

GREENVILLE UTILITIES COMMISSION

GREENVILLE, NORTH CAROLINA

Thursday, April 16, 2020

The Board of Commissioners of the Greenville Utilities Commission held a Telephonic Meeting at 12:00 noon with the following members, and others present via conference call, and Chair Butler presiding.

Commission Board Members Present:

Joel Butler, Chair	Kelly L. Darden, Jr.
Parker Overton, Chair-Elect	Peter Geiger
Tommy Stoughton, Secretary	Lindsey Griffin
Ann E. Wall	Minnie J. Anderson

Commission Staff Present:

Tony Cannon, General Manager/CEO	Kevin Keyzer
Chris Padgett	Lou Norris
Jeff McCauley	Jonathan Britt
Phil Dixon	Amanda Wall
Keith Jones	Margie Taylor
George Reel	Durk Tyson
Randy Emory	
Roger Jones	
Richie Shreves	
Steve Hawley	
David Springer	
John Worrell	
Tony Godwin	
Amy Wade	
Scott Mullis	

Others Present:

Rick Smiley, City Council Liaison

Chair Butler called the meeting to order. Ms. Amy Wade, Executive Secretary, called the roll and ascertained that a quorum was present.

ACCEPTANCE OF THE AGENDA

A motion was made by Mr. Overton, seconded by Mr. Stoughton, to accept the agenda as presented. The motion carried unanimously.

APPROVAL OF MINUTES (Agenda Item 1)

A motion was made by Ms. Wall, seconded by Mr. Stoughton, to approve the March 19, 2020 Regular Meeting minutes as presented. The motion carried unanimously.

REVIEW OF MONTHLY FINANCIAL STATEMENT – March 31, 2020 (Agenda Item 2)

March 31, 2020 Financial Statement:

Key financial metrics for the combined funds for the period ending March 31, 2020:

Operating Cash:	\$89,826,444	Days of Cash on Hand:	155
Less Current Liabilities	<u>(\$19,403,07)</u>		
Fund Balance:	\$70,423,372		

Fund Balance Available for Appropriation: 27.0% Days of Cash on Hand After Liabilities: 121

Average Investment Yield: 1.83%

Fund Equity/Deficit Before Transfers

	Current Month			Year to Date		
	Actual	Budget	Last Year	Actual	Budget	Last Year
Electric	(\$363,362)	(\$168,559)	(\$106,909)	\$333,500	(\$1,047,289)	\$6,009,570
Water	\$487,301	\$1,057,139	(\$8,173)	\$5,917,440	\$4,621,947	\$1,968,650
Sewer	\$294,206	\$218,980	(\$54,903)	\$4,339,782	\$1,128,364	\$3,572,106
Gas	\$358,941	\$84,278	\$754,544	\$2,361,068	(\$432,673)	\$3,752,641
Combined	\$777,086	\$1,191,838	\$584,559	\$12,951,790	\$4,270,349	\$15,302,967

Fund Equity/Deficit After Transfers

	Current Month			Year to Date		
	Actual	Budget	Last Year	Actual	Budget	Last Year
Electric	(\$363,362)	(\$153,156)	(\$606,909)	(\$166,495)	(\$908,659)	\$3,459,570
Water	\$58,134	\$659,870	(\$8,173)	\$2,054,937	\$1,046,526	\$97,819
Sewer	\$119,206	\$149,972	(\$554,903)	\$2,539,503	\$507,292	\$1,088,774
Gas	\$338,108	\$97,280	\$254,544	\$2,173,303	(\$315,655)	\$1,512,641
Combined	\$152,086	\$753,966	(\$915,441)	\$6,601,248	\$329,504	\$6,158,804

Jeff McCauley, Chief Financial Officer, provided a presentation on the Financial Statement for March 31, 2020.

The weather impact for the month of March indicated that the heating degree days were lower than March 2019 and the cooling degree days were higher than March 2019. The March rainfall was 3.4 inches which was less than last year. The portfolio earned 1.83% for the month of March.

