

GREENVILLE UTILITIES COMMISSION

GREENVILLE, NORTH CAROLINA

Thursday, April 15, 2021

The Board of Commissioners of the Greenville Utilities Commission met in the Greenville Utilities Board Room in regular session and virtually via Zoom at 12:00 noon with the following members and others present, and Chair Overton presiding.

Commission Board Members Present:

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

Commission Staff Present:

Tony Cannon, General Manager/CEO	Kyle Brown
Jeff McCauley	Durk Tyson
Chris Padgett	Kevin Keyzer (via Zoom)
Phil Dixon	Lou Norris (via Zoom)
Amy Wade	Kathy Howard (via Zoom)
Anthony Miller	Jonathan Britt (via Zoom)
Scott Mullis	Amanda Wall (via Zoom)
John Worrell (via Zoom)	Molly Ortiz (via Zoom)
Randy Emory (via Zoom)	Tony Godwin (via Zoom)
Keith Jones (via Zoom)	Jacob Barnes (via Zoom)
Richie Shreves (via Zoom)	
Andy Anderson (via Zoom)	
Steve Hawley (via Zoom)	
David Springer (via Zoom)	
Ken Wade (via Zoom)	

Others Present:

Rick Smiley, City Council Liaison; Linda Kean, First Presbyterian Church; and Ginger Livingston, The Daily Reflector (via Zoom)

Chair Overton called the meeting to order. Ms. Anderson ascertained that a quorum was present.

Chair Overton welcomed Ginger Livingston with the Daily Reflector and Dr. Linda Kean with the First Presbyterian Women.

ACCEPTANCE OF THE AGENDA

A motion was made by Ms. Wall, seconded by Mr. Griffin, to accept the agenda as presented. The motion carried unanimously.

SAFETY BRIEF

Mr. Tony Cannon, General Manager/CEO, called upon Kevin Keyzer, Risk and Facilities Manager, to provide the safety brief. Mr. Keyzer explained the plan of action should there be an emergency at today's meeting. In addition, Mr. Keyzer reminded everyone of the COVID-19 safety measures in place.

Recognition of American Public Power Association (APPA) Reliable Public Power Provider (RP3) Diamond Designation

Mr. Cannon announced that GUC was awarded the Diamond RP3 from the American Public Power Association. He introduced Kyle Brown, Electric Engineer, to share the importance of this award. Mr. Brown stated the Reliable Public Power Provider (RP3) designation recognizes public power utilities for providing safe and reliable electric service. Currently 278 of the nation's 2,000+ public power utilities hold an RP3 designation. RP3 applicants must demonstrate proficiency in four key disciplines that include reliability, safety, workforce development, and system improvements. Applicants must complete a rigorous online application and show evidence of best practices in the four key disciplines. The applications are reviewed and scored by an 18-member panel of national public power experts. GUC received a score of 99.50% and is one of just 127 at the Diamond level. This designation is good for three years.

The GUC RP3 Team members include Leah Herring, Human Resources; Kelly Smith, Safety; Todd Cannon, Information Technology; Jonathan Sergeant, Energy Services; and Natalie O'Neal, John Powell, Jacob Barnes, and Kyle Brown, Electric.

Neighbor to Neighbor Update

Mr. Scott Mullis, Interim Director of Customer Relations, stated that the Neighbor to Neighbor program has helped a number of Pitt County residents. He reminded the Board that this program meets local needs by providing funds to assist low-income families in Pitt County with their heating bills. The program is administered through the Department of Social Services and offers up to \$200 for heating assistance per year to approved families.

The First Presbyterian Women were recognized for their fundraising efforts supporting GUC's Neighbor to Neighbor program. This year the First Presbyterian Women's campaign raised \$10,440. Since the beginning of the GUC Neighbor to Neighbor program in 2001, their fundraising efforts, along with GUC's matching funds total more than \$334,584 for the program. Mr. Mullis welcomed Dr. Linda Kean with the First Presbyterian Women and thanked her for their service and continued support. He noted that this year GUC provided an additional \$30,000 to fund the Neighbor to Neighbor program during the pandemic.

