

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

JUNE 9, 2011

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in regular session on Thursday, June 9, 2011, at 7:00 P.M., in OWASA's Community Room.

Directors present: Alan Rimer, Vice Chair; Braxton Foushee, Secretary; Fred Battle; Michael A. (Mac) Clarke; Joyce C. Preslar; William R. Stott; Amy Witsil; and John A. Young. Directors absent: Gordon Merklein, Chair (arrived at 7:45 P.M.).

OWASA staff: Ed Kerwin; John Greene; Mason Crum; Patrick Davis; Greg Feller; Stephanie Glasgow; Ed Holland; Heidi Lamay; Andrea Orbich; Stephen Winters; and Robert Epting, Esq., Epting and Hackney.

Others present: Ben Poulson, Associate Director of Energy Services, and Meg Holton, Water, Wastewater, and Stormwater Manager of the University of North Carolina at Chapel Hill; and Karin Pecout, Chapel Hill Resident.

There being a quorum present, Vice Chair Alan Rimer called the meeting to order.

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MOTIONS ACTED UPON

1. Mac Clarke made a motion to approve the Minutes of the May 12, 2011 Board Meeting; second by William Stott and carried by unanimous vote.

2. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Adopting the Schedule of Employee Classification and Authorized Compensation Effective October 1, 2011." (Resolution so titled attached hereto and made a part of these minutes. Motion by Braxton Foushee, second by Fred Battle, and carried by a unanimous vote.)

3. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Adopting Schedule of Rates, Fees and Charges Applicable to All Customers On or After October 1, 2011." (Resolution so titled attached hereto and made a part of these minutes. Motion by Braxton Foushee; second by Fred Battle and carried by a vote of 7 to 2 with William Stott and John Young opposing because they support a 0% increase.)

4. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Adopting the Annual Budget for Orange Water and Sewer Authority for Fiscal Year July 1, 2011 through June 30, 2012." (Resolution so titled attached

hereto and made a part of these minutes. Motion by William Stott, second by Amy Witsil and carried by unanimous vote.)

5. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Approving Capital Improvements Program for Fiscal Years 2012-2016." (Resolution so titled attached hereto and made a part of these minutes. Motion by Mac Clarke; second by Joy Preslar and carried by a vote of 8 to 1 with Braxton Foushee opposing because he does not support odor elimination at the Mason Farm Wastewater Treatment Plant.)

6. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Capital Project Resolution for Fiscal Year 2012 Infrastructure Improvements." (Resolution so titled attached hereto and made a part of these minutes. Motion by Mac Clarke; second by Braxton Foushee and carried by a vote of 8 to 1 with Braxton Foushee opposing because he does not support the Mason Farm Wastewater Treatment Plant Improvements with regard to odor elimination.)

7. John Young made a motion to amend the proposed, Policy Resolution Regarding Water Purchases to Mitigate the Risk of Shortage during Periods of Extended Drought, to delete a part of the first sentence in Item 1 on page 2 as follows:

*1. Upon approval by the Chapel Hill Town Council and the Carrboro Board of Aldermen of the clarification to the Water and Sewer Management, Planning and Boundary Agreement ("Agreement") as requested by OWASA, OWASA shall adopt and maintain a policy providing that during periods of increased risk of water shortage due to drought conditions, OWASA will only purchase water from other communities or obtain water from its Jordan Lake storage allocation after it has declared a Stage 1 Water Supply Shortage per OWASA's State-approved Water Shortage Response Plan and OWASA's Water Conservation Standards as incorporated therein.*

The motion was seconded by Gordon Merklein and failed with a vote of 2 to 7 with Fred Battle, Mac Clarke, Braxton Foushee, Joy Preslar, Alan Rimer, William Stott and Amy Witsil opposed.

8. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Regarding Water Purchases to Mitigate the Risk of Shortage during Periods of Extended Drought." (Resolution so titled attached hereto and made a part of these minutes. Motion by Braxton Foushee, second by Mac Clarke and carried by unanimous vote.)

9. Mac Clarke made a motion to elect the officers as proposed (Gordon Merklein, Chair; Alan Rimer, P.E., Vice Chair; and Amy Witsil, Secretary) for corporate year 2011-12; second by Braxton Foushee and carried by unanimous vote.

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ITEM ONE: ANNOUNCEMENTS

CONFLICT OF INTEREST

Alan Rimer 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.

NATURAL RESOURCES/TECHNICAL SYSTEMS (NRTS) COMMITTEE

Alan Rimer said that at the NRTS Committee meeting on June 7, 2011, staff presented information on the Orange County's Master Telecommunication Plan Map and no action was taken at the meeting, but the Committee expressed general support for the initiative and directed staff that if a formal request is made by Orange County for OWASA to participate. This request will be presented to the full Board at a future meeting. Staff also provided a summary of OWASA's involvement in the Rogers Road initiative since 2007. The process for an assessment project was discussed as well as OWASA's role in light of recent discussions by the Orange County Commissioners and others. The discussion ended with staff's recommendation that if a decision is made to provide sewer service to the Rogers Road area that it be a gravity system if it is technically feasible to do so. Finally, the Committee reviewed information in advance of a presentation to the full Board at a future meeting from the Upper Neuse Clean Water Initiative (UNCWI). The Committee expressed interest in this presentation. The Board and staff will need to closely analyze the benefits of the UNCWI for OWASA's customers relative to the other requirements, including potential investment in other environmental stewardship programs.

DANA STIDHAM

Alan Rimer said that on June 7, 2011, the Carrboro Board of Aldermen appointed Dana Stidham to the OWASA Board of Directors. Ms. Stidham will replace Braxton Foushee when his term ends.

OWASA AUDITORS

Stephen Winters said that OWASA's auditors, Martin Starnes and Associates, CPAs, P.A., request that Board members complete a brief questionnaire that is part of the audit firm's compliance with auditing standards related to detecting fraud. The questionnaire was distributed and instructions for communicating that information back to Martin Starnes were provided.

ITEM TWO: PETITIONS AND REQUESTS FROM THE PUBLIC

Alan Rimer asked for petitions and requests from the public; there were none.

ITEM THREE: PETITIONS AND REQUESTS FROM THE BOARD

John Young requested additional information on OWASA's Strategic Plan process.

Ed Kerwin said that he would follow-up directly with Mr. Young.

ITEM FOUR: PETITIONS AND REQUESTS FROM THE STAFF

Alan Rimer asked for petitions and requests from the staff; there were none.

ITEM FIVE: MINUTES

Mac Clarke made a motion to approve the Minutes of the May 12, 2011 Board Meeting; second by William Stott and carried by unanimous vote. Please see Motion No. 1 above.

ITEM SIX: RESOLUTION ADOPTING THE SCHEDULE OF EMPLOYEE CLASSIFICATION AND AUTHORIZED COMPENSATION EFFECTIVE OCTOBER 1, 2011

The Board authorized an increase in employee compensation for Fiscal Year 2012 of 2.5% effective on October 24, 2011.

Braxton Foushee made a motion to adopt the resolution; second by Fred Battle and carried by unanimous vote. Please see Motion No. 2 above.

ITEM SEVEN: APPROVAL OF ANNUAL BUDGET, 5-YEAR CAPITAL IMPROVEMENTS PROGRAM (CIP) AND RATE INCREASES FOR FISCAL YEAR (FY) 2012: A. RESOLUTION ADOPTING SCHEDULE OF RATES, FEES AND CHARGES APPLICABLE TO ALL CUSTOMERS ON OR AFTER OCTOBER 1, 2011; B. RESOLUTION ADOPTING BUDGET FOR ORANGE WATER AND SEWER AUTHORITY FOR FY 2012; C. RESOLUTION APPROVING THE CIP FOR FY 2011-2016 AND THE CAPITAL PROJECT RESOLUTION

(Chair Gordon Merklein arrived and participated in the Board meeting at 7:45 P.M.; Vice Chair Rimer continued to conduct the meeting.)

Braxton Foushee made a motion to adopt the Resolution Adopting Schedule of Rates, Fees, and Charges Applicable to All Customers On and After October 1, 2011; the motion was seconded by Fred Battle and carried by a vote of 7 to 2 with William Stott and John Young opposing because they support a 0% rate increase. Please see Motion No. 3 above.

William Stott made a motion to adopt the Resolution Adopting the Annual Budget for Orange Water and Sewer Authority for the Fiscal Year July 1, 2011 through June 30, 2012; second by Amy Witsil and carried by unanimous vote. Please see Motion No. 4 above.

Mac Clarke made a motion to adopt the Resolution Approving Capital Improvements Program for Fiscal Years 2012-2016; second by Joy Preslar and carried by a vote of 8 to 1 with

Braxton Foushee opposing because he does not support odor elimination improvements at the Mason Farm Wastewater Treatment Plant. Please see Motion No. 5 above.

Mac Clarke made a motion to adopt the Capital Project Resolution for Fiscal Year 2012 Infrastructure Improvements; second by Braxton Foushee and carried by a vote of 8 to 1 with Braxton Foushee opposing because he does not support odor elimination improvements at the Mason Farm Wastewater Treatment Plant. Please see Motion No. 6 above.