Overall year-to-date results through the end of March remain stable. The Electric Rate Stabilization Reserves are approximately \$24.3 million, and the Gas Rate Stabilization Reserves are \$1.8 million. The Operating Reserves are 155 Days Cash on Hand, and Renewals and Replacements Reserves are approximately \$2.6 million. The Capital Project Funds Reserved for Existing and Future Capital Projects are approximately \$36.6 million.

A motion was made by Mr. Overton, seconded by Mr. Darden, to accept the Financial Statement for March 31, 2020. The motion carried unanimously.

CONSIDERATION OF ADOPTION OF PRELIMINARY FY 2020-2021 BUDGET (Agenda Item 3)

Mr. Tony Cannon, General Manager/CEO, stated that on April 7, 2020, staff presented an end-of-year financial forecast for FY 2019-20 and the proposed budget for FY 2020-21 to the Finance/Audit Committee. An update was provided on the status of the budget development inclusive of the observations and recommendations that were shared with the Finance/Audit Committee, along with a review of adjustments that have been made in response to COVID-19.

End-of-Year Projections

COVID-19 end-of-year projection adjustments for FY 2019-20 are as follows:

- Reduced Electric & Gas final quarter small general service and medium general service/Commercial load projections by 10%
- Reduced Interest Income projection from \$1.8M to \$1.5M (\$300k)
- Reduced Electric and Water Reconnect Fee projections from \$694k to \$496k (\$198k)
- Increased Bad Debt Expense projection from \$642k to \$750k (\$108k)

Proposed FY 2020-21 Budget

COVID-19 proposed FY 2020-21 budget adjustments are as follows:

- Deferred the proposed 6.8% Water rate increase
- Revised Residential customer growth rate for FY21 to 0% for all funds
- Revised Commercial customer growth rate for FY21 to -2% for Electric and Gas
- Revised Commercial customer growth rate for FY21 to -1% for Water and Sewer
- Removed 2% market adjustment
- Revised 1.5% merit increase to 2.0%
- Reduced Interest Income revenue from \$1.35M to \$750k (\$600k)
- Reduced Electric and Water Reconnect Fee revenues from \$708k to \$375k (\$333k)
- Increased Bad Debt Expense from \$374k to \$450k (\$76k)

Key provisions in the preliminary budget include the following:

- Expenditures budgeted for FY 2020-21 have increased by 3.7%, or \$9.7M, when compared to the FY 2019-20 budget. Key points are:
 - \$2.8M increase in purchased power
 - \$2.0M decrease in purchased gas
 - \$1.9M increase in debt service
 - \$2.6M increase in capital outlay
 - \$250K decrease in transfers to rate stabilization
 - \$3.9M increase in transfers to capital projects
 - \$3.6M increase in operations
- No rate adjustment for the Electric Fund, 4.1% less than projected last year
- No rate adjustment for the Water Fund, 6.9% less than projected last year
- No rate adjustment for the Sewer Fund
- No rate adjustment for the Gas Fund
- Funding for the employee merit program at 2.0%
- Continuation of a self-insured health insurance plan which includes a high-deductible Health Savings Account option
- Continuation of a self-insured dental insurance plan
- Funding to hire replacements prior to the retirement of key personnel to facilitate succession planning, leverage the knowledge and experience of long-term employees for training on critical issues, and ensure smooth transitions
- Three part-time positions converted to permanent positions to appropriately respond to needs within the combined enterprise operation
- Seven permanent positions have been added to provide contracted professional services to the Greenville ENC Alliance
- Transfer of \$500K to the Other Post-Employment Benefits (OPEB) Trust
- Funding for the increase in Local Government Employees Retirement System (LGERS) employer contribution from 8.95% to 10.15%, or \$373K
- Transfer of \$150K to the City's housing energy conservation program
- Commitment of \$500,000 to participate as a sustaining member in the public-private economic development partnership
- Investment of \$14.0M for capital outlay to maintain system reliability and comply with regulatory requirements
- Annual turnover or transfer of \$6.4M to the City of Greenville, in accordance with the Charter issued by the North Carolina General Assembly

In addition, a proposed fee change is recommended to the GUC Utility Regulations Part D - Customer Service Policy. This change will reflect a fee increase for restoring electric, water, and/or sewer services from \$55 to \$65 during nights, holidays, and weekends effective July 1, 2020.

