

ORANGEBURG CITY COUNCIL AND DPU
BUDGET PLANNING WORKSHOP MEETING MINUTES – JUNE 10, 2021

Orangeburg City Council and the Department of Public Utilities held a Budget Workshop Planning Meeting on Thursday, June 10, 2021 at 9:00 a.m. at the Orangeburg City Gym with Mayor Michael C. Butler presiding.

- PRESENT:
- Michael C. Butler, Mayor
 - Dr. Kalu Kalu, Mayor Pro Tem
 - Councilmember Bernard Haire
 - Councilmember Jerry Hannah
 - Councilmember L. Zimmerman Keitt
 - Councilmember Sandra P. Knotts
 - Councilmember Richard F. Stroman

Mayor Butler opened the meeting with a prayer and thanked everyone for their attendance.

Manager Harley thanked City Council for attending the meeting and informed them that each of the Directors will come up and give them a broad overview of some of the projects that they are currently working on and where they are in the process of completion as well as new proposed projected projects for the next fiscal year. He stated that the numbers that are presented to you today are not final; they are subject to change between now and our first reading. Manager Harley informed City Council that we do have an Executive Session at the end of this meeting to brief them on an economic development item that we want your input and thoughts on; no decisions are asked to be made at this point.

Director Josh Nexsen informed City Council of the Goals and Objectives of the DPU. The goal is to set up the outline on how we are going to operate the company in the next fiscal year and address capital and operational budgets while we continue to provide high quality utility services to our customers at just and reasonable rates. There are two parts of our budget, the operational budget which consists of our income statement, our revenues and costs for the purchase of gas and electricity, as well as all the other items that show up on your monthly statements as expenses which include portions of our payroll, health insurance benefits, repairs and maintenance and other costs. Our revenues are projected to slightly increase in the upcoming year and a part of that is the increase in project costs and the purchase of gas and electricity and part of that is the increases in sales costs. It is estimated around \$2 million in additional sales which is not necessarily net income but is overall sales which is about 2% of our annual utility purchase increase. As you all know, we are going into contract negotiations with Dominion Energy formerly South Carolina Electric and Gas to purchase electricity. This is a huge portion of our annual budget that could change depending on what happens with the request for proposal process. Our operating expenses are estimated to increase around \$1.3 million or 3 ½%. Director Nexsen said that we keep around \$4 – 5 million in inventory on hand such as poles, transformers, wires, pipes, fittings; things that we keep in stock so when we have a failure from a storm, we can put things like poles back up. In over the past six months we have seen some incredible cost increases with some of our inventory. Another area that we have seen some cost increases in is wages. Job markets are competitive throughout South Carolina. The second part of the budget is the capital budget which is the review of our liabilities, assets and current capital projects. As you all know the capital budget of our annual budget can be \$30, 40 or 50 million each year depending on what projects we are doing. A large portion of the money that we spend each year is devoted to these capital funds. Last year we went through the coronavirus pandemic and we had about \$2½ million in expenses which included items to keep the spread of the virus down. We had a lot of costs on things like sanitizers and cleaners. We also had a negative impact from the economy which hopefully is coming back now. A lot of residential developments are calling and this is encouraging for the DPU. Director Nexsen stated that gas prices remain relatively low historically and electricity has also not gone up substantially. Our total expenses are projected to increase primarily because of labor costs and materials costs. The DPU estimates total revenues of \$100,798,000; the cost of sales for the purchase of gas and electricity to be \$48,630,000; operating

expenses to be \$38,660,000; non-operating income (loss) are items like interest income and miscellaneous revenues for other types of services that we perform for customers. Director Nexsen stated that the transfer from the DPU to the City of Orangeburg General Fund is about a third of the City's overall budget. The number for the upcoming year for the transfer to the City is \$6 million which is about a 7% increase from \$5.6 million from the previous fiscal year. Director Nexsen gave an overview of the budgeted cash-flow statement. Cash provided by operations is budgeted to increase; cash used for capital improvements is budgeted to increase; total cash is budgeted to be drawn down by \$25.9 million during fiscal year 2021-2022. In the prior year many of the projects that were funded were either delayed or paused because of the pandemic. A lot of the increases you see in the estimated capital in the upcoming year is stuff that we budgeted the current fiscal year that we had to delay as well as the new proposed projects. The capital contributions are contributions by other entities; one example would be the water, wastewater and gas lines across Highway 601 which was a large capital contribution.