ITEM EIGHT: POLICY RESOLUTION REGARDING CONTINUED EFFORTS TO CLARIFY THE WATER AND SEWER MANAGEMENT, PLANNING AND BOUNDARY AGREEMENT

John Young made a motion to amend the proposed resolution (Policy Resolution Regarding Water Purchases to Mitigate the Risk of Shortage during Periods of Extended Drought) to delete a part of the first sentence in Item 1 on page 2 as follows:

1. ~~Upon approval by the Chapel Hill Town Council and the Carrboro Board of Aldermen of the clarification to the Water and Sewer Management, Planning and Boundary Agreement ("Agreement") as requested by OWASA, OWASA shall adopt and maintain a policy providing that during periods of increased risk of water shortage due to drought conditions, OWASA will only purchase water from other communities or obtain water from its Jordan Lake storage allocation after it has declared a Stage 1 Water Supply Shortage per OWASA's State-approved Water Shortage Response Plan and OWASA's Water Conservation Standards as incorporated therein.~~

The motion was seconded by Gordon Merklein and failed with a vote of 2 to 7 with Fred Battle, Mac Clarke, Braxton Foushee, Joy Preslar, Alan Rimer, William Stott and Amy Witsil opposed. Please see Motion No. 7 above.

Braxton Foushee made a motion to approve the resolution as written; the motion was seconded by Mac Clarke and carried by unanimous vote. Please see Motion No. 8 above.

The Board concurred that a letter and resolution be sent to the Mayors of Carrboro and Chapel Hill, copying other parties to the Water and Sewer Management, Planning and Boundary Agreement, regarding the Board's position. Board discussion will continue at a future meeting.

ITEM NINE: DRAFT CHARGE TO THE COMMUNITY OUTREACH COMMITTEE AND DRAFT GOAL STATEMENTS AND OBJECTIVES FOR OUTREACH AND EDUCATION

Without objection, the Board supported the Committee's name change to Outreach and Education Committee, as well as the Committee's Draft Goal Statements and Objectives.

William Stott recited the attached poem, "Water" by Wendell Berry.

ITEM TEN: ELECTION OF OFFICERS

Mac Clarke reported that the Nominating Committee proposes the following officers for corporate year 2011-2012 that begins on July 1, 2011:

Gordon Merklein, Chair  
Alan Rimer, P.E., Vice Chair  
Braxton Foushee, Secretary

However, since the Carrboro Board of Aldermen appointed Dana Stidham to Braxton Foushee's present seat, the Nominating Committee amended the slate to nominate Amy Witsil as Secretary.

Mac Clarke opened the floor for discussion. There was no discussion.

Mac Clarke made a motion to elect the officers as proposed (Gordon Merklein, Chair; Alan Rimer, P.E., Vice Chair; and Amy Witsil, Secretary) for corporate year 2011-12; second by Braxton Foushee and carried by unanimous vote. (Please see Motion No. 9 above.)

There being no further business to come before the Board, the meeting was adjourned at 8:35 P.M.

Enclosures

**RESOLUTION OF ORANGE WATER AND SEWER AUTHORITY  
SCHEDULE OF EMPLOYEE CLASSIFICATION AND AUTHORIZED  
COMPENSATION EFFECTIVE OCTOBER 1, 2011**

**WHEREAS**, to adequately and appropriately provide water, sewer and reclaimed water services to the customers of Orange Water and Sewer Authority, a sufficient and competent staff is necessary to perform the variety of services required; and

**WHEREAS**, to recruit and retain qualified employees to fulfill the foregoing commitment, such employees shall receive fair and equitable compensation for the services performed; and

**WHEREAS**, staff researched Consumer Price Indexes (CPI) and Employment Cost Indexes (ECI) to determine the percentage of adjustment needed for OWASA pay ranges to remain competitive and it is recommended that each classification's salary range be increased by 2.1%;

**NOW, THEREFORE BE IT RESOLVED:**

1. That the Board of Directors hereby authorizes and directs that the salary ranges for the employee classification be increased by 2.1% effective October 1, 2011.
2. That these salary ranges shall remain in effect until such time as further modified or revised.
3. That employee compensation for Fiscal Year 2012 shall be 2.5% approved effective October 24, 2011.

Adopted this 9th day of June 2011.

**ORANGE WATER AND SEWER AUTHORITY  
SCHEDULE OF EMPLOYEE CLASSIFICATION AND  
AUTHORIZED COMPENSATION  
Effective October 1, 2011**

<u>Salary Grade</u>	<u>Authorized Positions</u>	<u>Salary Range</u>	<u>Classification Title</u>
Part-time	0.5	\$25-\$45/hr Benefits: Retirement and prorated annual/sick leave	Customer Service Specialist
9	0-5 2 0-33	\$28,319 - 42,132	Clerk/Cashier* Assistant Lake Warden Utility Mechanic I*
10	0-33	\$30,016 - 44,655	Utility Mechanic II*
11	1 0-3 0-5 1	\$31,713 - 47,181	Senior Assistant Lake Warden Accounting Technician I* Customer Service Representative* Field Service Representative
12	3 3 5 1	\$33,411 - 49,706	Utility Mechanic III Solids Handler Administrative Assistant Service Technician
13	0-3	\$35,109 - 52,231	Accounting Technician II*
14	0-9	\$36,810 - 54,762	Maintenance Mechanic*
15	0-9 6 1 2	\$38,505 - 57,285	Senior Maintenance Mechanic* Laboratory Analyst Sr. Customer Service Representative Engineering Technician
16	6 1 1 14 1	\$40,201 – 59,809	Crew Leader Human Resources Generalist Lakes Warden Treatment Plant Operator Solids Handler Supervisor

Schedule of Employee Classification and Authorized Compensation

Effective October 1, 2011

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<b><u>Salary Grade</u></b>	<b><u>Authorized Positions</u></b>	<b><u>Salary Range</u></b>	<b><u>Classification Title</u></b>
18	2 1	\$43,598 – 64,864	Information Services Technical Specialist Instrumentation Control Technician
19	2	\$45,295 – 67,388	Construction Inspector
20	2 2 1 2 1 1	\$46,994 – 69,915	Plant Maintenance Supervisor Engineering Associate Executive Assistant Operations Supervisor Laboratory Supervisor Financial Analyst
21	1 1	\$48,691 – 72,440	GIS Coordinator Public Affairs Administrator
23	1	\$52,074 – 77,471	Assistant Distribution & Collection Systems Manager
25	0-2 2	\$55,479 – 82,537	Utilities Engineer* Network/Database Administrator
27	0-2	\$58,872 – 87,595	Utilities Engineer – Registered*
28	1	\$60,571 – 90,113	Laboratory Manager
31	1  1 1 1 1 2 1	\$65,666 – 97,695	Engineering Manager, Systems Development Engineering Manager, Capital Projects Operations Engineer Distribution & Collection Systems Manager Plants Maintenance Manager Sustainability Manager Finance Manager Human Resources and Safety Manager
33	1 1	\$68,899 – 102,502	Water Supply & Treatment Manager Wastewater Treatment & Biosolids Recycling Manager

Schedule of Employee Classification and Authorized Compensation

Effective October 1, 2011

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<u>Salary Grade</u>	<u>Authorized Positions</u>	<u>Salary Range</u>	<u>Classification Title</u>
37	1	\$75,852 – 112,854	Business Information Services Director
39	1	\$79,245 – 117,895	Planning & Development Director
44	1 1	\$87,734 – 130,523	Finance and Customer Service Director Engineering & Planning Director
46	1	\$91,131 – 135,576	General Manager of Operations
Contract	1		Executive Director
<b>Total of 137.5 positions</b>			

\* On June 14, 2007, the OWASA Board amended the Schedule of Employee Classification and Authorized Compensation to provide for skill-based pay progression for the following positions:

- Utility Mechanic I to Utility Mechanic II
- Maintenance Mechanic to Senior Maintenance Mechanic
- Accounting Technician I to Accounting Technician II
- Clerk/Cashier to Customer Service Representative
- Utilities Engineer to Utilities Engineer Registered

The Executive Director has established eligibility criteria and administrative procedures for the skill-based pay program.

While there is flexibility in the number of authorized positions in each skill-based pay position, the total number of authorized positions for each skill-based pay job family is as follows:

<u>Skill-based Pay Job Family</u>	<u>Total Authorized Positions</u>
Utility Mechanic I / Utility Mechanic II	33
Maintenance Mechanic / Senior Maintenance Mechanic	9
Accounting Technician I / Accounting Technician II	3
Clerk/Cashier / Customer Service Representative	5
Utilities Engineer / Utilities Engineer Registered	2

**RESOLUTION ADOPTING SCHEDULE OF RATES, FEES, AND CHARGES  
APPLICABLE TO ALL CUSTOMERS ON AND AFTER OCTOBER 1, 2011**

**WHEREAS**, Orange Water and Sewer Authority has an adopted Schedule of Rates, Fees, and Charges as permitted under North Carolina General Statute 162A-9 and Section 7.04 of OWASA's Amended and Restated Bond Order (Bond Order); and

**WHEREAS**, General Statute 162A-6(9) and Section 7.04 of OWASA's Bond Order provide for the revision of such Rates, Fees, and Charges; and

**WHEREAS**, during the preparation of the Fiscal Year (FY) 2012 budget, the need for adjustments to OWASA's Schedule of Rates, Fees, and Charges was confirmed in order to provide sufficient revenues to fund ongoing operations, debt service and the Capital Improvements Program; and

**WHEREAS**, Public Hearings were held on May 26, 2011 for the purpose of receiving public comment on the proposed adjustment to the Schedule of Rates, Fees, and Charges;

**NOW, THEREFORE, BE IT RESOLVED:**

1. That the attached *Schedule of Rates, Fees, and Charges* be, and hereby is, adopted by the Board of Directors as the revised rate policy of Orange Water and Sewer Authority.
2. That the revised rates shall become effective for all service billings rendered on and after October 1, 2011.
3. That the Executive Director is authorized to make discretionary judgments regarding charges when it is determined to be in the interest of OWASA in resolving a customer's appeal.
4. That the Executive Director is hereby directed to give proper notice as required by the Sale and Purchase Agreements and to take the necessary steps to implement the revised *Schedule of Rates, Fees, and Charges*.

