

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

DECEMBER 11, 2008

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in regular session on Thursday, December 11, 2008, at 6:00 P.M., in OWASA's Community Room.

Directors present: Randolph M. Kabrick, P.E., Chair; Gordon Merklein, Vice Chair; Braxton Foushee, Secretary; Fred Battle; Michael A. (Mac) Clarke; Gene Pease; Joyce C. Preslar; Alan Rimer; and William R. Stott.

OWASA staff: Ed Kerwin; John Greene; Mason Crum; Stuart Carson; Patrick Davis; Greg Feller; Vishnu Gangadharan; Ed Holland; Heidi Lamay; Andrea Orbich; Kevin Ray; and Robert Epting, Esq., Epting and Hackney.

Others present: Ted and Cindy Blake; Ben Poulson, Associate Director of Energy Services and Meg Holton, Water, Wastewater, and Stormwater Manager, University of North Carolina at Chapel Hill.

There being a quorum present, Chair Randy Kabrick called the meeting to order.

MOTIONS ACTED UPON

1. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Honoring the Service of Ted Neville Blake to OWASA and the Chapel Hill-Carrboro Community." (Resolution so titled attached hereto and made a part of these minutes. Motion by Fred Battle, second by Braxton Foushee, and carried by a unanimous vote.)

2. Mac Clark made a motion to approve the Minutes of the September 25, 2008 Board Meeting; the motion was seconded by William Stott, and carried by unanimous vote.

3. Mac Clark made a motion to approve the Minutes of the October 23, 2008 Meeting of the Board of Directors; the motion was seconded by William Stott, and carried by unanimous vote.

4. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Approving an Amendment to a Conservation Easement Deeded by John and Carolyn Lloyd to Orange Water and Sewer Authority and Orange County." (Resolution so titled attached hereto and made a part of these minutes. Motion by Mac Clark, second by William Stott, and carried by a unanimous vote.)

5. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Awarding a Construction Contract for the Mason Farm Wastewater Treatment Plant Phase II Odor Elimination Project." (Resolution so titled attached hereto and made a part of these minutes. Motion by Alan Rimer, second by Mac Clarke, and carried by a vote of six to three with Fred Battle, Braxton Foushee and Joy Preslar opposing.)

* * * * *

ITEM ONE: ANNOUNCEMENTS

CONFLICT OF INTEREST

Randy Kabrick said any Board Member who knows of a conflict of interest or potential conflict of interest with respect to any item on the agenda tonight is asked to disclose the same at this time. There were none.

RESOLUTION OF APPRECIATION TO TED BLAKE

Randy Kabrick read aloud the resolution honoring the service of OWASA employee Ted Neville Blake, OWASA's Engineering Associate.

The Board and staff expressed sincere appreciation to Mr. Blake for his leadership and service to OWASA.

Fred Battle made a motion to adopt the Resolution of Honoring the Service Ted Neville Blake; the motion was seconded by Braxton Foushee, and carried by unanimous vote. Please see Motion No. 1 above.

JOINT MEETING

Randy Kabrick said there will be a Joint Meeting of the OWASA Board of Directors and elected officials to discuss OWASA's proposed Water Conservation Standards on Wednesday, February 25, 2009 at 7:30 PM at a place to be determined.

FINANCE COMMITTEE MEETING

Gordon Merklein said that the Finance Committee met at 5:15 PM this evening to receive a report from staff on material misstatements on the first quarter of Fiscal Year 2009. The Committee and staff discussed how the error occurred and the additional steps staff will take to avoid a misstatement in the future. Staff will continue to review corrective measures and report back to the Finance Committee.

ORANGE COUNTY BOARD OF COMMISSIONERS MEETING – SOLID WASTE
TRANSFER STATION SITING

Ed Kerwin said that the Orange County Board of Commissioners will meet tonight to consider and possibly act on an Orange County Solid Waste Transfer Station site. Three properties have been short-listed, including one site owned by OWASA along Route 54 West. Mr. Kerwin said that Damon Forney and he attended two tours provided by the County and restated OWASA's position that our property is not for sale. Joyce Preslar also attended one of the tours. Staff will relay information along to the Board as it is received.