Administrative Division – Director Josh Nexsen

Administrative Division Project – DPU Operations Center Crew Quarters and Assembly Building (Previously Approved Project) – Cont'd.

Director Nexsen stated that this project is a previously approve project. The crew quarters the DPU is using was built in 1967 and is housed in the DPU Warehouse when we were 1/3 of the size we are today. We were interested in fully utilizing the area we have out there and planning for the next 50 years. Also, in the event of a storm it can act as a shelter for some of the crews we bring in from out of town. When we bring in 50 to 150 outside crews it makes it difficult to house, feed and coordinate all of them so we hope this project will improve that issue. This project should be finished by the end of this fiscal year.

Administrative Division Project – Enterprise Software Upgrade (Proposed Project) - New

Director Nexsen informed City Council that this is a new project. It is an upgrade to the Enterprise Software. The estimated cost of this project is \$550,000 and it has been approximately six years since the initial implementation and three years since the last upgrade. We did the initial project in two phases; the first stage online arrived in 2015 and the second phase online arrived in 2017. Most of the cost of this project is in configuration. The key benefits is to improve workflow and collections stream processes. This project is estimated to take 6-12 months.

Administrative Division Project – Sprinkle Avenue – Clearing Land Improvement Project (Proposed Project) - New

Director Nexsen stated that the Sprinkle Avenue – Clearing Land project is also new. This is the land that is adjacent to our Operations Center located directly behind the Center. We obtained approximately 26 acres of land off of Sprinkle Avenue. This land is split by the railroad track. The site has a wetland on it and in the initial study for the Operations Center project we got a permit from the Army Corps of Engineers which expires in the upcoming year. The key benefits of this project it to improve stormwater drainage and this could be a potential area for future commercial or industrial development.

Administrative Division Project – Cyber Security Assessment (Proposed Project) – New

Director Nexsen stated this project is a Cyber Security Assessment of the DPU's internal network that handles our business systems. The DPU in conjunction with the South Carolina Electric and Gas built a fiber optic network which is used throughout Orangeburg County. This cyber security assessment will look at all aspects of the department; everyone has weaknesses and this external assessment will help to identify them. We do our own internal assessment; we have a contract with the Department of Homeland Securities Systems.

Administrative Division Project – HVAC Replacement (Proposed Project) – New

Director Nexsen said this is a new project and it is the replacement of the HVAC system in the Main Office which supplies heating and air on the main floor of the building. The DPU currently has four rooftop units and right now two of the units are not working and they need new compressors. These units we initially installed in the year 2000 and are 21 years old. It is somewhere between \$40,000 - \$60,000 to replace each unit; they are not cheap. The lower level of the Main Office is not on this plan because it has multiple smaller units. We are evaluating all our options right now and we are also looking at replacing the roof. The building was built in 1976; the reconstruction of the roof was done around 1987 – 1990. The roof hasn't been touched since then so it is 31 years old. After the new units are installed, we would have to fix the roof. Director Nexsen said replacing the heating and air system would be more energy efficient than the units we have now. The costs of maintaining the units we have now has gone up significantly in the past several years.

