## **2.6 Debt Management**

### 2.6.1 Use of Long Term Debt

The PWC will not use long-term debt to fund current operations.

### 2.6.2 Term of Debt

The term of debt shall not exceed the useful life of the asset, and in no case shall the term exceed 30 years.

### 2.6.3 Coverage

Debt service coverage will comply with any Bond Order coverage requirements and shall be targeted at a minimum level of 1.75x.

### 2.6.4 Reserve Funds

Principal and interest reserve funds or reserve fund surety bonds, when required, will be provided to adequately meet debt service requirements in subsequent fiscal years.

### 2.6.5 Types of Debt

- (a) The utility system shall use various debt structures that are approved by the LGC, Board of Commissioners and the City Council in order to lower the overall debt service requirements.
- (b) Interest Rate Exchange Agreements should be executed in accordance with the Commission approved policy for such transactions.
- (c) Variable rate debt may be used in order to lower the overall debt service requirements but it will not comprise more than 20% of the total outstanding debt.

### 2.6.6 Bond Rating

The PWC and the City will seek to maintain at least an A1/A+ combined system utility revenue bond credit ratings from Moody's and Standard & Poor's or an equivalent from another rating agency.

### 2.6.7 Regulatory Compliance

# The Public Works Commission Of The City of Fayetteville

- (a) The PWC will assist the City in maintaining compliance with federal, state and local requirements regarding the issuance of bonds on behalf of the PWC.
- (b) The PWC shall comply with all U.S. Internal Revenue Service arbitrage rebate requirements for its bonded indebtedness.

## 2.7 Fiscal Planning

### 2.7.1 Budget

The General Manager of the PWC shall recommend an annual budget of revenues and expenditures by fund on the basis of a fiscal year which begins July 1 and ends on the following June 30.

### 2.7.2 Budget Approval

A budget preparation and approval calendar will be established each year in conjunction with the City's calendar.

- (a) The General Manager will submit the recommended PWC budget to the Board of Commissioners for approval in accordance with the established calendar.
- (b) The PWC will submit the Board of Commissioners' approved annual budget to the City by the date established in the budget calendar, but not later than June 1.
- (c) The annual budget may be amended by the approval of the PWC Board of Commissioners and the City Council.

### 2.7.3 Budget Structure

The proposed budget will be balanced and contain the following:

- (a) Revenue estimates by major category
- (b) Expenditure estimates by program levels and major expenditure categories
- (c) Debt service detailing principal and interest requirements
- (d) Detailed schedule of capital projects
- (e) Debt ratio target projections

### 2.7.4 Self-Sufficient

The PWC Board of Commissioners will set rates to maintain the self-sufficiency of each fund.

### 2.7.5 Contingency

The PWC will annually appropriate a Contingency Budget to provide for increases in service delivery costs and unanticipated needs that may arise throughout the fiscal year.

The Contingency Budget will be established at a minimum of one percent (1%) and not more than five percent (5%) of the estimated revenues of each fund for the fiscal year. The Contingency Budget can be allocated at the direction of the PWC's General Manager and any such allocation must be reported on a timely basis to the Board of Commissioners.

### 2.7.6 Capital and Equipment Replacement

# The Public Works Commission Of The City of Fayetteville

The PWC will maintain a Capital Plant and Equipment Replacement Schedule which provides a five year estimate of the funds necessary to replace and improve the PWC's capital plant, equipment and additions.

## 2.7.7 Maintenance Funding

Ongoing, routine, and preventive maintenance should be funded on a pay-as-you-go basis.

## **2.8 Capital Improvement Program (CIP) and Fixed Assets**

### 2.8.1 CIP

The General Manager of the PWC will submit annually a projected six-year CIP to the Board of Commissioners by the date established in the budget calendar.

### 2.8.2 Council Consideration

The PWC Board of Commissioners will submit, along with the recommended annual budget, the CIP to the City by the date established in the budget calendar, but not later than June 1.

### 2.8.3 CIP Provision

The PWC's objective will be to annually budget from system revenues, for the CIP an amount not less than 50% of the previous year's depreciation expense.

### 2.8.4 CIP Structure

The Capital Improvement Program should:

- (a) Present a plan for required capital improvements greater than or equal to \$30,000 and with a useful life greater than 10 years.
- (b) Systematically replace and improve its capital structure.
- (c) Meet the debt ratio targets.
- (d) Provide a schedule of proposed debt issuance.
- (e) Be fundable within projected resources and list revenue stream projections.
- (f) Show total costs and annual requirements for all projects, to include annual operating costs and funding source.

### 2.8.5 Funding

The Systems' Capital Projects should be financed through pay-as-you-go and/or debt financing. A ratio of 25% or more equity contribution over the previous five fiscal periods is desirable.

### 2.8.6 Interfund Transfers

While it's not desirable, the PWC may make Interfund transfers for capital outlay purposes, provided the System remains competitive.

### 2.8.7 Asset Capitalization

# The Public Works Commission Of The City of Fayetteville

The PWC will capitalize and maintain a schedule of fixed assets in its fixed asset accounting system for items with a value greater than \$2,500.

## **2.9 Cash Management**

### 2.9.1 Management Summary

The PWC will invest public funds in a manner which will provide the highest return with the maximum security while meeting the daily cash flow demands of the PWC and conforming to all state and local statutes governing the investment of public funds.

### 2.9.2 Investments

The PWC will maintain a written investment policy, which is approved by the Board of Commissioners. This policy applies to all cash-related assets included within the scope of the PWC's audited financial statements and held directly by the PWC.

### 2.9.3 Idle Funds

The PWC shall endeavor to invest cash balances in interest bearing accounts and securities at all times.

### 2.9.4 Cash Projections

The PWC will invest all funds based on a cash flow projection, to ensure efficient use of cash.

### 2.9.5 Bank Reconciliations

The PWC's bank accounts will be reconciled monthly on a timely basis.

## **Section 3 Operational Policies**

# The Public Works Commission Of The City of Fayetteville

## **3.1 Personnel**

### 3.1.1 Authorized Positions

The total number of regular full-time employees on the payroll will not exceed the total number of authorized positions. All personnel actions shall at all times be in conformance with applicable federal and state law and all PWC ordinances and policies.

### 3.1.2 Personnel Actions

The PWC General Manager may institute a cessation on hiring, promotions, and transfers. Such action will not be used arbitrarily and without knowledge and support of the PWC Board of Commissioners and will allow for exceptions in appropriate areas to comply with emergency needs such as a loss or decline in a major revenue source or natural disaster.

### 3.1.3 Ethics and Code of Conduct

The PWC Code of Conduct along with the City Code, Chapter 2, Article IV, NCGS 14-234, and NCGS 14-234.1 will be made available to all employees and posted on the PWC bulletin boards each year. Prior to the completion of the annual audit, selected employees will complete a compliance questionnaire. Any questions or concerns should be directed to the CFO or the General Manager for investigation.

## **3.2 Accounting, Auditing and Financial Reporting**

### 3.2.1 Compliance

The PWC will comply with generally accepted accounting principles (GAAP) in its accounting and financial reporting, as contained in the following publications:

- (a) Codification of Government Accounting and Financial Reporting Standards, issued by the Government Accounting Standard Board (GASB)
- (b) Pronouncements of the Financial Accounting Standards Board, (FASB).
- (c) Governmental Accounting, Auditing, and Financial Reporting (GAAFR), issued by the Government Finance Officers Association (GFOA) of the United States and Canada.
- (d) Audits of State and Local Governmental Units, an industry audit guide published by the American Institute of Certified Public Accounts (AICPA).
- (e) Government Accounting Standards, issued by the Controller General of the United States.

### 3.2.2 Accounting Structure

The charts of accounts are designed to follow the Federal Energy Regulatory Commissions' (FERC) recommendations for the Electric Fund and a modified version, which includes the National Association of Regulatory Utility Commissioners (NARUC) recommendations, for the Water Resources accounts. The PWC will maintain accounting systems and an account structure to facilitate

# The Public Works Commission Of The City of Fayetteville

standardized industry reporting through guidance established by FERC and NARUC, and to enable the City's preparation of its financial statements presented in conformity with GAAP.

## 3.2.3 Annual Audit

An independent public accounting firm will annually perform a comprehensive financial audit. The independent public accounting firm will express an opinion on the PWC's Financial Statements.

## 3.2.4 Disclosure

Full disclosure will be provided in the PWC's annual financial reports and bond documents.

## 3.2.5 Debt Agency Report

The PWC will provide periodic financial disclosure to the trustee, rating agencies, bond insurers, national bond disclosure repositories, and others as requested and/or required by the Bond Order. Where consolidated disclosure with the City is required, the PWC will forward such information to the City's Chief Financial Officer for final preparation and disbursement.

## 3.2.6 Accounting Changes

The PWC shall consult with its independent CPA ("auditor") prior to the selection and implementation of significant accounting policies.

## 3.2.7 Internal Controls

The Chief Financial Officer shall maintain a system of written internal controls, which shall be reviewed by the independent auditor. The controls shall be designed to prevent loss of public funds and or the PWC assets due to fraud, error, misrepresentation or imprudent actions.

## 3.2.8 Internal Audit

The PWC will maintain an internal audit staff to audit internal operations, financial systems and monetary transactions. Findings will be presented to the Chief Financial Officer.

## **3.3 Risk Management**

### 3.3.1 Loss Prevention

The PWC shall make diligent efforts to avoid or prevent loss of the PWC assets and to reduce the PWC exposure to liability through training, safety, risk financing and the transfer of risk when cost effective.

### 3.3.2 Transfer of Risk

# The Public Works Commission Of The City of Fayetteville

To provide the most suitable balance of protection against liabilities, the PWC shall transfer risk where cost effective by purchasing insurance, providing self-insurance, and requiring others (contractors, etc.) to carry insurance.

### 3.3.3 Insurance

The PWC shall manage risk exposure and evaluate the purchase of traditional insurance in the following areas: general liability, environmental liability, automobile liability, directors' and officers' liability, property loss, excess liability and workers' compensation.

### 3.3.4 Risk Reserve

A reserve fund will be maintained to offset any exposure not covered by insurance. The minimum reserve shall not be less than three times the risk retention level.

## **3.4 Expenditure Control**

### 3.4.1 Budget Limitations

Expenditure limits will be established by an annual budget. The General Manager of the PWC shall maintain the ability to make line item changes within the budget provided the amounts approved in the Budget Ordinance are not exceeded.

### 3.4.2 Cost Control

The PWC will manage expenditures in order to provide utility services at competitive rates. The PWC General Manager may limit operating and capital expenditures. Such action will not be used arbitrarily and without knowledge and support of the PWC Board of Commissioners and will allow for exceptions in appropriate areas to comply with emergency needs such as a loss or decline in a major revenue source or natural disaster.

### 3.4.3 Purchasing

All purchases should be made in accordance with the PWC's purchasing policies and procedures and applicable state and federal laws. The PWC will endeavor to obtain supplies, equipment and services as economically as possible.

### 3.4.4 Inventory Control

The PWC will maintain a system which manages materials and provides order quantities to avoid interruptions in the delivery of services and assist in achieving optimal inventory turnover.

### 3.4.5 Accounts Payable

The PWC shall endeavor to pay all invoices timely and to take advantage of vendor discounts.

## **3.5 Policy Review**

### 3.5.1 Review Schedule

# The Public Works Commission Of The City of Fayetteville

The staff will review the Principles of Sound Financial and Operational Management Policy and recommend any changes to the PWC Board of Commissioners at a minimum of once every five years.

## 3.5.2 Adoption

This policy supersedes the Principles of Sound Financial and Operational Management adopted by the Commission on April 23, 1997.

In May of 2008, the PWC and the City adopted a formal Operating Transfer to the City more commonly referred to as the City Transfer. The goal was to develop a method to calculate a transfer amount that is fair and equitable, would not have major increases or decreases, give more comfort to bond holders and rating agencies, and would be more predictable (removing year-to-year variations). Transfers to a City's General Fund from its utility enterprise fund are common among all cities in the country and is considered a payment in lieu of the payment of taxes.

Growth, or lack thereof, can be measured through PWC's total net assets. The City Transfer calculation is 3.1% of the total net assets of the Electric Fund as reported in PWC's annual audit report of the 2<sup>nd</sup> prior year. This allows both the City and PWC to more accurately plan their budgets based on a known figure. During the budget adoption process in the Spring of 2013, the FY 2014 City Transfer was calculated on the net asset amount reported in PWC's FY 2012 annual audit report. The City Transfer for FY 2013 was \$10,961,399 and will be \$12,303,615 in FY 2014. Prior written agreements offset these amounts by approximately \$406,000 for each of these 2 years. The amount of cash physically transferred to the City is then reduced by the value of the City's obligation to the Annexation Phase 5 Funding Agreement. The net cash transfers for FY 2013 and FY 2014 were \$8,026,901 and \$8,111,533, respectively.

The net cash transfer to the City for FY 2014 is calculated as:

City Transfer (3.1% of Electric Net Assets June 2012) .....	\$12,303,615
Transfer from City to W/S Fund (Annexation debt service) .....	(385,200)
Transfer from City to Electric Fund (Black & Decker agreement) .....	(20,847)
Transfer from City to Annexation Reserve Fund .....	(3,786,035)
Net Cash Transfer to the City.....	\$8,111,533

Other significant features of the agreement are summarized below:

- 25 year agreement beginning July 1, 2008
- The transfer will be adjusted only through written agreements between the City and PWC
- The PWC is responsible for residential and thoroughfare street lighting within its electric territory
- Any cost for new street lighting beyond PWC's adopted street light standards will be paid by the City

**AGREEMENT BETWEEN THE CITY OF FAYETTEVILLE  
AND THE PUBLIC WORKS COMMISSION OF THE CITY OF FAYETTEVILLE  
ESTABLISHING A FORMAL OPERATING TRANSFER**

THIS AGREEMENT is made and entered into this 12<sup>th</sup> day of May, 2008 between the City of Fayetteville, North Carolina (**CITY**) and the Public Works Commission of the City of Fayetteville, North Carolina (**PWC**). CITY and PWC may hereinafter be referred to collectively as the **PARTIES**.

**RECITALS**

**WHEREAS**, the CITY and the PWC have a relationship defined under Chapter 6 of the CITY Charter (CHARTER), and

**WHEREAS**, the CHARTER specifies in Chapter 6 that all property under the management and control of PWC shall be vested in the CITY, and

**WHEREAS**, the CHARTER specifies in Chapter 6 that “all balances in excess of necessary expenses and disbursements” shall be paid over to the treasurer of the CITY, and

**WHEREAS**, if electric services had been provided by an investor-owned utility instead of the PWC, such utility would have paid municipal ad valorem taxes to the General Fund of the CITY and the CITY would have been entitled to a return on investment, and

**WHEREAS**, the PWC has traditionally made operating transfers from the Electric Fund to the CITY General Fund and has also made operating transfers from the Water/Wastewater Fund to the CITY General Fund from fiscal year (FY) 2003 through 2007, and

**WHEREAS**, the PWC operates as a Commission of the CITY as set forth in Chapter 6 of the Charter; and

**WHEREAS**, the Treasurer of the State of North Carolina recognizes that transfers of funds from an enterprise fund to the CITY General Fund are allowable but should not be excessive, and

**WHEREAS**, the Commission and City Council desire to preserve the financial integrity of the PWC by setting a transfer amount at a level supportable by prudent business practices, and

**WHEREAS**, a defined formula for the transfer of funds is preferable by both parties in order to more adequately meet long term planning objectives, provided that such parties retain the flexibility to enter into other agreements to address particular situations that may occur from time to time, and

**WHEREAS**, the Bond Order securing the outstanding combined enterprise system revenue bonds of the CITY (BOND ORDER) has historically defined transfers to

the CITY (CITY TRANSFER) as an amount equal to 5% of residential, commercial and industrial electric sales; plus an amount equal to any amount billed by the PWC to the CITY for street lighting services rendered, or paid for, by the PWC to or on behalf of the CITY, and

**WHEREAS**, actual practice, as requested by the CITY, has been to transfer from the Electric Fund (1) inside CITY street lighting service, plus (2) the greater of (a) a set lump sum, (b) TRANSFER TO CITY-SALES and SPECIAL APPROPRIATION as set forth in the current year's budget or (c) 5% of electric sales, (3) additional amounts from time to time, and (4) an additional annual fixed amount for FYs 2003-2007 from the Water/Wastewater Fund; and

**WHEREAS**, PWC and the CITY wish to define a more predictable formula and methodology for calculating the amount to be transferred from PWC to the CITY each year; and

**WHEREAS**, in the interest of providing the best service with the least possible expenditure of funds, full and timely cooperation between the PWC and CITY is necessary.

**NOW, THEREFORE**, in consideration of the foregoing recitals and the mutual promises, covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the PARTIES and the PARTIES do now agree to the stipulations regarding payments in lieu of taxes and operating transfers from the PWC as follows:

## **ARTICLE ONE: TRANSFER PROVISIONS**

**Section 1:** The PWC transfer to the CITY General Fund shall be computed annually at an amount equal to **3.1% of the Total Net Assets of the Electric Fund** as reported on the Balance Sheet of the PWC's most recent audited financial report (subject to adjustments as provided in **Section 3** below), provided that the money for the transfer is available as stated in Section 508 and 602 of the BOND ORDER, as it may be amended from time to time. For the purpose of illustration, Total Net Assets of the Electric Fund as reported on PWC's audited financial report for the fiscal year ended June 30, 2007 was \$247,353,431. In calculating the amount of such transfer:

- (a) Total Net Assets is defined by the Governmental Accounting Standards Board (GASB). If there is a change in the definition or terminology of Total Net Assets by future pronouncements from governing boards, Total Net Assets shall be as defined by GASB on the date this resolution was adopted.
- (b) The most recent audited financial report shall be the report issued in the current FY for the previous FY (e.g., the FY 2006-2007 audit would be used to budget the annual transfer for FY 2008-2009).

**Section 2:** The annual transfer will be divided into 12 equal monthly payments and transferred to the CITY General Fund by the fifth (5th) day of each month, if not a regular business day then on the next regular business day. The first installment will be due and payable on or before July 5, 2008.

**Section 3:** Payment of the annual transfer amount provided for in **Section 1** above will be adjusted by previous written agreements and may be adjusted for any future written agreements related to the transfer of funds by the PWC to the CITY, subject to the provisions of the then current BOND ORDER, and as it may be amended from time to time. Written agreements consist of:

- (a.) Section 5 of the Agreement for Annexation and Release of PWC Agreement for Black and Decker (U.S.) INC approved by City Council on May 22, 2006 (Exhibit 1)
- (b.) Section 4, Paragraph 2 of the Sewer Extension Funding Policy for Annexation Phase V – Project 1 adopted by City Council on June 26, 2006 (Exhibit 2)
- (c.) Annexation Phase V Funding Agreement [excluding Phase V – Project 1 as described in **Section 3, (b.)** and Exhibit 2] adopted by City Council on May 12<sup>th</sup>, 2008. (Exhibit 3)

## **ARTICLE TWO: CITY STREET LIGHTING**

**Section 1:** PWC shall collect the cost of street and thoroughfare lighting, within the PWC electric service territory, as part of the cost of service or as a separate billed item to the PWC electric customers.

**Section 2:** PWC shall transfer to the CITY an amount equal to Progress Energy Carolinas (PEC) billing for street and or thoroughfare lighting for two years, ending June 30, 2010. If the PARTIES reach an agreement with PEC to include street lighting on its customers' bills, PWC will transfer to the CITY the amount PEC bills for thoroughfare lighting only, through June 30, 2010.

**Section 3:** Street and or thoroughfare lighting outside the PWC electric service territory, which is paid for by PWC, will be recorded as a transfer to the CITY General Fund.

**Section 4:** PWC's responsibility for street and thoroughfare lighting outside the PWC electric service territory has ended or shall end on June 30, 2007 for the Lumbee River Electric Membership Corporation service territory, October 31, 2007 for the South River Electric Membership Corporation service territory and June 30, 2010 for the PEC and any other electric service territory not assigned to PWC.

**Section 5:** Any cost for new request for street or thoroughfare lighting, within the PWC service area, beyond adopted standards shall be borne by the CITY. This includes capital upgrades, maintenance and energy.

## **ARTICLE THREE: OTHER PROVISIONS**

**Section 1:** Other services rendered will be evidenced by written agreements between the City and PWC.

**Section 2:** This agreement supersedes any and all previous transfer policies or agreements between the PWC and the CITY.

**Section 3:** Prior amendments to the BOND ORDER that properly reflect the changes to the CITY TRANSFER as described in this agreement are hereby ratified and approved.

#### **ARTICLE FOUR: TERM**

The term of this agreement shall be for twenty-five (25) years, beginning on July 1, 2008. This agreement shall automatically renew for one year each year thereafter, unless written notice is given by either party 180 days prior to the end of the renewal year.

#### **ARTICLE FIVE: INDEMNIFICATION**

In any suit against CITY or PWC there shall be no indemnification of either by the other, except as provided by law, and each party shall be obligated to present and pay for its own defense.

**IN WITNESS WHEREOF**, the CITY and PWC have executed this AGREEMENT as of the date first written above.

Approved by PWC on May 7<sup>th</sup>, 2008 and the CITY on May 12<sup>th</sup>, 2008.

The Annexation Phase 5 area, at its initiation, contained approximately 8,500 parcels in need of wastewater utility service. The construction plan for extending wastewater services to these parcels was divided into 34 areas that would be contracted out individually.

By written agreement between the PWC and the City, the cost for the first 5 areas (approximately 1,000 parcels) was funded through a combination of assessments and equally shared contributions from the PWC and the City. The PWC issued revenue bonds sized to equal the estimated value of the assessments (\$5,000/parcel) that would be collected over 10 years at an 8% interest rate.

In May of 2008, the PWC and the City entered into a longterm agreement to equally fund in total the wastewater utility installation for the remaining 29 areas of Phase V. The plan for these 7,500 lots is to serve approximately 500 lots within 2 separately contracted areas per year. As of June 2013, 6 of the 29 areas have been completed (areas 6 – 11) serving 1,568 lots with wastewater services and 21 lots with water services at a total estimated cost of \$21.7 million. Areas 12 & 13 are nearing completion, areas 14 & 15 are in the early stages of construction, and areas 16 & 17 are in the design phase. Assessments have been confirmed for areas 6 – 9 and will be confirmed in August 2013 for areas 10 & 11.

The City's contribution is calculated annually as the difference between the City Transfer\* and mutual agreements including a minimum cash transfer. This difference is transferred into an Annexation Reserve Fund (ARF) along with the PWC's contribution plus any assessments received including interest. The ARF was designed to cover total cost of the projects including any debt service payments. Through June 2014, the City will have funded the ARF \$8,118,618.

While the City's annual contribution is variable based on a formula, PWC's annual contribution is \$1.5 million for fiscal year 2010 and escalates by 3% annually to a maximum annual contribution of \$3.0 million. The entire Project will be funded through a combination of contributions from PWC and the City, bonds, and customer assessments plus interest. Through June 2014, PWC will have funded the ARF \$7,963,704.

Significant features of this agreement are summarized below:

- PWC has full control of the projects and assumes all risk
- Construction period for the projects is approximately 14 years
- The estimated financial commitment from the PWC and City is \$90.5 million each. The original plan included debt service payments through FY 2047, with annual contributions continuing through FY2046 for the PWC and FY2032 for the City
- The City agreed to assess each parcel \$5,000 and set the interest rate on unpaid assessments at 8% There will not be any true-ups at the end of the agreement to equalize the contribution between the PWC and the City
- The agreement addresses the division of other revenue sources, such as grants that may become available

Approximately 290 parcels are in need of water service. Outside of this agreement, the PWC and the City agreed that the City would contribute the assessment value toward the parcels served with water utility service and the PWC would cover the remaining cost.

*\*See separate summary entitled City Transfer Agreement*

**AGREEMENT BETWEEN THE CITY OF FAYETTEVILLE  
AND THE PUBLIC WORKS COMMISSION OF THE CITY OF FAYETTEVILLE  
ESTABLISHING A FORMAL AGREEMENT TO FUND THE CONSTRUCTION OF  
WATER AND SANITARY SEWER SYSTEMS IN THE ANNEXED AREA REFERRED  
TO AS PHASE V**

THIS AGREEMENT is made and entered into this 12<sup>th</sup> day of May, 2008 between the City of Fayetteville, North Carolina (**CITY**) and the Public Works Commission of the City of Fayetteville, North Carolina (**PWC**). CITY and PWC may hereinafter be referred to collectively as the **PARTIES**.

**RECITALS**

**WHEREAS**, the CITY and the PWC have a relationship defined under Chapter 6 of the CITY Charter (CHARTER), and

**WHEREAS**, the PARTIES desire to extend approximately 600 water services and 7,000 sewer services to an area identified as Annexation Phase V (the PROJECT), exclusive of Project 1 which is currently under construction and funded by a separate agreement, and

**WHEREAS**, the PARTIES have estimated that the total cost of extending such services is approximately \$244,043,600 and funding of the PROJECT is expected to be through assessments, interest earnings and the PARTIES contributing \$90,553,140 each, and

**WHEREAS**, the PARTIES estimate the PROJECT to be completed within 14 years, and

**WHEREAS**, the CHARTER specifies in Chapter 6 that the PWC shall have charge of and control over and supervise the construction of plant, and

**WHEREAS**, the CHARTER specifies in Chapter 6 that the PWC is authorized and empowered to extend its water and sanitary sewer systems within Cumberland County, and

**WHEREAS**, the PWC operates as a Commission of the CITY as set forth in Chapter 6 of the Charter; and

**WHEREAS**, the CITY and PWC have executed an Agreement establishing a formal Operating Transfer, and

**WHEREAS**, the Local Government Budget and Fiscal Control Act, NCGS 159-7 (c) specifies that it is the intent of the General Assembly by enactment of this Article to

prescribe for local governments and public authorities a uniform system of budget adoption and administration and fiscal control, and

**WHEREAS**, the Local Government Budget and Fiscal Control Act NCGS 159-13.2 specifies that a Project Ordinance shall be adopted if it intends to authorize a capital project and finance it in whole or in part by the proceeds of bonds or notes or debt instruments, and

**WHEREAS**, the Local Government Budget and Fiscal Control Act NCGS 159-13.2 (c) specifies that it shall not begin the project until it has adopted a balanced project ordinance for the life of the project, and

**WHEREAS**, Article 10, Chapter 160A, of the NCGS authorizes the CITY to make special assessments for water and sanitary sewer improvements, specifies the basis for making assessments and allows interest to accrue on unpaid assessments, and

**WHEREAS**, in the interest of providing the best service with the least possible expenditure of funds, full and timely cooperation between the PWC and CITY is necessary.

**NOW, THEREFORE**, in consideration of the foregoing recitals and the mutual promises, covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the PARTIES and the PARTIES do now agree to the stipulations regarding the funding and construction of water and sanitary sewer systems in the annexed areas as follows:

#### **ARTICLE ONE: AREA COVERED**

**Section 1:** The area covered for the installation of water and sanitary sewer service is the area annexed into the CITY on September 30, 2005 and referred to as Phase V.

**Section 2:** This agreement excludes and does not supersede nor replace the "Sewer Extension Funding Policy for Annexation Phase V – Project 1" adopted by City Council on June 26, 2006 (Exhibit 1).

#### **ARTICLE TWO: PROJECT DESCRIPTION**

**Section 1:** PWC's proposed construction schedule for installation of water and sanitary sewer services in the subject area is outlined in Exhibit 2. PWC reserves the right to adjust and regroup lots to maximize any benefits to construction cost and provide services to the areas most needed.

**Section 2:** Sanitary sewer services will be made available to approximately 7,000 lots in the subject area within an estimated 14 year period beginning July 2010.

**Section 3:** Water services will be installed to approximately 600 lots in the subject area. Installation will be made in areas that are under construction for the installation of sanitary sewers.

**Section 4:** Streets and roadways will be repaired with permanent patch where they have been disturbed while installing water and sanitary sewer lines.

**Section 5:** Rights-of-way will be seeded where the soil was disturbed. Easements and private property where the soil was disturbed will be repaired with sod.

### **ARTICLE THREE: FUNDING**

**Section 1: ASSESSMENTS:** The CITY, at a minimum, shall assess each residential lot the full cost for water and sanitary sewer improvements or \$5,000 whichever is less. Non-residential lots will be assessed on a per front foot basis at the computed per foot rate with a 90 foot minimum and the appropriate lateral charge (NCGS 160A-218).

- (a.) In the event the CITY assesses less than the amount stated above, the difference shall be deducted from the Operating Transfer.
- (b.) In the event the CITY assesses more than the amount stated above, the difference shall be credited to the CITY's total contribution amount.

**Section 2: INTEREST RATE:** The CITY will resolve, on each assessment roll, that any portion of an assessment that is not paid within 30 days after publication of the notice that the assessment roll has been confirmed, shall bear interest until paid, at a rate to be fixed in the assessment resolution, at the greater of eight percent (8%) per annum or the highest allowable by statute. If the CITY sets a lower interest rate, the difference shall be deducted from the Operating Transfer.