Adopted this 9th day of June, 2011.

ORANGE WATER AND SEWER AUTHORITY  
SCHEDULE OF RATES, FEES, AND CHARGES

APPLICABLE TO ALL BILLINGS AND SERVICES ON AND AFTER OCTOBER 1, 2011

SECTION I: SCHEDULE OF WATER RATES AND FEES.....Pg. 2 to Pg. 7

SECTION II: SCHEDULE OF SEWER RATES AND FEES.....Pg. 8 to Pg. 12

SECTION III: SCHEDULE OF RECLAIMED WATER RATES AND FEES.....Pg. 13 to Pg. 14

SECTION IV: SCHEDULE OF MISCELLANEOUS CHARGES.....Pg. 15 to Pg. 22

Background and Authorization

In providing essential public water, sewer and reclaimed water services to Chapel Hill, Carrboro and portions of southern Orange County, Orange Water and Sewer Authority (OWASA) incurs substantial operating and capital expenses. As a community-owned nonprofit public utility, OWASA has no authority to levy taxes, nor does it receive tax revenues from local governments for ongoing operations. OWASA finances its water, sewer and reclaimed water operations and extensive capital improvements almost entirely through customer paid fees and charges.

North Carolina G.S. 162A-9 requires that OWASA's "rates, fees and charges shall be fixed and revised so that the revenues of the Authority, together with any other available funds, will be sufficient at all times" to fund operating and maintenance expenses and to pay the principal and interest on all debt issued or assumed by OWASA. OWASA's rates are established under cost-of-service rate-making methodology. OWASA's customers pay for the cost of providing the services and/or facility capacity required to meet customer demand.

The OWASA Board of Directors has determined that the provisions in the attached Schedule of Rates, Fees, and Charges are necessary to adequately sustain OWASA's near-term and long-range utility operations. Revenues generated by these rate adjustments will provide OWASA with the financial resources necessary to: (1) fund operating costs; (2) adequately maintain existing water, sewer, and reclaimed water facilities; (3) fully comply with increasingly stringent environmental and public health standards; (4) meet debt service requirements; (5) create additional facility capacity to stay abreast of water, reclaimed water and sewer service demand in a growing, dynamic community; and (6) maintain adequate reserves.

The attached Schedule of Rates, Fees, and Charges will replace the schedule adopted on June 10, 2010, which became effective on October 1, 2010.

SECTION I: WATER RATES AND FEES

MONTHLY WATER RATES

Water charges are billed monthly at approximately 30-day intervals. Charges are due upon receipt of the bill, and become delinquent 21 days after the billing date. Monthly water rates consist of two components; a monthly service charge and a commodity (volume) charge.

Water Service Charge

This charge recovers costs related to certain direct and indirect customer service efforts, meter and lateral maintenance, and capital costs associated with supplying water to the customer's property. Applicable to all metered water accounts, independent of the quantity of water consumed, the monthly charge is based on meter size as follows:

<u>Meter Size</u>	<u>Monthly Service Charge</u>
5/8"	\$14.70
1"	\$29.53
1-1/2"	\$63.86
2"	\$96.38
3"	\$198.22
4"	\$323.58
6"	\$704.66
8"	\$1,002.06

Water Irrigation Service Charge

(NOTE: In accordance with State law, all new in-ground irrigation systems installed on or after July 1, 2009 and supplied by a public drinking water system are required to have a separate meter to measure the volume of water used through the irrigation system.)

This charge is calculated to recover certain direct and indirect customer service, meter and lateral maintenance, and capital costs associated with supplying water for irrigation through irrigation-only meters. Applicable to all metered irrigation water accounts, regardless of the quantity of water consumed, the monthly charge is based on meter size as follows:

<u>Meter Size</u>	<u>Monthly Service Charge</u>
5/8"	\$23.54
1"	\$47.05
1-1/2"	\$87.10
2"	\$133.96
3"	\$265.15
4"	\$407.02
6"	\$800.67
8"	\$1,273.30

Monthly service charges for compound meter arrangements are based on the largest meter in the grouping. In addition to the applicable charge for the primary meter, existing OWASA-owned sub-meters are billed according to the above schedule. OWASA-owned sub-meters are no longer available and no additional sub-meters will be installed.

Meter readings and service charges for first and final bills are prorated based on days of service.

Water Commodity Charge

This charge recovers the direct and indirect costs of water supply and treatment, water distribution, general administration and capital costs not recovered by the monthly service charge. This charge is applicable to all water accounts based on meter readings of water consumed. When a billing period includes a change in commodity rates, the charges are prorated based on the ratio of days in the billing period at the old and new rates. Metered monthly consumption will be billed in thousand gallon increments rounded down to the nearest thousand gallons. Unbilled consumption due to rounding will be carried forward and billed in the month the next thousand gallon increment is registered by the meter.

When no meter reading is available due to an inoperative, damaged or inaccessible meter, consumption will be estimated based on prior usage at the location.

Individually Metered Residential Accounts Except Irrigation-Only Accounts

Individually metered residential accounts will be billed under an increasing block rate structure designed to encourage efficient water use by applying increasing commodity charges (rate per thousand gallons) to incremental increases in water use.

	Volume of Use (Gallons)	Commodity Rate per 1,000 Gallons
Block 1	1,000 to 2,000	\$2.63
Block 2	3,000 to 5,000	\$6.39
Block 3	6,000 to 10,000	\$7.83
Block 4	11,000 to 15,000	\$10.94
Block 5	All use 16,000 and up	\$19.79

Conservation Water Commodity Charges Under Mandatory Water Use Restrictions

Water commodity charges applicable to all customer accounts will be temporarily increased during periods of declared Water Shortages and mandatory water use restrictions regardless of the time of year. These applicable surcharges are summarized in the following table.

**WATER COMMODITY SURCHARGES  
APPLICABLE UNDER WATER SHORTAGE DECLARATION STAGES**

Individually-Metered Residential Accounts						Non-Residential and Irrigation-Only
Block:	Res. Block 1	Res. Block 2	Res. Block 3	Res. Block 4	Res. Block 5	
Use Level: (gallons)	1,000 to 2,000	3,000 to 5,000	6,000 to 10,000	11,000 to 15,000	16,000 and up	
Stage 1	No surcharge	No surcharge	1.25 times normal Block 3 rate	1.5 times normal Block 4 rate	2 times normal Block 5 rate	1.15 times seasonal and irrigation-only rate.
Stage 2	No surcharge	1.25 times normal Block 2 rate	1.5 times normal Block 3 rate	2 times normal Block 4 rate	3 times normal Block 5 rate	1.25 times seasonal and irrigation-only rate.
Stage 3 and Emergency	No surcharge	1.5 times normal Block 2 rate	2 times normal Block 3 rate	3 times normal Block 4 rate	4 times normal Block 5 rate	1.5 times seasonal and irrigation-only rate.

Non-residential Accounts Except Irrigation-Only Accounts

To achieve demand reduction during peak water use periods, a seasonal conservation rate structure will be applied to all non-residential accounts other than irrigation-only accounts. A reduced water commodity charge is in effect during lower demand months (October through April), and a higher commodity charge is in effect during high demand months (May through September).

Off-peak seasonal rate per 1,000 gallons (October through April)	\$4.16
Peak seasonal rate per 1,000 gallons (May through September)	\$7.91
Equivalent Uniform Water Commodity Charge	\$6.02

Irrigation-Only Accounts

To promote conservation of water used for irrigation and to achieve greater equity between rates for irrigation-only use and irrigation use through a domestic meter, irrigation-only accounts shall be charged the following year-round commodity rate.

\$8.51 per thousand gallons

## INTERLOCAL WATER TRANSFER CHARGES

The purpose of this charge is to recover costs associated with the provision of supplemental water supply under contractual agreement with other water purveyors. The specific rates to be charged will be negotiated with the other party based upon specific conditions, but using the cost-of-service rate-making approach and approved by OWASA.

## TEMPORARY HYDRANT METER CHARGE

Subject to availability, a Customer may obtain a temporary hydrant meter (metering device) from OWASA for a period of up to 60 days. A customer may submit a written request to use the hydrant meter for one additional 60 day period but granting said request will be subject to availability and is at OWASA's sole discretion. Service from a fire hydrant is subject to interruption when the hydrant is needed for fire protection, compliance with water conservation standards, and other applicable law. For situations where temporary water service is needed for a period longer than 120 days, the user can purchase a metering device of a size, make and model specified by OWASA. A \$200.00 service charge, payable in advance, shall be collected for setting and removing the meter. In addition, a security deposit shall be required in accordance with the following schedule:

Security Deposit  
\$1,000

Monthly billings for temporary hydrant meters consist of two charges: (1) a service charge for that size meter, and (2) the seasonal commodity charge, including surcharges where applicable, based on monthly readings of the meter. When the hydrant meter is returned, the security deposit shall be applied to the final bill plus any damages. The Customer is responsible for paying OWASA for damages that exceed the amount of the Security Deposit. Any credit balance will be refunded within thirty (30) days.