Director Nexsen asked City Council if they had any questions. Councilmember Kalu asked regarding cyber security how many people the DPU has in the office that has that experience. Director Nexsen said that we have three persons who work on our internal network on a daily basis and on the fiber side we have three people. One of them is an electrical engineer and the others are technicians. Councilmember Kalu asked how often do you change your passwords and Director Nexsen stated every six months. Councilmember Kalu asked what does the \$250,000 for the cyber security involve. Director Nexsen said that it involves them coming on site and looking at how we have our system configured; the assessment is a very detailed process. It is like looking at everyone here today and checking to make sure that no one who is not supposed to be here is not here. For example, this gets down to the level of what computer is online, what is the mac address, is it a mac address that I entered; if it is not then who is it, is it a vendor in a conference room that is using our Wi-Fi; it gets very deep. This gives us more information than we are used to getting on a daily basis. The access physical security checks if our doors lock or need to be locked; if someone walks in the building do we know who they are; do our computers automatically lock when we get up from them after so many minutes, etc. Councilmember Keitt asked if the DPU is cross-training and Director Nexsen said yes. Cross-training is always a great skill to have; it makes you more resilient. Councilmember Haire asked regarding upgrading the software and the cyber security assessment that once this assessment takes place, is it possible that the software we have purchased might be out of date. Director Nexsen said that they do look at vulnerabilities in all software which frequently gets updated with patches like your home computer, tablets and cell phones. In every software they will find vulnerabilities, a functionality improvement or a fix when a program doesn't do what it is intended to do and when there is a security flaw in the software. Director Nexsen said he wouldn't think the assessment would make any program for any similar software obsolete; it could reveal a vulnerability in the software where we would have to contact the software vendor and have them address this issue with a patch fix. Councilmember Haire asked where are we as far as delinquency reporting. Director Nexsen said that delinquencies have picked up a bit in the current year as debts that we had put on installment are rather large debts. We have that detailed information that we provide to you every few months and we are sending that out with the financial information this month which will be through the end of May. Councilmember Haire asked about COVID funds. Manager Harley said that his understanding is that these funds will come directly to the City; City Administrator Evering will know about it before we will. Director Nexsen stated that as he understands it, there is additional funding coming through the Department of Energy and other federal agencies to help with utility bills. Funds are being made to cover electric, gas, water and wastewater bills. Director Nexsen doesn't believe those funds have come through the action agencies yet. Councilmember Hannah asked if the new Operations Center will meet our demands and with the new software that we are getting have a lot of consulting fees. Director Nexsen said that when we initially designed the Operations Center, we did a program and development and the architect sat down with each director of each division and mapped out how many people they have and how much workspace they need. He also said that there are consultant fees included in the number for the software upgrade; around \$200,000 in consultant fees. Manager Harley stated that he can arrange for City Council to visit the Operations Center site if they wish. He stated that over the next year

the DPU would be evaluating other improvements to the site. Our plans are always to do portions in phases. The next thing we will be looking at is what we will do with our current Warehouse, our Maintenance Facility and some other spaces that we have on the grounds. Manager Harley asked City Council to keep that in mind as we continue to move forward in phases with other portions of the Facility.

Electric Division – Director Wade Holmes

Director Holmes informed City Council that the Electric Division has previously rebuilt Substation #1 on Bull Street, Substation #10 on Highway 601, and Substation #12 which is on Berry Street and Substation #4 on Cannon Bridge Road

Electric Division Project – Substation #16 – Take Off Tower (Previously Approved Project) – Cont'd.

Director Holmes stated that Substation #16 presently connects to the 46kV sub-transmission system by underground power cables which are approximately 30 years old. The proposed new work will result in the 46kV feeders leaving the Substation overhead instead of underground which will make maintenance and repairs a lot quicker. We decommissioned Substations #3 and #5. The circuits for those substations have been integrated with other surrounding substations.

Electric Division Project – Rebuild – Substation #19 (Previously Approved Project) – Cont'd.

Director Holmes stated that Substation #19 is on Old Ellore Road. The project for this substation will be replacing the transformer. The existing substation transformer has experienced lower than expected performance. This substation serves as a backup to Substation #20 on Rowesville Road. This substation also gives us a projection point if we decide to look at something like solar energy.