APPROVAL OF MINUTES (Agenda Item 1)

A motion was made by Mr. Darden, seconded by Mr. Stoughton, to approve the March 18, 2021 Regular Meeting minutes as presented. The motion carried unanimously.

REVIEW OF MONTHLY FINANCIAL STATEMENT – MARCH 31, 2021 (Agenda Item 2)

**March 31, 2021 Financial Statement:**

Key financial metrics for the combined funds for the period ending March 31, 2021 Preliminary:

Operating Cash:	\$94,594,680	Days of Cash on Hand:	164
Less Current Liabilities	(\$20,699,204)		
Appropriated Fun Balance	(\$2,945,847)		
Fund Balance:	\$70,949,629		

Fund Balance Available for Appropriation: 26.2%      Days of Cash on Hand After Liabilities: 123

Average Investment Yield: .60%

Fund Equity/Deficit Before Transfers

	Current Month			Year to Date		
	Actual	Budget	Last Year	Actual	Budget	Last Year
<b>Electric</b>	(\$391,290)	(\$529,257)	(\$363,362)	\$4,608,018	(\$4,012,856)	\$333,500
<b>Water</b>	\$493,398	\$374,478	\$487,301	\$3,627,768	\$3,280,439	\$5,169,827
<b>Sewer</b>	\$28,130	\$184,684	\$294,206	\$2,876,579	\$948,284	\$3,550,560
<b>Gas</b>	\$38,403	\$153,452	\$358,941	\$3,836,036	(\$435,680)	\$2,361,068
<b>Combined</b>	<b>\$168,641</b>	<b>\$183,357</b>	<b>\$777,086</b>	<b>\$14,948,401</b>	<b>(\$219,813)</b>	<b>\$11,414,955</b>

Fund Equity/Deficit After Transfers

	Current Month			Year to Date		
	Actual	Budget	Last Year	Actual	Budget	Last Year
<b>Electric</b>	(\$391,290)	(\$329,256)	(\$363,362)	\$3,003,865	(\$2,212,835)	(\$166,495)
<b>Water</b>	\$72,565	(\$46,355)	\$58,134	\$1,126,068	(\$507,058)	\$1,307,324
<b>Sewer</b>	\$28,130	\$5,517	\$119,206	\$1,443,243	(\$664,219)	\$1,750,281
<b>Gas</b>	\$38,403	\$83,119	\$338,108	\$3,486,036	(\$1,068,677)	\$2,173,303
<b>Combined</b>	<b>(\$252,192)</b>	<b>(\$286,975)</b>	<b>\$152,086</b>	<b>\$9,059,212</b>	<b>(\$4,452,789)</b>	<b>\$5,064,413</b>

Jeff McCauley, Chief Financial Officer, provided a presentation on the Financial Statement for March 31, 2021.

The weather impact for the month of March 2021 indicated that the March heating degree days were higher than last year. Cooling Degree Days were much lower. The March rainfall was 3.86 inches which was more than last year. The portfolio earned .60% for the month of March.

Overall year-to-date results through the end of March remain stable. The Electric Rate Stabilization Reserves are approximately \$24.5 million, and the Gas Rate Stabilization Reserves are \$2.2 million. The Operating Reserves are 164 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 \$34.7 million.

After discussion, a motion was made by Mr. Geiger, seconded by Ms. Braswell, to accept the Financial Statement for March 31, 2021. The motion carried unanimously.

CONSIDERATION OF ADOPTION OF PRELIMINARY FY 2021-2022 BUDGET (Agenda Item 3)

Mr. Cannon reminded the Board that at the March 18, 2021 Board meeting, a presentation was provided to the Board that focused on the end-of-year performance for FY 2020-21, the principal elements of the preliminary FY 2021-22 budget, GUC's five-year capital improvement plan, and long-term financial forecast.

He stated that staff looked at deferring the proposed water rate increase to the following year which results in a minimal impact of \$1.5 million. After consulting with Chair Overton and Chair-Elect Stoughton, Mr. Cannon updated the budget presentation which reflects the changes since the March presentation.

After careful consideration of the information that was presented and Board feedback of the March 18, 2021 meeting materials, the Board reached a consensus to move forward with the preparation of the preliminary FY 2021-22 budget.