## WATER AVAILABILITY FEE

Water availability fees are calculated to recover a portion of the capital costs of providing water system facility capacity. The availability fee is applicable to each new connection to a water main, regardless of who may have paid for the installation of the water main to which the connection is to be made. For the purpose of availability fees, customer accounts are divided into three categories: (1) Single-family Residential, (2) Multi-family Residential, Individually-metered; and (3) Non-residential. The Non-residential category includes master-metered multi-family customers and all commercial, University, and other institutional accounts. The use of these categories is justified by distinctive patterns of water and sewer consumption.

5/8" Meter, Single-family Residential:

<1300 square feet	\$1,226
1300-1700 square feet	\$1,497
1701-2400 square feet	\$1,895

2401-3100 square feet	\$3,240
3101-3800 square feet	\$4,405
>3800 square feet	\$7,394
5/8" Meter, Multi-family Residential	\$1,321
5/8" Meter, Non-residential*	\$3,589
1" Meter, Non-residential*	\$8,973
1-1/2" Meter, Non-residential*	\$17,945
2" Meter, Non-residential*	\$28,712
3" Meter, Non-residential*	\$57,424
4" Meter, Non-residential*	\$89,725
6" Meter, Non-residential*	\$179,451
8" Meter, Non-residential*	\$287,121

\* Same fee for Irrigation-Only accounts.

A person or party completing a development or re-development project may be eligible to request and receive a credit on the Water Availability Fees due if their project directly results in the permanent abandonment of previously existing water meters which were connected to residences, buildings or facilities connected to and having a documented demand on the OWASA water system.

If OWASA determines that a credit is due, the amount of the credit shall be based on the current Water Availability Fees that would apply to the size of the water meters that are permanently abandoned as a direct result of the project. However, the credit due shall not exceed the amount of the Water Availability Fees that would otherwise apply to the development or re-development project.

If an existing water meter is removed from service and/or is replaced with a smaller meter, OWASA will not issue any credit or refund to the customer for any previously paid Availability Fees.

Availability Fee credits are not transferrable to any other project or property.

#### WATER SERVICE AND METER INSTALLATION CHARGE

This charge is to recover costs of extending service from the OWASA distribution system to individual properties, and includes the installation of a service connection from the water main to the meter and the setting of the meter to serve the customer's premises, subject to satisfactory easement or license being provided by the applicant. Where a suitable stub-out for service has been made and is available, the "meter-only" charge shall apply. Customer requested meter/water service relocations shall be performed on a time and materials basis. Complete new and/or additional water service installation and meter-only charges are as follows:

Complete Water Service Installation, 5/8" meter	\$2,824
Complete Water Service Installation, 1" meter	\$2,936
Meter Only Installation, 5/8" meter	\$200
Meter Only Installation, 1" meter	\$250
Meter Only Installation, 1-1/2" meter	\$520

Meter Only Installation, 2” meter	\$650
Remote Read Box with 5/8” Detector Meter	\$355

Complete installation costs are determined on a time and materials basis for 1-1/2 inch and 2- inch meters. For 3-inch and larger meters, the applicant shall be responsible for providing a meter box or vault constructed to OWASA standards. All meters, regardless of size, shall be purchased from OWASA at cost plus 10%. A \$120.00 delivery fee for 3-inch and larger meters shall also apply.

A remote read box and 5/8” detector meter shall be required on all private fire protection service connections. The remote read box shall be purchased from OWASA and installed by the applicant. OWASA shall install the 5/8” detector meter at the applicant’s expense.

WATER MAIN TAPPING FEE

This charge is for making a tap into an OWASA water main. The tap fee shall be paid in advance of OWASA performing the work, with a minimum of 48 hours advance notice given to OWASA.

The applicant shall be responsible for opening the ditch, providing adequate working clearance at the point of tap, adequately shoring the trench sidewalls, dewatering and such other associated activities as may be needed to provide a suitable and safe condition for OWASA personnel to complete the tap. Additionally, the applicant shall be responsible for providing an appropriate size tapping sleeve and tapping valve, and a backhoe or similar device shall be available on-site for lowering the tapping unit into the ditch line. All permits, bonds and paving shall be the responsibility of the applicant. The charge shall be for time and equipment plus an allowance for overhead, but not less than \$380.00.

The base fee noted above includes one (1) site visit by OWASA to determine if the applicant is ready for OWASA to perform the tap. A re-inspection fee of \$100.00 will be charged for each additional site visit required to determine if the water main is accessible and all required material and safety measures are in place. The tap will not be performed until any applicable reinspection fees are paid in full.

HYDRAULIC FIRE FLOW TESTING

This charge is calculated to recover the cost of hydrant ‘fire flow’ testing of the water distribution system. Test results provide data to developers and engineers to determine available flows and pressures in the systems they are designing for new developments.

\$245.00 per test

SECTION II: SEWER RATES AND FEES

MONTHLY SEWER RATES

Sewer charges are billed monthly at approximately 30-day intervals. Charges are due upon receipt of the bill, and become delinquent 21 days after the billing date. Monthly sewer rates consist of two components: a monthly service charge and a sewer commodity (volume) charge.

Sewer Service Charge

This charge is calculated to recover the direct and indirect customer service, service and inspection maintenance, and capital costs associated with providing sewer service to the customer's property. Meter readings and service charges for first and final bills are prorated based on days of service. Applicable to all sewer accounts, regardless of whether or not there is a commodity charge, the monthly service charge is based on the size of the meter upon which sewer usage is calculated as follows:

<u>Meter Size</u>	<u>Monthly Service Charge</u>
5/8"	\$12.00
1"	\$20.61
1-1/2"	\$35.53
2"	\$53.72
3"	\$101.58
4"	\$155.28
6"	\$284.70
8"	\$485.82

The monthly sewer service charge shall apply to any meter(s) used to directly or indirectly measure the volume of wastewater discharged from a customer's premises, regardless of whether the water source to the customer is from OWASA's drinking water and/or reclaimed water system, or a non-OWASA water source including but not limited to harvested rainwater or groundwater.

Sewer Commodity Charge

This charge is calculated to recover the remaining direct and indirect costs of wastewater treatment and collection, maintenance, inspection, customer service and administration and sewer capital costs not recovered by the monthly service charge. When a billing period includes a change in commodity rates, the charges are prorated based on the ratio of days in the billing period at the old and new rates. Metered monthly consumption will be billed in thousand gallon increments rounded down to the nearest thousand gallons. Unbilled consumption due to rounding will be carried forward and billed in the month the next thousand gallon increment is registered by the meter. This charge is applicable to all accounts receiving sewer service based on the water meter reading, sewer meter reading if applicable, or estimated volume of discharge as determined by OWASA.

The sewer commodity charge is applicable to all customer's discharging wastewater into the OWASA sewer system, regardless of whether or not that discharge results from the customer's use of OWASA's drinking water or reclaimed water, or their use of a non-OWASA water source, including but not limited to harvested rainwater or groundwater.

\$6.48 per thousand gallons

Individually-metered residential customers will not be charged for monthly sewer use in excess of 15,000 gallons.

#### INTERLOCAL WASTEWATER COLLECTION, TREATMENT AND DISPOSAL CHARGES

The purpose of this charge is to recover costs associated with the provision of wastewater collection, treatment and disposal services under contractual agreement with other wastewater service providers. The specific rates to be charged will be negotiated with the other party based upon specific conditions, but using the cost-of-service rate-making approach and approved by OWASA.

#### MONTHLY RATES FOR SEWER ONLY ACCOUNTS

For sewer only accounts where there is no OWASA meter for directly or indirectly measuring the volume of wastewater discharged by the customer, the monthly sewer service and commodity charges shall be fixed and be the total of:

- (1) a monthly service charge which shall be determined by the water meter size which would be required to supply water service to the property,

plus

- (2) a sewer commodity charge of \$6.48 per 1,000 gallons times the estimated volume of wastewater expected to be discharged by the customer (using national engineering standards as the basis); provided however, that in no case shall the billable quantity be less than 6,000 gallons per month.

For special commercial and industrial customer classifications where the proportion of water consumed to wastewater discharged is extremely large, a metered sewer account may be approved. Metered sewer accounts must also pay the appropriate monthly sewer service charge based on the sewer meter size.

If a customer that has a standard metered water and sewer service (sewer gallons billed are based on the water gallons billed) also discharges wastewater resulting from the use of OWASA reclaimed water, harvested rainwater, groundwater, or sources other than OWASA drinking water, that customer shall be billed a monthly service charge and commodity charges calculated in accordance the *OWASA Rainwater Harvesting Systems Requirements and Charges Policy* for said additional discharge; provided, however, that the minimum threshold for which

the charges shall apply is 3,000 gallons per month. For this purpose, such systems serving single-family residential customers are deemed to fall below this threshold, provided there is also a standard metered water and sewer service.