Electric Division Project – Rebuild – Substation #20 (Previously Approved Project) – Cont'd.

Director Holmes stated that Substation #20 is on Rowesville Road. A new transformer is part of the overall system improvement plan. The new power transformer will be 30/40/50 megawatts; the existing transformer has 22 megawatts. We will re-purpose the existing power transformer which is 30 years old on-site to serve an industrial customer. This substation adds a significant level of distribution reliability for Industrial Parks and the Wastewater Treatment Plant.

Electric Division Project – Substation #25 – Consolidation of Substations #2, #7 and #17 (Previously Approved Project) – Cont'd.

Director Holmes stated that Substation #25 is located on Sprinkle Avenue and will consolidate Substations #2, #7 and #17 which are between 42 – 63 years old. This project increases system flexibility, reliability and protections and will be Loop fed from DPU's 115kV transmission system. After the completion of this project the properties of Substation #2, #7 and #17 can be used for something else.

Electric Division Project – Mobile Radio Upgrade (Proposed Project) - New

Director Holmes stated that this is a proposed new project which would be the upgrade of our mobile radio system. Presently the DPU has 400 MHz radio system that is roughly 15 years old and at the end of its life cycle. We cannot find parts for the system which makes it very hard to maintain. We are looking to upgrade to the 800 MHz system which the City is on. The new system would give us GPS capability which would let us track the trucks and would save us \$30,000 a year versus the system that we use now.

Electric Division Project – 46kV Upgrade (Proposed Project) – New

Director Holmes stated this project is our 46kV upgrade. Right now, the DPU purchases power from Dominion Energy at two different volts; 115,000 volts and 46,000 volts. Our 46 kV system is antiquated. The key benefits up this upgrade will eliminate the need of 46kV delivery points from Dominion Energy of South Carolina; we would be consistent with industry standards that voltage system operates at 69kV, it standardizes the phasing of the 8.32kV circuits and creates a 46kV transmission system that is more controlled and operated by the DPU SCADA system. This upgrade will also allow the DPU to replace the old 46kV transformer at Substation 16.

Electric Division Project – 115 kV Loop to Substation #24 (Proposed Project) – New

Director Holmes stated this project is our 115kV Loop to Substation #24 on Galaxy Road. We would like to bring this substation into our 115kV loop. This project is to build approximately 5.1 miles of 115kV transmission lines to bring this substation into the DPU owned 115kv loop. The transmission line will allow the DPU transmission system to have all its 115kV substations integrated in its transmission loop.

Electric Division Project – Rebuild – Substation #9 – (Proposed Project) – New

Director Holmes stated that this project would be the rebuild of Substation #9 on Glover Street with additional electrical capacity. This project will be a part of the DPU overall system upgrade of existing aging infrastructure and the DPU's plan to improve the reliability of its 46kV sub-transmission system. The new Substation #9 will be built at a location across the street from the existing Substation #9. Manager Harley stated that around four or five years ago the DPU came to City Council with all the amount of work that is going to be required to address aging infrastructure. We have set a path to start addressing our aging infrastructure. There will be another phase going beyond the substations and the distribution system. The pole/wire aesthetics are quite expensive and Director Holmes is working on a plan over the next year to comprehensively identify the areas in need and hopefully come to an estimate cost that we will bring back to you. Manager Harley thanked Director Holmes and his team for all their hard work and thanked City Council for their prowess to press forward. Councilmember Hannah asked if the DPU build the new substations or do they contract a lot of the work out. Director Holmes stated that the DPU contracts the work but we do a lot of the internal stuff ourselves which saves money; approximately \$700,000 - \$800,000 per substation. Councilmember Haire asked if there has been any discussion regarding solar power. Director Holmes said that a lot of the solar farm investors will build the solar farm themselves and then turn it over to the given power industry and then they get to repay it back as the solar farms generates energy for whoever buys it. We are entertaining the idea but this is not something we have done yet. Director Holmes said that a lot of our industry professionals want to have some type of renewable energy or green energy for the solar power credits to put in their portfolio so if we do something like this, we could actually use it as part of our generation profile. Councilmember Haire stated that we are in the process of renegotiating our power contract and are we taking into consideration buying power from solar farms. He also asked do we plan to do anything about the portion of the contract that addresses generators on the North Road. Manager Harley stated that we do have an item on the agenda for that. We don't want to get too deep into it because it will be impacting our contract negotiations. Manager Harley said that the DPU will be putting out our Request for Proposals to serve us over the next week. If City Council desires, we can put on the next City Council Meeting to go into more detail in Executive Session on those discussions but at this point what we are just going to inform you that we will over the next week put our Request for Proposals out to several organizations that have inquired and for others who may be interested in serving the DPU. Councilmember Kalu asked how we are using employees at the substations; is it for maintenance. Director Holmes replied yes; any type of upgrades at the substation that are put online there are software and hardware upgrades that will have to be done. We have our substation maintenance crew that takes care of these upgrades. Councilmember Kalu asked with the company that installs the substations when does that contract end. Director Holmes said that at the commissioning substations we have what is called a commissioning which is when we go