Long-term Financial Forecast

COVID-19 proposed long-term financial forecast adjustments are as follows:

- Year 1 reductions in customer growth connections and load carry through each fiscal year
- Increased Electric Rate Stabilization Fund utilization by \$3.8M
- Added a 1.4% Electric Residential rate increase in FY23
- Reduced the Electric Residential rate increase in FY24 from 3.6% to 3.2%
- Increased the FY22 Water Residential rate increase from 6.4% to 7.0%
- Added Water Residential rate increases of 6.7% and 3.1% to FY23 and FY24, respectively

Highlights of the FY 2020-21 capital budget are listed below:

GUC continues to make investments in capital projects to maintain reliability, meet ongoing regulatory requirements, and remain strategically positioned to facilitate growth and will be establishing capital projects totaling \$26.79M for FY 2020-21.

Project Type	Project Description	Project Amount
Finance	New Operations Center – Fleet Maintenance Building	\$7,000,000
Electric	Mt. Pleasant to Wellcome 115 kV Transmission	\$8,892,000
Electric	Peak Shaving Generator(s) Replacement	\$6,000,000
Electric	Transmission Structure Replacement(s)	\$2,000,000
Water	Water Treatment Plant Riverbank Stabilization	\$1,500,000
Gas	14 th Street Widening (NCDOT U-5917)	\$57,000
Gas	Evans Street Widening (NCDOT U-2817)	\$136,000
Gas	VOA Road Loop	\$1,200,000
	Total	\$26,785,000

A revenues and expenditures document containing the FY 2019-20 projection and the preliminary FY 2020-21 budget were provided to the Board.

Pending the Board’s approval, the preliminary balanced budget will be presented to the City Council on May 14, followed by a public hearing scheduled for June 8. Final adoption of the FY 2020-21 budget will be considered at the Board’s June 11 meeting, with final consideration by the City Council scheduled for June 11.

A motion was made by Mr. Geiger, seconded by Mr. Stoughton, to approve the preliminary FY 2020-2021 budget. The motion carried unanimously.

CONSIDERATION OF FURNITURE CONTRACT FOR THE NEW OPERATIONS CENTER (Agenda Item 4)

Mr. Chris Padgett, Chief Administrative Officer, stated that the current phase of the New Operations Center contains over 142,000 square feet of finished floor area located within three primary buildings. The new facility will be the base of operations for over 330 GUC employees. As such, it was recognized during the planning phase for the project that the following areas would need to be furnished upon completion:

Room Type	Quantity
Walled Offices	58
Cubicles	145
Conference / Huddle / Training Rooms and Crew Area	31
Break Rooms / Vending Areas / Quiet Rooms	8
Copy / Printing Areas	12
Storage Rooms / File Areas	16
Lobbies / Waiting Rooms	6
Medical	4

GUC's design team includes a furniture specialist who designed GUC's various types of workstations using the North Carolina State Contract as the basis of design. GUC then conducted a qualification-based selection process focused on three reputable manufacturers' products. Knoll was selected as the primary product that best met GUC's needs, and CBI, a preferred Knoll dealer, was selected as the vendor.

The typical discount for Knoll furniture under the State Contract varies from 44% - 65% based on the specific item. Because of additional volume discounts, GUC is receiving discounts of 52.5% - 73.5% on the Knoll products within this furniture package (approximately 8.5% below the State Contract pricing).