**Section 3: CITY Contributions:**

- (a.) The CITY's contribution to fund the PROJECT shall be calculated as follows and withheld monthly by PWC from the Electric Operating Transfer payable to the CITY. The CITY's contribution will be the amount below divided in equal 12 month installments:
  - 1. The operating transfer as computed in accordance with Article One, Section 3(a) and 3(b) of the resolution establishing a formal Operating Transfer adopted by PWC and CITY on May 7<sup>th</sup>, 2008 and May 12<sup>th</sup>, 2008, respectively,
  - 2. LESS, the Base Year Transfer defined in Section 3(c) herein escalated by 0.85% in 2010 and annually thereafter until the CITY's

maximum total contribution in Section 5(a) herein has been reached.

- (b.) The amount withheld in Section 3(a) above shall be accounted for as transfer from the CITY to PWC or a PWC Project Fund and be recorded as such in the accounting records and financial statements of the PARTIES.
- (c.) The Base Year Transfer is the FY 2009 Electric Operating Transfer adjusted by written agreements as defined in Section 3(a)1 above.
- (d.) Example of the CITY Contribution in FY 2011:
  - 1. PWC FY 2009 estimated Net Assets, \$272,707,158
  - 2. Total estimated Operating Transfer, \$8,453,922  
(\$272,707,158 x 3.1%)
  - 3. Base year Amount to the CITY General Fund estimate, \$7,236,956
  - 4. Black and Decker estimated reduction, \$31,000
  - 5. Annexation Debt Service reduction, \$400,000
  - 6. Amount to the CITY General Fund, \$7,360,507  
(\$7,236,956 x 1.0085=\$7,298,470 x 1.0085=\$7,360,507)
  - 7. Amount to the Project Fund, \$662,415  
(\$8,453,922 - \$31,000 - \$400,000 - \$7,360,507 = \$662,415)

**Section 4: PWC CONTRIBUTIONS:**

- (a.) PWC will contribute \$1,500,000 to the Project Fund for the FY beginning July 1, 2010.
- (b.) Each fiscal year the contribution will escalate 3% until the maximum annual contribution of \$3,000,000 is reached and it shall remain at this amount each FY thereafter until the debt financing related to the PROJECT is discharged.
- (c.) PWC shall assume all financial risk associated with the PROJECT (debt financing cost, construction inflation, and project fund short falls).

**Section 5: CONTRIBUTION CAPPED:**

- (a.) The CITY's total contribution to the PROJECT shall be \$90,553,140.
- (b.) The PWC contribution to the PROJECT shall not exceed \$3,000,000 in any fiscal year (FY).

**Section 6: Other sources:**

- (a.) In the event other funding sources become available to the PARTIES, the outside funding amount shall be credited to the total contribution amount according to the involvement of the PARTIES in obtaining such funding.
- (b.) Examples:
  - (1.) A grant becomes available for sanitary sewer installation and it requires the resources of the PARTIES to complete the grant

- application. The PARTIES shall split the proceeds 50-50 to be applied to their respective contribution commitment.
- (2.) A grant becomes available to the CITY for the PROJECT and it does not require any resources of the PWC in the application process, the full amount shall be credited to the total contribution of the CITY.
  - (3.) A grant becomes available to the PWC for the PROJECT and it does not require significant resources of the CITY in the application process, other than routine signatures and Council approvals, the full amount shall be credited to the total contribution of the PWC.
- (c.) Such proceeds shall be deposited into the project fund account upon receipt.

#### **ARTICLE FOUR: OTHER PROVISIONS**

**Section 1:** PWC shall have full control of the PROJECT, and shall be responsible for the construction, engineering, project management and the Project Funds necessary for the management and accounting of the PROJECT for those purposes.

**Section 2:** If at any time the CITY fails to meet its financial or fiduciary obligations, the PROJECT will cease once PWC's legal construction contract obligations are met related to the PROJECT. No contract will be let for future sections of the PROJECT unless the PARTIES hereto have met all of their respective obligations hereunder and all payments due from each are current.

**Section 3:** To complete the installation of water and sanitary sewer in the Phase V PROJECT area within the fourteen (14) year period, it will require the full cooperation of the staffs of PWC and the CITY and the Commission of the PWC and the Council of the CITY, acting expeditiously to approve and execute contracts, financing documents, budgets, capital project funds, conduct public hearings and performing all requirements related to assessing the property for water and sanitary sewer improvements (Article 3, Section 1).

**Section 4:** There will be no true up of cost between the PWC and CITY [Article 3, Section 4 (c.)]

**Section 5:** All PROJECT costs will be accounted for in Capital Project Funds.

#### **ARTICLE FIVE: OTHER SERVICES**

Additional services requested, in the Phase V annexed area, will be evidenced by written Agreements between the CITY and PWC.

**ARTICLE SIX: TERM**

The term of this agreement shall begin on July 1, 2009 and end June 30, 2047.

**ARTICLE SEVEN: INDEMNIFICATION**

In any suit against CITY or PWC there shall be no indemnification of either by the other, except as provided by law, and each party shall be obligated to present and pay for its own defense.

**IN WITNESS WHEREOF**, the CITY and PWC have executed this AGREEMENT as of the date first written above.

Approved by PWC on May 7<sup>th</sup>, 2008 and the CITY on May 12<sup>th</sup>, 2008.

**Amendment #1**

**City of Fayetteville and Public Works Commission  
Sewer Extension Funding Policy  
Annexation Phase V – Project Number 1  
June 21, 2006**

The purpose of this amendment is to reduce the value of the FY2010 – FY2021 annual withholding from the Electric Fund transfer to the City's General Fund from \$400,000 to \$385,200. The basis of this adjustment is to allocate the Series 2009 GO Refunding debt service savings of \$352,963 to the PWC and City based on the original proportionate share of the FY2009 – FY2021 debt service allocation upon which the original \$400,000 was based:

Part 4, paragraph 2, sentence 4 of this Sewer Extension Funding Policy is amended as follows:

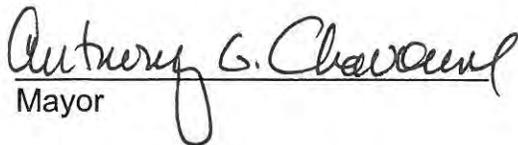
*PWC will withhold \$400,000 from the Electric Fund transfer to the City's General Fund in FY2009 and \$385,200 each fiscal year, beginning in FY2010 and ending in FY2021, and transfer that amount to the PWC Water Fund to offset a portion of the additional bond debt payments.*

This Amendment #1 to the Sewer Extension Funding Policy was approved by the Public Works Commission on October 28, 2009.

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Secretary

This Amendment #1 to the Sewer Extension Funding Policy was approved by the Fayetteville City Council on November 9, 2009.

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Clerk



## AMENDMENT #1

### AGREEMENT BETWEEN THE CITY OF FAYETTEVILLE AND THE PUBLIC WORKS COMMISSION OF THE CITY OF FAYETTEVILLE ESTABLISHING A FORMAL AGREEMENT TO FUND THE CONSTRUCTION OF WATER AND SANITARY SEWER SYSTEMS IN THE ANNEXED AREA REFERRED TO AS PHASE V

The agreement adopted May 7 and May 12, 2008 by the Public Works Commission and the City of Fayetteville, respectively, requires modification to the formula, calculating the CITY's annual contribution to fund the Phase V PROJECT, directing the CITY's share of the recent annual savings derived from the 2009 GO Refunding transaction of \$14,800 to the CITY's General Fund. Under the current formula, such savings are transferred to the Annexation Phase V Reserve Fund and credited towards the CITY's contribution to the Fund. It is the desire of the CITY for these funds to be transferred to its General Fund:

Section 3(a) is amended to add item 3 as follows:

*Section 3(a) 3: LESS, an annual amount of \$14,800 for fiscal years 2010 through 2021 representing the City's share of the 2009 GO Bond refunding transaction savings.*

Section 3(d) 5, 6 and 7 are amended as follows:

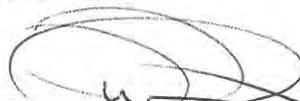
*Section 3(d) 5: Annexation Debt Service reduction, \$385,200.*

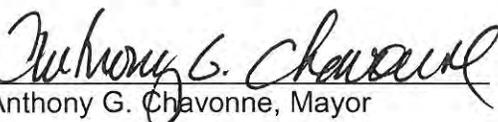
*Section 3(d) 6: Amount to the CITY General Fund, \$7,375,307  
( $\$7,236,956 \times 1.0085 = \$7,298,470 \times 1.0085 = \$7,360,507 + \$14,800 = \$7,375,307$ )*

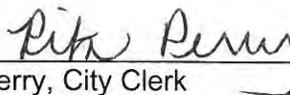
*Section 3(d) 7: Amount to the Project Fund, \$662,415  
( $\$8,453,922 - \$31,000 - \$385,200 - \$7,375,307 = \$662,415$ )*

Amendment #1 to the **AGREEMENT BETWEEN THE CITY OF FAYETTEVILLE AND THE PUBLIC WORKS COMMISSION OF THE CITY OF FAYETTEVILLE ESTABLISHING A FORMAL AGREEMENT TO FUND THE CONSTRUCTION OF WATER AND SANITARY SEWER SYSTEMS IN THE ANNEXED AREA REFERRED TO AS PHASE V** is hereby adopted by the Public Works Commission on December 9, 2009 and the City of Fayetteville on December 14, 2009.

  
Terri Union, Chairman

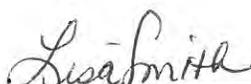
  
Michael G. Lallier, Secretary

  
Anthony G. Chavonne, Mayor

  
Rita Perry, City Clerk



This Instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.

 12/17/09  
Lisa Smith, CITY Chief Financial Officer

  
J. Dwight Miller, PWC Chief Financial Officer

(May 12, 2008) City  
(Amended December 14, 2009) City

The PWC has full authority to establish and change the rates that it charges for electric service. The following table displays the recent history of residential electric rate changes.

### Electric System Rate Changes and Historical Residential Monthly Bills (\$ per 1000 kWh)

Effective Billing Date	Base Bill	Total Adjustment *	Total Bill *	% Increase/ (Decrease)	Effective Billing Date	Base Bill	Total Adjustment *	Total Bill *	% Increase/ (Decrease)
02/01/89	\$77.00	(\$1.00)	\$76.00	4.1%	11/01/05	77.00	8.50	85.50	0.0%
07/01/90	84.00	1.00	85.00	11.8%	12/01/05	77.00	8.50	85.50	0.0%
07/01/92	80.00	(4.00)	76.00	-10.6%	01/01/06	77.00	8.21	85.21	-0.3%
07/01/95	80.00	(3.00)	77.00	1.3%	02/01/06	77.00	3.58	80.58	-5.4%
10/01/97	77.00	0.00	77.00	0.0%	03/01/06	77.00	4.35	81.35	1.0%
11/01/97	77.00	(1.00)	76.00	-1.3%	04/01/06	77.00	4.40	81.40	0.1%
07/01/98	77.00	0.00	77.00	1.3%	05/01/06	84.65	0.00	84.65	4.0%
03/01/01	77.00	9.50	86.50	12.3%	06/01/06	84.65	0.00	84.65	0.0%
07/01/01	77.00	5.00	82.00	-5.2%	07/01/06	84.65	2.22	86.87	2.6%
12/01/01	77.00	3.00	80.00	-2.4%	08/01/06	84.65	2.27	86.92	0.1%
02/01/02	77.00	2.34	79.34	-0.8%	09/01/06	84.65	2.26	86.91	0.0%
08/01/02	77.00	0.00	77.00	-2.9%	10/01/06	84.65	0.07	84.72	-2.5%
01/01/03	77.00	5.67	82.67	7.4%	11/01/06	84.65	0.00	84.65	-0.1%
02/01/03	77.00	5.54	82.54	-0.2%	12/01/06	84.65	2.70	87.35	3.2%
03/01/03	77.00	7.86	84.86	2.8%	01/01/07	84.65	2.26	86.91	-0.5%
04/01/03	77.00	9.70	86.70	2.2%	02/01/07	84.65	2.24	86.89	0.0%
05/01/03	77.00	9.70	86.70	0.0%	03/01/07	84.65	0.00	84.65	-2.6%
06/01/03	77.00	9.90	86.90	0.2%	04/01/07	84.65	0.00	84.65	0.0%
07/01/03	77.00	5.05	82.05	-5.6%	05/01/07	84.65	0.00	84.65	0.0%
08/01/03	77.00	4.15	81.15	-1.1%	06/01/07	84.65	3.21	87.86	3.8%
09/01/03	77.00	0.00	77.00	-5.1%	07/01/07	84.65	1.91	86.56	-1.5%
10/01/03	77.00	(1.90)	75.11	-2.5%	08/01/07	84.65	1.91	86.56	0.0%
11/01/03	77.00	(1.97)	75.03	-0.1%	09/01/07	84.65	0.00	84.65	-2.2%
12/01/03	77.00	(2.02)	74.98	-0.1%	10/01/07	84.65	0.00	84.65	0.0%
01/01/04	77.00	(2.05)	74.95	0.0%	11/01/07	84.65	0.00	84.65	0.0%
02/01/04	77.00	(2.07)	74.93	0.0%	12/01/07	84.65	0.00	84.65	0.0%
03/01/04	77.00	(1.45)	75.55	0.8%	01/01/08	84.65	2.07	86.72	2.4%
04/01/04	77.00	(1.86)	75.14	-0.5%	02/01/08	84.65	2.07	86.72	0.0%
05/01/04	77.00	0.00	77.00	2.5%	03/01/08	84.65	0.98	85.63	-1.3%
06/01/04	77.00	4.89	81.89	6.4%	04/01/08	84.65	0.98	85.63	0.0%
07/01/04	77.00	4.62	81.62	-0.3%	05/01/08	87.25	1.95	89.20	4.2%
08/01/04	77.00	4.17	81.17	-0.6%	06/01/08	87.25	2.18	89.43	0.3%
09/01/04	77.00	2.04	79.04	-2.6%	07/01/08	87.25	6.67	93.92	5.0%
10/01/04	77.00	3.95	80.95	2.4%	08/01/08	87.25	6.67	93.92	0.0%
11/01/04	77.00	5.62	82.62	2.1%	09/01/08	87.25	3.76	91.01	-3.1%
12/01/04	77.00	4.62	81.62	-1.2%	10/01/08	87.25	3.10	90.35	-0.7%
01/01/05	77.00	4.34	81.34	-0.3%	11/01/08	87.25	0.99	88.24	-2.3%
02/01/05	77.00	4.55	81.55	0.3%	12/01/08	87.25	0.99	88.24	0.0%
03/01/05	77.00	4.87	81.87	0.4%	01/01/09	87.25	0.00	87.25	-1.1%
04/01/05	77.00	4.44	81.44	-0.5%	02/01/09	87.25	0.00	87.25	0.0%
05/01/05	77.00	1.49	78.49	-3.6%	03/01/09	87.25	0.00	87.25	0.0%
06/01/05	77.00	4.88	81.88	4.3%	04/01/09	87.25	0.00	87.25	0.0%
07/01/05	77.00	4.37	81.37	-0.6%	05/01/09	87.25	0.00	87.25	0.0%
08/01/05	77.00	5.71	82.71	1.7%	06/01/09	87.25	0.00	87.25	0.0%
09/01/05	77.00	5.95	82.95	0.3%	07/01/09	87.25	0.00	87.25	0.0%
10/01/05	77.00	8.50	85.50	3.1%	08/01/09	87.25	0.00	87.25	0.0%

Effective Billing Date	Base Bill	Total Adjustment *	Total Bill *	% Increase/ (Decrease)	Effective Billing Date	Base Bill	Total Adjustment *	Total Bill *	% Increase/ (Decrease)
09/01/09	87.25	0.00	87.25	0.0%	09/01/11	104.65	0.00	104.65	0.0%
10/01/09	87.25	0.00	87.25	0.0%	10/01/11	104.65	0.00	104.65	0.0%
11/01/09	87.25	0.00	87.25	0.0%	11/01/11	104.65	0.00	104.65	0.0%
12/01/09	87.25	0.00	87.25	0.0%	12/01/11	104.65	0.00	104.65	0.0%
01/01/10	87.25	0.00	87.25	0.0%	01/01/12	104.65	0.00	104.65	0.0%
02/01/10	87.25	0.00	87.25	0.0%	02/01/12	104.65	0.00	104.65	0.0%
03/01/10	87.25	0.00	87.25	0.0%	03/01/12	104.65	0.00	104.65	0.0%
04/01/10	87.25	0.00	87.25	0.0%	04/01/12	104.65	0.00	104.65	0.0%
05/01/10	95.95	0.00	95.95	10.0%	05/01/12	105.40	0.00	105.40	0.7%
06/01/10	95.95	0.00	95.95	0.0%	06/01/12	105.40	0.00	105.40	0.0%
07/01/10	95.95	0.00	95.95	0.0%	07/01/12	105.40	0.00	105.40	0.0%
08/01/10	95.95	0.00	95.95	0.0%	08/01/12	105.40	0.00	105.40	0.0%
09/01/10	95.95	0.00	95.95	0.0%	09/01/12	105.40	0.00	105.40	0.0%
10/01/10	95.95	0.00	95.95	0.0%	10/01/12	105.40	0.00	105.40	0.0%
11/01/10	95.95	0.00	95.95	0.0%	11/01/12	105.40	0.00	105.40	0.0%
12/01/10	95.95	0.00	95.95	0.0%	12/01/12	105.40	0.00	105.40	0.0%
01/01/11	95.95	0.00	95.95	0.0%	01/01/13	105.40	0.00	105.40	0.0%
02/01/11	95.95	0.00	95.95	0.0%	02/01/13	105.40	0.00	105.40	0.0%
03/01/11	95.95	0.00	95.95	0.0%	03/01/13	105.40	0.00	105.40	0.0%
04/01/11	95.95	0.00	95.95	0.0%	04/01/13	105.40	0.00	105.40	0.0%
05/01/11	104.65	0.00	104.65	9.1%	05/01/13	105.40	0.00	105.40	0.0%
06/01/11	104.65	0.00	104.65	0.0%	06/01/13	105.40	0.00	105.40	0.0%
07/01/11	104.65	0.00	104.65	0.0%					
08/01/11	104.65	0.00	104.65	0.0%					

### Existing Monthly Service Rates

	Basic Facility Charge	Additional Charge (kWh)	Additional Demand Charge (kWh)	Additional Charge (kWh)	Demand Charge	Energy Charge (kWh)
Residential	\$10.80	\$0.09460	-	-	-	-
General Service	\$18.00	-	\$9.80	\$0.05483	-	-
Industrial	\$240.00	-	-	-	\$12.10	\$0.05040

\* for additional rate schedules, please visit [www.faypwc.com](http://www.faypwc.com) or call Rates & Planning at 223-4159.

### Electric service bills for a recent month for selected North Carolina utilities are as follows:

#### Comparison of Monthly Electric Bills as of 7/1/13

	Residential <sup>(1)</sup> 1,000 kWh	Commercial 8,000 kWh <sup>(2)</sup>	Industrial 800,000 kWh <sup>(3)</sup>
Duke Energy Carolinas	\$102.77	\$689.73	\$53,343.63
Greenville	133.37	989.35	58,489.00
Lexington	139.46	952.94	66,250.91
Lumbee River EMC <sup>(4)</sup>	112.84	711.32	55,125.00
Duke Energy Progress <sup>(4)</sup>	110.97	733.39	62,112.00
<b>PWC<sup>(5, 6)</sup></b>	<b>105.40</b>	<b>701.64</b>	<b>58,710.00</b>
Rocky Mount	141.54	1,048.43	87,222.60
South River EMC <sup>(4)</sup>	118.10	768.55	51,240.00

<sup>(1)</sup>Excludes Adjustments or Riders <sup>(2)</sup>Assumes 25 kW Demand-Commercial <sup>(3)</sup>Assumes 1,500 kW Demand-Industrial

<sup>(4)</sup>Serves a portion of PWC's area <sup>(5)</sup>PWC's commercial rates are published as "General Service" rates

<sup>(6)</sup>PWC's industrial rates are published as "Large General Service" rates and depending on usage there may be a more suitable rate

In May of 2012, PWC adjusted its rate designs to better align customers rates with how PWC is charged for its purchased power under the new power supply contract with Duke Energy Progress (DEP), formerly Progress Energy. This adjustment was intended to be revenue neutral for the majority of the rate classes as a whole. Both in May of 2011 and 2010, PWC increased its electric rates by an overall average of approximately 9% each year. These increases allowed PWC to raise its Rate Stabilization Fund to a level that would then be used in future periods to help offset the significant anticipated higher purchased power cost in the early years of the new contract. It is expected that we will begin drawing from the fund in FY 2014. Despite the increases, PWC's electric rates remain the lowest in its service area and among one of the lowest in the state.

Prior to 2006, rate increases had been avoided mainly through a combination of:

- 1) reduced levels of expected increases in net assets
- 2) lower system maintenance costs
- 3) rate stabilization transfers and 4) flexible billing mechanisms designed to recover the volatile movement of power and fuel costs, i.e. the "Power Cost Adjustment" (PCA), effective March 2001 – August 2002 and "Fuel Adjustment" (FA), effective January 2003 – Present.

PWC is continuously striving to increase the efficiency of our operations and take measures that will keep our customers' rates as low as possible, while providing highly reliable electric service.

Finance staff updates a cost of service analysis every two years to provide the proper rates for each electric rate class. As we transitioned from our prior fixed price power contract with DEP to our current market based contract, we experienced significant increases in the price of electricity. This is due to considerable changes in the wholesale electricity markets over the past 10 years. FY 2013 Power Supply and Generation costs were \$148.5 million as compared to \$103.6 million in FY 2012. PWC will have to pass these charges onto our customers over the next few years to cover power costs, however, our new rates will remain competitive with other providers in the area.

Prior to the new contract, PWC utilized a Fuel Adjustment to pass along fuel costs in excess of the cost recovered in base rates. The Fuel Adjustment was computed monthly based on a formula that resulted in either a charge or credit to the customer based on fluctuations in fuel costs. In our current contract, annually DEP will calculate a True-Up of its actual cost versus estimated cost and will either charge or credit PWC with the difference. We will utilize prior collected Fuel Adjustment Reserves to fund the anticipated True-Up charge for FY 2013. During this fiscal year, PWC will determine the appropriate mechanism to allocate going forward this True-Up either through a Power Cost Adjustment, Fuel Adjustment or some other similar means.

Our strategic planning for the future includes implementing new technologies and developing new programs that will allow customers to better manage their utility use and help offset rate increases through conservation and the use of "smart" technologies. Together, partnering with our customers, the PWC can continue to offer competitive rates and the highest level of customer service.

The recent history of the effects of percentage rate changes on sample bills for water system usage is as follows:

### Residential Historical Percentage Bill Changes

Effective Billing Date	Inside City		Outside City		Effective Billing Date	Inside City		Outside City	
	Bill Amount	Percentage Increase	Bill Amount	Percentage Increase		Bill Amount	Percentage Increase	Bill Amount	Percentage Increase
02/01/89	\$9.70	0.00%	\$16.00	0.00%	01/01/11	20.47	0.00%	27.63	0.00%
07/01/94	10.90	12.37%	16.00	0.00%	02/01/11	20.47	0.00%	27.63	0.00%
07/01/95	12.50	14.68%	16.00	0.00%	03/01/11	20.47	0.00%	27.63	0.00%
07/01/96	13.70	9.60%	16.00	0.00%	04/01/11	20.47	0.00%	27.63	0.00%
11/01/98	14.48	5.69%	16.78	4.88%	05/01/11	21.39	4.49%	29.97	8.47%
11/01/99	15.01	3.66%	17.53	4.47%	06/01/11	21.39	0.00%	29.97	0.00%
07/01/01	14.56	-3.00%	16.72	-4.62%	07/01/11	21.39	0.00%	29.97	0.00%
08/01/02	15.33	5.29%	17.62	5.38%	08/01/11	21.39	0.00%	29.97	0.00%
03/01/04	16.25	6.00%	18.67	5.96%	09/01/11	21.39	0.00%	29.97	0.00%
09/01/05	17.82	9.66%	20.47	9.64%	10/01/11	21.39	0.00%	29.97	0.00%
10/01/07	19.10	7.18%	22.92	11.97%	11/01/11	21.39	0.00%	29.97	0.00%
06/01/08	19.10	0.00%	22.92	0.00%	12/01/11	21.39	0.00%	29.97	0.00%
10/01/08	19.10	0.00%	23.88	4.19%	01/01/12	21.39	0.00%	29.97	0.00%
05/01/09	20.47	7.17%	26.62	11.47%	02/01/12	21.39	0.00%	29.97	0.00%
06/01/09	20.47	0.00%	26.62	0.00%	03/01/12	21.39	0.00%	29.97	0.00%
07/01/09	20.47	0.00%	26.62	0.00%	04/01/12	21.39	0.00%	29.97	0.00%
08/01/09	20.47	0.00%	26.62	0.00%	05/01/12	22.22	3.88%	32.23	7.54%
09/01/09	20.47	0.00%	26.62	0.00%	06/01/12	22.22	0.00%	32.23	0.00%
10/01/09	20.47	0.00%	26.62	0.00%	07/01/12	22.22	0.00%	32.23	0.00%
11/01/09	20.47	0.00%	26.62	0.00%	08/01/12	22.22	0.00%	32.23	0.00%
12/01/09	20.47	0.00%	26.62	0.00%	09/01/12	22.22	0.00%	32.23	0.00%
01/01/10	20.47	0.00%	26.62	0.00%	10/01/12	22.22	0.00%	32.23	0.00%
02/01/10	20.47	0.00%	26.62	0.00%	11/01/12	22.22	0.00%	32.23	0.00%
03/01/10	20.47	0.00%	26.62	0.00%	12/01/12	22.22	0.00%	32.23	0.00%
04/01/10	20.47	0.00%	26.62	0.00%	01/01/13	22.22	0.00%	32.23	0.00%
05/01/10	20.47	0.00%	27.63	3.79%	02/01/13	22.22	0.00%	32.23	0.00%
06/01/10	20.47	0.00%	27.63	0.00%	03/01/13	22.22	0.00%	32.23	0.00%
07/01/10	20.47	0.00%	27.63	0.00%	04/01/13	22.22	0.00%	32.23	0.00%
08/01/10	20.47	0.00%	27.63	0.00%	05/01/13	22.95	3.29%	34.43	6.83%
09/01/10	20.47	0.00%	27.63	0.00%	06/01/13	22.95	0.00%	34.43	0.00%
10/01/10	20.47	0.00%	27.63	0.00%					
11/01/10	20.47	0.00%	27.63	0.00%					
12/01/10	20.47	0.00%	27.63	0.00%					

The PWC has full authority to establish and change the rates that it charges for water service. The existing water rates for consumption are as follows:

#### Existing Monthly Water Rates

	Basic Facility Charge	First 2 Mgal Charge (per Mgal)	3-5 Mgal Charge (per Mgal)	6-10 Mgal Charge (per Mgal)	Res Only (over 10 Mgal)
<b>Inside City</b>					
Residential	\$7.00	\$2.22	\$2.64	\$3.59	\$4.29
Comm-Small	11.00	2.67	-	-	-
Comm-Medium	30.00	2.67	-	-	-
Large User/Industrial	90.00	2.06	-	-	-
<b>Outside City</b>					
Residential	\$10.50	\$3.33	\$3.96	\$5.39	\$6.44
Comm-Small	16.50	4.01	-	-	-
Comm-Medium	45.00	4.01	-	-	-
Large User/Industrial	135.00	2.06	-	-	-

#### Comparison of Monthly Water Bills (as of 7/1/13)

Water bills for a recent month for selected North Carolina cities are as follows:

NC Cities	Residential <sup>(1)</sup> (6,000 Gallons)	Commercial (30,000 Gallons)	Commercial <sup>(2)</sup> (90,000 Gallons)	Industrial <sup>(3)</sup> (1,500,000 Gallons)
Cary	\$25.15	\$148.81	\$393.61	\$6,227.70
Durham	26.24	165.75	503.55	8,561.75
Greenville	26.71	113.46	276.06	3,914.47
Harnett County	37.50	156.00	441.00	6,018.50
Hoke County	33.75	124.75	349.75	5,637.25
OWASA-Orange County	46.96	268.06	611.41	8,907.43
<b>PWC</b>	<b>22.95</b>	<b>110.10</b>	<b>270.30</b>	<b>3,180.00</b>
Raleigh	30.77	136.77	379.00	6,095.28
Wilmington	33.43	205.84	411.04	5452.63

<sup>(1)</sup>Residential based on 5/8" meter. Includes basic facility charge

<sup>(2)</sup>Commercial based on 2" meter. Includes basic facility charge

<sup>(3)</sup>Industrial based on 4" meter. Includes basic facility charge

The recent history of the effects of percentage rate changes on sample bills for wastewater system usage is as follows:

### Residential Historical Percentage Bill Changes

Effective Billing Date	Inside City		Outside City		Effective Billing Date	Inside City		Outside City	
	Bill Amount	Percentage Increase	Bill Amount	Percentage Increase		Bill Amount	Percentage Increase	Bill Amount	Percentage Increase
02/01/89	\$12.20	-	\$12.20	-	01/01/11	33.43	0.00%	45.10	0.00%
07/01/92	15.20	24.59%	15.20	24.59%	02/01/11	33.43	0.00%	45.10	0.00%
03/01/95	18.50	21.71%	18.50	21.71%	03/01/11	33.43	0.00%	45.10	0.00%
11/01/97	21.50	16.22%	21.50	16.22%	04/01/11	33.43	0.00%	45.10	0.00%
11/01/98	22.10	2.79%	22.10	2.79%	05/01/11	34.50	3.20%	48.31	7.12%
07/01/01	26.68	20.72%	25.61	15.88%	06/01/11	34.50	0.00%	48.31	0.00%
08/01/02	26.42	-0.97%	26.76	4.49%	07/01/11	34.50	0.00%	48.31	0.00%
03/01/04	26.90	1.82%	27.24	1.79%	08/01/11	34.50	0.00%	48.31	0.00%
09/01/05	27.66	2.83%	28.03	2.90%	09/01/11	34.50	0.00%	48.31	0.00%
10/01/07	29.25	5.75%	35.10	25.22%	01/01/11	34.50	0.00%	48.31	0.00%
06/01/08	29.25	0.00%	35.10	0.00%	11/01/11	34.50	0.00%	48.31	0.00%
10/01/08	30.34	3.73%	37.93	8.06%	12/01/11	34.50	0.00%	48.31	0.00%
05/01/09	33.43	10.18%	43.45	14.55%	01/01/12	34.50	0.00%	48.31	0.00%
06/01/09	33.43	0.00%	43.45	0.00%	02/01/12	34.50	0.00%	48.31	0.00%
07/01/09	33.43	0.00%	43.45	0.00%	03/01/12	34.50	0.00%	48.31	0.00%
08/01/09	33.43	0.00%	43.45	0.00%	04/01/12	34.50	0.00%	48.31	0.00%
9/1/2009	33.43	0.00%	43.45	0.00%	05/01/12	35.62	3.25%	51.64	6.89%
10/01/09	33.43	0.00%	43.45	0.00%	06/01/12	35.62	0.00%	51.64	0.00%
11/01/09	33.43	0.00%	43.45	0.00%	07/01/12	35.62	0.00%	51.64	0.00%
02/01/09	33.43	0.00%	43.45	0.00%	08/01/12	35.62	0.00%	51.64	0.00%
01/01/10	33.43	0.00%	43.45	0.00%	09/01/12	35.62	0.00%	51.64	0.00%
02/01/10	33.43	0.00%	43.45	0.00%	10/01/12	35.62	0.00%	51.64	0.00%
03/01/10	33.43	0.00%	43.45	0.00%	11/01/12	35.62	0.00%	51.64	0.00%
04/01/10	33.43	0.00%	43.45	0.00%	12/01/12	35.62	0.00%	51.64	0.00%
05/01/10	33.43	0.00%	45.10	3.80%	01/01/13	35.62	0.00%	51.64	0.00%
06/01/10	33.43	0.00%	45.10	0.00%	02/01/13	35.62	0.00%	51.64	0.00%
07/01/10	33.43	0.00%	45.10	0.00%	03/01/13	35.62	0.00%	51.64	0.00%
08/01/10	33.43	0.00%	45.10	0.00%	04/01/13	35.62	0.00%	51.64	0.00%
09/01/10	33.43	0.00%	45.10	0.00%	05/01/13	36.22	1.68%	54.36	5.27%
10/01/10	33.43	0.00%	45.10	0.00%	06/01/13	36.22	0.00%	54.36	0.00%
11/01/10	33.43	0.00%	45.10	0.00%					
12/01/10	33.43	0.00%	45.10	0.00%					

The PWC has full authority to establish and change the rates that it charges for wastewater service. The existing wastewater rates are as follows:

### Existing Monthly Wastewater Rates

	Basic Facility Charge	Usage Charge (per Mgal)
<b>Inside City</b>		
Residential	\$7.00	\$4.87
Commercial (based on 2" meter)	30.00	4.87
Large User/Industrial	90.00	3.52
<b>Outside City</b>		
Residential	\$10.50	\$7.31
Commercial (based on 2" meter)	45.00	7.31
Large User/Industrial	135.00	3.52

*Residential customers who only use wastewater are charged \$31.35 (inside city) and \$47.05 (outside city) per month.*

### Comparison of Monthly Wastewater Bills (as of 7/1/13)

Wastewater service bills for selected North Carolina cities are as follows:

NC Cities	Residential <sup>(1)</sup> 6,000 Gallons	Commercial 30,000 Gallons	Commercial <sup>(2)</sup> 90,000 Gallons	Industrial <sup>(3)</sup> 1,500,000 Gallons
Cary	\$ 57.67	\$299.41	\$845.41	\$13,757.70
Durham	37.10	200.25	501.03	7,704.04
Greenville	36.94	198.31	494.11	7,582.70
Harnett County	43.50	176.50	461.50	7,335.00
Hoke County	46.00	168.64	462.64	7,371.64
OWASA-Orange County	50.88	248.12	636.92	9,875.28
<b>PWC</b>	<b>36.22</b>	<b>176.10</b>	<b>468.30</b>	<b>5,370.00</b>
Raleigh	32.68	150.01	418.71	6,757.00
Wilmington	39.81	242.70	495.30	6,678.75

<sup>(1)</sup>Residential based on 5/8" meter. Includes basic facilities charge.

<sup>(2)</sup>Commercial based on 2" meter. Includes basic facilities charge.

<sup>(3)</sup>Industrial based on 4" meter. Includes basic facilities charge.

## **Electric**

The Commission established an Electric Rate Stabilization Fund in 1998 for the purpose of maintaining rate competitiveness and rate stability. Through fiscal year 2010, annually, the Commission funded a minimum of \$250,000 with a maximum amount not to exceed 5% of its current annual electric sales provided the accumulated balance did not exceed 20% of the average annual gross electric sales for the preceding 3 years. In March 2010, the terms of this fund were amended to increase the reserve balance for use in future years to lessen the impact of expected significant power cost increases as a result of the new power supply contract beginning in July 2012. The new terms are annually, the Commission funds a minimum of \$250,000 with a maximum amount not to exceed 15% of its current annual electric sales provided the accumulated balance does not exceed 40% of the average annual gross electric sales for the preceding 3 years. At June 30, 2013, the fund held \$71,054,481.46. An \$11,787,500 transfer from the fund to the Electric Fund was budgeted in FY 2014.

## **Water/Wastewater**

The Commission established a Water and Wastewater Rate Stabilization Fund in 2005 for the purpose of maintaining rate competitiveness and rate stability. Annually, the Commission funds a minimum of \$250,000 with a maximum amount not to exceed 5% of its current annual water and wastewater sales provided the accumulated balance does not exceed 20% of the average annual gross water and wastewater sales for the preceding 3 years. At June 30, 2013, the fund held \$6,304,308.62.

# **Electric Systems**

PWC's electric system involves the transmission and distribution of electric energy, which is generated at our Butler-Warner Generation Plant (BWGP), as well as purchased from Duke Energy Progress and the Southeastern Power Administration (SEPA). PWC has the distinction of being the only municipal utility in North Carolina to own and operate an electric generation plant.

In July 2012, PWC became a full requirements customer of Progress Energy (now Duke Energy Progress) as part of a new 20-year power supply agreement signed in June 2009. PWC pays a fixed annual capacity and energy charge with a formula-based annual true-up founded on DEP's system average costs. In a separate agreement, the BWGP is dispatched by DEP to meet the combined needs of PWC and DEP customers. PWC will continue to operate and maintain the plant while DEP will reimburse PWC for certain operating costs and a pay a fee based on plant performance. This provides PWC an additional source of revenue which can be used to offset the effect of power cost increases.

PWC provides electric service to approximately 60% of the Fayetteville/Cumberland County area. During FY2013, electric service was provided to more than 79,000 customers, ranking PWC as the 35<sup>th</sup> largest Public Power Provider in the United States. PWC purchased or generated over 2.0 billion kWh (kilowatt hours) of electricity to meet the ever-increasing demand for service. PWC's system peak demand of record electric use is 476.6 MW set on August 9, 2007 and its winter peak is 433.7 MW (December 15, 2010). For FY2013 the peak consumption was 446.0 MW on July 26, 2012.

## **Fayetteville Electric Service History**

The City of Fayetteville has furnished electricity to its citizens since 1900. Fayetteville, like many other cities in North Carolina and in the nation, did not organize an electric utility as a profit-making public enterprise; it did so because that was the only way the citizens could enjoy the benefits of electricity.

The first electric plant of any kind in Fayetteville was installed by the Phoenix Cotton Mill on Ann Street. This plant was driven by water power from Cross Creek, and its output operated the mill and some commercial lighting.

In 1900, the city constructed a steam-driven plant on a site in the 500 block of Russell Street, and immediately began to enlarge the electric distribution system. At that time, the city had a population of less than 5,000 people. The City of Fayetteville operated this electric plant for about five years.

Just prior to 1905, the plant became inadequate to supply the City's total electric needs, and was leased to Fayetteville Traction and Power Company. This company constructed a transmission line into Fayetteville from its hydroelectric plant in Manchester, North Carolina. Fayetteville then purchased its electric power from this company and continued to operate its electric distribution system. This arrangement continued until 1914, when Fayetteville Traction and Power Company failed.

At this time, all the generating equipment was overloaded. The Commission signed a contract with Henry T. Dechert, Philadelphia, Pennsylvania, Trustee for the Fayetteville Traction and Power Company, for the

*Continued on next page*



purchase of power. Mr. Dechert agreed to increase the generation capacity at Manchester and at Fayetteville. Before this was accomplished, the Commission canceled the contract with Mr. Dechert and contracted with Carolina Power & Light Company (now Duke Energy Progress) for the purchase of electric power. Since that time, Progress Energy has remained the principle source of power for Fayetteville, although the City has continued to own and operate its own distribution system through the years.

The Public Works Commission has constantly expanded facilities in order to keep pace with the accelerated growth of its service area which includes Fayetteville and a sizable area of Cumberland County. Expansion of the electrical system has been significant—from a 20,000 kW system (two substations) in 1960, to a 410,000 kW load (27 substations) in 1995. PWC has three points of delivery (P.O.D.) of bulk electric power from Progress Energy: P.O.D. #1, on Owen Drive, (began operation in 1969); and P.O.D.#2, located in a rural area east of the Cape Fear River (began operation in 1973); and P.O.D.#3, located on Cliffdale Road, (began operation in 1994).

In 2009, PWC began rebuilding two (2) existing substations. These substations were designed as Smart Substations, equipped with state-of-the art microprocessor-based controls and relays. The Crystal Springs Substation Rebuild was completed in 2011 and the Arran Park Substation Rebuild was completed in 2012. Additionally, in 2012 PWC completed the replacement a 230 kV power circuit breaker and the protective relay and control system upgrade at P.O.D. # 1. In 2013, PWC upgraded one T/D substation's protective relaying and control system with Smart Substation equipment. Design work is in progress to upgrade the protective relaying and control systems in four (4) additional T/D Substations with Smart Substation equipment. Design work is in progress to build an additional T/D Substation and replace an existing Substation in FY2014.

Power is received from Progress Energy at 230,000 volts and transformed to 66,000 volts. Transmission of electric power to substations is accomplished by more than 121 circuit miles of 66 kV lines, and serves a total of more than 80,000 electric customers, including 16 industrial customers, among which is the state's largest manufacturing plant, Goodyear (Kelly Springfield Tire Company).

Between 1976 and 1980, PWC installed eight peak-shaving gas turbine generators capable of producing 200 megawatts (MW) of electricity. In 1988, six of these units were converted to a combined-cycle steam mode which increased generating capacity by approximately 65 MW, for a total of 265 MW of generating capacity. In 1993, a thermal energy storage (ice storage) system was added to the plant for cooling the gas turbines in the summer peak season. When in service, this system enables the plant to operate at its full capacity of 265 MW even during the summer months. This is one of the largest thermal energy storage plants in the world, with 4.6 million gallons of ice storage capacity. This plant is now known as the Butler-Warner Electric Generation Plant, in honor of Robert H. Butler and James R. Warner, former chairmen of the Commission.

Summer Peak Load..... 476.6 MW (Aug. 9, 2007)  
Winter Peak Load ..... 433.7 MW (Dec. 15, 2010)

### Three Main Components:

Services & Lighting  
Generation & Power Supply  
Transmission & Distribution

### Services & Lighting Customers (as of June 30, 2013):

Total .....79,969  
Residential .....70,900  
Non-Residential .....8,836  
Industrial.....16

### Street Lights

Inside City .....16,447\*  
Outside City .....1784\*\*  
Private Lighting Inside City .....2,589  
Rented Area Lights.....12,736  
City-Owned/PWC Maintained Street Lights .....3

*\*includes 249 Inside City Lights-Pedestrian*

*\*\*includes 83 Hope Mills City Street Lights*

### Generation & Power Supply

- 200,000 kW of Combustion Turbines
- 65,000 kW Steam Turbine
- Three 230 kV Delivery Points from Duke Energy Progress: Owen Drive, Butler-Warner Plant, Reilly Road
- Connected to Regional Transmission Grid
- Current Long-Term Power Supply Agreement: Duke Energy Progress-New Full Requirements Power Supply Agreement begins July, 2012 and expires June, 2032; All capacity and energy needs of PWC customers provided by Duke Energy Progress. PWC's Butler-Warner Generation Plant Power Sales Agreement with Duke Energy Progress provides an additional revenue stream for PWC through sale of capacity and energy from that facility that is used to offset increased power costs.

### Distribution System (as of June 30, 2012)

- Supervisory Control System Monitors & Controls 32 Distribution Substations; 3 Points of Delivery (POD)
- 2.19 Miles of 230kV Transmission Lines
- 120.76 Miles of 69kV Sub-Transmission Lines
- 701.3 Circuit Miles of Overhead Distribution (2276.28 Conductor Miles)
- 46,825 Distribution Line Poles
- 24,801 Distribution Line Transformers
- 615.18 Circuit Miles of Underground Lines
- 615.18 Circuit Miles of Underground Primary Distribution Conductor (1,093.86 Cable/Conductor Miles)



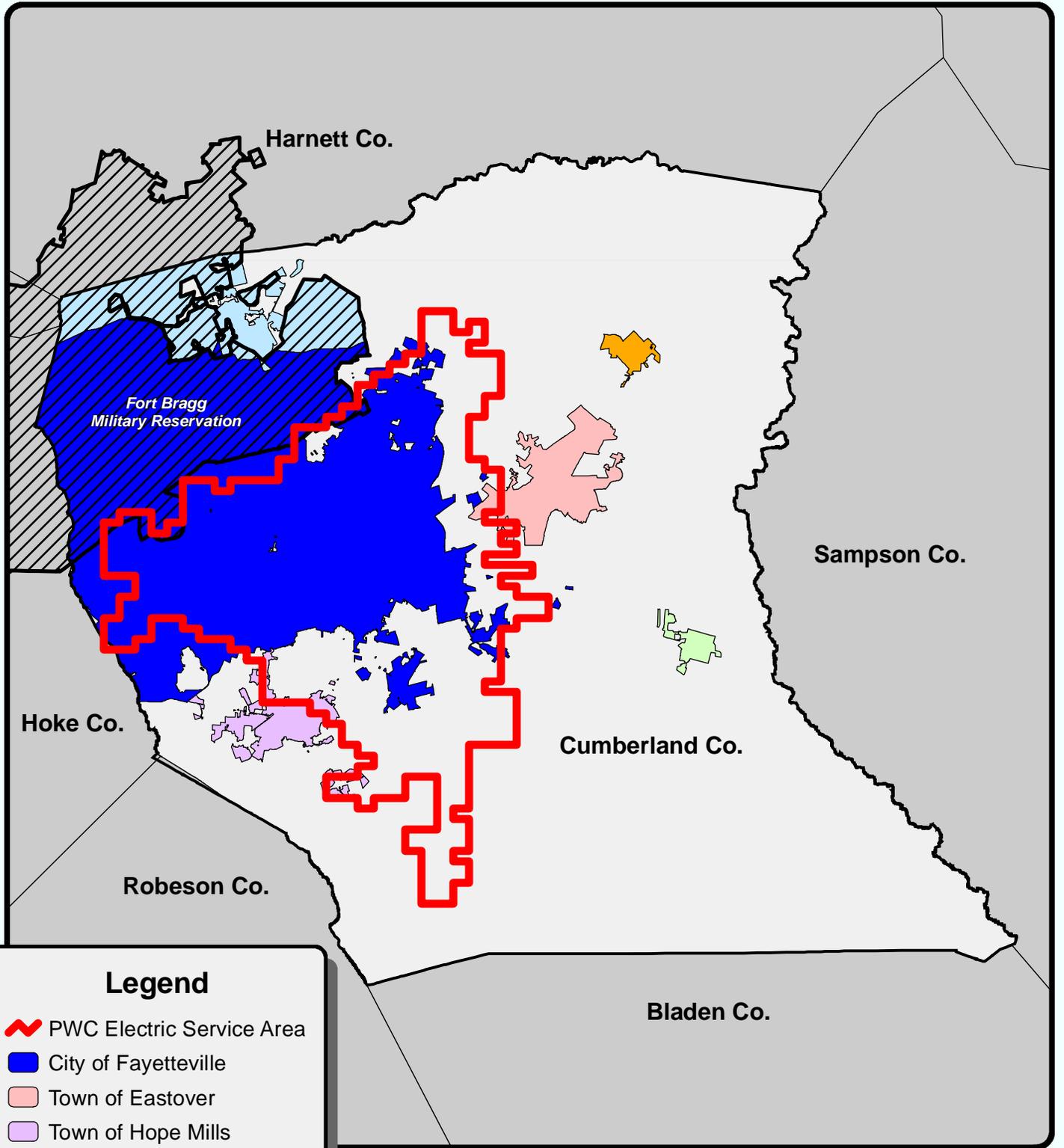
PWC has the distinction of being the only municipal utility company in North Carolina to own and operate a power plant. The Butler-Warner Generation Plant (BWGP), named in honor of Robert H. Butler and James R. Warner, former chairmen of the Commission, was originally built to protect PWC customers from incurring high peaking power costs. At the same time that PWC negotiated a long-term power supply contract with Progress Energy Corporation (PEC) a companion lease agreement for BWGP was negotiated. Under the terms of this lease agreement, PEC was given the right to dispatch BWGP to meet the needs of the PEC system in exchange for a capacity payment based on how well BWGP performs. The revenue from the lease agreement is used to reduce the rates charged to PWC customers. The initial lease term will expire in 2017 but is subject to renewal by mutual consent.

The current BWGP equipment is a result of consistent forward thinking and planning by PWC Commissioners and staff in the face of an evolving electric industry. Between 1976 and 1980, PWC installed eight peak-shaving gas turbine generators capable of producing a maximum of 200 megawatts (MW) of electricity. In 1988, six of these units were converted to a combined-cycle steam mode which increased generating capacity of the plant by approximately 65 MW, to a total maximum of 265 MW of generating capacity.

In 1993, a thermal energy storage (ice storage) system was added to the plant for cooling the gas turbines in the summer peak season. When in operation, this system offsets the reduction in capacity that comes with the higher summer temperatures and enables the plant to generate at its maximum capacity even during the hottest summer period.

In all, the plant's generating capacity is approximately 265 MW.

Location..... Custer Road, northeast Cumberland County  
Built ..... Initial Installation: 1976  
Major Upgrade ..... 1988, 1992  
Generation Capacity..... 265,000 kW  
Features..... Eight G.E. Turbines (25,000 kW) each; 65,000 kW Steam Turbine  
Summer System Peak Demand ..... 476.6 MW (August 9, 2007)  
Winter System Peak Demand..... 433.7 MW (December 15, 2010)  
Distinctions..... Included on list of "Plants to See" by the World Energy Conference & APPA



**Legend**

-  PWC Electric Service Area
-  City of Fayetteville
-  Town of Eastover
-  Town of Hope Mills
-  Town of Spring Lake
-  Town of Stedman
-  Town of Wade

PWC Electric Service Area  
147 sq. mi. +/- as shown



**PWC Electric Service Area**

PWC has an annual system load of approximately 2.2 million megawatt hours. All of this 2.2 million megawatt hours is provided by Progress Energy (now Duke Energy Progress) under the terms of a full-requirements contract that began in July 1, 2012. Under the terms of this agreement, PWC will pay a fixed annual capacity and energy charge with a formula-based, annual true-up founded on DEP's system average costs. This contract will expire on June 30, 2032. PWC also purchases transmission services from DEP under a separate agreement to ensure reliable delivery of the capacity and energy purchased from Progress.

As a part of its long-term power supply strategy, PWC entered into a 5-year Power Sales Agreement with DEP to sell the output of the plant to DEP. PWC will continue to own and operate the plant and the revenue received from sale of the plant capacity and energy will be used to offset future power cost increases.

Since DEP is responsible for supplying all the capacity and energy needs of PWC under this contract, the output of the Butler-Warner Generation Plant is no longer needed to directly serve PWC customers.

Both the long-term power supply agreement and the Butler-Warner Agreement were negotiated prior to the Progress Energy-Duke Energy merger. PWC was very active in the merger process and continues to monitor the short and long term impacts of that merger to ensure that the favorable rates negotiated in the contract were not affected by the merger process.

PWC has exclusive service rights to provide electric service in areas within the City's corporate limits, including newly annexed areas subject to 600-foot corridor rights along existing electrical facilities of other suppliers. PWC may, and on occasion has, waived its exclusive rights with respect to newly annexed areas. On a case-by-case basis, the PWC may serve new electric customers in the County outside of the City's corporate limits. The PWC is subject to competition for providing electric service in the County from Duke Energy Progress (DEP), Lumbee River Electric Membership Corporation, and South River Electric Membership Corporation.

PWC continually focuses on improving reliability of its utilities through four components: system generation, bulk transmission system, transmission interface, and distribution. An individual customer's reliability is only as good as the combination of the four reliability components.

Here is an overview of how PWC measures its reliability; how PWC fared in recent years; and activities we participate in to maintain a reliable system.

## WHAT IS PWC DOING?

### System Generation & Bulk Transmission System

- Pre-determined by our current and future power supply negotiations
- Maintain and operate Butler-Warner Generation Plant
- Evaluate and deploy alternative and sustainable energy technologies and solutions

### Transmission Interface & Distribution System

- Monitor and maintain delivery points and transmission / distribution substations
- Plan for contingencies
- Plan for growth
- Aggressively respond to interruptions

### Where Do We Go From Here?

- Analyze the system for problem areas
- Adopt utility best practices with proven reliability track record
- Deploy SCADA and "smart" technologies where practical
- Trim trees on schedule
- Proactively manage outages
- Review outage responses

## HOW DID WE DO?

### SAIDI: System Average Interruption Duration Index

What is the average length of time each of our customers goes without electric service in a year?

- Our goal is less than 5 hours for each customer per year.
- Our average was 3.21 hours based on 2012 data.

### SAIFI: System Average Interruption Frequency Index

How many times per year is the average customer's service interrupted?

- Our goal is less than .08 interruptions for each customer per year.
- Our average was 0.048 interruptions for each customer based on 2012 data.

### CAIDI: Customer Average Interruption Duration Index

If a customer has an interruption, how long, on average, are they without power?

- Our goal is less than 60 minutes for the year.
- Our average was 70.38 minutes, on average, for each customer's interruption based on 2012 data.

In 2006, the American Public Power Association began recognizing member utilities that achieved excellence in the areas of reliability, safety, training, and system improvement. The goal of the Reliable Public Power Provider award, or RP<sub>3</sub>, is to recognize those leading utilities that demonstrate sound business practices and recognized industry best practices.

During its first year of eligibility in 2007, PWC submitted its application for the biennial review of its operations. That year PWC was awarded the first of three consecutive RP<sub>3</sub> awards. In each of those biennial periods, PWC was awarded the highest designation, Diamond Level, the RP<sub>3</sub> program recognizes. PWC has the distinction of being one of only a handful of more than 2,000 eligible utilities to win these consecutive Diamond designations.

PWC provides electric service to more than 79,000 customers in the Fayetteville/Cumberland County area and is the largest public power provider in North Carolina (35<sup>th</sup> in the U.S.). The APPA is the national organization representing more than 2,000 not-for-profit, community- and state- owned electric utilities. It is located in Washington, D.C. The RP<sub>3</sub> designation is valid for a two-year period.

## Fiscal Year Ended June 30, 2013

Cargill  
CBL Associates (Mall)  
Fayetteville State University  
Fayetteville Technical College  
Food Lion  
Goodyear Tire & Rubber  
Momentive Specialty Chemicals (Hexion)  
Nitta Gelatin  
Purolator Totalized  
Wal-Mart Totalized

PWC's ten largest electric customers are listed above. As of June 30, 2013, these customers represented kWh sales of 351,557,485 and revenue of \$22,030,584. The aggregate sum of the ten electric customers' revenues received compared to the total electric sales revenue is 11.62%. No individual customer comprises 4.43% or more of total electric sales.

# Drinking Water

The Public Works Commission is committed to supplying safe water that meets or surpasses state and federal standards and achieves the highest standards of customer satisfaction. Drawing water from two independent water sources, the Cape Fear River and Glenville Lake, PWC's two water treatment facilities P.O. Hoffer and Glenville Lake, have a combined treatment capacity of 58 million gallons a day (MGD), with an average demand of 24.6 MGD in FY2013. PWC's all-time peak demand of 42.25 MGD has held since 1999. The peak consumption for FY2012 was 35.6 on July 8, 2012.

PWC provides water services to more than 83,000 customers both inside and outside city residential, commercial and industrial customer classes, as well as City and PWC facilities. This includes the 1998 merger with the Town of Hope Mills. The PWC also provides wholesale water service on a contract basis to Spring Lake, Stedman and Hoke County. In 2010, the PWC, along with Harnett County Public Utilities Department began supplying Fort Bragg through a 40-year contract with the Department of Defense.

During FY2013, 8.4 billion gallons of drinking water were treated. After treatment, water is delivered to customers through an extensive distribution system consisting of over 1,300 miles of underground piping. PWC continues to plan in accordance with the Water System Master Plan developed in FY2002. This 20-year plan projects that PWC will serve more than 300,000 persons, with an average daily demand of 46 MGD.

PWC has utilized chloramination as its disinfection method since 2003 and since 2008, implemented year round outdoor watering schedules to support water conservation efforts and better manage its system peak.

PWC earned the distinction as the first utility in North Carolina to be recognized with the Partnership for Safe Drinking Water's Director's Award for outstanding commitment to quality drinking water treatment. Every year since receiving the award in 2000, PWC has continued to maintain the award's high standards. In 2012, PWC was one of only 132 water utilities across the country to be honored for meeting the standards for 10 consecutive years. In FY2013, both PWC water treatment facilities met all 1,286 drinking water compliance points. PWC is a charter member of the Partnership for Safe Water Distribution System Optimization program. The new partnership program focuses on the operation and maintenance of our distribution system. As a member, PWC will test program materials and provide input to improve the program for others to follow. Additionally charter members successfully completing the self-assessment phase will be among the first in the U.S. to be recognized for the achievement.

## **Fayetteville Drinking Water History**

The first water service in Fayetteville was installed before the Civil War and the source of water was Fountainhead Spring. Water traveled by gravity through hollow logs to the heart of the city. Some of the logs that have been excavated in recent years are still in good condition, although unused for many years.

The first organized effort to supply water to Fayetteville was by the Robinson Family, probably in the 1890's, when Glenville Lake was formed. At that time it was known as Robinson's Pond. This system was taken over by a Mr. Richardson, from New York, who later sold it to the McNeill's. In 1903, the McNeill's sold the system to the City of Fayetteville.

*Continued on the next page*

The first water filtration plant was installed by the Public Works Commission on Glenville Lake in 1912. The contractor agreed to complete the plant for the sum of \$18,000. The first building stands on the opposite side of the lake from the present Glenville Lake Plant. The original capacity of this plant was 1,000,000 gallons of treated water per day (MGD).

The present plant on Glenville Lake was built in 1942 with a capacity of 3 MGD. Fayetteville's population at that time was 18,000 persons. The plant was expanded in 1949 to 5 MGD; in 1954 to 8 MGD; in 1961 to 12 MGD and in 1994 to its ultimate capacity of 18 MGD.