through a test to check out everything and make sure it meets the specs on the documentation that we have and then if everything is okay we sign off on the substation.

Gas Division – Director Dave Durgin

Gas Division Project – US Hwy 301 Bridge Replacement (Previously Approved Project) – Cont'd.

Director Durgin gave an update on the Highway 301 Bridge replacement project. Currently we have obtained our permits from the Department of Transportation and we are currently waiting on the SCDOT's finalized design. They have informed us that they have updated the project for the second to third quarter of 2022. Once they firm up their plans we will be able to firm up our plans. We anticipated that we will be able to accomplish our work within six weeks.

Gas Division Project – Improvements to the Belleville Road Area (Previously Approved Project) – Cont'd.

Director Durgin stated that this is another DIMP project in which we are doing a systematic replacement of our aging infrastructure. This is one of the projects that has significant delays due to COVID-19. We recently opened a bid for this project. We anticipate finalizing contracts the end of June but materials have an 8-12 week lead time which pushes construction out into the next fiscal year.

Gas Division Project – Improvements to the Edisto Drive Area (Previously Approved Project) – Cont'd.

Director Durgin stated that improvements to the Edisto Drive area suffered from the same type of COVID-19 events as the Belleville Road project so this project will also be pushed into the next fiscal year.

Gas Division Project – Project House (Proposed Project) – New

Director Durgin stated that Project House is a new project that will be discussed in Executive Session. We are currently working with all the parties to make sure that the contractual obligations are taken care of and that it meets all the requirements of the DPU.

Gas Division Project – Riverside Drive Pipe Replacement (Proposed Project) – New

Director Durgin stated the Riverside Drive pipe replacement is a DIMP project in which we are upgrading infrastructure in our system. Councilmember Haire said that when we have projects where the roads are tore up, once the project is completed the roads are not restored well. He asked if we could make sure that patches are done correctly. He has received many complaints about the roads along Russell Street. Director Durgin stated that all the patches are done to the SCDOT specs but sometimes they could be repaired better. Councilmember Keitt stated that on that same note, coming up by Zeus they do not smooth the road out after they do the work and it is a problem. Director Durgin told Councilmember Keitt that he will follow up with her after the meeting regarding where this area is. Manager Harley stated that when any one of the divisions do the work sometimes when it is not finished, they will put a plate over it and that might be the case. This is usually a temporary plate that is put down until the work is completed. We will make sure that the contractors we work with take better care when putting back the roadways. Councilmember Kalu asked who is responsible for the cleanup of the grass near the underpass by the Spray Park. Director Durgin stated that it would be the City's responsibility. Manager Harley stated that it would depend on who owns the property. The City generally maintains those common areas throughout the City or the SCDOT if it is their right-of-way or the County if it is their property.