**Proposed FY 2021-22 Budget**

Key rate adjustment recommendations of the proposed budget are listed below:

- **Electric:** 0.0% rate increase
- **Water:** 0.0% rate increase
- **Sewer:** 0.0% rate increase
- **Gas:** 0.0% rate increase

The 0.0 % water rate adjustment does decrease fund equity, and still maintains positive results with no rate increase. The overall FY 2021-2022 Budget is \$266 million.

Highlights of the FY 2021-22 proposed budget are listed below:

- Expenditures budgeted for FY 2021-22 have decreased by 1.8%, or \$5.0M, when compared to the FY 2020-21 budget. Key points are:
  - \$2.3M increase in operations
  - \$2.4M increase in purchased power
  - \$1.3M decrease in capital outlay

- \$1.4M decrease in purchased gas
- \$1.1M decrease in debt service
- \$6.6M decrease in transfers to capital projects
- \$650K increase in transfers to rate stabilization
- No rate adjustment for the Electric Fund
- No rate adjustment for the Water Fund
- No rate adjustment for the Sewer Fund
- No rate adjustment for the Gas Fund
- Funding for a 2.0% employee merit/market adjustment
- Continuation of a self-insured health insurance plan which includes a high deductible Health Savings Account option
- Continuation of 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
- One new permanent position for succession planning purposes and one new part-time intern position
- Continuation of investment in the Greenville ENC Alliance to promote economic development in our region
- Transfer to Other Post-Employment Benefits (OPEB) of \$500K
- Funding for the increase in the Local Government Employees Retirement System (LGERS) required employer contribution from 10.15% to 11.35% - \$418K
- Transfer of \$150K to City's housing energy conservation program
- Investment of \$12.7M for capital outlay to maintain system reliability and comply with regulatory requirements
- Annual turnover or transfer of \$6.6M to the City of Greenville in accordance with the Charter issued by the North Carolina General Assembly

Highlights of the FY 2021-22 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. To that end, in FY 2021-22, GUC will be establishing capital projects totaling \$8.3M.

<b>Project Type</b>	<b>Project Description</b>	<b>Project Amount</b>
IT	Asset Management Software	\$3,100,000
Water	Elm Street Water Main Relocations	\$375,000
Sewer	Elm Street Sewer Pipeline Relocations	\$325,000
Sewer	Sewer System Extensions Phase I	\$3,844,000
Sewer	Sewer System Improvements for Industry and Commercial	\$656,000
	<b><u>Total</u></b>	<b><u>\$8,300,000</u></b>

Additional components of the budget include:

- Proposed addition and revision to GUC Utility Regulations Part D - Customer Service Policy – 7.0 Meter Tampering to align with the current version of the N.C.G.S. 14-151 (v.2018) from N.C.G.S. 14.151.1 (v1994)
- Electric Rate Stabilization Reserves via Rate Stabilization Fund(s)
- Electric Rate Design Modifications (Area and Street Lighting)
- LED Streetlight Conversion: Currently in year 3 of 4-year conversion plan
- Water Rate Design Modifications
- Sewer Utility Extension Cost-Sharing Policy Review/Update
- Gas Rate Stabilization Reserves via Rate Stabilization Fund(s)
- Gas Rate Design Modifications

Mr. Cannon added that no one rate class will be impacted continuously over the 5 years and he shared that the long-term impact of deferring the water rate adjustment has the same impact in the five-year plan.

## **Long-term Financial Forecast**

Mr. Cannon reviewed the long-term financial forecast that included the five-year plan through FY 2025-26. Only changes are related to the water rate decrease.

A revenue and expenditures document containing the FY 2020-21 projections and the preliminary FY 2021-22 budget were provided to the Board.

Mr. Cannon noted that pending the Board's approval of adoption, the preliminary balanced budget will be presented to the City Council on May 13, followed by a public hearing scheduled for June 7. Final adoption of the FY 2021-22 budget will be considered at the Board's June 10 meeting, with final consideration by the City Council.

After discussion, a motion was made by Mr. Geiger, seconded by Mr. Griffin, to adopt the Preliminary FY 2021-2022 Budget. The motion carried unanimously.