Contracts were awarded in July 1967 for construction of a second water purification plant, located on the Cape Fear River. This new plant was designed so that it can be expanded in increments to an ultimate treatment capacity of 96 MGD. Named in honor of P.O. Hoffer, a former chairman of the Public Works Commission, the Hoffer Plant initially treated 8 MGD. In 1975, an 8 MGD expansion brought the treatment capacity to 16 MGD, a 16 MGD expansion was completed in May 1988 that gave the P.O. Hoffer Plant a treatment capacity of 32 MGD. In 2005, the Public Works Commission received approval from the State of North Carolina to increase the P.O. Hoffer WTF maximum capacity to 39.5 MGD. PWC will begin its next expansion of the P.O. Hoffer facility in 2013. The three-phase project will address aging infrastructure needs by replacing some existing equipment and then expand the plant by 16 MGD (55.5 MGD maximum capacity).

Through the foresight of Fayetteville's forefathers, the citizens of Fayetteville have, in their Public Works Commission, a significant community asset with a proud history. The Public Works Commission has kept abreast, through the years, with demands for a water utility to serve the rapidly growing city and the surrounding urbanized areas.

**Customers (as of June 30, 2013):**

Total .....	84,811
Residential .....	78,300
Non-Residential .....	6,491
Large User .....	7
Wholesale .....	10
Population Served .....	203,580

**Treatment**

Combined Treatment Capacity .....	57.5 MGD
Annual Pumping Average .....	24.648 Million Gallons a Day (MGD)
System Peak Demand.....	42.25 MGD (June 8, 1999)
FY 2013 Peak Demand.....	35.554 MGD (July 08, 2012)

**Distribution & System Storage**

Water Mains:

PWC .....	1,344 miles 1,352 miles
Operate & Maintain.....	151 miles* (16 miles Stedman only)

Water Meters.....96,985

Booster Pump Stations.....4

Fire Hydrants:

PWC .....	7,639 7,696
Operate & Maintain.....	326* (90 Stedman only)

Effective Storage Capacity.....36.1 MG

Elevated Storage Tanks .....6 total

1 MG .....	4
500,000 G.....	1
100,000 G.....	1

Ground Storage Tanks.....1 (5 MG)

Clearwell Storage Tanks .....5 total

1.5 MG .....	1
4 MG .....	2
5 MG .....	1
12 MG .....	1

\* Stedman

## **Glenville Lake Water Treatment Facility**

Built .....1942

Source Waters ..... Glenville Lake  
..... Cape Fear River

Original Capacity ..... 3 MGD

Expansions..... 5 MGD (1949)  
..... 8 MGD (1954)  
..... 12 MGD (1961)  
..... 18 MGD (1994)

Current Capacity..... 18 MGD

Expansion Plans..... None at present time;  
however, additional treatment units may be needed  
to meet Safe Drinking Water Act requirements.

Features..... Glenville Lake Raw  
Water Pump Station; 36" Raw Water Transmission  
Main from Cape Fear River allows Glenville Lakes  
WTF to pump and treat water from the Cape Fear  
River as well as Glenville Lake in order to meet water  
demands. In 2003 switched disinfection process  
from chlorination to chloramination.

12-Month Daily Avg (thru 6/30/13) .. 9.051 MGD  
12-Month Daily Max (thru 6/30/13) ..17.812 MG  
12-Month Total (thru 6/30/13).....3303.680 MG

## **P.O. Hoffer Water Treatment Facility**

Built ..... 1969

Source Water..... Cape Fear River

Original Capacity ..... 8 MGD

Expansions..... 16 MGD (1975)  
..... 32 MGD (1988)  
Filter Upgrading Approval..... 39.5 MGD (2005)

Current Capacity..... 39.5 MGD

Expansion Plans..... Phase 1 of a 3-phase,  
5-year upgrade and expansion, to begin in 2013.  
Will increase P.O. Hoffer's maximum capacity to 48  
MGD.

Features..... In 2003 switched  
disinfection process from chlorination to  
chloramination.

12-Month Daily Avg (thru 6/30/13) 18.782 MGD  
12-Month Max (thru 6/30/13) .....28.427 MG  
12-Month Total (thru 6/30/13) .....6855.459 MG

## How is Your Water Treated?

While the treatment process varies slightly at our two water treatment facilities (WTFs), the basic steps are similar.

### The Disinfection Method

PWC uses the disinfection method chloramination, which uses both ammonia and chlorine. Ammonia is added to the water at a carefully controlled level, and the chlorine and ammonia react chemically to produce chloramines. Chloraminated drinking water is perfectly safe for drinking, cooking, bathing and other daily water uses. There are, however, two groups of people who need to take special care with chloraminated water: customers who use drinking water for kidney dialysis machines and fish owners. For more information on chloramination, including special precautions these special groups should take, contact PWC.

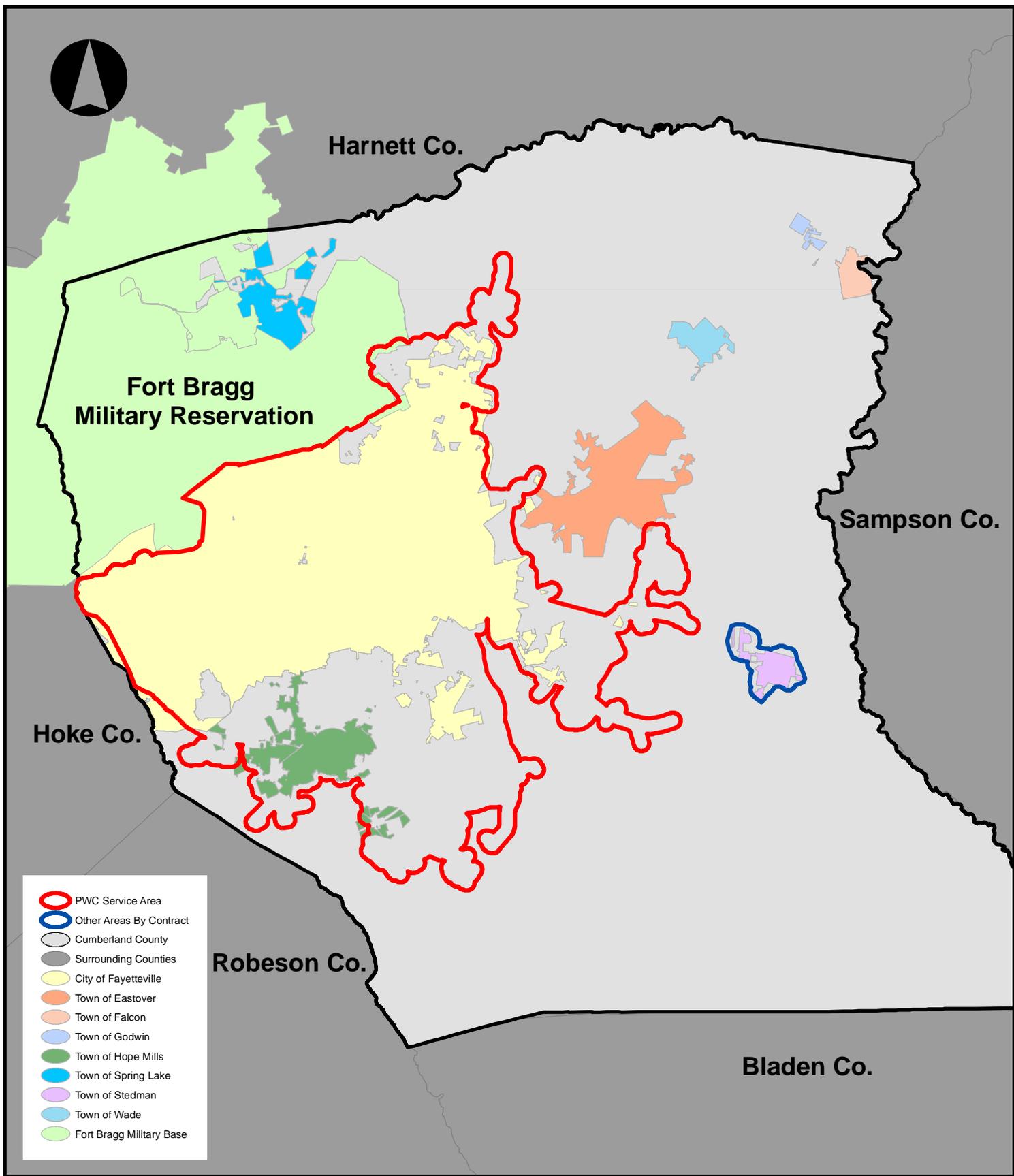
As an extra measure of safety, the North Carolina Department of Environment and Natural Resources requires all water systems using chloramination to suspend the addition of ammonia for a one-month period each year. We do this each March to ensure control of any biological growth that may have occurred in the water distribution system.

### The Treatment Process

PWC operations and maintenance staff at our Water Treatment Facilities are committed to providing safe, high quality drinking water for our customers. When raw water enters the facility, a substance known as ferric sulfate is added, causing small particles to adhere to one another. This makes the particles heavy enough to settle out of the water in a sedimentation basin. The water is then filtered through sand and anthracite to remove remaining fine particles. Ammonia and chlorine are added to kill harmful bacteria, protozoans, and viruses. Lime or caustic soda, and a corrosion inhibitor are added to minimize the potential for dissolving the lead used in older household plumbing. Fluoride is added as an aid in preventing tooth decay. Both facilities also add powdered activated carbon to reduce substances that produce unpleasant tastes and odors. Treated water proceeds through a series of pumps and storage facilities before being delivered to your home.

### Where Does Your Water Come From?

All of the water we process at PWC is surface water. The water processed at our P.O. Hoffer Water Treatment Facility comes from the Cape Fear River. Water processed at our Glenville Lake Water Treatment Facility comes from the Cape Fear River, Big Cross Creek, and the Little Cross Creek Watershed, which contains four bodies of water used for water storage – Bonnie Doone Lake, Kornbow Lake, Mintz Pond, and Glenville Lake. Both facilities provide water to the same distribution system, so the water you drink is a blend of the water processed by PWC from all sources.



PWC Water Service Area  
 163 sq. mi. +/- as shown

# Water Distribution Service Area

To meet requirements of the Safe Drinking Water Act, PWC prepares an annual Water Quality Report. This report, which includes results of all compliance monitoring conducted during the previous year, is made available to customers each spring. You can view it online at [www.faypwc.com/brochures/water\\_quality.pdf](http://www.faypwc.com/brochures/water_quality.pdf).

Excerpts from the annual report submitted to the Partnership for Safe Water for PWC's Water Treatment Facilities for the period of June 1, 2012 through May 31, 2013:

- The P.O Hoffer and Glenville Lake Water Treatment Facilities met all State and Federal drinking water requirements during this monitoring period. We did not receive a Notice of Violation during this monitoring period.
- Our average filtered water turbidity at the P.O. Hoffer WTF increased slightly to 0.06 NTU, up from last year's submittal average of 0.05 NTU. Our 90th percentile turbidity also increased slightly to 0.08 NTU up from to 0.07. Our max filtered water turbidity at the P.O. Hoffer WTF during this monitoring period was 0.30 NTU. The P.O. Hoffer WTF had 63 turbidity spikes over 0.10 NTU's.
- At the Glenville Lake facility, our remained the same as last year's submittal, 0.06 NTU. Our 90th percentile turbidity also remained the same at 0.07 NTU. Our max filtered water turbidity at the Glenville Lake WTF during this monitoring period increased to 0.24, up from our last submittal of 0.15 NTU. The Glenville Lake WTF had 32 turbidity spikes over 0.10 NTU's.

**The following projects were identified as areas we expected to improve upon in our June 2012 report, including new projects as well as projects carried over from the previous submittal year. The June 2013 report includes an update on these projects:**

- Install by-pass piping for P.O. Hoffer's 12MG clearwell.
  - o This has been completed. Completing this project allowed us to completely dewater the 12 MG clearwell, for the repair/replacement of damaged concrete, expansion joints, and all gate valves.
- Replace aluminum sulfate bulk-tanks at P.O. Hoffer and Glenville Lake.
  - o Tanks have been replaced with HDPE tanks suitable for ferric sulfate.
- Replace sodium hypochlorite bulk-tanks P.O. Hoffer and Glenville Lake.
  - o Fiberglass tanks have been replaced with HDPE tanks.
- Install/construct an encased chemical pipe trench/duct-bank to the new chloramine mixing station at P.O. Hoffer.
  - o Chemical duct-bank is complete.
- Completed design for Phase I of the P.O. Hoffer WTF upgrade/expansion
  - o Design is complete for phase I of the P.O. Hoffer WTF's upgrade/expansion. Phase I is the first of a three-phase, eight year, approach to upgrading and expanding the P.O. Hoffer WTF from a rated capacity of 32 MGD, to a rate capacity of 48 MGD.

*Continued on next page*

- Replace four filter influent valves.
  - Filter influent valves have been replaced providing for better filter flow control and less maintenance.
- Replace lasers on 16 filtered water particle counters.
  - Lasers have been replaced.
- Replace phosphate feed pumps at Glenville Lake.
  - Phosphate feed pumps have been replaced.
- Replace ferric sulfate day-tank at Glenville Lake.
  - Day-tank has been replaced.

**In the coming year and as part of the P.O. Hoffer's Phase I project referenced above, we expect to do the following:**

- Begin construction of our new Rapid Mix Facility.
  - New stand-alone Rapid Mix Facility will enhance both chemical addition as well as control over mixing intensities.
- Begin improvements to flocculation basins.
  - Influent channel to flocculators to be modified for improved water distribution. Walking-beam flocculators will be replaced with variable-speed vertical mixers for better control of mixing/mixing energy.
- Begin improvements to sedimentation basins.
  - Repairs will be made to concrete surfaces and joints. Original "chain and flight" sludge collection equipment, will be replaced with new Trac-Vac® sludge collection equipment. This will enhance sludge removal and reduce maintenance cost.

**In the coming year we expect to do the following at the Glenville Lake WTF:**

- Replace raw water surface-scatter turbidimeter.
  - Will replace turbidimeter for which the manufacturer will soon discontinue support.
- Replace finished-water turbidimeter.
  - Will replace turbidimeter for which the manufacturer will soon discontinue support.
- Replace laboratory spectrophotometer.
  - Will replace spectrophotometer for which the manufacturer will soon discontinue support.
- Upgrade existing Trac Vac® sludge removal system by replacing DC voltage drive boards and PLC control units.
  - Original drive equipment is no longer reliable and is becoming both a process and maintenance challenge.

PWC is proud to be a charter member of the Partnership for Safe Water, which was developed jointly by the Environmental Protection Agency, American Water Works Association, utilities, and other water organizations.

## **What is the Partnership for Safe Drinking Water?**

The Partnership for Safe Drinking Water is a voluntary initiative for enhancing water treatment to provide higher quality drinking water. The partnership program is a four-phased, self-assessment and peer-review process to help water suppliers examine their water operations, maintenance, and management practices to determine where improvements can be made.

## **How does the water consumer benefit from the partnership?**

Water quality will be improved. Through this Partnership, water experts will provide utilities with guidance, advice, and technical assistance for fine-tuning water treatment. Partnership members are committed to taking preventive treatment actions to insure drinking water is always safe, no matter what environmental influences may impact raw water quality.

## **Why is this program important?**

As water providers identify and battle microbial contaminants such as “Cryptosporidium,” achieving optimum water treatment has become more important. Partnership members are taking aggressive steps to perfect their everyday water operations and maintenance to combat water contaminants. Their overall goal is to improve drinking water quality and treatment.

The Partnership also strengthens the relationship of the government, utilities, and water organizations so they can continue to work together to ensure the quality of public drinking water.

## **What are the Partners required to do?**

In addition to committing to ongoing water treatment enhancement, Partnership members must meet current USEPA water quality standards, be in compliance with the Surface Water Treatment Rule for the past six months, have a third party assess their water operations, implement system improvements identified by the assessment, and communicate their efforts to their customers.

## **Director’s Award**

In 2000, PWC became the first utility in North Carolina to be recognized with the Director’s Award from the Partnership. The award recognizes PWC’s efforts and proven ability to treat water in a manner which meets or exceeds current regulatory practices. Since earning the award in 2000, PWC continues to maintain this distinction through its exemplary practices.

## **10-Year Director’s Award**

In 2007, PWC received a national award for maintaining the Directors Award of recognition from the Partnership for Safe Water, a national volunteer initiative developed by EPA and other water organizations representing water suppliers striving to provide their communities with drinking water quality that surpasses the required federal standards. The Directors Award is presented to water systems who have completed a

*Continued on next page*

successful review in the Partnership's Self-Assessment and Peer Review phase, a phase in which utilities examine the capabilities of their treatment plant operation and administration and then create a plan for implementing improvements.

PWC has maintained the Directors Award for 13 years, an honor achieved by less than 200 water utilities across the country.

In April of 2011, PWC became a Charter Member of the Partnership for Safe Water Distribution System Optimization Program. This new Partnership program focuses on the operation and maintenance of our water treatment facilities, mains, and water storage tanks. As a Charter Member, PWC will test program materials and provide input to improve this program for others that follow. PWC is in the process of completing an 18-month assessment phase of the program, and will be among the first in the country to be recognized for this achievement.

## Fiscal Year Ended June 30, 2013

Aqua Water  
Cape Fear Valley Medical Center  
Cargill  
Carolina By Products  
DAK Resins  
Ft. Bragg/Harnett County  
Goodyear Tire & Rubber  
Hoke County  
Momentive Specialty Chemicals (Hexion)  
Town of Spring Lake

PWC's ten largest drinking water customers are listed above. As of June 30, 2013, these customers represented sales of 1,948,345,380 gallons and revenues of \$4,064,118. The aggregate sum of the 10 largest water customers' revenues received compared to the overall total water sales revenue is 12.48%. No individual customer comprises 4.82% or more of total water sales.

# **Water Reclamation**

Since PWC's first water reclamation facility was built in 1959, the growth of Fayetteville/Cumberland County has increased the demand for quality wastewater services annually. PWC continues to meet the needs brought on by residential expansion and economic development as well as be instrumental in the installation of wastewater services in developed areas that were built without the benefits of public utilities.

PWC's EPA Award-winning Cross Creek Water Reclamation Facility (WRF) and Rockfish Creek WRF have the capacity to treat more than 46 MGD. During FY2012, Cross Creek WRF treated an average of 11.3 MGD and Rockfish Creek treated an average 13.1 MGD. The demand on the Rockfish Creek facility continues to increase, as it serves the fast-growing southwestern portion of the county. Phase II expansion to upgrade the capacity at Rockfish Creek to 21 MGD, was completed in the summer of 2006. PWC maintains over 1,200 miles of sewer mains, 73 miles of forced sewer mains and 88 lift stations. In FY2013, 9 billion gallons of wastewater were treated.

As a regional utility provider, PWC also maintains and operates several sanitary sewer systems in the area. Services are provided to nearly 1,200 customers in the Town of Stedman, the Eastover and Kelly Hills Sanitary Sewer Districts, and NORCRESS (Towns of Wade, Godwin and Falcon) all in Cumberland County as well as approximately 700 customers in Hoke County.

PWC operates a water reuse program at the two water reclamation facilities. Treated water is used to irrigate approximately 40 acres of landscaped turf at the two facilities. The recycled water is also utilized for in-plant applications such as cleaning equipment and various plant processes.

In addition, PWC, under a state-monitored Land Application Program, recycles bio-solids at 3,000 acres of Cumberland County farmland, including a 750-acre farm owned by PWC. Liquid bio-solids are either injected below the ground or applied to the surface at the "agronomic" rate (the nitrogen rate required by the crop) to fertilize crops such as corn, soybeans, coastal Bermuda grass and small grains. Inspections and research by state regulatory agencies since 1987 have shown this process to be a beneficial and environmentally sound way to recycle by-products from the water reclamation facilities.

## **Fayetteville Sanitary Sewer History**

The first sanitary sewer mains in Fayetteville were installed in 1906. The Public Works Commission completed the Cross Creek Water Reclamation Facility (WRF) in 1959, at a cost of \$2,250,000. It provided primary and secondary wastewater treatment, removing approximately 85% of impurities before the effluent was discharged into the Cape Fear River. The original plant, designed to treat 9 million gallons per day (MGD), was expanded to treat 16 MGD in 1976, and a further expansion to 22 MGD was completed in 1992. Since this upgrade, the facility has the ability to remove more pollutants than ever. The facility was re-rated to 25 MGD in 2002 after several process improvements. Additional process improvements and reliability enhancements (backup power) were completed in 2007. Additional storage of biosolids (1.8 MG tank) was added in 2010 to handle the extra water plant residuals generated by supplying potable water to Ft. Bragg.

A second 6 MGD plant known as the Rockfish Creek Water Reclamation Facility (WRF) was completed in 1985. The Rockfish WRF was then expanded to treat 12 MGD in 1994 and re-rated to 14 MGD in 1996. In 2002, the plant completed the first phase of three expansions, increasing its treatment capacity to 16 MGD. In May 2007, the Rockfish Creek WRF completed the second phase of its three-phase expansion for a new treatment capacity of 21 MGD along with more reliability.

Both Cross Creek and Rockfish Creek WRFs have been honored with the national EPA Operations and Maintenance Award, in 1994 and 1988, respectively.

**Customers (as of June 30, 2013):**

Total.....	81,232
Residential .....	75,394
Commercial.....	5,826
Large User.....	7
Wholesale .....	5

**Treatment**

Population Served .....	217,874
Combined Treatment Capacity .....	46 MGD
Combined Treated Annual Flow.....	24.4 MGD

**Collections System**

Mains:

Gravity Sewer Mains

PWC .....	1219 miles
Operate & Maintain.....	56 miles*

Force Sewer Mains

PWC .....	55 miles
Operate & Maintain.....	25 miles*

Sewer Manholes

PWC .....	30,206
Operate & Maintain.....	1,177*

Lift Stations:

PWC .....	69
Operate & Maintain.....	16*

\* Hoke County, Stedman, NORCRESS





Harnett Co.

Fort Bragg  
Military Reservation

Sampson Co.

Hoke Co.

Robeson Co.

Bladen Co.

- PWC Service Area
- Other Areas by Contract
- Cumberland County
- Surrounding Counties
- City of Fayetteville
- Town of Eastover
- Town of Falcon
- Town of Godwin
- Town of Hope Mills
- Town of Spring Lake
- Town of Stedman
- Town of Wade
- Fort Bragg Military Base

PWC Waste Water Service Area  
154 sq. mi. +/- as shown

# Wastewater Collection Service Area

**WASTEWATER COLLECTIONS  
AND TREATMENT SYSTEMS  
ANNUAL PERFORMANCE REPORT**

July 1, 2012 - June 30, 2013



**Public Works Commission  
of the City of Fayetteville, North Carolina**

**2012-2013 WASTEWATER COLLECTIONS AND TREATMENT SYSTEMS  
ANNUAL PERFORMANCE REPORT**

**Collections Systems**

**General Information**

Facility/System Name: **Collection System**

Responsible Entity: **Public Works Commission of the City of Fayetteville, Town of Stedman, Hoke County, NORCRESS, Eastover Sanitary Sewer District and Kelly Hills/Slocomb Road Water and Sewer District.**

Person in Charge/Contact: **John “Rick” Davis, (910) 223-4718**

Applicable Permit(s): **(PWC) WQCS00007, (Stedman) WQCSD0537, (Hoke Co.) WQCS00352, (Norcross) WQCS00353, (Eastover) WQCSD0552**

**Description of Collection Systems**

The following description of collection systems is for the Public Works Commission of the City of Fayetteville and the four permitted entities with which PWC maintains operation and maintenance agreements.

The Public Works Commission of the City of Fayetteville’s sanitary sewer collection system is separated into two basins, the Cross Creek and the Rockfish Creek basins. The collection system consists of approximately 1,274.0 miles of sewer mains varying in size and material and also includes 73 sewer pumping stations, 4 of which are operated per O & M agreements. Main sizes range from 6” to 60”. Wastewater is collected from approximately 80,752 customers in the City of Fayetteville and surrounding Cumberland County area. The PWC serves approximately 7 Large User, 5 Wholesale, 5,589 Non-Residential and 75,151 Residential customers. The wastewater is conveyed to the Cross Creek and Rockfish Creek Water Reclamation Facilities.

Since March 2001, PWC has operated and maintained the Town of Stedman sanitary sewer system, owned by the Town of Stedman. The system serves approximately 560 customers (516 residential and 44 non-residential) and consists of approximately 22.1 miles of sanitary sewer mains and 4 pumping stations. The wastewater from Stedman is conveyed to the Rockfish Creek Water Reclamation Facility.

Since October 2002, PWC has operated and maintained the Hoke County sanitary sewer system, owned by Hoke County. The system currently serves 1,189 customers (1,144 residential and 45 non-residential) and consists of approximately 15.4 miles of sewer mains and 4 pumping stations. The wastewater from Hoke County is conveyed to the Rockfish Creek Water Reclamation Facility.

In September 2005, PWC began operation and maintenance of the NORCRESS (Wade, Godwin, and Falcon) sanitary sewer system, owned by Cumberland County. The system serves 352 customers (293 residential and 59 non-residential) and consists of approximately 35.3 miles of sanitary sewer mains and 4 pumping stations. The wastewater from NORCRESS is conveyed to the Cross Creek Water Reclamation Facility.

**2012-2013 WASTEWATER COLLECTIONS AND TREATMENT SYSTEMS  
ANNUAL PERFORMANCE REPORT**

In January 2007, PWC began operation and maintenance of the Eastover Sanitary District sanitary sewer system owned by Eastover Sanitary District. Effective November 1, 2012, PWC ceased operation and maintenance of the ESD system after ESD contracted with a private contractor. At that time, the system served approximately 386 customers (356 residential and 30 non-residential) and consisted of approximately 13.2 miles of sanitary sewer mains and 5 pumping stations. The wastewater from Eastover Sanitary District is conveyed to the Cross Creek Water Reclamation Facility.

PWC also maintains and operates the Kelly Hills / Slocomb Road Water & Sewer District sanitary sewer collection system, owned by Cumberland County. The system serves approximately 110 customers (106 residential and 4 non-residential) and consists of approximately 4.5 miles of sanitary sewer mains. The wastewater from Kelly Hills / Slocomb Road Water & Sewer District is conveyed to the Cross Creek Water Reclamation Facility.

**Public Works Commission of the City of Fayetteville WQCS00007 - Summary of Collections System Performance for Fiscal Year (July 2012 – June 2013)**

During the Fiscal Year July 2012 – June 2013, approximately **8.897** billion gallons of wastewater were conveyed to the Cross Creek and Rockfish Creek Water Reclamation Facilities. Sanitary sewer overflows totaling **38,288** gallons or .000441% of total gallons conveyed were reported to the NC Department of Environment and Natural Resources, Water Quality Division. Monthly estimates are as follows:

<u>Month</u>	<u>Gallons</u>	<u>Month</u>	<u>Gallons</u>
July	548	January	0
August	3400	February	0
September	5000	March	0
October	5279	April	0
November	0	May	21,526
December	1725	June	810

**Public Works Commission Collections System Performance for Fiscal Year (July 2012-June 2013) (continued)**

Sanitary sewer overflow events in which volumes exceeding 1,000 gallons overflowed and reached surface waters are included in the monthly estimates and are shown separately as follows:

**Event 1:**      **Date:** 8/3/2012                      **Gallons:** 3,400

**Location:**

314 Hawthorne Road (Sewer main in woods behind house)

**2012-2013 WASTEWATER COLLECTIONS AND TREATMENT SYSTEMS  
ANNUAL PERFORMANCE REPORT**

**Description:**

A twenty inch diameter gum tree located twenty-five feet from the edge of PWC's twenty foot easement fell across a twelve inch cast iron aerial pipe crossing and broke the pipe, resulting in a spill into an unnamed tributary to Big Cross Creek. PWC maintenance personnel responded and installed a plug in an upstream manhole. Pump and haul operations were performed until maintenance personnel replaced an eleven foot section of damaged cast iron sewer main with ductile iron. All waste debris was removed. Lime and deodorizer were applied to the affected area. No adverse environmental impact was associated with this spill.

**Event 2:**      **Date:** 9/29/2012                      **Gallons:** 5,000

**Location:**

East Cole Street (Manhole at dead end) and two residences: 4316 and 4320 Booker Place

**Description:**

The overflow resulted after a PWC contractor's by-pass pump failed while by-passing a sanitary sewer outfall line during a sanitary sewer rehabilitation project. Wastewater spilled into Rockfish Creek and a small pond adjacent to the creek. A small amount of wastewater also backed up into two residences.

**Corrective measures:**

Contractor's plug blew out which abated the SSO. Contractor and PWC forces cleaned up all waste debris and applied lime and deodorizer to the affected area. Residents cleaned up wastewater that backed up into bathrooms. Contractor followed up with residents for any remedial cleanup. The spill resulted in a fish kill in the .10 acre private pond. Contractor aerated private pond until water quality returned to normal levels.

**Event 3:**      **Date:** 10/29/2012                      **Gallons:** 4,604

**Location:**

1878 Fennell Road, Hope Mills; PWC Lift Station site

**Description:**

SCADA and main breaker failure resulted in a loss of communication and power. The wet well surcharged and wastewater overflowed into a wetland area tributary to Gray's Creek.