Water Division – Director Eric Odom

Director Odom stated that the Water Division has three projects for City Council's consideration.

Water Division Project – Relocate of 12" Water Main Across Edisto River due to Hwy 301 Bridge Replacement (Previously Approved Project) – Cont'd.

Director Odom stated that this project is the relocation of our current water main across the North Fork Edisto River as a part of the SCDOT's replacement of the Highway 301 Bridge. This is a continuing previously approved project. Currently this project is on hold for the DPU because of the same reason Director Durgin spoke of. The most recent lead time the SCDOT has given us when they intend to bid this project is in June 2022. The Water Division's project coincides with the SCDOT's timeline for construction. For the upcoming fiscal year we do not anticipate spending any money on this project. Councilmember Hannah asked what are the two items that you would need right now. Director Odom responded that right now he feels they are doing pretty good with the amount of workforce that we have. He has spoken to Manager Harley about possibly growing some of our workforce and potentially reducing some of our sizes of our crews; making smaller crews. Manager Harley asked Director Odom to talk about his projection during discussions with him and Director Labrador on how much it would take to maintain the system over the next 30 – 50 years regarding infrastructure upkeep. Director Odom said that one of the things he has pitched to Manager Harley over the past year or so is that we have over 600 miles of water distribution pipe in our system. If you look at replacing on average 1% a year, 1% a year would take us a hundred years of replacing pipes. The system is already 100 years old. One of the things that we are looking at trying to do is try to invest in replacing a lot of the aging infrastructure each year so that we can continue to replace a lot of the stuff that is eventually going to fail over time. Our plan hopefully going forward with City Council's approval will be to start tackling a lot of our oldest infrastructure first which you will see in this next project I will be talking about.

Water Division Project – Water Main Replacement Project (Proposed Project) – New

Director Odom stated that the next project the Water Division has for consideration is the replacement of some of our aging water mains; this is a new project to replace aging infrastructure. The area that they are targeting this year is south of Russell Street, north of Whitman and Gregg Street and borders Magnolia Street and Whittaker Parkway. The infrastructure in this subdivision was put in around the 1950s. Over the past few years, the Water Division has gone out to this area to replace broken valves and old cast iron water main breaks. As these pipes closes in the iron tuberculation restricts the flow of water which creates poor quality complaints which we have seen an increase in over the past year in this area. We have also seen a reduction of our fire flows within this area. The plan for this project is going to take about two years to complete and it is about 20,000 feet of pipe. Director Odom stated that part of what Councilmember Haire is alluding to, they have already been in contact with the SCDOT regarding this project and there is a zipper system that we have to go into the road. We have asked the SCDOT to allow us to open a four foot wide strip that would be the width of the road in which we would lay our new water main and we would build that portion of the road back to current SCDOT specifications. Instead of it being a patch every so often, it would be a strip about four feet wide that would be soft cut with the existing asphalt. Some of the key benefits of this project is to improve water quality for the service area and improve fire flow for this area. As part of this project, we also anticipate seeking some rural infrastructure and CDBG funds to help offset the cost to the City. The first phase of this project we anticipate tackling is applying for a RIA grant in August that will hopefully allot us around \$500,000 to put up with the City's money to tackle Phase 1. As Phase 1 is under construction we look to go in March 2022 and apply for CDBG funds for Phase 2. Director Odom stated that one of the things Manager Harley has challenged us to do is to seek out grant funds to assist the City in paying for all this infrastructure. We are trying to work out a plan now where we can hopefully tackle maybe Phase 1, 2 and portions of Phase 3 in the upcoming fiscal year with the assistance of RIA and CDBG grants. The total cost of this project is estimated to be \$3.9 million and we are looking to spend about \$2 million in the upcoming fiscal year. Obviously, any money that we would receive from grants would reduce that number.