SEWER AVAILABILITY FEE

The purpose of this fee is to recover a portion of the capital costs of providing sewer system facility capacity. The availability fee is applicable to each new connection to a sewer main, regardless of who may have paid for the installation of the main to which the connection is to be made. For the purpose of the availability fee, customer accounts are divided into three categories: (1) Single-family Residential; (2) Multi-family Residential, Individually-metered; and (3) Non-residential. The Non-residential category includes master-metered Multi-family customers plus all other commercial, the University, and other institutional accounts. The use of these categories is justified by distinctive patterns of water and sewer consumption.

5/8" Meter, Single-family Residential:	
<1300 square feet	\$2,847
1301-1700 square feet	\$3,439
1701-2400 square feet	\$3,499
2401-3100 square feet	\$4,288
3101-3800 square feet	\$4,633
>3800 square feet	\$5,263
5/8" Meter, Multi-family Residential	
5/8" Meter, Nonresidential	\$6,121
1" Meter, Nonresidential	\$15,303
1-1/2" Meter, Nonresidential	\$30,605
2" Meter, Nonresidential	\$48,968
3" Meter, Nonresidential	\$97,936
4" Meter, Nonresidential	\$153,025
6" Meter, Nonresidential	\$306,050
8" Meter, Nonresidential	\$489,702

In addition to the sewer availability fee, an excess sewer capacity fee of four percent (4%) of the applicable sewer service availability fee shall be charged to recover the costs of excess sewer capacity installed in an area covered by an agreement with a developer for credit payments to the constructing developer. This fee shall apply to residential and non-residential customers.

A person or party completing a development or re-development project may be eligible to request and receive a credit on the Sewer Availability Fees due if their project directly results in the permanent abandonment of previously existing water meters and sewer services which were connected to residences, buildings or facilities connected to and having a documented demand on the OWASA sanitary sewer system.

If OWASA determines that a credit is due, the amount of the credit shall be based on the current Sewer Availability Fees that would apply to the size water meters that are permanently abandoned as a direct result of the project. However, the credit due shall not exceed the amount of the Sewer Availability Fees that would otherwise apply to the development or re-development

project.

If an existing water or sewer meter upon which consumption is based is removed from service and/or is replaced with a smaller meter, OWASA will not issue any credit or refund to the customer for any previously paid Availability Fees.

Availability Fee credits are not transferrable to any other project or property.

### SEWER TAP CHARGE

This charge is for making a tap of the applicant's private sewer lateral into the main sewer line or sewer manhole of OWASA. The tap fee must be paid in advance of OWASA performing the work, with a minimum of 48 hours advance notice given to OWASA.

The applicant shall be responsible for opening the ditch, providing adequate working clearance at the point of tap, adequately shoring the trench sidewalls, dewatering and such other associated activities as may be needed to provide a suitable and safe condition for OWASA to connect the service lateral of the applicant into the facilities of OWASA. The minimum charge is based on a standard 4" service tap to the sewer line. All lines 6" in diameter and larger must be tapped into a manhole. All permits, bonds and pavement repairs are the responsibility of the applicant.

The charge shall be for time and equipment plus an allowance for overhead, but not less than \$320.00.

The base fee noted above includes one (1) site visit by OWASA to determine if the applicant is ready for OWASA to perform the tap. A re-inspection fee of \$100.00 will be charged for each additional site visit required to determine if the sewer main is accessible and all required material and safety measures are in place. The tap will not be performed until any applicable reinspection fees are paid in full.

### HIGH STRENGTH WASTE SURCHARGE

The purpose of this charge is to recover operation and maintenance costs from customers whose wastewater discharge into the system is in excess of certain parameters for normal strength domestic wastewater as determined by OWASA. Based on local sampling and analysis, normal strength domestic wastewater has been determined to have the following pollutant characteristics.

#### Normal Strength Domestic Wastewater

Carbonaceous Biochemical Oxygen Demand (CBOD)	205 mg/l
Suspended Solids (SS)	235 mg/l
Ammonia Nitrogen (NH <sub>3</sub> -N)	25 mg/l
Phosphorus (P)	6.5 mg/l

High Strength Waste Surcharges shall apply at the following rates to all wastes exceeding the above concentrations:

Carbonaceous Biochemical Oxygen Demand (CBOD)	\$0.43 per pound for all CBOD in excess of 205 mg/l
Suspended Solids (SS)	\$0.52 per pound for all SS in excess of 235 mg/l
Ammonia Nitrogen (NH <sub>3</sub> -N)	\$3.04 (per pound for all NH <sub>3</sub> -N in excess of 25 mg/l
Phosphorus (P)	\$12.26 (per pound for all P excess of 6.5 mg/l

## SECTION III: RECLAIMED WATER RATES AND CHARGES

### MONTHLY RECLAIMED WATER RATES

Reclaimed water charges will be billed monthly at approximately 30-day intervals. Charges are due upon receipt of the bill, and become delinquent 21 days after the original billing date. Monthly reclaimed water rates consist of two components: a monthly service charge and a commodity (volume) charge.

The University of North Carolina at Chapel Hill (UNC) funded the construction of the first phase of the reclaimed water system, and the methodology for determining reclaimed water charges applicable to UNC is stipulated by a contract between OWASA and UNC. For this reason, reclaimed water charges have been established for two major customer classes: UNC uses and non-UNC uses. As determined necessary by OWASA, and in accord with OWASA's contractual obligations to UNC, reclaimed water service to non-UNC customers may be temporarily interrupted to ensure the UNC's reclaimed water demand can be met from the facilities and capacity paid for by UNC.

#### Reclaimed Water Service Charge

This fixed monthly charge is calculated to recover direct and indirect costs including but not limited to customer service and billing, meter and lateral maintenance, general and administrative services, and fixed costs associated with supplying reclaimed water to the customer's property. The Reclaimed Water service charge is applicable to all metered reclaimed water accounts, independent of the quantity of reclaimed water consumed. Meter readings and service charges for first and final bills are prorated based on days of service.

UNC Reclaimed Water Use (covers all UNC reclaimed water uses served by the facilities paid for by UNC) \$24,000 per month

Non-UNC RCW Customers	5/8" meter	\$8.37 per month
	1-inch meter	\$16.74 per month
	1.5-inch meter	\$30.96 per month
	2-inch meter	\$47.62 per month

Service charges for non-UNC reclaimed water meters larger than 2" will be determined on a case-by-case basis following an evaluation of the reclaimed water demands of the customer.

#### Reclaimed Water Commodity Charge

This charge is calculated to recover the direct costs for reclaimed water treatment and distribution and all other direct and indirect costs not recovered by fixed monthly service charges. This charge is applicable to all reclaimed water accounts based on meter readings of reclaimed water consumed.

When a billing period includes a change in commodity rates, the charges are prorated based on the ratio of days in the billing period at the old and new rates. Metered monthly consumption will be billed in thousand gallon increments rounded down to the nearest thousand gallons. Unbilled consumption due to rounding will be carried forward and billed in the month the next thousand gallon increment is registered by the meter.

UNC Accounts	\$0.60 per 1,000 gallons
Non-UNC RCW Customers	\$2.18 per 1,000 gallons
Bulk (Tanker) Sales	\$0.00

RECLAIMED WATER SERVICE AVAILABILITY AND CONNECTION FEES

Reclaimed Water Availability Fees

The purpose of this fee is to recover the capital costs of providing reclaimed water system facility capacity and to fund future expansion of that capacity. Since the University (UNC) has paid to construct the reclaimed water system, UNC will not be required to pay a reclaimed water availability fee for UNC facilities that are connected to and can be served by capacity available in the reclaimed water facilities paid for by the UNC.

Reclaimed water availability fees are applicable to each non-UNC connection to the reclaimed water system, regardless of who may have paid for the installation of the main to which the connection is to be made. Reclaimed water availability fees for non-UNC customers are as follows:

<u>Meter Size</u>	<u>Fee</u>
5/8"	\$1,191
1"	\$2,978
1-1/2"	\$5,956
2"	\$9,529

Reclaimed water availability fees for connections to be served by meters larger than 2 inches shall be determined on a case-by-case basis following an evaluation of the reclaimed water demands of the customer.

Reclaimed Water Service Connection Fees

Reclaimed water service connection fees, including meter installation and meter fees, shall be the same as the fees applicable to potable water system service connections, as specified in Section I of this schedule.

## SECTION IV: MISCELLANEOUS CHARGES

### SERVICE INITIATION FEE

The purpose of this charge is to defray the labor and administrative costs associated with the establishment of a water and/or sewer account. This includes establishing service and account records for billing. Applicable to all accounts requiring field work, be it setting a meter, reconnection of service or reading the meter.

\$45.00 per event

\$80.00 per event, outside of normal business hours of OWASA

### RETURNED CHECK CHARGE

Checks or automatic bank drafts made payable to OWASA are accepted as payment on account subject to collection. When a check or bank draft is not honored for payment by the bank or other institution on which it is drawn, a Returned Check Charge will be applied to the customer's account as follows:

Returned Check: \$25.00

Dishonored Draft: \$25.00

The customer will be notified of the returned check charge and instructed to pay the amount due immediately. Failure to respond within the time allowed will result in disconnection of water service and an additional charge for reconnection. The customer may also be required to pay a security deposit or an additional security deposit.