**2012-2013 WASTEWATER COLLECTIONS AND TREATMENT SYSTEMS  
ANNUAL PERFORMANCE REPORT**

**Corrective measures:**

Vactor trucks were utilized to pump down the wet well to abate the SSO. Main breaker was replaced and SCADA was reconfigured to notify operators in the event of SCADA failure. Waste debris was reclaimed at the spill site, and lime and deodorizer were applied to the affected area. No adverse environmental impact was associated with this spill.

**Event 4:**      **Date:** 12/15/2012      **Gallons:** 1,170

**Location:**

810 Cowles Street, manhole at rear of property

**Description:**

The disposal of inappropriate waste material, cloth hand towels, into the collection system caused a blockage which resulted in a sanitary sewer overflow into Tallywood Pond which is tributary to Branson Creek.

**Corrective measures:**

Sewer main was jet-rodded to clear blockage. Residual wastewater and debris not reaching the pond was reclaimed. Lime and deodorizer were applied to the affected area. Sampling upstream and downstream of the spill site were conducted to ensure no follow up was required. No adverse environmental impact was associated with this spill. PWC's Environmental Protection Department investigated possible sources of inappropriate waste material which included customer site visits. Information pertaining to proper waste disposal was provided to customers during site visits and through mailings.

**Event 5:**      **Date:** 5/2/2013      **Gallons:** 17,850

**Location:**

East Cole Street, manhole at dead end

**Description:**

The overflow resulted after a PWC contractor's by-pass pump failed while by-passing a sanitary sewer outfall line during a sanitary sewer rehabilitation project. Wastewater spilled into Rockfish Creek.

**2012-2013 WASTEWATER COLLECTIONS AND TREATMENT SYSTEMS  
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**Corrective measures:**

The by-pass plug was removed from the sewer main, and the overflow ceased. Waste debris was cleaned up, and lime and odor counteractant were applied to the affected area. Water sampling / monitoring was conducted until water quality returned to normal levels. No adverse environmental impact was associated with this spill.

**Event 6:**      **Date:** 5/25/2013                      **Gallons:** 2,960

**Location:**

5490 Aspen Court, manhole in easement behind house.

**Description:**

Vandals removed manhole cover and deposited inappropriate material, concrete blocks and bricks, into manhole causing manhole to surcharge and overflow into a tributary to Beaver Creek.

**Corrective Measures:**

The sanitary sewer main was jet-rodded to dislodge material and abate overflow. After surcharging ceased, the foreign debris was removed from the manhole returning flow to normal. Manhole ring and cover was replaced with locking ring and cover to prevent future unauthorized access. Affected area was cleaned and treated with lime and odor counteractant. No adverse environmental impact was associated with this spill.

**Town of Stedman WQCSD0537 - Summary of Collections System Performance for Fiscal Year (July 2012 – June 2013)**

During the Fiscal Year July 2012 – June 2013, approximately 38.1 million gallons of wastewater were conveyed to the PWC collection system and treated at the Rockfish Creek Water Reclamation Facility. No reportable sanitary sewer overflows were reported to the NC Department of Environment and Natural Resources, Water Quality Division.

**Hoke County WQCS00352 - Summary of Collections System Performance for Fiscal Year (July 2012 – June 2013)**

During the Fiscal Year July 2012 – June 2013, approximately 47.0 million gallons of wastewater were conveyed to the PWC collection system and treated at the Rockfish Creek Water Reclamation Facility. No reportable sanitary sewer overflows were reported to the NC Department of Environment and Natural Resources, Water Quality Division.

**2012-2013 WASTEWATER COLLECTIONS AND TREATMENT SYSTEMS  
ANNUAL PERFORMANCE REPORT**

**NORCRESS WQCS00353 - Summary of Collections System Performance for Fiscal Year (July 2012 – June 2013)**

During the Fiscal Year July 2012 – June 2013, approximately 36.4 million gallons of wastewater were conveyed to the PWC collection system and treated at the Cross Creek Water Reclamation Facility. No reportable sanitary sewer overflows were reported to the NC Department of Environment and Natural Resources, Water Quality Division.

**Eastover WQCS00552 - Summary of Collections System Performance for Fiscal Year (July 2012 – June 2013)**

During the Fiscal Year July 2012 – June 2013, approximately 20.4 million gallons of wastewater were conveyed to the PWC collection system and treated at the Cross Creek Water Reclamation Facility. No reportable sanitary sewer overflows were reported to the NC Department of Environment and Natural Resources, Water Quality Division.

**Kelly Hills - Summary of Collections System Performance for Fiscal Year (July 2012 – June 2013)**

During the Fiscal Year July 2012 – June 2013, approximately 1.5 million gallons of wastewater were conveyed to the PWC collection system and treated at the Cross Creek Water Reclamation Facility. No reportable sanitary sewer overflows were reported to the NC Department of Environment and Natural Resources, Water Quality Division.

Note: Copies of sanitary sewer overflows are on file at the Public Works Commission's Water Resources Construction Department located at 955 Old Wilmington Road.

**2012-2013 WASTEWATER COLLECTIONS AND TREATMENT SYSTEMS  
ANNUAL PERFORMANCE REPORT  
Treatment Systems**

**General Information**

Facility/System Name: **Cross Creek Water Reclamation Facility**

Responsible Entity: **Public Works Commission of the City of Fayetteville**

Persons in Charge/Contact: **Michael Scott McCoy - Facilities Supervisor (910) 223-4757**  
**Wendell “Chuck” Baxley – Facilities Manager (910) 223-4701**

Applicable Permit(s): **NPDES NC0023957**  
**WQ0000527**  
**NCG110015**

**Description of Treatment Process**

The Cross Creek facility is permitted to process 25 million gallons per day (MGD) of wastewater. The treatment processes consist of an influent pump station, mechanical bar screens, grit removal, primary clarification, activated sludge system with nitrification, secondary clarification, filtration, disinfection, and de-chlorination. Biosolids generated by these processes are stabilized through anaerobic digestion and recycled as a fertilizer and soil conditioner to various land application sites.

**Summary of Treatment System Performance for Fiscal Year (July 2012 – June 2013)**

The Cross Creek Water Reclamation Facility consistently met all permit requirements and had no Notices of Violation (NOV) pertaining to the proper return of treated wastewater into the Cape Fear River.

**2012-2013 WASTEWATER COLLECTIONS AND TREATMENT SYSTEMS  
ANNUAL PERFORMANCE REPORT  
Treatment Systems**

**General Information**

Facility/System Name: **Rockfish Creek Water Reclamation Facility**

Responsible Entity: **Public Works Commission of the City of Fayetteville**

Persons in Charge/Contact: **Michael Scott McCoy - Facilities Supervisor (910) 223-4757**  
**Wendell “Chuck” Baxley – Facilities Manager (910) 223-4701**

Applicable Permit(s): **NPDES NC0050105**  
**WQ0000527**

**Description of Treatment Process**

The Rockfish Creek facility is permitted to process 21 million gallons per day (MGD) of wastewater. The treatment processes consist of an influent pump station, mechanical bar screens, grit removal, activated sludge system with nitrification, secondary clarification, filtration, disinfection and de-chlorination. Biosolids generated by these processes are stabilized through aerobic digestion and recycled as a fertilizer and soil conditioner to various land application sites.

**Summary of Treatment System Performance for Fiscal Year (July 2012 – June 2013)**

The Rockfish Creek Water Reclamation Facility consistently met all permit requirements and had no Notices of Violation (NOV) pertaining to the proper return of treated wastewater into the Cape Fear River.

**2012-2013 WASTEWATER COLLECTIONS AND TREATMENT SYSTEMS  
ANNUAL PERFORMANCE REPORT  
Notification and Certification**

**Prevention**

During the time from July 2012 - June 2013, PWC made the following efforts to reduce overflows as associated with grease:

- Conducted a public information campaign that included radio & television advertising; information in quarterly customer newsletter; and several customer targeted messages about proper grease disposal.
- Provided 2,000 "Fat Trapper" grease disposal containers to customers as part of "Cease the Grease" Education program.
- Conducted priority cleaning and rehabilitation of "targeted problem" sewer lines.
- Conducted seven (7) phone broadcasts targeted to customers in identified grease problem areas.

**Notification**

The report shall be available on the Public Works Commission's web site ([www.faypwc.com](http://www.faypwc.com)) and at the PWC Communications/Community Relations Office (910-223-4009). A statement of availability will be included in customers' bills during the month of September.

**Certification**

I certify under penalty of law that this report is complete and accurate to the best of my knowledge. I further certify this report has been made available to the users or customers of the named system and those users have been notified of its availability.

  
\_\_\_\_\_  
M. J. Noland  
Chief Operating Officer-Water Resources Division  
Public Works Commission of the City of Fayetteville

8/19/13  
\_\_\_\_\_  
Date

## Fiscal Year Ended June 30, 2013

Cape Fear Valley Medical Center  
Cargill  
Carolina By Products  
Goodyear Tire & Rubber  
Hoke County  
Momentive Specialty Chemicals (Hexion)  
Nitta Gelatin  
NORCRESS  
Purolator Totalized  
Town of Stedman

PWC's 10 largest wastewater customers are listed above. As of June 30, 2013, these customers represented sales of 560,341,388 gallons and revenue of \$1,973,226. The aggregate sum of the 10 wastewater customers' revenues received compared to the overall total wastewater sales revenue is 5.34%. No individual customer comprises 1.60% or more of total wastewater sales revenues.

# **Customer Service**

**LEED-Certified Gold Customer Service Center**  
**955 Old Wilmington Rd.**  
**Opened Nov. 23, 2009**  
**adjacent to the PWC Operations Complex**

The 10,000 sq. ft. building is one of the first buildings in Cumberland County to be LEED certified. Leadership in Energy & Environmental Design (LEED) is the nationally accepted benchmark for the design, construction and operation of high performance green buildings. It is designed to promote design and construction practices that reduce the negative environmental impacts of buildings and improving occupant health and well-being.



The building's designing architect is Walter Vick, AIA of the LSV Partnership of Fayetteville and the General Contractor is Construction Management & Development Services, LLC of Raleigh. System WorCx is the project's Commissioning and LEED Consultant.

The project meets 42 LEED credits including:

- Providing parking for low emitting/fuel efficient vehicles & carpool/vanpool vehicles.
- Storm water runoff controlled through bioretention basins.
- Located on public bus routes.
- Use of low-flow water fixtures and waterless urinals.
- Efficient geo-thermal heat pump, electrical systems and automation systems are designed to reduce energy consumption.
- Geothermal heat pump eliminates the use of refrigerants which minimize or eliminate the emission of compounds that contribute to ozone depletion and global warming.
- Solar reflectant roof surface.
- Motorized louvers on building's west side minimize energy cost by adjusting to the sunlight exposure.
- Revolving door minimizes air transfers and helps maintain optimal operating temperatures.
- Use of durable, long-lasting materials minimizes maintenance costs and use of cleaning chemicals.
- Incorporates natural day lighting in more than 90% of normal work spaces.
- Interior lighting fixtures are automatically controlled to turn off when the space is unoccupied
- Exterior LED lighting minimizes light pollution.
- More than 25% of the construction waste was recycled and diverted from the landfill.
- More than 20% of the total building materials content has been manufactured using recycled materials.
- Approximately 30% of the building materials were extracted, harvested, recovered or manufactured within 500 miles of the facility.
- All low emitting materials (sealants, paint, carpets, etc.) were used throughout the building.

PWC focuses on giving responsive customer service. The following is an annual overview of customer contacts and payment processing managed by the Customer Service Department during 2012-13.

## TELEPHONES

### Customer Volumes

**Calls Answered increased 7.6%**

**Monthly Average Calls: 42,750**

- 2012-13: 512,999
- 2011-12: 474,076
- 2010-11: 476,763
- 2009-10: 466,896
- 2008-09: 431,761
- 2007-08: 413,548
- 2006-07: 435,544
- 2005-06: 418,653
- 2004-05: 417,144
- 2003-04: 433,493
- 2002-03: 429,232
- 2001-02: 372,097

### Telephone Service Factor

**Goal = 80% of Calls Answered in 20 sec or less**

- 2012-13: 57%
- 2011-12: 47%
- 2010-11: 45%
- 2009-10: 67%
- 2008-09: 57%
- 2007-08: 62%
- 2006-07: 84%
- 2005-06: 74%
- 2004-05: 83%
- 2003-04: 72%
- 2002-03: 83%
- 2001-02: 72%

### Quality Assurance Initiatives

**Each CSR has 5 live calls monitored monthly:**

**-Results shared immediately**

**-Coaching provided as appropriate by Supervisors**

- 2012-13: Avg Call Monitor Score-95%
- 2011-12: Avg Call Monitor Score-94%
- 2010-11: Avg Call Monitor Score-95%
- 2009-10: Avg Call Monitor Score-93%
- 2008-09: Avg Call Monitor Score-95%
- 2007-08: Avg Call Monitor Score-94%
- 2006-07: Avg Call Monitor Score-95%
- 2003-04: Avg Call Monitor Score-94%
- 2005-06: Avg Call Monitor Score-95%
- 2004-05: Avg Call Monitor Score-94%

All of the above meet our established standard.

## WALK-INS

### Customer Contact Comparison

**Customer Contact decreased 2.5%**

**Monthly walk-ins in parentheses**

- 2012-13: 25,679 (2,140)
- 2011-12: 26,328 (2,194)
- 2010-11: 25,468 (2,122)
- 2009-10: 23,078 (1,923)
- 2008-09: 23,792 (1,983)
- 2007-08: 21,082 (1,757)
- 2006-07: 23,147 (1,929)
- 2005-06: 25,552 (2,129)
- 2004-05: 24,687 (2,057)
- 2003-04: 26,439 (2,203)
- 2002-03: 32,077 (2,673)
- 2001-02: 34,975 (2,915)

## CONSUMER TOTALS

### Total Customer Contacts

**Customer Contact increased 5.9%**

- 2012-13: 556,418
- 2011-12: 523,432
- 2010-11: 512,325
- 2009-10: 496,384
- 2008-09: 460,504
- 2007-08: 439,491
- 2006-07: 463,254
- 2005-06: 448,059
- 2004-05: 441,831
- 2003-04: 459,932
- 2002-03: 461,309
- 2001-02: 414,696

## PAYMENTS

### Office Payments - (Walk-Ins, Drive-Thru, Depository, Hand Posted Mail)

**Monthly average in parentheses**

- 2012-13: 243,733-decreased 12.3% (20,311)
- 2011-12: 277,883-increased 7.2% (23,157)
- 2010-11: 258,008-decreased 2.5% (21,501)
- 2009-10: 264,573-decreased 7.0% (22,048)
- 2008-09: 284,580-decreased 4.6% (23,715)
- 2007-08: 298,189-decreased 3.5% (24,849)
- 2006-07: 309,072-increased 2.6% (25,756)
- 2005-06: 301,220-decreased 12% (25,102)
- 2004-05: 343,527-decreased 4.5% (28,627)

Continued on next page

**Remittance Payments****Monthly average in parentheses**

- 2012-13: 382,373-decreased 11.1% (33,857)
- 2011-12: 430,203-decreased 8.8% (35,850)
- 2010-11: 471,892-decreased 1.3% (39,324)
- 2009-10: 478,126-decreased 3.3% (39,844)
- 2008-09: 494,630-decreased 7.3% (41,219)
- 2007-08: 533,424-decreased 2.3% (44,452)
- 2006-07: 546,253-decreased 0.7% (45,521)
- 2005-06: 550,343-increased 6.1% (45,862)
- 2004-05: 518,776-increased 5.5% (43,231)

**Bank Drafts****Monthly average in parentheses**

- 2012-13: 138,488-decreased 0.1% (11,541)
- 2011-12: 138,626-decreased 2.0% (11,552)
- 2010-11: 141,446-increased 3.6% (11,787)
- 2009-10: 136,324-increased 2.0% (11,360)
- 2008-09: 133,118-increased 2.1% (11,093)
- 2007-08: 130,388-increased 4.0% (10,866)
- 2004-05: 117,762-increased 1.8% (9,814)
- 2006-07: 125,229-increased 5.3% (10,436)
- 2005-06: 118,947-increased 1.0% (9,912)

**Western Union Payment Stations (began 9/04)****Monthly average in parentheses**

- 2012-13: 50,699-increased 18.9% (4,225)
- 2011-12: 41,139-decreased 8.0% (3,428)
- 2010-11: 44,696-increased 6.7% (3,725)
- 2009-10: 41,713-increased 20.2% (3,476)
- 2008-09: 33,276-increased 10.1% (2,773)
- 2007-08: 29,930-decreased 2.4% (2,494)
- 2004-05: 15,747 (1,575)
- 2006-07: 30,665-decreased 6.6% (2,555)
- 2005-06: 32,817-increased 52.0% (2,735)

**SpeedPay Payments****Extranet (Taken by CSR's thru SpeedPay)****Monthly average in parentheses**

- 2012-13: 83,060-increased 14.3% (6,922)
- 2011-12: 71,201-increased 19.08% (5,933)
- 2010-11: 57,127-increased 11.1% (4,761)
- 2009-10: 50,792-decreased 2.4% (4,233)
- 2008-09: 52,056-increased 28.6% (4,338)
- 2007-08: 37,190-increased 28.9% (3,099)

- 2006-07: 26,432-increased 25.9% (2,203)
- 2005-06: 19,591-increased 12.3% (1,633)
- 2004-05: 17,180 (1,432)

**SpeedPay Web****Monthly average in parentheses**

- 2012-13: 92,492-increased 0.8% (7,708)
- 2011-12: 91,715-increased 10.5% (7,643)
- 2010-11: 82,127-increased 16.4% (6,844)
- 2009-10: 68,650-increased 9.7% (5,721)
- 2008-09: 62,014-increased 5.0% (5,168)
- 2007-08: 58,912-increased 25.1% (4,909)
- 2006-07: 44,104-increased 22.2% (3,675)
- 2005-06: 34,306-increased 17.1% (2,859)
- 2004-05: 28,428 (2,369)

**SpeedPay IVR:****Monthly average in parentheses**

- 2012-13: 120,123-decreased 12.4% (10,010)
- 2011-12: 137,123-decreased 7.4% (11,427)
- 2010-11: 148,029-increased 15.0% (12,336)
- 2009-10: 125,837-increased 15.9% (10,486)
- 2008-09: 105,824-increased 20.1% (8,819)
- 2007-08: 84,528-increased 15.3% (7,044)
- 2006-07: 71,562-increased 9.4% (5,964)
- 2005-06: 64,813-increased 15.6% (5,401)
- 2004-05: 54,712 (4,559)

**Payment Totals****Monthly average in parentheses**

- 2012-13: 1,268,242-decreased 5.5% (105,687)
- 2011-12: 1,342,698-decreased 0.4% (111,892)
- 2010-11: 1,348,500-increased 3.8% (112,375)
- 2009-10: 1,297,437-increased 1.2% (108,120)
- 2008-09: 1,282,249-increased 0.7% (106,854)
- 2007-08: 1,273,766-increased 2.7% (106,147)
- 2006-07: 1,239,782-increased 3.8% (103,315)
- 2005-06: 1,192,062-increased 2.9% (99,339)
- 2004-05: 1,157,799-increased 1.1% (96,483)
- 2003-04: 1,145,523 (95,460)

The industry standard for bad debt is .50%. PWC's efforts to collect bad debt helps our percent of bad debt annually fall well below the standard.

## Bad Debt Collections

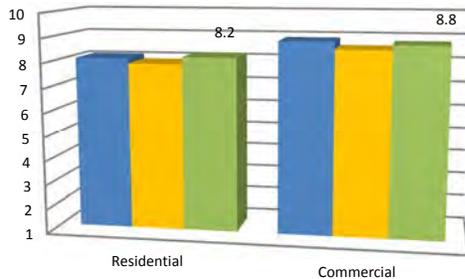
Charge off Analysis	'12-'13	'11-'12	'10-'11	'09-'10
Gross Charge-Off Dollars	1,780,797	1,797,544	1,513,951	1,076,511
Net Charge-Off Dollars	927,300	1,068,811	858,331	459,161
Net Charge Off % Revenue Billed to Revenue Billed	.36%	.42%	.34%	.20%

Charge off Analysis	'08- '09	'07- '08	'06- '07	'05- '06
Gross Charge-Off Dollars	1,032,143	1,047,744	1,051,955	1,177,071
Net Charge-Off Dollars	589,194	566,483	597,813	653,233
Net Charge-Off % Revenue Billed to Revenue Billed	.31%	.29%	.31%	.33%

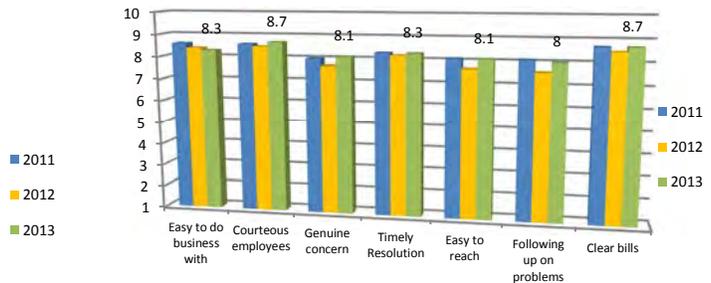
Charge off Analysis	'04- '05	'03- '04	'02- '03	'01- '02
Gross Charge-Off Dollars	1,111,169	981,344	998,178	1,121,335
Net Charge-Off Dollars	664,392	546,187	594,187	705,946
Net Charge-Off % Revenue Billed to Revenue Billed	.36%	.31%	.32%	.42%

PWC conducts its annual customer satisfaction survey each year in April. The phone survey collects responses from residential and business customers. Scores are based on a 0-10 scale with 10 representing the most positive responses. Scores above 6 are considered positive and above 8- extremely positive. In 2013, PWC's scores for overall customer satisfaction of business customers was 8.2 and residential were 8.8 – both slightly higher than 2012. The overall satisfaction with services received from PWC remained 'strong' Business satisfaction is high at 84% extremely satisfied and residential satisfaction at 77% extremely satisfied.

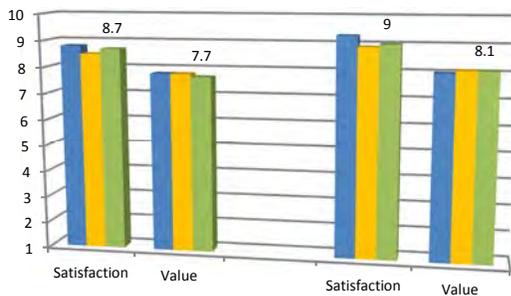
**Overall Satisfaction**



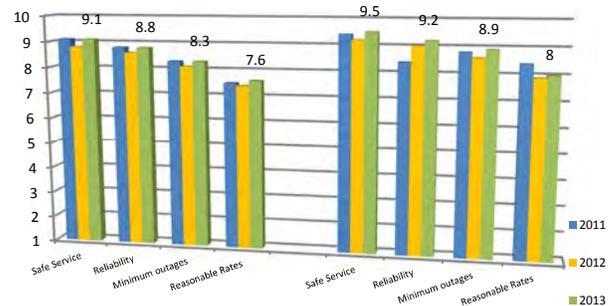
**Overall Satisfaction- Residential Customers**



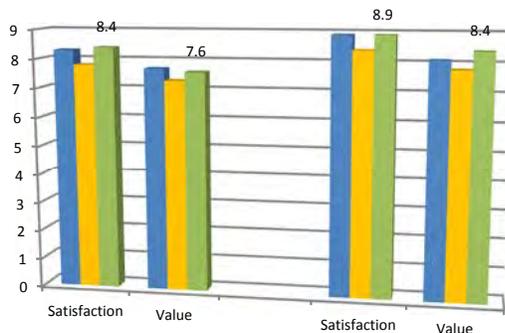
**Electric Service Satisfaction**



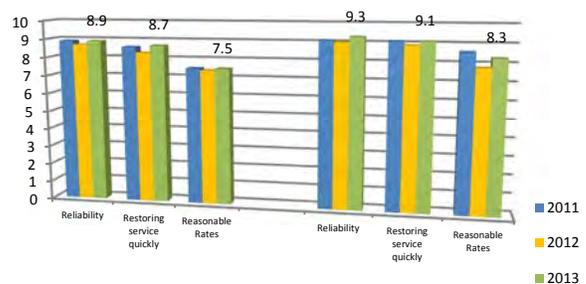
**Electric Service Satisfaction**



**Water Service Satisfaction**



**Water Service Satisfaction**



- ^Automatic Bank Draft-payments are drafted automatically each month on bill's due date. Customers still receive a bill, but it's marked "do not pay."
- Customer Service Center-cash, check, & money order payments accepted at our 955 Old Wilmington Rd. location. There is an ATM on-site and a night depository for payments. Payments placed in the depository during normal working hours are not processed until the following scheduled workday. Customers paying by debit/credit card at this location must use our lobby courtesy phone to access Speedpay (\$3.50 convenience fee applies).
- eBill-free, secure electronic billing service that is environmentally friendly and convenient to use. EBills are delivered as a secure PDF email attachment and includes a summary of charges, just like the paper copy. EBill has a no-cost feature. There are no fees charged for accounts setup to pay using bank routing/account information. A fee applies if customers use debit cards.
- ^Equal Payment Option-allows customers to pay equal monthly payments based on previous consumption history. PWC monitors the program and adjusts the 'set' monthly payment as needed. During the adjustment, the balance or overage of the account is calculated into the new monthly payment. No 'true-up' payment is charged to the customer.
- Late Payment Notification-automated telephone system will call a customer should their payment not be received prior to their due date. These calls will be made during the evening hours Monday-Saturday. Customers may sign up for this program in the office or by calling customer service.
- \*On-line Payments-debit/credit card payments accepted via Western Union Speedpay at [www.faypwc.com](http://www.faypwc.com). (\$3.50 convenience fee applies.)
- \*Pay by Phone-checks & debit/credit card payments accepted via Western Union Speedpay at (866) 735-7743. The cardholder must provide the zip code of the billing address for the card. (\$3.50 convenience fee applies.)
- \*Pay by Text-fast and secure payment option that is environmentally friendly and convenient to use. Pay-by-Text subscribers receive a payment alert text message approximately 5 days before their bill is due. To pay, customers reply "YES PWC" and their bill is paid. Pay by Text has a no-cost feature. There are no fees charged for accounts setup to pay using bank routing/account information. A fee applies if customers use debit cards.
- Payment Extensions-provisions are made to extend due dates on a case by case basis depending on individual credit history, justification, or need. Extensions may be requested in our office or by calling customer service.

*Continued on next page*

- \*Western Union-All Western Union locations around the world offer payment options seven days a week for PWC Customers. Cash-only payments are accepted and payments are applied to customers' accounts the same day. Customer must provide PWC account number. Western Union applies a small fee for accepting and processing the payment.

*^The specifics of select payment options will change in January 2014 with the implementation of PWC's new computer system (known internally as Navigate).*

*\* Fees are paid to Speedpay/Western Union who is contracted to handle on-line, phone and off-site payment options. Speedpay/Western Union sets its fee for PWC customers based on the average utility bill collected. PWC does not administer online or phone payments because PWC would be required to undergo the costly process to be PCI compliant as well as pay bank fees associated with credit card payments.*

The PWC has 18 billing cycles with each cycle ranging from 28 to 32 days. The majority of the meters are read throughout the month with computerized mobile and handheld meter reading devices. Bills for any component of the system are due and payable upon receipt and become past due on the date indicated on each bill which is approximately 26 days, adjusted for weekends and holidays, from the date the bill is rendered. A 5% or minimum \$5.00 late penalty is added for past due amounts. Service is terminated approximately 15 days after the bill is past due.

PWC has approximately 80,000 electric meters and 95,000 water meters, and will begin converting to advanced two-way meters in FY2014.

Wastewater customers who are also water customers are billed for wastewater based on the water meter readings, except for certain large commercial/industrial customers who have separate flow meters installed. Wastewater customers who are not water customers are billed at a flat rate.

PWC offers the following programs to customers:

### **Providing Convenience to our Customers**

**eBill**-free, secure electronic billing service that is environmentally friendly and convenient to use. EBills are delivered as a secure PDF email attachment and includes a summary of charges, just like the paper copy. eBill has a no-cost feature. There are no fees charged for accounts setup to pay using bank routing/account information. A fee applies if customers use debit cards.

**Equal Payment Option**-allows customers to pay equal monthly payments based on previous consumption history. PWC monitors the program and adjusts the 'set' monthly payment as needed. During the adjustment, the balance or overage of the account is calculated into the new monthly payment. No 'true-up' payment is charged to the customer.

**Pay by Text**-fast and secure payment option that is environmentally friendly and convenient to use. Pay-by-Text subscribers receive a payment alert text message approximately 5 days before their bill is due. To pay, customers reply "YES PWC" and their bill is paid. Pay by Text has a no-cost feature. There are no fees charged for accounts setup to pay using bank routing/account information. A fee applies if customers use debit cards.