The furniture budget for the three new buildings is \$2,000,000. This funding is budgeted outside of the Construction Manager at Risk's Guaranteed Maximum Price, but within the approved Capital Project Budget. This budget estimate was developed by GUC's design team furniture specialist based on the quantity and types of workspaces that require furnishings. The cost summary provided by CBI is \$1,703,300. Because GUC is still finalizing selections on several furniture items, this estimate includes a 6% contingency and the cost summary is being used as a not to exceed amount. It should be noted that in addition to this primary furniture contract, GUC will use a local vendor, Institutional Interiors, to provide clinic furnishings and some ancillary items at a cost of \$120,000.

Furniture Budget / Expenses	
Total Budget	\$2,000,000
CBI Furniture Package (subject of this agenda item)	\$1,703,300
Institutional Interiors Furniture Package	\$120,000
Total Furniture Expenses	\$1,823,300
Budget Remaining / Unspent	\$176,700

A motion was made by Mr. Overton, seconded by Mr. Stoughton, to authorize the General Manager/CEO to finalize and execute a contract to purchase furniture for the New Operations Center from CBI for an amount not to exceed \$1,703,300. The motion carried unanimously.

CAPITAL PROJECT UPDATES (Agenda Item 5)

Mr. Chris Padgett, Chief Administrative Officer, provided an update on the progress of the construction on Buildings 2, 3, and 4 of the New Operations Center project.

Mr. Padgett also updated the Board on a few change orders totaling \$58,550. He added that the Project is on schedule and within budget.

Mr. Kevin Keyzer, Risk and Facilities Manager, announced that the renovations are substantially complete on the Main Office, including the drive thru lanes. The lanes allow for collection of payments to continue while the office is temporarily closed to customers due to COVID-19.

GENERAL MANAGER’S/CEO REPORT (Agenda Item 6)

1. Informational Reading

Bids, Statistical Data Report, Sewer Spill Tracking Report, Load Management Report, and PGA Report were provided.

The following Bids awarded by the General Manager/CEO during the past month was reported for information:

GREENVILLE UTILITIES COMMISSION
TABULATION OF BIDS RECEIVED

TWO (2) 60’ AERIAL TOWER UNITS MOUNTED WITH UTILITY LINE BODY & 1,250 LBS.
MATERIAL HANDLING PACKAGE
JANUARY 29, 2020 @ 3:00 PM

Vendors	Delivery Time	Unit Price \$	Total \$
Altec Industries, Inc.	300-330 Days	\$252,849.00*	\$505,698.00
Terex Utilities, Inc.	270-330 Days	258,555.00	517,110.00

*Indicates recommended award based on the lowest responsible, responsive bid.

MANHOLE RINGS AND COVERS
MARCH 12, 2020 @ 3:00 PM

VENDORS	DELIVERY TIME	TOTAL
Consolidated Pipe and Supply, Inc.	1-7 days	\$14,204.85*
Fortiline Waterworks	2-3 weeks	14,289.25
Core & Main, LP	Stock-1 week	14,329.70
EJ USA, Inc.	2-6 weeks	14,526.15
Fortiline Waterworks	2-6 weeks	14,642.35
Ferguson	10-14 days	14,755.30
Water Works, Inc.	2-3 weeks	14,757.25
Super Cast, Inc.	24 hrs-5 days	16,165.00
Raleigh Wingate	14 days	16,964.30

* Indicates recommended award based on lowest responsible, responsive bidder.

TUBULAR STEEL STRUCTURES
MARCH 18, 2020 @ 4:00 PM

VENDORS	DELIVERY TIME (WKS)	TOTAL
M.D. Henry Co.	32-34 Weeks	352,394.00*
Summit Utility Structures	18 Weeks	355,359.00
Sabre Industries	22-24 Weeks	392,320.00
Meyer Utility Structures	40 Weeks	432,078.00
Rohn Products	18-20 Weeks	494,950.00

* Indicates recommended award based on the lowest responsible, responsive bid.