### CHARGE FOR DELINQUENT ACCOUNTS

Disconnection of water, sewer and/or reclaimed water service for nonpayment may occur at the option of OWASA no sooner than 21 calendar days after the date of initial billing. The purpose of this charge is to offset the costs of special handling of delinquent accounts, which may include, but is not limited to, the disconnection and reconnection of service due to nonpayment of the customer's bill. This charge is to be applied to all accounts scheduled for disconnection for nonpayment and is applicable on or after the specified disconnect date, regardless of whether the service was disconnected or not. Reconnection resulting from disconnection due to nonpayment will be made within 24 hours of receipt of full payment of the balance due plus the reconnection charge and applicable security deposit.

\$45.00 per event, during OWASA's normal business hours

\$80.00 per event, outside OWASA's normal business hours

### CHARGE FOR TEMPORARY DISCONNECTION/SUBSEQUENT RECONNECTION AT CUSTOMER'S REQUEST

OWASA customers may request to have their service temporarily disconnected and subsequently reconnected. In emergency conditions, there will be no charge to the customer for this service. Additionally, no more than once in any twelve month period, a customer may request to have their service temporarily disconnected and subsequently reconnected at no charge for routine plumbing system maintenance. For requests to temporarily disconnect and

subsequently reconnect service in any situation other than those listed above, the charges listed below will apply.

The purpose of this charge is to recover the cost to temporarily disconnect and subsequently reconnect water service at the request of a customer. In situations where charges apply, the charge may be waived if the customer provides documentation that a master cutoff valve has been installed within thirty (30) days of the date of the temporary service disconnection.

\$45.00 per event, during OWASA's normal business hours  
\$80.00 per event, outside OWASA's normal business hours

### LATE PAYMENT FEE

This fee is designed to recover a portion of the cost of delinquent payment collection efforts that arise prior to service termination and are not recovered by charges for reconnection of delinquent accounts, and to encourage customers to make timely payments, thereby reducing the overall cost of a delinquent account to the customer base. The late payment fee applies when a customer's account is delinquent as defined above.

Late Payment Fee: For past due balances of \$10.00 or more, \$2.40 plus 0.42% a month (5% APR) of the outstanding balance.

### SECURITY DEPOSITS

OWASA may require security deposits from customers to ensure payment of the final bill. To offset administrative costs in handling these monies, no interest is paid on security deposits.

Security deposits shall be required on all accounts other than those in the name of (1) owners of residential properties, whether detached or attached units, who can provide a satisfactory credit history or reference to OWASA, and (2) local, State and Federal governments or agencies thereof. Security deposits shall be required for accounts other than those in (1) and (2) above and shall be \$50.00 or \$100 depending on credit worthiness for residential customers. All security deposits must be paid at the time application for service is made and in advance of service initiation.

Any residential customer whose service has been disconnected for non-payment of billing charges twice within a six month period of time and who has not previously given a security deposit will be required to pay a \$50.00 or \$100 depending on credit worthiness. security deposit prior to reconnection of service.

Non-residential security deposits may be required based on credit worthiness and will be computed as one or two times the average monthly bill of the previous customer at the same location over the past calendar year. If there is no previous customer at the service location, the security deposit will be determined by OWASA based on the best information available, such as OWASA's experience with similar types, sizes, etc. of businesses.

Repeated disconnections will require additional security deposits until the customer has accumulated a security deposit balance, which will cover an average of three months' billing

charges.

Security deposits may be refunded upon written request after the customer has established a satisfactory payment history for twelve (12) consecutive months. Otherwise, security deposits will be applied to the final bill when a customer's account is terminated.

### BULK WASTEWATER CHARGES

#### Normal Domestic Septage

The purpose of these charges is to recover the costs associated with the service rendered by OWASA to those customers who discharge normal domestic septic tank wastes into the wastewater treatment facilities of OWASA. Applicable to those customers who have an account established at OWASA's Customer Service Office, charges for handling normal domestic septage will be billed to the customer on a monthly basis. The monthly bill will include two components: (1) an administrative charge for special services required to receive this type waste and rendering the monthly bill; and (2) a charge for the treatment of the septage as determined by OWASA. This charge is calculated as follows:

Administrative Charge	\$30.00/ trip, plus
Volume Charge and High Strength Surcharge	\$140.00/ thousand gallons

#### Other High Strength Waste

Other wastes may be discharged to OWASA's septage facilities only with prior approval by OWASA and upon OWASA's direct inspection of the actual discharge. The costs associated with these services will be as follows:

NH<sub>3</sub>-N = Ammonia Nitrogen  
CBOD = Carbonaceous Biochemical Oxygen Demand  
TSS = Total Suspended Solids  
P = Phosphorus

Administrative Charge of \$30.00 / trip, plus Volume and High Strength Surcharge calculated as follows:

$A + B + C + D + E =$  Calculated Dollars per Thousand Gallons, where:

A = pounds of NH<sub>3</sub>-N/thousand gallons in waste x \$3.04/pound

B = pounds of CBOD/thousand gallons in waste x \$0.43/pound

C = pounds of TSS/thousand gallons in waste x \$0.52/pound

D = \$6.48/per 1,000 gallons Sewer Commodity Charge

E = pounds of P/thousand gallons in waste x \$12.26/pound

Waste concentrations shall be determined by OWASA.

## TANK SALES OR BULK WATER SALES

The purpose of this charge is to recover the labor and administrative costs associated with the supply of bulk quantities of water to tank trucks or trailers from a metering point on the premises of OWASA. Applicable to all tank or bulk water sales, the following charges apply for each loading.

Administrative Charge	\$25.00 per trip, plus
Commodity Charge	\$6.02 per thousand gallons or portion thereof.

Bulk sales are subject to administrative regulations and controls for protection of the wastewater system and efficient operation. Water tank trucks or trailers are only authorized to withdraw water from locations approved by OWASA and for which adequate usage monitoring measures are provided. Charges for bulk sales are not subject to seasonal adjustments.

## DIRECT SALES OF SUPPLIES

Applicable to the direct sale of supplies from inventory to municipalities or contractors, the supplies will be billed at the most recent cost plus a handling charge of 10%.

## BOAT RENTAL AND LAKE USE FEES (changes effective March 1, 2012)

### General Public

Fees are applicable to all persons using row boats and canoes on University Lake and Cane Creek Reservoir during scheduled hours of operation as established by OWASA. Boat rental and lake user charges are:

### OWASA CUSTOMERS AND ORANGE COUNTY RESIDENTS

#### Day Use

Charge for each boat or canoe rental	\$4.50 for one-half day plus the applicable lake use fee for each person
Trolling motor rental	\$15.00 for one-half day
Private Boat Launching Fee	\$3.50 per boat plus the applicable lake use fee for each person
Lake Use Fee, Under 12 Years Old	\$2.00 per person
Lake Use Fee, 12-64 Years	\$4.50 per person
Lake Use Fee, 65 Years and over	\$2.00 per person
INDIVIDUAL SEASON PASS Boat or canoe rental	\$82.00 per person. Each additional person pays appropriate lake use fee.

Lake Use Pass – Adult	\$46.00
Boat with trolling motor rental	\$163.00 per person. Each additional person pays appropriate lake use fee.
<b>GROUP SEASON PASS</b>	
Boat or canoe rental	\$163.00 (maximum of 3 people per pass.) Each additional person pays appropriate lake use fee.
Boat with trolling motor rental	\$245.00 (maximum of 3 people per pass.) Each additional person pays appropriate lake use fee.

**FOR VISITORS WHO ARE NOT OWASA CUSTOMERS OR ORANGE COUNTY RESIDENTS**

Day Use

Charge for each boat or canoe rental	\$8.00 for one-half day plus the applicable lake use fee for each person
Trolling motor rental	\$22.00 for one-half day
Private Boat Launching Fee	\$7.00 per boat plus the applicable lake use fee for each person
Lake Use Fee, Under 12 years old	\$2.50 per person
Lake Use Fee, 12-64 Years	\$5.50 per person
Lake Use Fee, 65 Years and over	\$2.50 per person
UNC Men’s Crew Club and Women’s Rowing Team	By agreement between UNC- Chapel Hill and OWASA.

FIELD TEST OF 5/8" METER

Upon a customer's written request, OWASA will conduct a special field test of the customer's 5/8" water meter. There will be no charge for testing meters (1) which have not been tested during the past five years, or (2) which are found to be over-registering. Over-registering meters will be replaced by OWASA at no charge to the customer.

If, however, the meter has been tested within the past five years and the results of the meter test indicate proper or under-registering, the customer will be charged \$80.00 for the meter test.

## SHOP TESTING OF METER

Upon a customer's written request, OWASA will conduct a special shop test of water meters that are larger than 5/8 inches. There will be no charge for testing meters (1) which have not been tested during the past five years, or (2) which are found to be over-registering. Over-registering meters will be replaced by OWASA at no charge to the customer.

If, however, the meter has been tested within the past five years and the results of the meter test indicate proper or under-registering, the customer will be charged \$125.00 for the shop meter test.

## FIELD TEST OF LARGE METERS

Upon a customer's written request, OWASA will conduct a special field test of water meters that are larger than 5/8 inches. There will be no charge for testing meters (1) which have not been tested during the past five years, or (2) which are found to be over-registering. Over-registering meters will be replaced by OWASA at no charge to the customer.