### RECOMMENDED AWARD OF BID AND CONTRACT FOR CONSTRUCTION SERVICES FOR THE MEMORIAL DRIVE BRIDGE NATURAL GAS MAIN RELOCATION (GCP 10104) (Agenda Item 4)

Mr. Anthony Miller, Director of Gas Systems, stated that GUC maintains eight-inch steel natural gas mains with some that were installed in 1968 in right away of NC Highway 11/Memorial Drive. NCDOT intends to replace north bound bridge over the tar river which would require GUC to relocate the natural gas main which allows for a good opportunity to replace for reliability for customers north of tar river. In 2014 the Board did adopt budget for this project then amended it in 2020 due to high cost of construction materials.

Mr. Durk Tyson, Gas systems Engineer, stated that the NCDOT plans to replace the northbound bridge over the Tar River and is requiring the existing natural gas main to be removed from the bridge. This Capital Improvement Project involves the installation of approximately 1.1 miles of eight-inch steel pipe under the Tar River and adjacent floodplain. The majority of the construction will be completed by horizontal directional drill.

The project was publicly advertised in accordance with NC General Statutes and 21 potential bidders were provided copies of the notice. Three bids were received ranging from \$1,699,076.87 to \$2,722,209.60. While Southeast Connections, LLC provided the lowest responsive and responsible bid, it was more than the funds available. Staff and the design engineer met with the contractor and identified several items of work for review and negotiation. Staff recommends that the construction services contract be awarded to Southeast Connections, LLC in the amount of \$1,538,766.87 (negotiated bid). The total project cost is within the approved budget for this project and the construction phase of this project is projected to be completed by August 2021.

After discussion, a motion was made by Ms. Wall, seconded by Mr. Stoughton, to award the bid and authorize the General Manager/CEO to execute a construction services contract with Southeast Connections, LLC in the amount of \$1,538,766.87. The motion carried unanimously.

### UPDATE FROM JOINT PAY AND BENEFITS COMMITTEE MEETING (Agenda Item 5)

Mr. Darden stated the Joint Pay and Benefits Committee met March 30 with representatives from GUC Board of Commissioners and the City Council. Committee members are Council Member Rick Smiley, Mayor Pro-Tem Rose Glover, Commissioner Peter Geiger, and himself. The Committee discussed projections from benchmark organizations and national surveys in relation to the uncertainty created by the Pandemic.

He announced that the Joint Committee has two recommendations to be considered at its April 19, 2021 Joint Meeting.

1. Approve a 2% pay adjustment to fund merit/market to be applied as deemed appropriate by GUC and the COG.
2. Offer a new NC 457 plan that aligns with the existing NC 401K and is no cost to GUC or COG.

The approved minutes from the Joint Pay and Benefits Committee dated September 14, 2020 were shared for informational purposes.

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

1. Informational Reading

Bids and Ranking of Proposals, 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 were reported for information:

**GREENVILLE UTILITIES COMMISSION**  
**TABULATION OF BIDS RECEIVED**

ITEM I (1) 1,000 KVA THREE-PHASE PADMOUNT TRANSFORMER, STK # 206290  
FEBRUARY 17, 2021 @ 3:00 PM

VENDORS	DELIVERY TIME (WKS)	UNIT PRICE	OWNERSHIP COST/UNIT	TOTAL
National Transformer Sales	20	\$17,365.00	\$38,502.40*	\$17,365.00
WEG	32	17,602.00	40,600.90	17,602.00
Wesco Distribution Inc.	22	19,260.00	41,664.90	19,260.00
Border States	24	27,788.00	44,261.60	27,788.00

\* Indicates recommended award based on lowest total ownership cost.

ITEM II (1) 1,500 KVA THREE-PHASE PADMOUNT TRANSFORMER, STK # 205200  
FEBRUARY 17, 2021 @ 3:00 PM

VENDORS	DELIVERY TIME (WKS)	UNIT PRICE	OWNERSHIP COST/UNIT	TOTAL
National Transformer Sales	20	\$22,822.00	\$55,328.20*	\$22,822.00
WEG	32	22,283.00	56,272.70	22,283.00
Wesco Distribution Inc.	22	25,560.00	57,122.40	25,560.00
Border States	24	33,090.00	62,717.70	33,090.00

\* Indicates recommended award based on lowest total ownership cost.