Alan Rimer said he sent an email to the Orange County Commissioners regarding this topic and stated that his analysis shows that Town of Chapel Hill garbage trucks would have to travel an additional 74,000 miles a year to transport waste to any of the three locations. Mr. Rimer stated the County's proposal is a non-sustainable solution. Mr. Rimer said he requested that the Commissioners consider adding two transfer stations (one in the northern and one in the southern part of the County) and reducing the required site size from 25 acres to 10 acres. He also reminded them that he chaired the landfill owners group several years ago that concluded a transfer station made sense and identified three potential locations.

ITEM TWO: PETITIONS AND REQUESTS

Randy Kabrick asked for petitions and requests from the public, the Board, and staff; there were none.

ITEM THREE: QUARTERLY REPORT ON ATTENDANCE AT BOARD OF DIRECTORS
MEETINGS

The Board received this report as an information item.

ITEM FOUR: SEMIANNUAL STATUS REPORT FOR VARIOUS CAPITAL
IMPROVEMENT PROJECTS INCLUDING THE SEMIANNUAL REPORT
ON COMMUNICATIONS PLANS FOR CAPITAL PROJECTS

The Board received this report as an information item.

ITEM FIVE: MINUTES

Mac Clark made a motion to approve the Minutes of the September 25, 2008 Board Meeting; the motion was seconded by William Stott, and carried by unanimous vote. See Motion No. 2 above.

Mac Clark made a motion to approve the Minutes of the October 23, 2008 Meeting of the Board of Directors; the motion was seconded by William Stott, and carried by unanimous vote. See Motion No. 3 above.

ITEM SIX: RESOLUTION APPROVING AN AMENDMENT TO A CONSERVATION EASEMENT DEEDED BY JOHN AND CAROLYN LLOYD TO ORANGE WATER AND SEWER AUTHORITY AND ORANGE COUNTY

Mac Clarke made a motion to adopt the resolution; the motion was seconded by William Stott and unanimously approved. See Motion No. 4 above.

ITEM SEVEN: QUARTERLY FINANCIAL REPORT AND ANALYSIS

The Board received this report as an information item.

ITEM EIGHT: RESOLUTION AWARDDING A CONSTRUCTION CONTRACT FOR THE MASON FARM WASTEWATER TREATMENT PLANT PHASE II ODOR ELIMINATION PROJECT

Alan Rimer made a motion to adopt the resolution; the motion was seconded by Mac Clarke, and the resolution passed with a vote of six to three with Fred Battle, Braxton Foushee and Joy Preslar opposing.

ITEM NINE: REPORT FROM THE FINANCE COMMITTEE

Gordon Merklein said that the Finance Committee narrowed down the key policy issues and performance measures in the *Draft Financial Management Policy* from language found in OWASA's *Strategic Financial Planning and Management Document*. The *Draft Financial Management Policy* provided to the Board of Directors in the agenda material reflects the Finance Committee's effort. He requested Board members review and comment on *Draft Financial Management Policy* as this document will be presented to the Board for adoption and will guide the Board's long-term strategic financial planning.

Mac Clarke suggested that the document not become extraneous and focus on financial matters only.

The next Finance Committee meeting is scheduled for Thursday, January 8, 2009. Staff will email the *Draft Financial Management Policy* as a word document to Board members on Friday, December 12, 2008 and Board members will provide comments to staff by Wednesday, January 7, 2009.

Kevin Ray provided a brief overview of a staff discussion paper, *OWASA's Reserve Funds: How Much is Enough?*, as additional information as the Board reviews the Draft Financial Management Policy.

Gene Pease said that the Finance Committee already provided guidance to staff as outlined in the November 13, 2008, Finance Committee Meeting Summary; stating that the concepts in the discussion paper are complicated and should be reviewed by the Finance Committee prior to the full Board.

Mr. Merklein agreed that the concepts of sufficient revenue and adequate reserves should be part of the Committee's and Board's consideration of a comprehensive financial policy.