If, however, the meter has been tested within the past five years and the results of the meter test indicate proper or under-registering, the customer will be charged a meter test fee based on the actual time and equipment required to complete the field test. This charge shall not be less than \$225.00.

## REINSPECTION FEE

OWASA will initially inspect grease traps, cross connections and water and sewer taps at no cost to the customer. Should a subsequent reinspection be required for any of these fixtures, a \$100.00 fee will apply to each reinspection.

## PLAN REVIEW AND CONSTRUCTION OBSERVATION FEES

The purpose of this charge is to recover the operating cost for providing review of construction plans for the extension of water and sewer facilities. The charge also recovers the operating cost for providing field observation, water sampling, laboratory testing, video inspection, pressure testing, etc. associated with the installation of these facilities. The plan review and construction observation fees are applicable to all extensions of the public water and/or sewer system regardless of the party which may be undertaking the improvements. The fees will be applied separately to water main and sewer main extensions, but in no case shall the fee be less than \$100.00.

	WATER	SEWER
Plan Review:	\$3.63/lf	\$3.63/lf
Construction Observation:	\$3.69/lf	\$3.69/lf

## CHARGES FOR MISCELLANEOUS SERVICES

Charges for miscellaneous services provided by OWASA shall be on a time and materials basis and include out-of-pocket expenses, cost of materials and services supplied by third parties, and overhead. Typical applications would be for repair of damages to water and sewer lines by outside parties, relocation of mains, services and meters, special services for billing information, expenses related to spill containment responses, etc.

## TRANSFER OF CHARGES

Any unpaid balance from past due charges for water and/or sewer services of terminated accounts or Charges for Miscellaneous Services will be transferred to any available active account(s) through which the customer is receiving services. The payment status of the active account through which the customer is receiving service will be determined by the payment status of transferred accounts.

OWASA may temporarily withhold service from a customer, or refuse service to a customer when such a customer (including but not limited to individuals, corporations, or partnerships), owes OWASA any past due balance which is not in dispute.

Accounts or portions of accounts, including charges for material or damaged property that are disputed and delinquent fees and delinquent assessment charges, may be submitted to the courts by the Executive Director, upon approval by General Counsel, for collection if such amounts do not exceed \$1,500.00. For amounts exceeding \$1,500.00, approval of the Board of Directors shall also be required prior to filing an action for collection.

**RESOLUTION ADOPTING THE ANNUAL BUDGET FOR  
ORANGE WATER AND SEWER AUTHORITY FOR THE FISCAL YEAR  
JULY 1, 2011 THROUGH JUNE 30, 2012**

**WHEREAS**, Section 7.05 of the Bond Order and North Carolina G.S. Chapter 159 require that on or before the first day of July in each fiscal year the Authority will adopt a Budget for the ensuing fiscal year; and

**WHEREAS**, such budget is to include estimates of revenues of the water, sewer and reclaimed water systems, current Operations and Maintenance expenses, estimated Interest Income and Debt Service costs, and disbursements from the General Fund for Capital Improvements and Equipment purchases.

**NOW, THEREFORE, BE IT RESOLVED:**

1. That pursuant to the provisions of North Carolina G.S. Chapter 159-13 the attached pages marked 2 through 6 be, and they hereby are, adopted as the official Budget of Orange Water and Sewer Authority of the Fiscal Year beginning July 1, 2011 through June 30, 2012.

2. That the appropriations for departments, functions, and projects as shown in the attached budget for the respective purposes and in the respective amounts therein specified are hereby made.

3. That the Executive Director shall administer the budget, and is hereby authorized to expend the funds for the purposes set forth therein.

Adopted this 9<sup>th</sup> day of June, 2011.

**ORANGE WATER AND SEWER AUTHORITY  
STATEMENT OF INCOME, EXPENSE AND DEBT SERVICE  
(OPERATING)**

		<b>FY 2012 Annual Budget</b>
<b>Operating Revenue</b>		
Water	\$18,326,317	
Sewer	16,587,023	
Reclaimed Water	450,962	
Service Initiation Fee	164,660	
Other	1,483,587	
Refunds and Adjustments	(242,360)	
<b>Total Operating Revenue</b>		<b>\$36,770,189</b>
<b>Operating Expense</b>		
General and Administrative	5,931,654	
Operations	13,213,683	
<b>Total Operating Expense</b>		<b>19,145,337</b>
<b>Net Operating Income</b>		<b>17,624,852</b>
<b>Non-operating Revenue</b>		
Customer Fees		911,004
Interest		35,900
<b>Total Net Income</b>		<b>\$18,571,756</b>
<b>Debt Service</b>		
Existing		8,775,944
New		0
<b>Total Debt Service</b>		<b>8,775,944</b>
<b>Net Income Less Debt Service</b>		<b>\$9,795,812</b>
<b>Debt Coverage Ratio</b>		<b>2.12</b>

**ORANGE WATER AND SEWER AUTHORITY  
STATEMENT OF INCOME AND EXPENSE  
(CAPITAL/NON-OPERATING)**

		<u><b>FY 2012 Annual Budget</b></u>
<b>General Fund</b>		
Resources		
Transfer From Revenue	<u>\$9,795,812</u>	
<b>Annual Income Available for Capital</b>		<b>9,795,812</b>
Transfer from Construction Fund (Bond Proceeds)		<u>-</u>
<b>Total Available for Capital</b>		<u><b>9,795,812</b></u>
<b>Capital Expenditures</b>		
Project ordinances		
General Fund Contribution	9,869,000	
Funded by Bond Proceeds	<u>-</u>	
Total Project Resolutions		<b>9,869,000</b>
Capital Equipment		<u><b>600,000</b></u>
<b>Total Capital Outlay</b>		<u><b>10,469,000</b></u>
<b>Annual General Fund Balance</b>		<b>(673,188)</b>
<b>General Fund Beginning Balance</b>		<u><b>16,543,769</b></u>
<b>General Fund Ending Balance</b>		<b>15,870,581</b>
Project Funding	6,534,581	
Reserves		
Rate Stabilization	750,000	
CIP	1,200,000	
Operating Balance	<u>7,386,000</u>	<u><b>15,870,581</b></u>
<b>Unallocated General Fund Balance</b>		<u><u><b>-</b></u></u>

**REVENUE FUND**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Fund Balance July 1, 2011</b>			-
<b>Receipts</b>			
<b>Operating Revenue</b>			
Customer Billings	18,326,317	16,587,023	34,913,340
Reclaimed Water	450,962	-	450,962
Service Initiation Fee	82,330	82,330	164,660
Other	741,794	741,794	1,483,587
Refunds and Adjustments	(121,180)	(121,180)	(242,360)
<b>Total Operating Revenue</b>	19,480,223	17,289,967	36,770,189
<b>Non-operating Revenue</b>			
Customer Fees	455,502	455,502	911,004
Interest Income	17,950	17,950	35,900
<b>Total Non-operating Revenue</b>	473,452	473,452	946,904
<b>Total Receipts</b>	19,498,173	17,307,917	37,717,093
<b>Expenditures</b>			
Current Expense	(9,955,575)	(9,189,762)	(19,145,337)
Debt Service	(7,722,831)	(1,053,113)	(8,775,944)
<b>Total Expenditures</b>	(17,678,406)	(10,242,875)	(27,921,281)
<b>Net Revenue</b>			9,795,812
<b>To General Fund</b>			(9,795,812)
<b>Fund Balance June 30, 2012</b>			-
<b>Change in Available Balance</b>			-

**BOND SERVICE FUND**

<b>Fund Balance July 1, 2011</b>		\$7,572,691
<b>Receipts</b>		
Transfers from Revenue Fund	8,764,815	
Interest	<u>11,129</u>	
<b>Total Receipts</b>		8,775,944
<b>Expenditures</b>		
Debt Service	<u>9,560,663</u>	
<b>Total Expenditures</b>		<u>(9,560,663)</u>
<b>Fund Balance June 30, 2012</b>		<u><u>\$6,787,972</u></u>
<b>Change in Available Balance</b>		784,719

**GENERAL FUND**

<b>Fund Balance July 1, 2011</b>		\$16,543,769
<b>Receipts</b>		
Transfer From Revenue fund	9,795,812	
Transfer From Construction Fund (Bond Proceeds)	-	
Interest	24,771	
Assessments	-	
Grants and contributions	-	
<b>Total Receipts</b>		<u>9,820,583</u>
<b>Total Balance Before Expenditures</b>		26,364,352
<b>Expenditures</b>		
Capital Equipment/Leases	600,000	
Project Resolutions	9,869,000	
Transfer to Revenue Fund	24,771	
<b>Total Expenditures</b>		<u>(10,493,771)</u>
<b>Fund Balance June 30, 2012</b>		<u><u>\$15,870,581</u></u>
 <b>Allocation of Fund Balance June 30, 2012</b>		
Project Funding	6,534,581	
Capital Reserves	9,336,000	
<b>Total Allocation</b>		<u><u>\$15,870,581</u></u>
 <b>Unallocated General Fund Balance June 30, 2012</b>		<u><u>-</u></u>
 <b>Change in Available Balance</b>		(\$673,188)

**RESOLUTION APPROVING CAPITAL IMPROVEMENTS PROGRAM  
FOR FISCAL YEARS 2012-2016**

**WHEREAS**, a 5-Year Capital Improvements Program enables Orange Water and Sewer Authority to identify, assess, and project the water and sewer systems' capital projects in an orderly, coordinated, and fiscally sound manner, and to plan for the replacement and repair of existing facilities; and

**WHEREAS**, the draft Capital Improvements Program for Fiscal Years 2012-2016 has been developed by the staff, reviewed by the Board of Directors, and revisions incorporated therein; and

**WHEREAS**, a Public Hearing on the Capital Improvements Program was held on May 26, 2011;

**NOW, THEREFORE, BE IT RESOLVED:**

1. That the Board of Directors of Orange Water and Sewer Authority approves the Capital Improvements Program for Fiscal Years 2012-2016 as provided in the FY 2012 Draft Annual Budget document.