### **Providing Ways to Conserve**

**Energy Depot On-Line Energy Audit**-a tool to help electric customers find energy savings throughout their homes. Energy Depot features an on-line energy audit for customers that creates an energy profile of electric usage history, information about home and appliances, and generates a report that provides advice on cost-saving measures.

**HET- High Efficiency Toilet Program:** Customers can earn a \$100 bill credit when replacing an old high volume flush toilet with a WaterSense® labeled high efficiency model. This offer is available to all PWC water and/or sewer customers that live in a single family residential dwelling and customers can receive up to three credits.

**HEAP- Home Efficiency Audit Program:** PWC will offer home efficiency audits for \$75. A PWC certified conservation specialist performs the audit and customers can earn a \$75 bill credit following the audit if they have an HVAC checkup or service and additional credits if they upgrade their home's insulation and/or replace existing ductwork.

**NC GreenPower**- This optional program enables customers to purchase blocks of environmentally-friendly power, generated through renewable energy resources such as wind, solar and organic matter. A customer's tax-deductible contribution adds that much more green power to North Carolina's power supply resulting in a healthier environment. For each \$4 monthly investment made to NC GreenPower, 100 kilowatt hours (kWh) of green power will be added to the North Carolina power grid.

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**Watering Schedules**-water customers are required to follow watering schedules year round. This Odd/Even watering schedule applies to automatic irrigation systems only and is outlined in the City of Fayetteville's Water Shortage Response Ordinance. Customers with street addresses ending in an even number (0, 2, 4, 6, 8) may water on Monday, Wednesday, and Saturday. If your street address ends in an odd number (1, 3, 5, 7, 9) you may water on Tuesday, Thursday, and Sunday. Hand watering is allowed any day of the week.

**Irrigation Meters**-for customers installing a lawn irrigation system, the separate "irrigation" meter allows for outdoor watering without sewer charges.

### **Keeping our Customers Safe**

**Area Lights**-PWC offers private area lights to illuminate darkened areas around homes & businesses. PWC installs and maintains the fixtures and bills the customer monthly for the area light service.

**Medical Priority**-customers with life-sustaining medical equipment which is dependent on electric and/or water service can sign up to receive early advisement and priority restoration consideration in the event of scheduled or emergency interruption of service. We require the customer and the customer's physician to complete a medical priority application.

**SafeWatch**-joint effort between PWC and City of Fayetteville where employees stay alert for emergencies while they are working in and traveling through the City and County. If needed, employees can provide assistance to citizens.

### **Providing Assistance**

**Deposit Waiver Program**-for local military and Cumberland County Teachers

**Project: People Who Care**-joint effort between the Cumberland County Salvation Army and PWC. Through this project, PWC customers can provide donations that will be used to assist area residents in need with the payment of their electricity bills throughout the entire year. Customers are referred to the Salvation Army who evaluates the customer meeting the programs' criteria. The SA confirms the customer qualifies and PWC does an internal transfer to the customer's account. No money is exchanged between PWC, SA or the customer.

### **Assisting our Commercial & Industrial Customers**

**Customer Programs Department** - works directly with Commercial and Industrial customers through our Key Accounts Program and helps customers resolve issues and find cost-saving improvements.

**Commercial Afterhours "Hotline"**-in an effort to provide additional assistance to our Commercial and small Industrial customers who may need information or help getting their operation back in business following an afterhours electric service interruption, PWC now has individuals on call, 24/7, to provide assistance to this important segment of our customer base.

Effective customer communications is a goal of all PWC departments. The following methods of customer communications are currently implemented at PWC:

## **Mailed Information**

- Information in monthly billing
- Bi-monthly customer newsletter, "Your PWC Connections," mailed with customer billing
- Newsletter and mailings to residents affected by special projects such as annexation, LED street lights and other utility installation

## **Broadcast**

- PWC Connections TV Show - pre-taped 30-minute monthly show on Fay TV 7 (Time Warner Cable's Government Access Channel). Each segment is also available on the PWC website at [www.faypwc.com/tv.aspx](http://www.faypwc.com/tv.aspx)
- Broadcast phone messaging to targeted customers for planned outage notifications and special notices such as sewer overflows

## **Website/Social Media**

- External website, [www.faypwc.com](http://www.faypwc.com), where customers can pay bills, inquire about account information, apply for services and learn about PWC
- Google Map on PWC web identifying PWC projects
- Social media outlets: Facebook ([www.facebook.com/faypwc](http://www.facebook.com/faypwc)), Twitter ([www.twitter.com/faypwc](http://www.twitter.com/faypwc)), Nixle ([www.nixle.com](http://www.nixle.com)), and Pinterest ([pinterest.com/fayettevillepwc/](http://pinterest.com/fayettevillepwc/)).
- Quick Response (QR) Codes used in various publications and advertising campaigns to auto generate customer traffic back to [www.faypwc.com](http://www.faypwc.com).

## **Advertising**

- Advertising and interviews through more than 10 local radio stations
- Advertising & articles in area publications including the Fayetteville Observer, Fayetteville Press and the Up & Coming Magazine
- Time Warner Cable TV

## **Publications**

- Annual Water Quality Report released by June of each summer
- Energy Saver Wall Calendars are distributed in December and January to help promote energy conservation throughout the year

## **Other Communication Methods**

- Essential PWC information (service regulations, contract information, rates, customer service, payment options & emergency services) available in Spanish on the PWC website
- Door hanger notification for meter servicing, transformer maintenance, and water services
- Neighborhood meetings to inform areas of special utility projects & work
- The PWC Community Advisory Group consists of customers who meet monthly to discuss PWC issues and provide feedback to PWC staff and Board

# **Community Involvement**

PWC is committed to providing quality utility services and supports our area's economic growth by ensuring reliable utilities with significant capacity available. Annually, PWC commits \$300,000 to economic development efforts of the Fayetteville-Cumberland County Chamber of Commerce and the PWC Chairman and CEO serve as members of the Economic Development Alliance of Fayetteville/Cumberland County. PWC is also an active supporter of other local organizations that support and promote business growth including the Home Builder's Association, Cumberland Regional Improvement Corporation, Fayetteville Business & Professional League, and the Methodist University Center for Entrepreneurship. PWC participates with developers in utility extension programs and utility projects to provide necessary utilities and planning to areas in need of services. Following are projects benefitting our area's growth and needs:

#### **Partnerships with Other Municipalities/Communities**

- The City of Fayetteville Unified Development Ordinance Committee- PWC worked with local engineers, business owners, developers, planning staff, and residents to develop a more Unified Development Ordinance (UDO), which was adapted by City Council in June 2011. PWC continues to work with the City and others to make suggestions so the UDO can be reviewed and revised as needed.
- Grays Creek - participated in extension of water and sewer into the Grays Creek area along with Cumberland County and several other investors assisting the County in planning for the project. No participation has been agreed upon. Work with the County on this project continues.
- Stedman - PWC is providing O&M services for the Stedman system. Stedman is also using PWC Development standards for extension within the Stedman area.
- Vander-PWC, City of Fayetteville and Cumberland County partnered to extend sewer to Vander. This project will allow a Vander business to double in size while providing sewer to several residential areas along the sewer route.
- Working with the City of Fayetteville on a long term project to move overhead electric facilities under ground within downtown and on main thoroughfare entry "Gateways" into the City, such as Bragg Blvd.

#### **Development Projects**

- Military Business Park- PWC is working together with a Local Developer, the City of Fayetteville, Fayetteville-Cumberland County Chamber of Commerce, and State of North Carolina to develop an Industrial Park located on Santa Fe Drive and Bragg Blvd.
- Hope VI Development- PWC in conjunction with Fayetteville- Cumberland County Chamber of Commerce, the City of Fayetteville and the State of North Carolina are working together to develop a mix use development along Curtis Lane and Alfred Street. Phase III has been designed and is under construction with PWC providing Electric, Water, Sewer and decorative lighting to the project.

#### **Environmental Projects**

- Wilkes Road Contamination area – working with the state and engineers to provide water to the Wilkes Road/Jenkins Street area due to well contamination by dry cleaning solvents. In addition PWC along with a local consulting Engineering company is planning a sewer project for this area

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**Internal Projects**

- In Dec 2007, purchased approximately 105 acres of land adjacent to the PWC Butler-Warner Generation Plant on Custer Road for future plant expansion. This is a continuing internal project with work continuing.
- Evaluating the installation of solar panels for REP's compliance
- Initiate Planning process for future expansion of P. O. Hoffer Water Treatment Facility to support our community's future growth

**Other**

- Phase 5 Annexation – Involved with Project Management and ROW acquisition to install sanitary sewer for Phase-5 Project Areas. Work continues on annexation.
- Coordinate with the City of Fayetteville to adjust water and sewer utilities in the areas scheduled for storm water improvement as a part of the City's Comprehensive Stormwater Improvement Program.
- NCDOT Roadway Improvement Projects involving the relocation of existing utilities and or installation of new utilities: Legion Rd. widening, Elk Rd. widening, Ramsey St., Russell St., Murchison Rd, Bragg Blvd., I-295 Outer Loop, Morganton Rd., Glensford Dr., Bridge over Cross Creek, Camden Rd. widening.
- Duke Net - Worked with Duke Communications Company on ROW acquisitions to install fiber optic lines to existing cell tower sites.

**Projects on Hold**

- Blount's Creek at Person Street Project - PWC and City working together on riparian and stream restoration project in effort to mitigate ongoing erosion and protect sewer lines along Blount's Creek. Project on hold.
- North Fayetteville Outfall – completing preliminary designs and routing of new sanitary sewer outfall to serve the North Fayetteville area from McCloskey Road to Elliot Bridge Road. Easement has been secured on the Nature Conservancy tract. Seeking developer's participation. On hold due to economy.

**Completed Projects**

- PWC, the City of Fayetteville and Cumberland County partnered to develop a new parking garage facility on the property of the Robert C. Williams Business Center in downtown Fayetteville. This will significantly increase the number of downtown parking spaces for both workers during the day and visitors in the evenings and weekends
- Windridge S/D – worked with Cumberland Co. to provide potable water to this neighborhood because of contaminated wells.
- Toggle Dr. – worked with State on providing potable water to residents on this street because of contaminated wells.
- Fort Bragg Water Supply – coordinating with Harnett Co. to provide potable water to the entire military installation.
- Maple Ridge Apartments – Structured participation agreement with developer to install lift station that is part of a future area of the Phase V Annexation.
- Sandhills Rd. – Participated in a project to extend water to serve properties on Sandhills Road.
- Hoke Co. - evaluating increasing sewer capacity to southeastern portion of Hoke County.
- Smith Lake - Worked with Ft. Bragg to bring potable water and fire protection services to Smith Lake horse stables.

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- Braxton Farms - Water and sewer extension off Chicken Ft. road to serve Braxton Farms S/D.
- Little Cross Creek BMP Project - With grant from the Clean Water Management Trust Fund, PWC is participating in a storm water enhancement project to filter sediment and establish riparian buffers in the Little Cross Creek Drainage District.
- Rim Rd. Well Contamination- Coordinated with State and City of Fayetteville to provide potable water to 14 homes, 7 of which were using water from contaminated wells.
- Private Water System Interconnects – coordinated connections to the PWC system with two local private water systems to ensure quality water was provided to their customers after problems were encountered with the water supply wells.
- Woodcliff, Spruce St., Longleaf Dr. Sanitary Sewer Rehabilitation Project – Sewer main rehabilitation involves the installation of liner to prevent corrosion, provide structural support to existing outfall lines to improve sewer flows, extend the life of the sewer main, and reduce maintenance cost.

Each year, the employees of PWC avidly participate in fund-raising to help local nonprofit agencies who provide community services. Highlights of fiscal year 2012-13 included:

- More than \$15,000 was contributed by PWC customers and the community for Project: People Who Care, a joint venture of PWC and the Salvation Army to assist needy area residents year round with their power bills. Since the program was implemented in 1997, over \$291,000 has been distributed to those in need.
- For 19 years, volunteers from PWC have participated in Grinding of the Greens. This collaborative program (PWC along with the City and Duke Energy Progress) collects Christmas trees, and volunteers grind them up to be used as mulch at the Cape Fear Botanical Garden throughout the year.
- Over \$111,000 was contributed by PWC employees to the United Way of Cumberland County in 2012. PWC employees received the Spirit of North Carolina Award from the United Way of NC for the eighth time, seven of those were consecutive (2003, 2004, 2005, 2006, 2007, 2008, 2009, 2012), for outstanding support of United Way. Since 1997, PWC employees have contributed over \$1,064,000 to the United Way of Cumberland County.
- 22 PWC employees participated in the United Way's Day of Caring, while 15 PWC employees served in volunteer roles on the United Way Board, committees and as "Loaned Executives" throughout the year.
- 74 units of blood were given by PWC employees during FY13 blood drives.
- 85 area children and adults received gifts last holiday season, thanks to the generous support of PWC employees through the Salvation Army's Angel Tree & Stocking programs.

Committed to improving the quality of life for the residents of our area, each year, PWC supports numerous community organizations and their activities that further enrich the lives of our citizens.

- Airborne Special Operations Museum
- Arts Council of Fayetteville/Cumberland County
- Board of Realtors
- Cape Fear Botanical Garden
- Cape Fear Regional Theater
- Cape Fear River Assembly
- Cape Fear Valley Passport to Health
- Cumberland County Education Foundation
- Cumberland County Historical Courthouse
- Cumberland Regional Improvement Corporation
- Downtown Alliance
- Fascinate-U Children's Museum
- Fayetteville Business & Professional League
- Fayetteville Community Garden
- Fayetteville-Cumberland Chamber of Commerce
- Fayetteville Dogwood Festival
- Fayetteville/Cumberland County Human Relations
- Fayetteville State University Education Foundation
- Field of Honor
- Fort Bragg Operation Celebrate Freedom
- Fourth of July Celebration at Festival Park
- Freedom Memorial Park
- Friends of the Children of Cape Fear Valley Health Systems
- FTCC Foundation
- Home Builders Association
- Kidsville-Elementary Schools Initiatives
- Linear Park
- MathCounts Competition-Professional Engineers of NC
- Methodist College Center for Entrepreneurship
- MLK Park, Annual Dinner, and Prayer Breakfast
- Retired Seniors Volunteer Program (RSVP)
- Sandhills Area Land Trust
- Sustainable Community Foundation
- Sustainable Sandhills
- Town of Spring Lake Spring Fling
- United Way of Cumberland County

PWC offers speakers, facility tours and educational resources annually to numerous organizations in our community. In addition, PWC organizes or participates in the following activities\* to promote PWC and its services. Events PWC has recently participated in include:

- Senior Day at the Cumberland County Fair (September)
- Public Power Week (October)
- WIDU Anniversary Celebration - Community Expo (October)
- Grinding of the Greens (January)
- Carolina Home Show (February)
- Sustainable Saturday - Plan.Plant.Protect. (April)
- Dogwood Festival (April)
- 4th Friday (typically April)
- National Drinking Water Week (May)

*\*Tentative Annual Schedule*

During 2005, PWC recognized its century of service, and celebrated this milestone in several ways. Following are some of the events and projects commemorating PWC's 100th anniversary.

**January** – Received the Chamber of Commerce “Century Award”

**March 3** – PWC Commissioners received a special proclamation from the North Carolina General Assembly in Raleigh

**March 4** – Marking the “official” date of our charter, we held a special ceremony, which included:

- A recognition letter from Governor Mike Easley and a proclamation from Cumberland County’s legislative delegation, presented by N.C. Representatives Margaret Dickson and Marvin Lucas
- A special presentation from Mayor Marshall Pitts of a portrait of Henry Ruffin Horne, the first Chairman of the PWC Board of Commissioners
- The American Public Power Association (APPA) Century Award and a proclamation from Electricities, presented by Jesse Tilton, an APPA Board member and CEO of Electricities
- Recognition from the American Water Works Association (AWWA), presented by Terry Rolan, AWWA President-elect

**March 25** – PWC’s anniversary was the focus of Fayetteville’s Fourth Friday downtown event. Activities included:

- Special displays and video chronicling our history – in the Robert C. Williams Business Center on Hay Street
- Opening of the “Public Works” show at the Arts Council, featuring over 200 unique works from local artists of all ages.
- Local merchants depicting prominent figures (including Albert Einstein and Teddy Roosevelt) from the era when PWC was established.
- “Water and Electricity” activities at Fascinate-U Children’s Museum (located in the old City Hall building – and former home of PWC - at 116 Green St.)

**April 11** – A dedication ceremony for Fayetteville’s expanded Dogwood Trail highlighted the lasting legacy contributed by PWC. To commemorate our 100th anniversary, we planted 100 new dogwood trees along this scenic trail.

**June** – Received the APPA Community Service Award

**September** – Received the “Thank You” Series Award from the Center for Entrepreneurship at Methodist College. APPA President Alan Richardson was the keynote speaker for the Appreciation Day Banquet.

**November** - Support of a firework display at the annual Dickens Holiday Celebration capped off PWC’s Centennial event. Fireworks were reported to have been shot off in the early 1900s when the first electric lights were turned on in Fayetteville.

## **Fountainhead Spring Park**

- Rebuilt and developed the park area at the natural spring well at Fountainhead Spring, one of Fayetteville’s original water sources

**Environmental**

In 2007, North Carolina passed Senate Bill 3, mandating 10% of all PWC's retail sales stem from renewable resources by the year 2018. The law requires three percent of PWC energy sales to be from renewable energy resources and/or energy efficiency measures by 2012 and ultimately 10% of the sales by 2018. These requirements (or higher) apply to all electric utilities across the state.

The law also allows utilities to recover the costs of meeting these mandates. In 2011, PWC began funding its Renewable Energy Portfolio (REPS) fund that will offset expenses related to the NC renewable energy rules. PWC electric customers are billed a "NC Renewable Energy Fee" monthly representing the cost associated with meeting the mandates. Like PWC, utilities across NC are collecting funds from their customers to meet these mandates. Effective Jan. 1, 2013, the NC Renewable Energy Fee will be \$1.00 for residential customers and \$12.50 for non-residential customers.

To meet the mandates, PWC has the option of purchasing RECs (Renewable Energy Credits) which funds renewable energy production/ projects within the state or can invest in our own energy conservation projects. PWC is currently working on a LED Street lighting project that will help PWC meet the mandates through investing in our own community, lowering our energy use and costs and improving our street lighting. The estimated cost of the overall LED project is \$35 million.

In 2013, PWC began installing LED (Light Emitting Diode) street lights as part of a pilot project. The pilot project is a small-scale test of converting street lights city-wide to LED lighting. LEDs have a longer life and use less energy than traditional street lights. Other benefits include a better quality and a more consistent light which will result in few dark areas between lights and better illumination of our streets. LED lighting will also help PWC meet State mandates for Renewable Energy (Senate Bill 3).

Nine neighborhoods were identified jointly by PWC and City Engineering for the pilot. These areas were considered under lit/lit to older standards and the areas include all Council districts. The objective of the pilot is to test multiple LED street lighting fixtures to determine which types will best fit the needs of our system and solicit input from residents about the new lighting. Once the full project begins, we expect it to take 5-7 years to change out all street lights.

Information about the pilot project is available on the PWC website. Residents were also mailed information and able to provide initial feedback through the PWC website and a hotline and participate in a survey at the conclusion of the pilot.

PWC's Tree Power program focuses on increasing awareness of the importance of planting and protecting trees in urban areas. Tree Planting projects, educational seminars and special community outreach made up the components of PWC's Tree Power program in FY12-13. The projects were partially funded by the NC Forest Service's Urban & Community Forestry Grant.

Two tree planting projects were implemented to benefit high schools and their surrounding communities. Our partners in this project included the Fayetteville Tree Board (a subcommittee of the Joint Appearance Commission), Cumberland County Schools (Terry Sanford High School and Seventy-First High School), and Fayetteville Technical Community College (FTCC). As part of the Tree Power program, Seventy-First High School and Terry Sanford High School hosted tree planting projects which will be maintained by school staff and student-led teams. In addition to trees, the schools received funds for educational and promotional items as well as signage and markers for the tree planting sites.



Another component of the Tree Power project is educational seminars. The first was hosted by FTCC to prepare students and volunteers for tree planting activities. PWC hosted a second seminar at the Carolina Home Show to share information on how to plant the right tree in the right place to protect power lines. The final seminar was hosted by FTCC in coordination with the Tree Board/Joint Appearance Commission's Arbor Day events. Participants at all seminars received educational materials, tree seedlings, and/or promotional items.

Along with the tree planting projects and educational seminars, the Tree Power program involved several other community activities. PWC sponsored a "Sustainable Saturday" event at the Cameo to showcase a film promoting the importance of protecting our natural environment. Educational information was shared through special events such as the Dogwood Festival and Home Show, as well as through print, online, and televised distribution opportunities (employee newsletter, customer newsletter, television show, website, etc.).

As a result of the FY12-13 successes, PWC plans to continue with educational seminars and "Sustainable Saturday" event. In addition, FTCC has planned a continuing education course for proper tree planting based on the PWC material "Plan. Plant. Protect".

Providing high-quality water at the consumer's tap is an objective of the Public Works Commission. In meeting this objective, PWC relies on two things - the initial quality of its raw water and the treatment processes that are applied to the water as it moves toward the tap. PWC's Watershed Management Program is an important element of the multiple-barrier approach to providing high-quality water to our customers. Additionally, we must protect our watershed to prevent irreversible degradation that could render the water unsuitable for use as a water supply.

A watershed is a region in which all land drains to a particular body of water or common point. It could be as small as your backyard or as large as any major river basin. In a watershed, a creek that's clean at one end could be polluted downstream by drainage from other waters. Water quality is impacted by many sources within a watershed. Watershed Management - integrating programs to manage lakes, rivers, oceans, and groundwater - provides a strong framework for future watershed protection. The result is improved water quality for communities throughout the watershed.

The primary objective of the Watershed Management Program is to reduce pollutant loadings and stressors coming into the watershed. This improves the quality of water in the watershed, lowers the cost of treatment at the water plants, and ultimately the health of both the general public and the aquatic ecosystem.

The current Watershed Management Program was established in January of 1990 to ensure high quality water supplies for PWC's water plants. PWC has two water treatment plants, the P.O. Hoffer Water Treatment Facility, which is located on the Cape Fear River, and the Glenville Lake Water Treatment Facility, which is located on Glenville Lake in the Little Cross Creek Watershed. PWC also operates a pump station on Big Cross Creek, which can pump up to one million gallons of water per day to the Glenville Lake Water Treatment Facility. These three areas are the focus of our watershed management activities.

Since the Little Cross Creek watershed is geographically located within our City/County jurisdiction, PWC can significantly influence the quality of its source water by implementing various watershed management strategies. The watershed management activities occurring in the Little and Big Cross Creek basins can be grouped into two broad categories: 1) monitoring/maintaining/improving water quality & quantity; and, 2) implementing sound land management practices. Within each broad category, there are many activities being implemented to achieve different objectives. Although the management activities in each area are different, success in one area is usually dependent on success in another. For example, good water quality in a stream is directly related to the land use activities occurring around it. This is why a holistic approach to managing the area around a water body is necessary to achieve good water quality.

Educational outreach is an important component of the Watershed Management Program. Bringing environmental awareness to the general public is an important way to protect our natural resources. Educational outreach opportunities are coordinated through the PWC Communications and Community Relations Department.

PWC is putting waste to work. Under a state-monitored Land Application Program, PWC recycled biosolids are at work on over 4,100 acres of local farmland, including PWC's 750 - acre farm in eastern Cumberland County. The land application program also extends into other counties, including Robeson and Harnett.

The recycling process has several components.

- The stabilized biosolids generated by both water reclamation facilities are transported by large tanker trucks to various permitted farm sites. All site conditions must be met before any application can occur.
- Specialized equipment at the farm sites evenly distribute the biosolids either by subsurface or surface application.
- The biosolids are applied at agronomic rates, the nitrogen rate required by the crop, so crops can uptake the proper amount of fertilizer found in the biosolids to grow such crops as corn, soybeans, sorghum, coastal bermuda grass and small grains.
- Row crops are harvested and sold to grain markets for livestock feed while grasses are sold to the public as feed for livestock. After this the recycling process begins again.
- Research and compliance inspections by state regulatory agencies have shown this process to be a beneficial and environmentally friendly way to recycle biosolids. PWC has been performing recycling of biosolids from its water reclamation facilities since 1987.
- Over FY2013, the PWC farm produced 175 Round Bales of Bermuda Hay; 239 Square Bales of Bermuda Hay; 1,305 Bushels of Milo; 395 Bushels of Soybeans.

The monitoring of PWC's sanitary sewer collection system is essential to preventing harm to our system and to the environment.

Some of the duties of the PWC's System Protection Supervisor include monitoring industrial wastewater to determine if the businesses are meeting their pollutant limits as outlined by their wastewater discharge permits.

The permit limits are established by PWC based on EPA and NC Division of Water Quality guidelines. In 2012, 6 industrial customers met all their pollutant limits: Chrome-rite Plating, Inc., Eaton Corporation, MCH Leasing, Inc., Cargill Inc., Inc., Momentive Specialty Chemicals, Inc., and Goodyear Tire and Rubber Company.

More than half of all sewer blockages in the City of Fayetteville are directly related to the improper disposal of oil and grease.

The City of Fayetteville City Code contains the Sewer Use Ordinance (SUO). The SUO contains specific guidelines and rules for discharge of wastewater in the system. These rules apply to all PWC Sewer Customers, both business and residential. Violations of this ordinance are enforceable with potential severe civil and criminal penalties.

## COMPASS AWARD

PWC implemented the Compass Award to recognize a PWC industrial customer who has demonstrated excellence in direction and commitment to environmental compliance through their operations and staff interaction with PWC.

Recipients are also awarded a one-time reduced monitoring requirement, as referenced in the wastewater pretreatment section above. The following industries have earned the Compass Award since 2002: Goodyear Tire and Rubber, MJ Soffe, Arvin Meritor - Purolator, and Eaton Corporation.

The criteria used to select the Compass Award winner are:

- In the previous five years, have not received a significant non-compliance violation of industrial pretreatment limits as established by local, state & federal environmental regulations
- Provides timely required monthly, semi-annual, and annual compliance data (flow and chemical data) for discharged wastewater that enters PWC facility
- Promotes a positive working relationship with PWC staff
- Has demonstrated a strong commitment to environmental compliance through facility & operational improvements

PWC's Cross Connection Control (CCC) program was established in the late 1980s to protect the potable water distribution system from backflow contamination.

The scope of the program includes maintaining the CCC Ordinance, testing and approval of manufacturer's backflow prevention assemblies for use on PWC's system, review and approval of plans and specifications for new installations, inspection of new installations for compliance with PWC's requirements, inspection of residential lawn/industrial/commercial facilities for cross connections and hazard identification, ensuring re-testing of existing backflow prevention assemblies, maintaining testing and inspection documentation, and providing training and certification for local fire contractors, plumbers and irrigation contractors.

## **Regulatory Authority**

The program's authority is granted in the PWC Cross Connection Control Ordinance, which was approved by the Fayetteville City Council in November of 1987. This ordinance incorporates the minimum requirements for backflow prevention that are identified in the North Carolina Administrative Code, Title 15A, Subchapter 18C, Section .0406 (b), Figure 2. (North Carolina Guidelines - Cross Connection Control in Water Distribution Systems).

## **Inspections/Certifications**

Each backflow prevention assembly is inspected by the City of Fayetteville, Cumberland County, or Hope Mills Inspection Departments at the time of installation to ensure adherence to the Plumbing Code.

All backflow prevention assemblies must be tested by a Certified Backflow Prevention Assembly Tester to ensure that they are working properly after water service has been established. This initial test/certification is the responsibility of the customer. Each unit must also be periodically retested to ensure continued protection. This retest schedule is as shown:

- A. Industrial/commercial: annually by owner
- B. Residential lawn irrigation: bi-annually by PWC Contractor

The cost and responsibility for retests is borne by the owner. The retests for recertification of backflow prevention assemblies installed on residential split taps is borne by PWC, however the cost is recovered from the customer through a ninety cent monthly fee.

There are currently more than 14,000 known backflow prevention assemblies on PWC's system.

The Public Works Commission's Butler-Warner Generation Plant operates eight (8) gas turbines under the authority of a Title V Air Quality Permit as issued and enforced by the North Carolina Department of Environment and Natural Resources, Division of Air Quality.

The permit ensures compliance with all federal and state regulations concerning emissions of contaminants such as nitrous oxide (NOx) and sulfur dioxide (SO2) into the atmosphere. Butler-Warner's Title V permit includes an allowance for NOx emissions which, if not exceeded, will support the State's Implementation Plan (SIP) for attainment of air quality standards issued by the Environmental Protection Agency as a part of the Federal Clean Air Act.

The permit, which must be renewed every five (5) years, requires continuous monitoring of the facility's water injection NOx control system as well as analysis of all fuels burned. These aspects of the permit are reviewed on an annual basis through on-site inspections conducted by representatives of the State's Division of Air Quality.