NATURAL GAS DISTRIBUTION CONSTRUCTION SERVICES
MARCH 25, 2020 at 2:00PM

VENDOR	HOURLY RATE	TOTAL BID
Parker-Stockstill Construction, Inc.	\$383.87	\$383,870.00*
Directional Services, Inc.	\$441.00	\$441,000.00

*Indicates recommended award based on the lowest responsible, responsive bid.

Load Management Report

The Duke Energy Progress (DEP) monthly peak occurred on March 1, 2020 for the hour ending at 8:00 a.m. GUC's load management system was in full operation during this period. As a result, the estimated avoided demand costs amount to \$1,246,865.

2. Key Performance Indicators (KPIs)

The Corporate KPI report was provided.

3. Commendations

The following are compliment records:

Many thank you messages from customers were posted on GUC's social media accounts during the first few weeks of the COVID-19 pandemic in March.

- Spencer Grant – Thank you GUC!
- Tom Bunosso – Go Greenville Utilities! Be safe!
- Alyson Sparks – Thank you to all GUC's hard workers!
- Vickie O'Quinn Williford – Thank you for helping to take care for the patients and ENC!
- Becky B. Pawlak – GUC is fantastic. Thank you!
- Lorrie Warren – Thank you to all the workers at GUC.
- Harley Elkins – S/O to the electric crews at Vidant. You are so appreciated during this time!
- Terry King – Thank you for everything you continue to do for our community!
- Krissy Wixon Adams – Thank you for all your hard work!
- Sandra Brown – Thank you GUC.
- Spence Cosby – GUC, always there!

Nikia Best Manuel, Water Resources Customer Records Clerk, received a call from Mrs. Jefferson and wanted to thank the GUC crew on the outstanding service provided at her address. Mrs. Jefferson was very satisfied with the level of service from crew and communication from supervisor. The crew included Keith Fisher, Water Resources Systems Supervisor; Randy Beamon, Water Resources Pipe Crew Leader I; Michael Silverthorne, Water Resources Equipment Operator IV; Tracy Colville, Water Resources Equipment Operator III, and Kevin Hudson, Water Resources Pipe Layer III.

Lena Preville, Human Resources Manager, received a thank you email from Yashica Dudley, Career Development Coordinator for Pitt County Schools. Ms. Dudley wrote to say that Jeffery Clemmons, Water Resources Pipe Layer II, and Maurice Ampley, Water Resources Pipe Layer III, were amazing with the students at the CM Eppes Middle School Career Fair. She thanked GUC for participating in the event.

4. Other

Mr. Tony Cannon, General Manager/CEO, announced that after the payroll period ending April 11, 2020, GUC surpassed the Corporate Safety Initiative (CSI) goal of 3 Million Consecutive Hours without a Lost Workday Incident. This is the first time in the history of GUC and he congratulated the employees for their efforts.

Mr. Cannon reported that recently the State of North Carolina Utilities Commission conducted the annual inspection of GUC's natural gas distribution facilities and there were no noted violations.

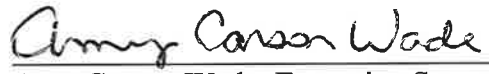
Mr. Cannon also reported that effective April 1, 2020 there was a 6.3% rate decrease in the purchased gas adjustment clause.

BOARD CHAIR'S REMARKS/REPORT (Agenda Item 7)

Chair Butler shared the approved March 9, 2020 minutes from the Finance/Audit Committee. He announced that the Joint GUC and City Council meeting scheduled for April 20, 2020, has been canceled and reminded the Board of the next Regular meeting on Thursday, May 21, 2020, at 12:00 noon.

Without any further business to conduct and without objection, Chair Butler adjourned the Board of Commissioners meeting at 12:44 p.m.

Respectfully submitted,



Amy Carson Wade, Executive Secretary

APPROVED:



Tommy Stoughton, Secretary