ITEM III (4) 300 KVA THREE-PHASE PADMOUNT TRANSFORMER, STK # 208240  
FEBRUARY 17, 2021 @ 3:00 PM

VENDORS	DELIVERY TIME (WKS)	UNIT PRICE	OWNERSHIP COST/UNIT	TOTAL
National Transformer Sales	20	\$8,106.00	\$16,612.80*	\$32,424.00
WEG	32	8,938.00	17,758.60	89,380.00
Wesco Distribution Inc.	22	9,115.00	17,929.00	91,150.00
Border States	24	11,778.00	19,776.90	117,780.00

\* Indicates recommended award based on lowest total ownership cost.

**REQUEST FOR INFORMAL BID**

NORTHSIDE COMMERCIAL CENTER-SANITARY SEWER EXTENSION  
MARCH 4, 2021 @ 4:00 PM

<b>VENDOR NAME</b>	<b>\$ TOTAL BASE BID</b>
Allen Grading Co. Inc.	\$216,962.00*
JSmith Civil, LLC	315,615.00
Tripp Bro's, Inc.	449,000.00
Hendrix-Barnhill	530,000.00

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

**TABULATION OF BIDS RECEIVED**

ITEM I 99,000' of 1/0 UG PRIMARY CABLE STK #201360  
MARCH 11, 2021 @ 3:00 PM

<b>VENDORS</b>	<b>DELIVERY TIME (WKS)</b>	<b>UNIT PRICE</b>	<b>TOTAL</b>
Wesco Distribution, Inc.	4-12	\$2.175	\$215,622.00*
CME	16-18	2.5529696	252,744.00
Border States	8	2.66	263,340.00
Irby Utilities	25-27	2.69	266,310.00

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

Load Management Report

The Duke Energy Progress (DEP) monthly peak occurred on March 8, 2021 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 \$1,510,811.

2. Key Performance Indicators (KPIs)

The Corporate KPI report was provided.

3. Commendations

Customer Chris Smith sent an email to Interim Director of Customer Relations Scott Mullis to compliment Energy Services Officer, Jonathan Sergeant on his appreciation of Jonathan's phenomenal service that he provided. Mr. Smith's HVAC unit stopped working and he wanted another opinion and requested a J calculation. Jonathan's efforts provided Mr. Smith with valuable information that enabled him to decide on which HVAC unit is best for his needs. He is thankful for the invaluable customer service.

Mr. Dave Dugas, Superintendent with Barnhill Contracting Company, sent an email to General Manager/CEO Tony Cannon. Mr. Dugas offered compliments to GUC and all its staff that were involved in GUC's new Operation Center project on Highway 43. He wrote "they all acted with an extreme measure of professionalism, and that is something that can only be patterned after the actions of the executive leadership of a company." He thanked Mr. Cannon, and all involved.

4. Other

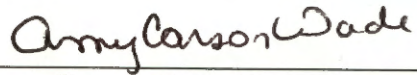
- Mr. Cannon stated that the Town of Bethel has called a Special Meeting for this evening to consider the transfer agreement and he and Mr. Chris Padgett will be in attendance.
- He reminded the Board of the Joint Meeting with City Council on Monday, April 19, at 6:00 p.m.
- Rating Agency meetings will take place next week.

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

Chair Overton reminded the Commissioners of the Joint COG/GUC Meeting scheduled for , Monday, April 19, 2021 at 6:00 p.m. and the GUC Regular Board meeting scheduled for Thursday, May 20, 2021 at 12:00 noon.

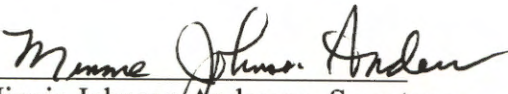
There being no further business to come before the Board of Commissioners, upon motion by Mr. Griffin, seconded by Mr. Stoughton, the Board of Commissioners unanimously agreed to adjourn the meeting at 12:57 p.m.

Respectfully submitted,



Amy Carson Wade, Executive Secretary

APPROVED:

  
Minnie Johnson Anderson, Secretary