Water Division Project – Water Meter AMI Deployment (Proposed Project) – New

Director Odom stated that the Water Division's next project is one that City Council is familiar with. This is the installation of our AMI Water Meters. Currently we have installed about 3,000 – 4,000 AMI meters across our water system. What we are looking at in this project is to replace or retrofit the remaining 18,000 – 20,000 meters that are currently on our system that are not AMI. The majority of these meters are residential. Currently we are in the process of drafting an RFP that will allow us see what vendors will provide the meters that we are going to use. We will probably be using the Census AMI radio network which is interchangeable with the meters. We will look for the best proposal for the City for water meters as well as reaching out to find a vendor who specializes in water meter changeout; they would go out and change all of these meters. We anticipate all of this taking place in the next fiscal year. The key benefits of this project would be to improve billing timeliness, meter reading ability and allowing our customers to have access to notifications when and if they have a water leak. Customers would not have to wait 30 or 60 days before they get a bill to realize they have a water leak. Once they have an AMI meter, they can set thresholds that would allow them to find out the very next day if something unusual with their water usage is going on. The total cost of this project is estimated to be \$6.5 million which would be used in the next fiscal year.

Wastewater Division – Director Richard Labrador

Director Labrador stated that he will be giving an update on some of the Wastewater Division's projects.

Wastewater Division Project – Biosolids Dryer Replacement (Previously Approved Project) – Cont'd.

Director Labrador stated that the Biosolids Dryer Replacement project replaces the previous dryer that had exceeded its useful life and was no longer operational. This project is substantially completed and within the next two months it should be fully operational.

Wastewater Division Project – Highway 601 / I-26 Wastewater Extension (Previously Approved Project) – Cont'd.

Director Labrador stated that this project is also substantially complete. In a months' time, it will be fully operational. As you know, our neighboring utilities company will be reimbursing us 100% of the cost.

Wastewater Division Project – Country Club Estates Rehabilitation (Previously Approved Project) – Cont'd.

Director Labrador stated that the last project the Wastewater Division has is a smaller project to address some of the aging infrastructure we have in the Country Club Estates area that allows excessive rainwater and ground water in the system which causes surcharges and additional costs associated with dealing with this issue. This project is funded for \$375,000 for a three-year period and we haven't spent anything yet other than planning to see how we can get the most value for the buck. Hopefully the first phase will begin the end of this fiscal year and into the next fiscal year and the costs would be \$125,000. Councilmember Hannah stated that dealing with waterlines when one is having issues the other is having issues also. Director Labrador replied yes; we also have aging infrastructure somewhat 100 years old in our system. We have one type of problem that has to do with pipe sediment. The main problem is rainwater and ground water in the system. Mayor Butler stated that he is so happy that we have the Biosolids Dryer and this project is almost completed. Director Labrador said they are happy also about the new Dryer. Manager Harley stated that this Dryer has a projected lifespan of 20-25 years. The previous dryer had less of a lifespan. Director Labrador stated that one dryer had a lifespan of five years and the other dryer had a lifespan of ten years and they had a smaller footprint.