Mr. Ray said his intent was not to have Board discussion this evening but simply to make the Board aware of this information as it considers financial management policy development.

Ed Kerwin said that staff fully understands and supports the Finance Committee's guidance in next year's budget as outlined in the November 13, 2008 meeting summary. Staff does feel that the long-term financial development as it pertains to the reserve fund should be more robust.

ITEM TEN: PRESENTATION OF THE DOCUMENTARY "LIQUID ASSETS, THE STORY OF OUR WATER INFRASTRUCTURE" PRODUCED BY PENN STATE PUBLIC BROADCASTING

Mason Crum gave a brief presentation on OWASA's assets as a prelude to the Board's viewing of Penn State Public Broadcasting's documentary, "*Liquid Assets, the Story of our Water Infrastructure.*"

William Stott suggested that the Board and staff consider options on how to best share this information with our local schools and other stakeholders.

There being no further business to come before the Board, the meeting was adjourned at 8:45 P.M.

Enclosures

**RESOLUTION HONORING THE SERVICE OF TED NEVILLE BLAKE
TO OWASA AND THE CHAPEL HILL-CARRBORO COMMUNITY**

WHEREAS, Ted Neville Blake began his career in public service as a Draftsman for the University of North Carolina at Chapel Hill in July 1972 when the Towns and University owned and operated the water and sewer systems for the Carrboro-Chapel Hill community; and

WHEREAS, Mr. Blake transferred to the Orange Water and Sewer Authority (OWASA) as an Engineering Technician on February 16, 1977, when OWASA began serving the community; and

WHEREAS, Mr. Blake was promoted to Crew Leader in the Water Distribution Department in October 1979 where he supervised crews responsible for the installation, maintenance and repair of water meters, fire hydrants, and water valves; and

WHEREAS, in August 1981 Mr. Blake was promoted to the position of Engineering Technician/Construction Inspector in the Engineering Department, where he was responsible for overseeing the installation, testing, and acceptance of water and sewer facility extensions by developers as well as the oversight of major capital improvements such as the OWASA Administration Building and the Bolin Creek Sewer Interceptor; and

WHEREAS, Mr. Blake was promoted to Engineering Associate in May 2000 and continued to provide valuable oversight of infrastructure improvements for OWASA through coordination, review, and approval of water and sewer facility development plans as well as being OWASA's liaison with the Town of Chapel Hill and Town of Carrboro Planning Departments and many developers, engineers, and contractors in the community; and

WHEREAS, Mr. Blake is certified by the State of North Carolina as a Grade A Distribution System Operator, Grade III Wastewater Collection System Operator, and a Subsurface System Operator; and

WHEREAS, throughout his career, Mr. Blake demonstrated his commitment to environmental protection, health, safety, hard work, and he is highly respected by his co-workers at OWASA; and

WHEREAS, Mr. Blake retired from OWASA on December 1, 2008; and

WHEREAS, Mr. Blake is well loved at OWASA for his good cheer, sense of humor, friendship to all, and he will be greatly missed;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF
THE ORANGE WATER AND SEWER AUTHORITY:**

1. That the Board of Directors does hereby formally recognize, honor and praise Ted Neville Blake for his excellent service and many achievements with the Orange Water and Sewer

Resolution Honoring the Service of Ted Neville Blake

December 11, 2008

Page 2

Authority and expresses its appreciation for his service to the Chapel Hill-Carrboro community as an outstanding professional and member of the OWASA Team.

2. That this resolution shall be recorded in the minutes of the OWASA Board of Directors, shall be part of the permanent records of OWASA and shall be presented to Mr. Blake in a public meeting of the OWASA Board.

Adopted with deep appreciation this the 11th day of December, 2008.