2. That the Executive Director be, and is hereby authorized, to administer the planning, studies, design, and financing, and make recommendations to the Board of Directors for award of contracts for the projects in the Capital Improvements Program.

Adopted this 9<sup>th</sup> day of June, 2011.

**CAPITAL PROJECT RESOLUTION FOR  
FISCAL YEAR 2012 INFRASTRUCTURE IMPROVEMENTS**

**WHEREAS**, present infrastructure must be maintained and additional infrastructure developed to meet future needs; and

**WHEREAS**, Orange Water and Sewer Authority (OWASA) has determined that certain additional infrastructure improvements are needed, including improvements to the water supply system; water treatment and distribution system; wastewater collection, treatment and disposal system; reclaimed water system; and support services facilities; and

**WHEREAS**, adequate funds will be available for the completion of these improvements;

**NOW, THEREFORE, BE IT RESOLVED:**

1. That pursuant to the provisions of North Carolina General Statute 159-13.2, a project fund of \$9,869,000 is hereby established and expenditures therefrom authorized for the following Improvements:

**Expenditures:**

**Water Supply Improvements:**

Jordan Lake Raw Water Supply Allocation	\$12,000
Stone Quarry Reservoir Development	15,000
Cane Creek Reservoir Dam Repairs	240,000
Watershed Protection	<u>158,000</u>
<i>Subtotal (Water Supply)</i>	<i>425,000</i>

**Water Treatment and Distribution Improvements:**

WTP Recapitalization/Rehabilitation Projects	20,000
WTP Secondary Containment	91,000
Hillsborough Pump Station Improvements	66,000
Water Main – Road Improvement Projects	310,000
Water Main Rehabilitation/Replacement Projects	1,706,000
16-inch Water Main – US Highway 15-501	769,000
Water Main Replacement – Cameron Avenue	13,000
Water Distribution System Hydraulic Model	21,000
Water Main Replacements – Booker Creek Neighborhood	<u>605,000</u>
<i>Subtotal (Water Treatment and Distribution)</i>	<i>3,601,000</i>

**Wastewater Collection, Treatment and Disposal Improvements:**

Bolin Creek Interceptor	3,210,000
Sanitary Sewer Condition Evaluation	389,000
Friday Center Interceptor	200,000
Pump Station Rehabilitation	105,000
Heritage Hills Force Main Rehabilitation	258,000
Force Main Condition Evaluation	326,000
Force Main Rehabilitation	32,000
Countryside Pump Station Improvements	208,000
Forest Creek Pump Station Improvements	69,000
WWTP Flood Protection Enhancement	200,000
WWTP Rehabilitation/Recapitalization Projects	165,000
WWTP Odor Improvements	121,000
WWTP Digester Heat Exchangers	150,000
WWTP Aeration System	<u>357,000</u>
<i>Subtotal (Water Treatment and Distribution)</i>	<i>5,790,000</i>

Capital Project Resolution for Fiscal Year 2012 Infrastructure Improvements

June 9, 2011

Page 2

**Reclaimed Water Improvements:**

None	<u>0</u>
<i>Subtotal (Reclaimed Water)</i>	<u>0</u>

**Support Services Facilities Improvements:**

Operations Center Rehabilitation/Recapitalization	<u>53,000</u>
<i>Subtotal (Support Services Facilities)</i>	<u>53,000</u>

Total Expenditures	\$9,869,000
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**Revenues:**

Transfers from the General Fund and/or Bond Proceeds and Grants	\$9,869,000
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2. That supplementary funds will be appropriated in future years for completion of the projects.
3. That this Resolution shall take effect upon its passage.
4. That this Resolution shall be entered in the Minutes of OWASA and within five (5) days after its adoption copies thereof shall be filed with the Finance Officer, the Budget Officer, and the Clerk to the Board of Directors as required by General Statute 159-13.2(d).

Adopted this 9<sup>th</sup> day of June, 2011.

## **POLICY RESOLUTION REGARDING WATER PURCHASES TO MITIGATE THE RISK OF SHORTAGE DURING PERIODS OF EXTENDED DROUGHT**

**WHEREAS**, the Board of Directors of Orange Water and Sewer Authority (OWASA) adopted the *Long-Range Water Supply Plan Final Report, April 8, 2010* (the Plan) as a principal guide for future policy and investment decisions regarding the provision of a sustainable, reliable and cost-effective water supply for OWASA's current and future customers through 2060; and

**WHEREAS**, the Plan included the following five Primary Recommendations:

1. "Continue to promote water conservation and efficiency through customer awareness and education, targeted technical assistance, conservation pricing, and support for increased water efficiency standards in new and renovated buildings. The reliability of our local water supply sources assumes that recent gains in water use efficiency will be sustained during the next 50 years.
2. "Continue to pursue the Quarry Reservoir expansion (shallow version) as the most cost-effective, long-term option for a supplemental supply source. This will ensure full local control of a substantial increment of supply with minimal additional capital investment.
3. "Continue to participate in the Jordan Lake Partnership in order to retain OWASA's water supply storage allocation and to ensure cost-effective access to Jordan Lake through secure and permanent agreements with nearby utilities. It is essential that OWASA retain and acquire access to its allocation.
4. "Develop water purchase/sale agreements with neighboring utilities that will secure the permanent ability to cost-effectively purchase water under appropriate conditions of supply and demand consistent with the long-term performance objectives of (1) avoiding future Water Shortage declarations, and (2) providing additional flexibility and redundancy in the event of critical facility failure, extreme weather, or other unforeseen/emergency circumstances.
5. "Work cooperatively with the elected boards of Carrboro, Chapel Hill, and Orange County to amend the 2001 *Water and Sewer Management, Planning, and Boundary Agreement* – only as needed – to resolve any unnecessary constraints on access to OWASA's Jordan Lake allocation and to ensure a reliable and sustainable water supply for the future;" and

**WHEREAS**, the Board continues to believe that all aspects of the Plan remain sound, and that they reflect OWASA's best professional judgment consistent with its responsibilities to OWASA's customers, to the Towns of Carrboro and Chapel Hill, and to the University of North Carolina at Chapel Hill; and

**WHEREAS**, notwithstanding its commitment to the *Long-Range Water Supply Plan*, the Board also acknowledges and understands from actions taken by the Carrboro Board of Aldermen on December 8, 2009 and March 1, 2011, and by the Chapel Hill Town Council on April 25, 2011 that some local elected officials have expressed the opinion that OWASA should not purchase water from other communities or obtain water through its Jordan Lake storage allocation during drought conditions unless OWASA has first declared a Water Supply Shortage; and

**WHEREAS**, retaining OWASA's Jordan Lake allocation remains an essential component of plans for a reliable and sustainable water supply future, and because the support of the Carrboro, Chapel Hill and Orange County elected boards will be needed in OWASA's efforts to retain that allocation, the Board of Directors resolves to enforce the following policy with respect to water purchases and use of its Jordan Lake allocation in times of water shortage due to drought conditions;

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

1. Upon approval by the Chapel Hill Town Council and the Carrboro Board of Aldermen of the clarification to the Water and Sewer Management, Planning and Boundary Agreement ("Agreement") as requested by OWASA, OWASA shall adopt and maintain a policy providing that during periods of increased risk of water shortage due to drought conditions, OWASA will only purchase water from other communities or obtain water from its Jordan Lake storage allocation after it has declared a Stage 1 Water Supply Shortage per OWASA's State-approved Water Shortage Response Plan and OWASA's Water Conservation Standards as incorporated therein.

2. The Carrboro Board of Aldermen and Chapel Hill Town Council are hereby requested to reconsider their actions of March 1, 2011 and April 25, 2011 and to approve previously proposed language in the Agreement to clarify that nothing therein shall be construed to prevent OWASA from obtaining water from its Jordan Lake allocation for use by OWASA customers. OWASA respectfully requests that Carrboro and Chapel Hill approve those changes by June 30, 2011.

3. OWASA shall continue to encourage water conservation and the use of reclaimed water, and will continue its existing policy and practice of providing advance notice of a potential or impending shortage to customers and local governments.

4. OWASA shall continue to take the actions it believes necessary to retain and secure access to its Jordan Lake allocation, including the possibility of initiating procedures to withdraw from the Agreement if all parties do not agree to the proposed clarifying language. In the event OWASA does withdraw, it will formally commit to continue to abide by all other provisions of the Agreement.

Adopted this 9<sup>th</sup> day of June 2011.