Manager

Manager Harley gave a highlight of the DPU goals. He stated that we will continue to address aging infrastructure; we want to make sure that we improve reliability into our system so that we will have few outages with any of our services. We want to make sure that we keep all of our services up and running through just about any circumstance. Also, this gives us an opportunity to bring in economic development to grow our community. The Department-wide Routine Capital Items consists of things like vehicles, software, equipment, new services, etc. which do not reach the level of a \$250,000 project. There is a ton of work that we do every year with other projects that are rolled into the Department-wide Items as well. The total for the Department-wide Routine Capital Items is projected to be around \$10.5 million in the upcoming fiscal year. Councilmember Kalu asked the Manager to specify what vehicles and equipment are needed and did you have some delays. Manager Harley said that there are vehicle as well as other equipment that we use on a regular basis in each division in that line item. As you mentioned, we did have some delays in getting some vehicles in from our last budget year because of COVID-19 as well as some other items. Manager Harley stated that the Electric Division is evaluating a potential business opportunity of DPU providing standby generators as a pilot program initially. We have looked around our community and several of the co-ops have some version of this in place. Dominion has one in place so you can either purchase through them or finance through them standby generators. We think this is something that we want to evaluate and bring back to City Council to consider doing potentially for our system. Customers could have a generator in place that would help run their essentials in the event of outages. We know that some people are impacted more than others and they would be able to run medical equipment, etc. and some customers just don't want to be inconvenienced when outages occur. The standby generator system could help them avoid that type of situation. It would be an optional program and we would pilot it first to see how it works. Manager Harley said that we are evaluating electric vehicles and charging stations and what we would need to do to be ready as they increase in our community. We want to make sure that we are prepared to meet that need on our system. Manager Harley informed City Council that Director Holmes could answer some of the questions they may have regarding charging station. Councilmember Kalu asked if we are going to charge people to use a charging station. Director Holmes stated that this is part of the study to figure out how to exactly handle this issue. As you see on a lot of commercials, more and more manufacturers are making electric vehicles. We are estimating our overall power consumption at 10-15%. Manager Harley said he has had a number of questions related to lights on Joe Jeffords and that he and the Electric Division are working to address the issues. August of this year is when we project to do this. Regarding lighting across the City, Councilmember Stroman and people in certain areas have been asking what we are doing. Last year we just bout replaced all of our streetlights to a more efficient system. Some of the neighborhoods asked why the lights weren't as bright and as Director Holmes evaluated the system that we put in it starts at the lowest lighting level so we have the capability to go in and turn those lights up. We have been doing this as communities have brought this to our attention. Manager Harley informed City Council that as they continue to receive complaints let us know and we will make the necessary lighting adjustments. We have been going back and forth with our attorneys on improvements to our Pole Attachment Agreements. We have become a part of the NJUNS system which helps with the notification between providers which means it helps us notify Spectrum and other systems a lot better than we have been so that they can track where there is a need to remove poles. That will help but not eliminate the problem. The other part is that we will make some improvements to our agreements going forward that will hopefully push them along to make sure that when we change out a pole they are faster and more efficient at coming to remove their equipment and lines so that we can remove that pole in a more timely manner. Regarding our power purchase agreement timeline, we will put out a Request for Proposals next week. We anticipate very good interest on our next power supply contract; we look for a very competitive process. We will have an Executive Session with you letting you know where we are and what to expect as we move forward. Councilmember Haire asked when does our current power supply contract end and Manager Harley stated 2023 and this is why we are taking a two year lead to get proposals in, evaluate those proposals, give you the best options to choose from and have time to make any other changes if it is necessary. Manager Harley stated that we run the water

and wastewater system very close to the lines; there is not a big profit in them. We certainly need to make sure that we are able to sustain the system so one of the things we do want to keep in mind which we are evaluating over the next several months is the need to revisit, evaluate and possibly adjust our impact fees. We have not made an adjustment to these fees over the last ten years. We will give you some more up-to-date information of where we are in this process and whether we need to go up on these fees or if we can keep the fees where they are. Manager Harley stated that our rates are among the lowest in the state and across the southeast with respect to our impact fees. We did not talk about any rate increases; we do not at this point anticipate a need to bring this to you but he will not say that this is something that we will be able to hold off for very long. We will continue to keep City Council abreast but we hope that we will be able to push off any need for rate increases as long as possible; this is something we will evaluate on an ongoing basis. Manager Harley stated that if there is no further questions we will go into Executive Session.

Mayor Butler asked for a motion to go into Executive Session and end the meeting. Councilmember Kalu made a motion to go into Executive Session and not return to the meeting, second by Councilmember Keitt. The motion was approved. The meeting was adjourned.

Respectfully submitted,

Carol E. Franklin

Carol E. Franklin
Executive Administrative Assistant to the Manager
Department of Public Utilities