Both the PWC General Manager and the Power Plant Manager were participants in the development of Cumberland County's Early Action Compact (EAC) with the Environmental Protection Agency to achieve better air quality sooner than mandated in the regulations. Their continued participation in the Sustainable Sandhills initiatives helps to ensure that operation of the generation plant will complement achieving the objectives of continued environmental improvement.

PWC has compiled a report of sustainability initiatives to demonstrate our efforts to support conservation of our natural resources, improving our air and water quality, and use of renewable energy. This document is available on the PWC website and is available as a community presentation. Highlights of our initiatives include:

## Leadership

- PWC Board: One of PWC's six strategic goals is Sustainable Environmental, Economic and Community Growth. The goal's objectives include supporting policies to support responsible community sustainability, maximizing use of PWC infrastructure and services for sustainability and collaborating with economic partners for community sustainability.
- Awards: PWC earned the American Public Power Association's 2012 Energy Innovator Award for the development of a "Voltage-Drop Calculator" and the 2010 Award for PWC's Energy Management (\$martWorks) program. PWC also earned the 2012 Public Power Award of Excellence for Energy Efficiency presented by Electricities of NC.
- Sustainable Community Foundation: PWC is a founding member of the foundation along with Fayetteville State University, the City of Fayetteville, Chamber of Commerce and Sustainable Sandhills. The Foundation's objective is to attract sustainable economic development to the community.

## Operations

- Fleet Maintenance: PWC operates its own fleet maintenance department and provides fleet maintenance services to the City of Fayetteville vehicles. PWC Fleet staff offer a solid preventive maintenance program to provide clean burning engines/fluids. In addition, PWC has implemented a program to aid in minimizing emissions.
- Alternate Fuels/Hybrid Vehicles: PWC continues to add hybrid vehicles (Ford Escape, Chevy Malibu, Saturn Vue, Bucket Trucks) to its fleet, as well as replacing aging vehicles and equipment with lower emission diesel engines and zero emission equipment.
- Bio-Solid Recycling: Since 1987, PWC has been recycling biosolids from its water reclamation facilities. Under a state-monitored Land Application Program, PWC recycled biosolids are at work on over 4,100 acres of Cumberland County farmland, including PWC's 750-acre farm in eastern Cumberland County.
- Tree Power: PWC has received an Urban Forestry Grant to use as part of its public outreach and tree education. PWC sponsored tree plantings at two local high schools as well as distributed 1,000 tree seedlings to customers. As part of our Line Clearance program, PWC employs a certified arborist to manage line clearance activities. PWC prunes or removes trees (undesired vegetation) from right-of-ways of overhead power lines for safe conductor to tree clearances. PWC is looking at the development of a tree replacement program to partner with customers to replace trees removed because of interference with power lines.
- Watershed Program: PWC has undertaken many initiatives to preserve/enhance water quality and air quality in the water supply watershed. PWC manages the property we own around the water supply lakes for both water quality and biological integrity. PWC has purchased a significant amount of forested land in the Little Cross Creek watershed. The primary objective of these purchases is to preserve vegetative buffers around our water supply lakes. However, a side benefit to this objective is the preservation of almost 3,000 acres of forested land in the center of urbanized Fayetteville.

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- **Wetland Restoration:** PWC has created and enhanced wetland areas in the Little Cross Creek watershed. One project restored a wetland area - an old farm pond where the dam had breached and the area became infested with invasive plant species. PWC modified the area to enhance the wetland by planting native plants that will absorb pollutants before the water enters Mintz Pond. We have also constructed walking trails, educational signage, and a boardwalk over the wetland for educational activities.
- **Green Business Program:** PWC is a pilot member of the Sustainable Sandhills Green Business Program. Through the program companies establish a plan with a goal to reduce their solid waste, CO2 emissions and their overall energy and water use. PWC staff also provides energy & water audits for businesses applying for their Green Business certification.
- **NC Renewable Energy Mandates:** To comply with NC Senate Bill 3, 10% of all PWC's retail energy sales must come from renewable resources by 2018. PWC is working to meet the mandate through a variety of programs, including the implementation of Advanced Metering technology in 2013; system-wide conversion to LED streetlights and potential solar community projects.
- **Recycling:** PWC has an internal recycling program that began in 2008. Employees recycle newspaper, magazines, catalogs, aluminum cans, plastic bottles, and office paper. Because the majority of office waste is recyclable, trash containers at employee workstations have been converted to recycle containers and all other trash will be disposed of in existing common area trash cans.
- **Employee Education:** PWC promotes sustainability through internal activities including an employee intranet site. Employees participate in a "Swap Shop" to promote re-use of material between departments.
- **LED Street Lighting:** In 2013, PWC began installing LED street lights as a small-scale test of converting street lights city-wide to LED lighting. LEDs have a longer life and use less energy than traditional street lights and will help PWC meet State mandates for Renewable Energy (Senate Bill 3)
- **Advanced Metering Infrastructure:** PWC has identified projects associated with Advanced Metering technology and is selecting contractors to make infrastructure changes and install advanced meters beginning in FY2014.

#### Facilities

- **Operations Complex:** PWC's 65-acre centralized complex has consolidated all operating and administrative functions. This centralization of non-plant facilities lends itself to efficiency and effectiveness which extends to manpower requirements, equipment utilization, materials management, information flow, customer service, security and control of operations.
- **LEED Customer Service Center:** PWC's LEED Certified-Gold customer service center opened on the PWC Campus in November 2009. The Center meets 25 LEED standards and is one of the first LEED certified buildings in Fayetteville.
- **Butler Warner Generation Plant:** PWC's Butler Warner Generation Plant has completed the installation of new fuel nozzles at BWGP to reduce the level of NOx emissions. These nozzles can reduce the NOx emission rate by 40%. PWC has also completed the initial upgrade of its water injection system to provide an adequate supply of water for effective use of the new nozzles.

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## Customer Partnerships

- Customer Support: PWC serves a diversified commercial and industrial customer base. The Customer Programs Division manages with our Commercial and Industrial customers' energy consumption concerns on a case by case basis, focusing on suggesting ways our customers can improve energy efficiency as it relates to their demand.
- eBill: Since its introduction in the Fall of 2011, over 24,000 customers enrolled in PWC's electronic billing program which has a significant environmental impact.
- NC GreenPower: Since 2004, PWC has offered its customers the opportunity to participate in a voluntary environmental program called NC GreenPower. Through this program, customers can purchase blocks of green power (cleaner energy generated through renewable energy resources such as wind, solar and organic matter).
- Energy Conservation: PWC demonstrates energy conservation through its operations and customer education including: use of a \$50,000 APPA grant for its Volt/VAR Optimization project; implementation of its SmartWorks energy management program; the opening of its LEED Customer Service Center; maintaining its Green Business Certification, and providing numerous tools to customers to promote energy efficiency and energy conservation.
- Water Conservation: PWC leads conservation efforts with examples, including establishing year-round outdoor watering schedules for the community, promoting the Water Wise Demonstration Garden as a public tool in water wise gardening techniques, and utilizing water wise landscaping through PWC properties.

## Community Initiatives

- Public Education & Outreach: PWC promotes conservation and environmental stewardship through a variety of consumer education initiatives that include distributing over 2,300 Compact Fluorescent Light bulbs and 7,000 Energy Saver Calendars through outreach efforts during FY13.
- Community Partnerships & Projects: PWC partners with numerous community organizations in initiatives that promote air quality, conservation and beautification, including the support of bio-retention ponds at Methodist University; support of the 4.5 acre community garden, and being an active member of the Sandhills Area Land Trust and the Sustainable Sandhills. PWC is also a founding member of the local Sustainable Community Foundation.

# Ordinances

PWC manages 5 ordinances on behalf of the City of Fayetteville. Included in this section are the first pages of each of those ordinances. Copies of the ordinances are available at PWC or the City of Fayetteville, or you may access them on-line at [www.municode.com](http://www.municode.com).

### **Water Shortage Response**

- Ordinance Number S2008-018
- Amended and adopted September 8, 2008
- Additional information/agreement with Spring Lake and Hoke County added July 2004

### **Local Permitting for Water Construction or Alterations**

- Ordinance number S2003-004
- Adopted February 2003

### **Cross Connection Control**

- Ordinance number S2008-009
- Amended and adopted July 28, 2008

### **Sewer Use**

- Ordinance number S2008-006
- Amended and adopted April 28, 2008
- Amended and adopted November 28, 2011

### **Water Supply Watershed Management and Protection**

- Ordinance number 1993-8
- Adopted May 1993
- Recodified in 2004

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**ARTICLE V. WATER SHORTAGE RESPONSE\***

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**\*Editor's note:** Ord. No. 2008-018, § 1, adopted September 8, 2008, repealed Art. V, §§ 28-261--28-272, and enacted a new Art. V, §§ 28-261--28-276 as set out herein. For complete derivation see the Code Comparative Table at the end of this volume.

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**Sec. 28-261. Introduction.**

(a) The purpose of this water shortage response article is to provide for the declaration of increasingly serious stages of water shortages and to define voluntary and mandatory water conservation measures to be implemented during these various stages. These written procedures will minimize the need to make last minute decisions and will allow the public works commission to respond quickly to changing conditions, which will preserve the water resources of the public works commission to provide for the water demands of human consumption, sanitation, and fire protection throughout the service area of the public works commission of the City of Fayetteville, North Carolina.

(b) This article shall apply to all users connected directly or indirectly to the public works commission's public treated water supply, regardless of whether the user is located within the city limits or outside of the city limits.

(Ord. No. S2008-018, § 1, 9-8-2008)

**Sec. 28-262. Objectives of article.**

The specific objectives of this article are as follows:

- (1) To establish the authority of the general manager of the public works commission of the city to declare water shortage conditions and implement and enforce the procedures established in this article;
- (2) To establish a chain of command for implementation of the procedures established herein;
- (3) To establish voluntary and mandatory water conservation measures;
- (4) To establish enforcement protocol for violations of mandatory water conservation measures outlined in this article.

(Ord. No. 2008-018, § 1, 9-8-2008)

**Sec. 28-263. Definitions.**

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**ARTICLE VI. DELEGATED SEWER COLLECTION SYSTEM AND WATER DISTRIBUTION SYSTEM PERMIT PROGRAM**

**Sec. 28-291. Purpose.**

- (a) To provide for delegation of authority from the State Department of Environment and Natural Resources (NCDENR) to the city through the city public works commission for the timely and orderly processing of requests for water distribution and sewer collection system extensions and/or modifications which shall connect with the water distribution systems and/or sewer collection system operated by the city through the city public works commission.
- (b) To establish policies and procedures for processing water distribution system and sewer collection system extension and/or modification requests within the utility service area of the city public works commission.
- (c) To provide for enforcement of this article.
- (d) To provide for compliance with NCDENR requirements as established by G.S. and associated administrative rules.

(Ord. No. 2003-004, 2-24-2003)

**Sec. 28-292. Definitions and general provisions.**

- (a) *Definitions.* The following terms as used in this article are defined as follows:

*Applicant* means that person who is financially responsible for the proposed water distribution or sewer collection system construction or modification which currently is, or in the future is proposed to be, connected to public works commission owned facilities, and (1) who shall maintain operational responsibility until such time as it transfers ownership of said system to the public works commission. The applicant becomes the "permittee" under this article when a permit is issued, assuming new responsibilities and retaining all the same responsibilities as the applicant has under this article.

*Application* means the form or forms provided by PWC and completed by the design engineer and applicant providing pertinent information regarding the proposed construction or modification of water distribution or sewer collection facilities. It includes all required associated documents.

*Approving authority* means the general manager of the public works commission of city, or his duly authorized deputy, agent or representative, who shall be responsible for the administration of the delegated local permitting authority program under this article, and shall be the designated party to receive service of documents pertaining to such program.

*City* means the City of Fayetteville, North Carolina.

*Contract for service* means that written agreement by and between the PWC and the applicant stipulating the terms of extending utility service and the value of the improvements. By attachment the contract shall also stipulate the project duration and the associated costs for PWC construction

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**ARTICLE IV. CROSS CONNECTION CONTROL\***

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**\*Editor's note:** Ord. No. S2008-009, § 1, adopted July 28, 2008, repealed the former Art. IV, §§ 28-231--28-242, and enacted a new Art. IV, §§ 28-231--28-243 as set out herein. The former Art. IV pertained to similar subject matter. For complete derivation see the Code Comparative Table.

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**Sec. 28-231. Introduction.**

(a) The purpose of this cross connection control article is to define the authority of the public works commission of city as the water purveyor in the elimination of all cross connections within its public potable water supply.

(b) This article shall apply to all users connected to the public works commission's public potable water supply regardless of whether the user is located within the city limits or outside of the city limits.

(c) This article will comply with the Federal Safe Drinking Water Act (PL 93-523), the North Carolina State Administrative Code (15A NCAC 08C), and the North Carolina State Building Code (Volume II) as they pertain to cross connections with the public water supply.

(Ord. No. S2008-009, § 1, 7-28-2008)

**Sec. 28-232. Objectives of article.**

The specific objectives of this cross connection control article for the public works commission of the city are as follows:

(1) To protect the public potable water supply of the city against actual or potential contamination by isolating within the consumer's water system contaminants or pollutants which could, under adverse conditions, backflow through uncontrolled cross connections into the public water system.

(2) To eliminate or control existing cross connections, actual or potential, between the consumer's potable water system and non-potable or industrial piping system.

(3) To provide a continuing inspection program of cross connection control which will systematically and effectively control all actual or potential cross connections which may be installed in the future.

(Ord. No. S2008-009, § 1, 7-28-2008)

**Sec. 28-233. Responsibilities.**

This article shall apply to all users of the municipal wastewater system, as authorized by G.S. 160A-312 and/or 153A-275. The PWC shall designate an administrator of the municipal wastewater system and pretreatment program hereafter referred to as the general manager. Except as otherwise provided herein, the general manager shall administer, implement, and enforce the provisions of this article. Any powers granted to or imposed upon the general manager may be delegated by the general manager to other PWC personnel. By discharging wastewater into the municipal wastewater system, users located outside the corporate limits of the City of Fayetteville agree to comply with the terms and conditions established in this article, as well as any permits, enforcement actions, or orders issued hereunder.

(Ord. No. S2008-006, § 1, 4-28-2008)

### **Sec. 28-62. Definitions and abbreviations.**

Unless the context specifically indicates otherwise, the following terms and phrases, as used in this article, shall have the meanings hereinafter designated:

*Act or "the Act"*. The Federal Water Pollution Control Act, also known as the Clean Water Act, as amended, 33 U.S.C. §1251, et seq.

*Approval authority*. The Director of the Division Of Water Quality of the North Carolina Department of Environment and Natural Resources or his designee.

*Authorized representative of the industrial user*.

- (1) If the industrial user is a corporation, authorized representative shall mean:
  - a. The president, secretary, or a vice-president of the corporation in charge of a principal business function, or any other person who performs similar policy or decision-making functions for the corporation, or
  - b. The manager of one or more manufacturing, production, or operation facilities, provided, the manager is authorized to make management decisions which govern the operation of the regulated facility including having the explicit or implicit duty of making major capital investment recommendations, and initiate and direct comprehensive measures to assure long-term environmental compliance with environmental laws and regulations; can ensure that the necessary systems are established or actions taken to gather complete and accurate information for control mechanism requirements; and where authority to sign documents has been assigned or delegated to the manager in accordance with corporate procedures.
- (2) If the industrial user is a partnership or sole proprietorship, an authorized representative shall mean a general partner or the proprietor, respectively.
- (3) If the industrial user is a federal, state or local government facility, an authorized representative shall mean a director or highest official appointed or designated to oversee the operation and performance of the activities of the government facility, or their designee.
- (4) The individuals described in paragraphs (1)--(3) above may designate another authorized representative if the authorization is in writing, the authorization specifies the individual or position responsible for the overall operation of the facility from which the discharge originates or having overall responsibility for environmental matters for the company, and the written authorization is submitted to the PWC.
- (5) If the designation of an authorized representative is no longer accurate because a different individual or position has responsibility for the overall operation of the facility, or overall responsibility for environmental matters for the company, a new authorization

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**ARTICLE I. AUTHORITY AND GENERAL REGULATIONS**

**Sec. 29-1. Authority and enactment.**

Pursuant to the authority provided in the G.S. 160A-174 et seq., (general ordinance-making power) and G.S. 143-214.5 (water supply watershed protection), whereby the general assembly of the state delegated the responsibility for or directed local governmental units to adopt ordinances and regulations designed to promote the public health, safety, and general welfare of their citizenry, the city council does hereby ordain and enact into law this chapter as the water supply watershed management and protection ordinance. The short title of this chapter for purposes of reference shall be the "watershed protection ordinance."

(Code 1961, § 31A-1)

**Sec. 29-2. Jurisdiction.**

The provisions of this chapter shall apply within the areas designated as a public water supply watershed by the state environmental management commission and shall be defined and established on the map entitled, "Watershed Protection Map of Fayetteville, North Carolina" (the watershed map), which is adopted simultaneously with this chapter. The watershed map and all explanatory matter contained thereon is incorporated by reference as if fully set forth in this chapter.

(Code 1961, § 31A-2)

**Sec. 29-3. Exceptions to applicability.**

(a) Nothing contained in this chapter shall repeal, modify, or amend any federal or state law or regulation, or any ordinance or regulation pertaining thereto except any ordinance which these regulations specifically replace; nor shall any provision of this chapter amend, modify or restrict any provisions of this Code; however, the adoption of this chapter shall and does amend any and all ordinances, resolutions, and regulations in effect at the time of adoption of the ordinance from which this chapter is derived that may be construed to impair or reduce the effectiveness of such ordinance or to conflict with any of its provisions.

(b) It is not intended that the regulations of this chapter interfere with any easement, covenants or other agreements between parties. However, if the provisions of these regulations impose greater restrictions or higher standards for the use of a building or land, then the provisions of these regulations shall control.

(c) Existing development, as defined in this chapter, is not subject to the requirements of this chapter. Expansions to structures classified as existing development must meet the requirements of this chapter; however, the built-upon area of the existing development is not required to be included in the density of calculations.

(d) A pre-existing lot owned by an individual prior to the effective date of the ordinance from

# Other Programs

The Legal/Risk Services Department consists of a Legal Risk Services Manager, Environmental Compliance Specialist, Contract Compliance Specialist, Claims/Subrogation Specialist, Assessment and Collections Staff and Property Management & Right of Way Acquisition Staff. Although each staff member specializes in a particular discipline, our overall objective is to protect the assets of the Public Works Commission. These assets include over \$500 million in property, 275 fleet vehicles, and nearly 600 employees. Our services include insurance procurement, liability management, contractual compliance, environmental compliance, subrogation services, assessment administration, collection services and Property and Right of Way Acquisition.

Some of the more specific services provided are as follows:

- Litigation management
- Emergency Management-Planning (CEMP)
- Hazardous/Universal Waste Disposal
- Non-Utility Billing-Loss Recovery; Worthless Check Management
- Contract Review; Standard and Special Insurance
- Risk Financing: Management of Commercial Insurance/Self Insurance Programs
- Acquisition of real estate/access rights
- Management or disposal of PWC owned property with terms beneficial to PWC
- Assessment administration and collection
- Bad debt recovery

Our goal is to minimize the unknown risks associated with the operations of our utilities in a manner that balances forward thinking business practices with common sense.

PWC has been recognized both in North Carolina and nationally as having one of the most successful safety programs that is effective in minimizing on-the-job incidents and their resulting costs. The goals of our safety efforts are to minimize personal injuries and property damage incidents so we can provide utility services to our customers at the least possible cost.

We have been successful with these efforts in several ways:

- 1) Management Support: The PWC Safety Programs have had management's involvement, time and financial support in implementing the necessary programs and processes.
- 2) Safety Incentive Awards Programs: Employees are rewarded and recognized whenever they put forth efforts to improve the safety programs. This program continues to grow in success and popularity.
- 3) Safety Management Manual: This document contains all the safety policies, procedures, guidelines, forms, etc., that can be used by everyone at PWC as a reference to find out how to "do it the right and safe way."
- 4) Safety Committee: Every Division, Department and employee is represented on the 18-member Employee Safety Committee that meets every month to discuss safety topics, resolve any issues, and propose improvements to all the safety programs.
- 5) Training: We have an Organizational Development/Training Manager on staff that is responsible for coordinating the safety as well as skills improvement training.
- 6) Personal Protective Equipment (PPE): All PPE needed to do a job safely is provided to our workers and is maintained in a safe condition.
- 7) Incident Investigations and Review: All incidents are investigated and reviewed for preventability and responsibility. Improvements to prevent a similar occurrence in the future as well as disciplinary action are often taken.

These items have allowed PWC to continue with substantial reductions in personal injuries, human suffering and property damage, which all adds up to reduced costs for our customers.

#### **PWC Safety Awards Received in 2013**

- North Carolina Department of Labor's Certificate for Safety Achievement award for 25<sup>th</sup> consecutive year.
- American Public Power Association's Electric Utility Safety Award for the 22<sup>nd</sup> consecutive year.
- ElectriCities of NC "Municipal Electric Safety Award" for the 17th consecutive year
- NCDOL Certificate of Special Recognition for Two Million Hours Worked with No Lost Time Incidents

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**Million Hours Milestones**

PWC employees have reached significant safety milestones several times over the years. In June 2013, they completed more than two million hours worked with no lost-time injuries for the second time in PWC history. Two million hours is no small feat...it's equal to one person working 1000 years! PWC's last lost-time injury occurred in November 2011.

The accomplishment was recognized by the North Carolina Department of Labor and marks the second time since 2007 that PWC has surpassed the two million hour mark. PWC employees have surpassed the one million hour mark eight times in the last 15 years.

In addition to the Department of Labor's Certificate for Safety Achievement Award, PWC also received the American Public Power Association's Electric Utility Safety Award for the 21<sup>st</sup> straight year. Over the last 11 years, PWC employees have worked more than 15 million hours (and counting) combined!

PWC has nearly 600 employees who enter confined spaces, work around dangerous electrical voltages, dig trenches 20+ feet deep, handle hazardous chemicals, operate heavy machinery and drive an average of 7,000 miles daily.

**Two Million Hour Dates**

June 4, 2013 (Nov. 15, 2011-June 4, 2013)

Oct. 5, 2007 (Feb. 1, 2006-Oct. 5, 2007)

**One Million Hour Dates**

Sept. 6, 2012 (Nov. 15, 2011-Sept. 6, 2012)

July 2, 2011 (Sept. 22, 2010-July 2, 2011)

Dec. 14, 2006 (Feb. 1, 2006-Dec. 14, 2006)

Sept. 27, 2002 (Nov. 7, 2001-Sept. 27, 2002)

Aug. 24, 1998 (Nov. 4, 1997-Aug. 24, 1998)

Aug. 6, 1995 (Oct. 25, 1994-Aug. 6, 1995)

The Loss Control section consists of two Loss Control Specialists. Together, they focus their efforts on preventing utility, property, and metal theft. They are also responsible for recovering stolen meters and use various investigation techniques to recover revenue for PWC. Other responsibilities include collecting evidence of theft or damage and keeping records on those events.

These employees provide information to their co-workers on how to handle utility theft when found in the field. In some instances they may visit community watch meetings and speak with the public to educate them on the dangers of tampering with a service. Utility Theft is a Class 1 Misdemeanor and can lead to an arrest or fee. Using that knowledge, this section has worked with various forms of law enforcement to impose fees and arrest warrants on those who violate PWC's policies on tampering and property theft.

Over the span of a year the loss control employees can investigate a 1,000 or more cases of tampering and inactive consumption orders. During this process, they often impose on and collect fees from those responsible. Since January of 2009, they have collected over \$1.5 million from tampering, inactive consumption, and past due debts.

The loss prevention section has a Utility Theft Hotline (223-4088) that can be used to anonymously report anything from tampering to property theft. Anyone using this number should be sure to include as much information as possible to ensure that a proper investigation is possible. Utility theft can also be reported through an on-line form on the PWC website.

PWC takes great pride in a culture of growth and development toward equipping employees for new roles and responsibilities. The PWC mission includes “investment in our team” in order to better serve our customers, internal and external.

As a part of the Human Resources Department, the Manager of Organizational Development & Training (OD&T) works closely with all PWC managers and supervisors to ensure their employees have the tools necessary to grow in proficiency in their current and future positions. OD&T maintains an inventory of subject matter experts, or SMEs, in and outside the company.

Current and under construction content and programs include:

- Apprenticeship program
- Career & job counseling
- Career progression
- Communications skills
- Compliance training
- Computer skills
- Employee counseling & coaching
- Internships & cooperative education
- Leadership development
- Learning catalog
- New employee orientation
- PWC University
- Position-specific training
- Safety training
- Skills assessment
- Succession planning
- Tuition reimbursement

Our goal is simple and rewarding, finding out where employees want or need to grow and providing the tools and skills to get there. Where do you want to grow?

Information coming soon.

PWC's commitment to the health and wellness of its workforce is evident in the wide range of programs and activities made available to employees. The challenges of living healthy are obvious, so we strive to set realistic goals and provide tools to assist our employees. By providing quality onsite Wellness Facilities, internal/external walking trails and Healthy Living Program, PWC strives to make it easy and convenient.

## **Doctor's Direct Healthy Living Program**

The Doctor's Direct Healthy Living program is a two-part program, including health screening, assessment and education and a Body Mass Index (BMI) goal offered to employees or eligible retirees and their spouses.

Part 1 is the Healthy Living Know Your Number Profile (KYN). This part provides biometric screenings (including lab work) and is used to identify risk factors for potential future health issues such as heart disease and stroke. By completing this type of health screening, participants can seek treatment if needed to reduce their risk factors. It requires a visit to the doctor to review screening results and one health education class.

Part 2 is the Body Mass Index goal. If you have a BMI under 40, additional flex credits are awarded as an incentive. If an employee and/or their covered spouse has a BMI 40 or greater, participation in one of 2 weight reduction options is available to also receive the additional flex credits. Option 1 for weight reduction is a one-year, two-phase exercise and strength training program that includes a minimum of three days per week of exercise. Option 2 is the Weight Watchers program.

Incentives are offered to employees and retirees that participate in Part 1 and Part 2 of the Healthy Living program through flex credits that they can use toward the cost of their health insurance plan. The Healthy Living program has also been incentivizing non-tobacco users for the second year with additional flex credits as well.

## **Medical Office**

PWC has a medical office that provides services to employees from basic first aid and OTC medications to other Urgent Care services for the treatment of illnesses and injuries. The medical office is staffed by a Licensed Practical Nurse (LPN) and a Physician's Assistant (PA), and are overseen by a Medical Doctor (MD). The medical services provide a convenience factor to receiving medical care without having to make an appointment or wait long periods of time and miss work to see a primary care physician. Other medical services provided by the PWC Medical Office include annual flu shots for employees.

## **Wellness Committee**

The Wellness Committee is comprised of PWC employees and was created in 2007 to encourage and promote the physical and mental well-being of current and retired employees in an effort to improve their quality of life, job performance, and overall morale.

Initially, the committee set out to evaluate external wellness programs and make recommendations to improve our Healthy Living Program; develop tracking systems to help monitor and communicate progress toward various wellness goals; evaluate our Wellness Facilities to improve utilization; recommend design changes to the PWC complex to promote and support more wellness activities at work; and develop Wellness Guidelines and Goals.

*Continued on next page*

So far the Wellness Committee has been instrumental in the following initiatives:

- Development of inside and outside walking trails at the Operations Complex
- Annual Walk Day for employees
- Enhanced Annual Employee Health Fair
- Enhanced Wellness Facility
- Assisting in PWC's earning the AHA's Gold START Fit Friendly Company Award
- Lunch at Work Program

### **AHA Gold Fit Friendly Award**

PWC has received the American Heart Association's Gold Start! Fit Friendly Company award. The 2012 award marked the 3rd year in a row PWC earned the distinction, and PWC is the only company in Fayetteville to do so.

The award represents PWC's commitment to a healthy workplace and steps it's taken to create a wellness culture by providing support to employees and implementing physical, nutritional and cultural changes.

In addition to being a smoke-free environment, PWC must also meet criteria in physical activity, nutrition, and culture. In addition to some of the accomplishments already listed above, other examples of PWC's efforts to support healthy living are: distribution of educational materials, including Men and Women's Health Magazines and Top Health newsletter; "Walk & Talk" meetings around the company; various wellness videos available for checkout, including P90X and Insanity; onsite fitness facility open to employees 24/7, as well as discount gym memberships; healthy recipes distributed monthly by healthcare partners; Weight Watchers @ Work Program; and CPR/First Aid/AED Training. The Wellness Committee also promotes various sporting activities including the Annual 3 on 3 Basketball Tournament.

### **Lunch at Work Program**

PWC's Lunch at Work Program launched in 2010 to give employees healthier food options for reasonable prices at the Operations Complex, which also meant PWC could reduce its carbon footprint by reducing employee's transportation to and from restaurants during lunch breaks.