**RESOLUTION APPROVING AN AMENDMENT TO CONSERVATION EASEMENT
DEEDED BY JOHN AND CAROLYN LLOYD TO
ORANGE WATER AND SEWER AUTHORITY AND ORANGE COUNTY**

WHEREAS, Orange Water and Sewer Authority and Orange County jointly acquired an Agricultural and Watershed Protection Easement from John and Carolyn Lloyd, placing development restrictions on the Lloyds' 125 acres located in Bingham Township at the intersection of Bradshaw Quarry Road and Teer Road, which Conservation Easement was executed on February 16, 2005; and

WHEREAS, that Conservation Easement restricted the development potential of the Lloyds' land so that not more than two additional dwellings could be developed there, each with development to be restricted to building envelopes to be designated, and with each being not more than two acres in size; and

WHEREAS, by a misunderstanding of the actual provisions of the Conservation Easement, the Lloyds recently obtained from Orange County permission to subdivide those lands into tracts greater in size than two acres, but at no greater development potential than was agreed in the original Conservation Easement, which subdivision approval would constitute a technical violation of the Conservation Easement; and

WHEREAS, it has been demonstrated to the satisfaction of Orange County and OWASA staff that development upon the total of four lots into which the Lloyds have subdivided their lands, although larger in size than the two acre lots originally contemplated, will impose no greater burden upon the watershed than if those subdivided lots had been no larger than two acres in size, that the Lloyds' misunderstanding of the terms of the Conservation Easement was in fact inadvertent; and that this modification of the Conservation Easement to accommodate the larger size of the lots actually subdivided by the Lloyds is in fact in the best interests of OWASA and the Lloyds; and

WHEREAS, County staff, in cooperation with OWASA staff, has negotiated with John and Carolyn Lloyd an Amended Agricultural and Watershed Protection Easement that both staffs believe will provide equivalent protection and allow the Lloyds that use of their property to which they believed they were entitled under the original Easement, to wit, the Amended Easement would:

1. Designate the location of one future house site;
2. Eliminate the second future house site authorized by the original Conservation Easement;
3. Predetermine the boundary configuration of four parcels allowed by the Conservation Easement, and
4. Amend the Exhibit B map of the property showing current and future uses of the property.

WHEREAS, on November 6, 2008, the Orange County Board of Commissioners approved an amendment to the said Conservation Easement contingent upon approval by OWASA and, by letter of November 21, 2008, have requested that the OWASA Board do the same.

Orange Water and Sewer Authority
Resolution Amending John/Carolyn Lloyd Conservation Easement
December 11, 2008
Page 2 of 2

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Orange Water and Sewer Authority does hereby approve the execution of an amendment to the said Conservation Easement to accommodate the subdivision effected by the Lloyds, in the form and substance as will be approved by OWASA staff and Counsel as meeting the four objectives set out above, and the Executive Director of Orange Water and Sewer Authority is hereby authorized to execute the said Amendment to the Deed of Agricultural and Watershed Protection Easement on behalf of the Board and cause it to be recorded with the Register of Deeds.

Adopted this the 11th day of December, 2008.

**RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR THE MASON FARM
WASTEWATER TREATMENT PLANT PHASE II ODOR ELIMINATION PROJECT**

WHEREAS, there is a need for the Mason Farm Wastewater Treatment Plant Phase II Odor Elimination Project; and

WHEREAS, plans and specifications for the construction of this project have been prepared by Brown and Caldwell; and

WHEREAS, advertisement for bids was published in the News and Observer on October 26, 2008 and November 2, 2008, and five bids were received on November 25, 2008; and

WHEREAS, on June 26, 2008 the Board approved a resolution authorizing funds for Capital Improvement Projects, including funds for this project;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Orange Water and Sewer Authority Board of Directors awards the construction contract to Seaside Environmental Constructors, Inc., the low bidder for the Mason Farm Wastewater Treatment Plant Phase II Odor Elimination Project, in accordance with the approved plans and specifications, in the amount of \$1,016,000 for the base bid, subject to such change orders as may apply.

2. That the Executive Director be, and hereby is, authorized to execute said contract, subject to prior approval of legal counsel, and to approve and execute change orders and such documents as may be required in connection with the construction contract.

3. That the Executive Director be, and hereby is, directed to furnish copies of said contract to the appropriate State and Federal regulatory agencies for required approval.

Adopted this 11th day of December 2008.