Local vendors are invited to participate and most offer a healthy, economical selection of sandwiches, salads, and soups... with an occasional baked goodie or other dessert for those with a sweet tooth.

### **Impacts on Health Insurance**

PWC's overall Risk Profile has improved consistently over the past few years in several areas. Future efforts will be directed at dealing with obesity, diabetes, high blood pressure, smoking, and other modifiable risk factors.

In the spring of 2010, PWC kicked off its new Business Enterprise/Comprehensive IT system project, officially known as Navigate. The new systems will replace our current aging information systems: Customer Information (CIS), Financial Management (FMIS), Work Management (WMIS), and Asset Management (AMS) systems.



The Navigate project will help PWC meet growth requirements by upgrading outdated systems, improving efficiencies through a higher level of automation, fostering collaboration and integration across business units, and supporting best practices that will improve customer service and employee efficiency. One of the most anticipated upgrades is the Smart Customer Portal, which is designed to enhance customer satisfaction through advanced self-service capabilities and manage energy through adoption of energy efficient programs.

In April 2010, a Core Development Team of cross-functional employees representing all of PWC's divisions was chosen to evaluate our business needs and then select the software applications that would support those needs. They were also instrumental in developing the Request for Proposal (RFP) to select the consultant (AAC) that assisted PWC through this initial phase of the project.

From October 2010 to June 2011, the team completed data gathering workshops to reach the first major milestone in the project. They also developed a detailed functional matrix that included over 7,000 items. This data indicated that our current systems do not meet 58% of PWC's functional needs.

The team used this data to develop the RFP for software and integration services. The RFP was released in May 2011 and proposals were received in July 2011. During the summer of 2011, select software vendors were invited to PWC to demonstrate their products. After much due diligence, the team of Infosys (system integrator) and Oracle (software provider) was chosen to implement the new systems and supply the software.

In December 2011, the PWC Board of Commissioners and Fayetteville City Council approved moving forward with the Implementation Phase of the project, to include software and integration services at a cost of \$14.5 million.

PWC strategically developed an implementation plan that included pulling employees from their existing positions to work on the project full time, beginning in January 2012. This included shifting their work assignments to cover operations during the implementation phase. These full-time Core Implementation Team members will return to their regular job functions at the conclusion of the project.

The project also benefits from many part-time members who assist as needed, but remain in their current job functions. SMEs (subject matter experts) were also chosen to participate based on their understanding of a specific process. SMEs participate in stages as needed, based on their specialized knowledge.

*Continued on next page*

On March 5, 2012, PWC kicked off the Implementation Phase of the project as Infosys and Oracle partnered with our team. As the prime vendor, Infosys will design, develop, test, and deploy the new systems while assisting with organizational change management throughout the company. Oracle will deliver the software and provide support for the functional design for the new systems:

- EBS-eBusiness Suite
- CC&B-Customer Care & Billing
- WAM-Work and Asset Management
- MWM-Mobile Workforce Management
- MDM-Meter Data Management

Phase I of the project, which includes EBS and WAM, will go live in November 2013. Phase II, which includes CC&B, MWM, and MDM, will go live in January 2014.

#### **What does Navigate mean?**

According to Webster, navigate means “to travel on a desired course after planning a route.”

The uppercase “I” in Navigate is significant and represents the 600+ vital PWC employees who journey with unwavering energy, extensive expertise, and exemplary skills to help PWC reach the project’s destination.

#### **Core Development Team**

Project Manager: Susan Fritzen (Executive)  
 Rick Davis (Water Resources)  
 Verlene Godwin (Information Systems)  
 Bevan Grice (Customer Service)  
 Keith Lynch (Electric Systems)  
 Georganna Simpson (Finance)  
 Gloria Wrench (Purchasing)

#### **Core Implementation Team**

Project Director: Susan Fritzen  
 Project Manager: Paula Shambach (Interim)  
 Project Analyst: Lisa Barbee

#### **Functional Team**

Georganna Simpson (Accounting)  
 Susan Hawkins (Financial Planning)  
 Philip Parker (Water Resources)  
 Wesley Jacobs (Electric Systems)  
 Jane Arnett (Customer Service)  
 Cathy Traylor (Billing/Rates)  
 Demontee Sharp (Metering Services)  
 Awilda Benner (Electric Systems)  
 Christy Friendly (Business Planning)

#### **Technical Team**

Dave Mazza  
 Verlene Godwin  
 Randy Barbee  
 Rod Boyle

#### **Change Readiness Team**

Nicole Stiff  
 Laurie Shrauger  
 Letitia Cisco



## PWC'S NEW ORACLE SYSTEM

**Name: EBS - E-Business Suite**

Replacing: DST/SXD

Works with: CC&B (*Customer Care & Billing*), WAM (*Work and Asset Management*), BI (*Business Intelligence*) and Hyperion Planning

Functions: Accounting (General Ledger, Accounts Payable, Accounts Receivable), Fixed Assets, Procurement, Inventory, Personnel, Compensation Management, Payroll, Training and Safety

Projected User Departments:

All PWC departments will use some functionality of EBS.

Power User departments include: Human Resources, Corporate Development, Warehouse, Accounting, Internal Audit, Financial Planning and Purchasing

Some of the Individual Oracle EBS Application Name(s) include:

Financials	iSupplier	Payroll	Advanced Benefits
iExpense	Sourcing	Human Resources	iRecruitment
iProcurement	Contracts Management	Compensation Workbench	Performance Management
Purchasing	Supply Chain (Inventory)	Self-Service	Learning Management

**Name: CC&B – Customer Care & Billing**

Replacing: CIS/UBB/PCS/SII

Works with: WAM (*Work and Asset Management*), MWM (*Mobile Workforce Management*), EBS, Hyperion Planning, BI and GIS

Functions: Customer Service Functions, Customer Programs Functions and Billing

Projected User Departments:

Programs Call Center, Development & Marketing, Utility Field Services/Metering Dept., Customer Accounts, Accounting, Legal and Risk Management Services and Internal Audit

**Name: WAM – Work and Asset Management**

Replacing: WMIS, Maximo, DST, Jobcost

Works With: Designer, Cascade, EBS, CC&B, GIS, Hyperion Planning and BI

Functions: Work Management, Job Cost, Timekeeping

Projected User Departments:

All PWC departments will use some functionality of WAM

Power User departments include: Financial Planning, Facilities Construction & Maintenance, W/R Engineering, W/R Construction & Maintenance, Water Treatment, Wastewater Treatment, Environmental Programs, Electric Engineering, Electric Construction & Maintenance, Electric Support Systems, and the Generation Plant

**Name: MWM – Mobile Workforce Management**

Replacing: ServiceLink

Works With: CC&B, WAM, EBS and GIS

Functions: Field Work Management

Projected User Departments:

Utility Field Services/Metering Dept., W/R Construction & Maintenance, Electric Construction & Maintenance, Customer Programs and Customer Accounts

The following Applications will be utilized by all departments:

**Name: Hyperion Financial Planning** – New Financial Planning and Budgeting Application

**Name: Business Intelligence (BI)** – New Business Analytics and Comprehensive Reporting Application

## What is Connect?

Connect is the program dedicated to bringing advanced metering technologies to life for the PWC business and service areas. Connect will encompass the following projects:

- Advanced Metering Infrastructure (AMI)
- Electric and Water Meters with Advanced Communication Capabilities
- Systems Integration
- Meter Data Management Solution
- Distribution Automation/Substation Automation
- Demand Side Management
- Voltage Control

Since adopting the business case and technology roadmap in 2012, the Connect Team (formerly the Smart Grid Team) has worked diligently to develop technical specifications and requirements for the first project which includes establishing the AMI and installing advanced electric and water meters. New technologies will allow us to deliver and monitor utility services through computer-based remote control, automation, and two-way communications.

PWC developed a comprehensive Request for Proposals (RFP) to identify the vendor that will partner with us on this exciting new venture. The selected vendor will be responsible for implementing the AMI and replacing and/or upgrading water and electric meters. PWC has selected Sensus USA as our AMI vendor and will use Sensus AMI communication, Landis & Gyr Electric Meters and Sensus water meters. Apex CoAdvantage will be the subcontractor responsible for installing all meters. This process is anticipated to take up to four years.

## What is Advanced Metering Infrastructure (AMI)?

Advanced Metering Infrastructure (AMI) includes new communication networks and database systems that will modernize how meter data is collected, analyzed and shared. Benefits of having the AMI in place include: automatic meter reads, access to interval data (not just monthly reads), billing accuracy improvements, improved asset management, easier theft detection, remote connect-disconnect (electric) and the ability to implement various rate options for customers.

## What is a Meter Data Management Solution (MDMS)?

Advanced meters will allow us to collect millions of pieces of data every day. The Meter Data Management Solution (MDMS) will capture, analyze, and share this data within PWC and with our customers. To support this process, we are working on implementing the Oracle/Infosys Utilities Meter Data Management Appliance. This system will allow data to flow from customers' meters through the AMI and into the Oracle Customer Care & Billing system. Having a wealth of timely data will help us plan programs and better serve customers. A team of PWC employees will work with the Infosys team to ensure that the MDMS project seamlessly integrates the Connect Program and Navgate Project activities.

**Joint  
Governmental  
Projects**

In the City of Fayetteville's Phase 5 Annexation area, there were approximately 8,000 parcels without sanitary sewer.

In the spring of 2008, the City of Fayetteville and PWC Board adopted a construction and funding agreement that would install sewer services to 500 lots per year beginning in 2010. Each have committed to contributing \$90.5 million to the 14 year project that is expected to cost \$244 million. The plan is based on septic system repairs/failures, age of structures, percentage of non-sewered improved lots, availability of existing approach mains and lot density.

On behalf of the City, PWC manages design, construction, citizen notifications, and collecting assessments.

## Phase V Project Updates

Project updates can be found on the PWC website at [www.faypwc.com/annexation.aspx](http://www.faypwc.com/annexation.aspx). Residents can access information pertaining to completed, current, and upcoming projects, stay up to date with news about various projects, and download information about the annexation process.

Residents can determine which project area they live in and when sewer installation is scheduled to begin in their neighborhood using our online search feature at [www.faypwc.com/annexation\\_search.aspx](http://www.faypwc.com/annexation_search.aspx).

Information provided from the search engine is based on the installation schedule adopted in 2008 by the Fayetteville City Council. Locations and/or dates are subject to change based on future City Council actions or boundary changes based on the results of the actual design of the various projects. Only addresses that do not currently have PWC sewer are scheduled to receive sewer services.

Other information available online includes: installation timeline, informational brochures for each step of the construction process, videos about what to expect during installation, and links to the City of Fayetteville's annexation website.

## Overall Impact of Annexation

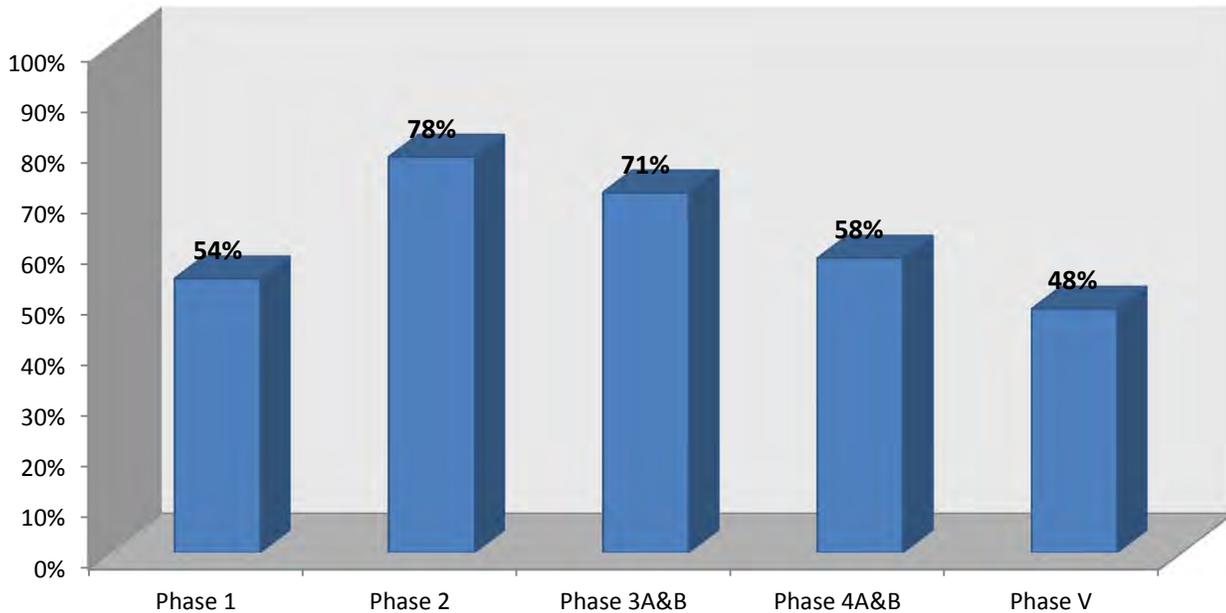
- Total Parcels within Phase 5 Annexation Project: 17,612
- Total Parcels affected by the proposed sewer projects: 10,671
- Total developed parcels affected by the proposed sewer projects: 9,218
- Total non-sewered improved lots affected by the proposed sewer projects: 7,911

Annexation Utility Installation Communications		
Type of Communication	Date Completed	PWC Coordinating Department
Survey Notification	Mailed when project design begins	Legal/Property and Right-of-Way Mgt
Preliminary Resolution/Public Hearing Notice	After design completed and Council adopts Resolution	Customer Programs
Construction Starts <i>(Includes 'What to Expect-construction' brochure)</i>	Mailed after bid awarded	Communications
Installation Meeting	Held month construction starts	Communications
Connection Notice <i>(Includes 'How to Connect' brochure)</i>	Mailed once project is inspected & completed	Customer Programs
How to Connect Meeting	Held when connections notices are mailed	Communications
Assessment Roll/Public Hearing Notice <i>(Includes Assessment brochure)</i>	Mailed	Customer Programs
Assessment Bill <i>(Includes Assessment payment option brochure)</i>	Mailed following Council confirmation	Legal/Assessments
Payment Option Meeting	Held when assessments are mailed	Communications

Information also available on PWC Website: City Annexation Menu. Includes: Project updates, street search feature for annexation schedule, installation timeline & assessment property search.

## Annexation Service Connections by Phase

**Total Connections: 7,423 thru June 2013**



### Completed Installation Locations (City Annexation by Phase)

PHASE I	PHASE III-A	PHASE V
The Lakes	Bonnie Doone	Brentwood
Murray Fork	Cottonade I, li, lii, Iv	Lagrange
Murchison Road	Four Seasons	Arran Lakes
Sandy Valley Road	Horseshoe Road	Roundtree
Yadkin Rd-S. Foxfire	Ponderosa	Summerhill
Yadkin Acres, Lake Valley	Summer Hill	Arran Hills
Bowden & Harbor	<b>Phase III-B</b>	
Valley Forge	Lafayette Village	
Devonwood	Gallup Acres	
Northshore	South Hills	
Fleetwood	Hope Mills Road	
McFadyen Lake		
Reilly Rd. @ Morganton	<b>PHASE IV-A</b>	
Warrenwood	Warrenwood	
<b>PHASE II</b>	Rosewood Terrace	
Glenhaven, Marlboro, portion-Bunce Rd	Pineridge	
Glenbrook S/D & North Bunce Road	Rollingwood, Pinecrest	
Montclair S/D, Section 1 & 2	Oates, Pleasant Acres	
Drake Park, Welmar Heights	Tiffany Pines (Hydrants only)	
Evergreen East & West	<b>PHASE IV-B</b>	
Hollywood Heights	Hayden Lane	
Loch Lomond	Ashton Forest	
Mayfair, Jennings Farm	Quail Ridge, Sherwood Ok	
Cloverleaf & Cresthaven	Queensdale	
No. Bridal Creek, Scotsdale & Arran Park	Lafayette Village	
Dunkirk Heights & Little Road	Arran Lakes	

## Phase V Annexation

Construction Year	Project	Subdivisions	Lots Without Sewer
2007	1	Brentwood - complete	140
2007	2	LaGrange - Section 2 - complete	309
2007	3	LaGrange - Section 1 - complete	173
2008	4	Arran Lakes - West - complete	186
2008	5	Arran Lakes - East - complete	207
2009	6	LaGrange - North & South - complete	239
2009	7	Summerhill - complete	224
2010	8	LaGrange - complete	305
2010	9	Summerhill (North of Dandridge) - complete	228
2011	10	Arran Hills, Arran Park-complete	309
2011	11	Arran Hills, Arran Park-complete	263*
2012	12	Arran Lakes West	196
2012	13	Shenandoah, Shenandoah North	229
2013	14	Arran Park, Winterhills	236
2013	15	Arranhills, Hilcrest, Shadowlawn	179
2014	16	Hampton Oaks, Southgate	256*
2014	17	Blue Springs Woods, Beacon Hill, Emerald Garden	344
2015	18	Southgate, South Gate Village	249*
2015	19	Arran Lakes West	237
2016	20	Hackney Hills, Lake Point, Robinhill Est., Hickory Grove	306
2016	21	Arran Lakes West	264
2017	22	Arran Lakes West, Emerald Gardens	212
2017	23	Rayconda, Wells Place	296*
2018	24	Cliffdale Estates	72
		Village Hills, Kings Mill	198*
2018	25	Lake Rim Estates	273*
2019	26	Cliffdale West, Woodmark	287
2019	27	Cliffdale Forest	234
2020	28	Cliffdale West	308
2020	29	Montibello	131*
		Farrington	38
		Lake William	33
		Tunbridge	60
2021	30	Green Briar Lake, McArther Rd. / Ramsey St.	150*
		Carver Falls, Cedar Falls, Ramsey St.	83*
2021	31	Northwood Estates, Raynor Dr.	124
		N. Plymouth St.	21*
		Gillespie St.	113*
2022	32	Kingswood, Porter Place, Pine Crest Park	225*
		Wendover Place, Hickory Run	85
2022	33	McDougald, Springdale, Raeford Rd. Est.	285
2023	34	Fairfield, Springfield Crossing	125
		Large, Mainly Vacant Areas in Phase 5	158*
		<b>Total:</b>	<b>6,174</b>

\* Certain lots will receive water in addition to sewer

Services installed as of August 2013- 2,785

PWC's Purchasing Department is responsible for the procurement of materials, supplies, services and equipment to enable the efficient operating of departments within PWC and the City of Fayetteville. Purchasing also oversees and administers bids and contracts related to electric, water and sewer construction, as well as City of Fayetteville construction contracts.

In addition, Purchasing is responsible for administering the Small Disadvantaged Business Enterprise Program for PWC and the City of Fayetteville. In support of this effort, PWC provides information to assist SDBE and minority vendors in becoming certified through the State of North Carolina's Statewide Uniform Certification program administered by the State of North Carolina's Office of Historically Underutilized Businesses. Additionally, PWC is responsible for compliance with the minority recruiting and reporting requirements required by the NC General Statutes.

### **Small Disadvantaged Business Enterprise Program**

PWC and the City of Fayetteville's SDBE program works to increase the participation of small disadvantaged businesses in procurement opportunities.

PWC's administration of the SDBE program includes informing SDBE's of City/PWC contracting opportunities through outreach activities, providing information and assistance relating to City/PWC procurement practices and bid specifications, requirements and prerequisites; providing information regarding the Statewide Uniform Certification program and assisting departments and contractors with locating certified SDBE's for bid opportunities.

The program applies to all construction and repair work involving the expenditure of City and PWC funds in the amount of \$300,000 or more, or any project involving State funds in the amount of \$100,000 or more, as required by the North Carolina General Statutes. The program also applies to the procurement of architectural, engineering and surveying services by requiring that PWC and/or the City make a "good faith effort" to include SDBE and minority firms in solicitations for these services.

The Fleet Management Department provides quality, cost effective services to PWC and the City of Fayetteville. PWC also provides services to other governmental agencies, such as the Cumberland County Board of Education, on an as needed basis.

Services provided by the Fleet Management Department include:

- Maintaining approximately 2,000 vehicles and equipment (to include cars, trucks, construction equipment, heavy trucks, trailers, hybrid and electric vehicles) in two shops, light duty and heavy duty.
- Providing 18 hours a day of direct coverage to meet departmental needs. Technicians and support personnel are also on call during non-work hours to minimize equipment downtime.
- Maintaining a fully operational parts department that stocks 2,000 line items on site.
- Managing a comprehensive preventative maintenance program to keep all vehicles in safe working condition.
- Providing Emergency Vehicle Technicians (EVT) to maintain Fire Department vehicles.
- Operating a full service machine and welding shop with the capability to do onsite welding for substations and other departments.
- Dispatching tow trucks and tire service vehicles and staff to assist Fleet customers with roadside repairs and fueling.
- Maintaining fueling facilities for the City of Fayetteville and PWC.
- Preparing management reports to document and track data related to Fleet statistics.
- Coordinating the asset management program for Fleet vehicles and equipment.
- Coordinating repair efforts and parts orders with outside vendors as needed.
- Coordinating safety recalls and other safety efforts.
- Ensuring technicians are certified by the State of North Carolina to perform annual safety and On Board Diagnostics (OBD) inspections of registered vehicles and trailers for highway use.
- Ensuring technicians receive training to keep up with industry standards and technology so they are ready to handle the next generation of equipment and diagnostic capabilities.

PWC has pursued shared services with other governmental entities, where applicable, in an effort to reduce operating costs while maintaining or improving service levels. The philosophy PWC has followed is one where the least cost provider (whether it is PWC or another governmental entity) should render the service. Listed below are examples of such joint initiatives.

## **Telecommunications**

- The City of Fayetteville administers the operation and maintenance of a community-wide 800 MHz Radio System in which PWC is a charter member.
- PWC constructs, operates, and maintains a fiber optic metropolitan area network (MAN) for its internal communication requirements (54 sites) with excess capacity leased to other governmental agencies to include the City of Fayetteville (56 sites), Cumberland County, Cape Fear Valley Medical Center (40 sites), and Department of Transportation. The County's fiber lease agreement with PWC provides lit fiber to 18 county facilities including the Health Department and Social Services. The library system fiber lease has eight sites. PWC also leases dark fiber (unlit fiber) to Advanced Internet Technologies, Inc. (AIT), Progress Telecom, Time Warner Telecom and Telecom, Olde Fayetteville, FTCC (4 sites), Hope Mills FRC/SCANA, DukeNet (25 sites), Spring Lake (3 sites), and KMC. Currently, PWC has approximately 230 miles of 144 count fiber installed.

## **Geographic Information Systems (see additional information at end of this section)**

- The City of Fayetteville, Cumberland County and PWC have developed a data sharing partnership whereby each entity has access to each other's geographic data layers for use in day-to-day activities.
- PWC provides GIS services to the City of Fayetteville and the Fayetteville Regional Chamber of Commerce on an as needed basis.

## **Purchasing (see additional information)**

- PWC is responsible for the management of the City of Fayetteville purchasing function to include procurement, bid administration and contract execution, disposal of surplus property, and small disadvantaged business enterprise program administration.

## **Transformer Repair**

- The Apparatus Repair Shop is responsible for the repair and maintenance of all distribution transformers to include industrial type substation transformers, automatic sectionalizing devices, and area street lights. The Apparatus Repair Shop is also responsible for oil spill recovery and hazardous material containment and cleanup for PWC service areas. The Apparatus Repair Shop collects and properly disposes of contaminated and hazardous materials/fluids. PWC tests and repairs transformers for Progress Energy Carolinas and Fort Bragg, on an as needed basis.

**CUMBERLAND REGIONAL GIS INITIATIVE**

Global businesses and organizations are benefiting from information stored in geographic information systems (GIS). The development and use of spatial information is allowing governmental agencies, utilities and private businesses to strengthen customer services while improving productivity.

Cumberland County, the City of Fayetteville, and the Public Works Commission have independently and collectively addressed regional GIS needs. Each organization has developed and maintained specialized spatial database information that is proprietary to their particular needs. However, all three organizations share database information that is valuable, advantageous and useful to each other. As a diminutive example, Cumberland County provides land base property information, addressing and tax information. The City of Fayetteville provides annexation and zoning information, while the Public Works Commission has developed Water, Wastewater, Electrical and Fiber Optic data. Each organization is responsible for preservation of their respective data sets.

The sharing of information among organizations has improved response time to individual customer requests and eliminated the duplication of information. Sharing the information with the general public allows the overall community to make more informed and accurate decisions for the overall community well-being. Our primary objective is to provide current and accurate geographic information for everyone.

Public access to GIS web maps are available by clicking on the links available on the following websites: Public Works Commission ([www.faypwc.com](http://www.faypwc.com)), Cumberland County ([www.co.cumberland.nc.us](http://www.co.cumberland.nc.us) and [www.ccmmaps.org](http://www.ccmmaps.org)) or the City of Fayetteville ([www.cityoffayetteville.org](http://www.cityoffayetteville.org)).

## PWC Contacts

### **Customer Service: 483-1382**

24-Hour Access; account & billing inquiries, payment options

### **Emergencies: 1-877-OUR-PWC1**

PWC operates a 24-hour emergency dispatch facility. Types of emergencies may be power outages, downed tree limbs on electrical lines, water main breaks, etc.

### **MANAGEMENT DIVISION**

**CEO/General Manager:** Steve Blanchard: 223-4002

**Sr. Executive Assistant:** Joan Starling: 223-4001

**Executive Assistant:** Venus Durant: 223-4013

**Executive Assistant:** Ellen King: 223-4006

### **COMMUNICATIONS/COMMUNITY RELATIONS DIVISION**

Media requests; public appearances by PWC Educational Mascots, site tours and PWC involvement in the community: 223-4009

**Communications & Community Relations Officer:** Carolyn Justice-Hinson: 223-4015

### **CORPORATE SERVICES DIVISION**

**Chief Officer:** Susan Fritzen: 223-4004

**Warehouse Manager:** Chris McKinney: 223-4351

**Facilities Maintenance Manager:** Charles Johnson: 223-4361

**Fleet Management Manager:** Tony Eakins: 223-4298

**Corporate Development Manager:** Paula Shambach: 223-4404

**Information Systems:** 223-4215

Computer equipment/system and services; network/fiber optics, telephones/radio/programming services

**Director of IS:** James Koenig: 223-4321

**IS Customer Service Supervisor:** Patrick Sullivan: 223-4356

### **CUSTOMER PROGRAMS DIVISION**

**Sr. Officer:** Mark Brown: 223-4224

**Customer Programs:** 223-4359

New residential construction, new business or industrial construction, installation of area or street lighting, annexation connections and billing inquiries, and conservation efforts.

**Marketing Manager:** Angie Vurnakes, 223-4749

### **ELECTRIC DIVISION**

**Chief Operations Officer:** David Trego: 223-4012

**Electrical Engineering:** 223-4514

Availability of electric utilities and other electrical related issues; Street Light request or inquiries:

**Interim Electrical Engineering Manager:** Marc Tunstall: 223-4502

**Electric Operations:** 223-4500

Construction or maintenance of the electric system facilities or trees along power lines.

**Interim Electric Operations Manager:** Rick Anderson: 223-4517

### **Generation**

Generating supplemental electricity for PWC customers.

**Dir. of Generation, Power Supply, & Compliance:** Reggie Wallace: 223-4813

### **FINANCE DIVISION**

**Chief Officer:** Dwight Miller: 223-4005

**Controller:** Brenda Chester: 223-4101

**Director of Customer Service:** Bevan Grice: 223-4131

### **Legal Services (Risk Management)**

PWC's claims process, collections, environmental compliance procedures and annexation-assessments, land and easement acquisitions.

**Legal Services Manager:** Ike Copeland: 223-4116

**Director of Financial Planning:** Rhonda Haskins: 223-4102

**Purchasing:** 223-4337

PWC's procurement procedures, purchasing, invoicing, payments.

**Purchasing Manager:** Gloria Wrench: 223-4333

### **HUMAN RESOURCES DIVISION**

PWC personnel, job opportunities, safety, and employee training programs: 223-4120

**Human Resources Officer:** Bobby Russell: 223-4122

### **WATER RESOURCES DIVISION**

**Chief Officer:** Mick Noland: 223-4733

**Water Resources Engineering:** 223-4730

Availability of water and sanitary sewer utilities, FIF, extension of new water and sanitary sewer utilities

**Engineering Manager:** Joe Glass: 223-4740

**Water Resources Operations:** 223-4715

Irrigation, sanitary sewer stoppages, water main leaks, new water and sanitary sewer taps on existing mains, meter installation

**Operations Manager:** Rick Davis: 223-4718

### **Water Treatment Facilities**

Water quality, drinking water treatment process and facilities

**Water Treatment Facilities Manager:** Chris Smith: 223-4708

### **Wastewater Treatment**

Wastewater treatment process & facilities

**Wastewater Treatment Facilities Manager:** Chuck Baxley: 223-4701

### **Water Resources Environmental Program**

Industrial Pretreatment; Watershed Management, Cross Connections, Lab

**Water Resources Environmental Program Manager:** Chad Ham: 223-4702