



# ORANGE WATER AND SEWER AUTHORITY

*Quality Service Since 1977*

**AGENDA**  
**MEETING OF THE OWASA BOARD OF DIRECTORS**  
**THURSDAY, APRIL 26, 2007, 7:00 P.M.**  
**CHAPEL HILL TOWN HALL**

In compliance with the "Americans with Disabilities Act," interpreter services are available with five days prior notice. If you need this assistance, please call the Clerk to the Board at 537-4217 or aorbich@owasa.org.

7:00 PM

**Announcements**

1. Announcements by the Chair
  - A. 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.
  - B. Public comments on rate proposals invited at the May 10 and 24, 2007 Board Meetings
2. Announcements by Board Members
  - A. Update on the April 26, 2007 Human Resources Committee Meeting (Penny Rich)
3. Announcements by Staff
  - A. Sustainable Landscaping Workshop Series (Paula Thomas)
  - B. Carrboro Community Day on May 6, 2007 from 12:30 to 7:00 PM (Greg Feller)
  - C. Annual mowing and other clearing of OWASA sewer easements has resumed (Greg Feller)

7:10 PM

**Petitions and Requests**

1. Public
2. Board
3. Staff

7:15 PM

**CONSENT AGENDA**

**Information and Reports**

1. [Report on the Extension of the UNC Cogeneration Facility's Sewer Discharge Agreement \(John Greene\)](#)

**Action**

2. [Resolution Setting Date of May 24, 2007 for a Public Hearing on the Proposed OWASA Budget for Fiscal Year \(FY\) 2007-2008 and on the Draft Capital Improvements Program for FY 2008-2022 Including a Five-Year Capital Improvements Budget for FY 2008-2012 \(Kevin Ray\)](#)
3. [Resolution Setting the Date of May 24, 2007 for a Public Hearing on Proposed Revisions of Water and Sewer Rates, Fees and Charges \(Kevin Ray\)](#)

**REGULAR AGENDA**

**Discussion and Action**

- 7:20 PM 4. [Resolution of Appreciation for Bertrum "Buddy" A. Morris \(John Greene\)](#)
- 7:30 PM 5. [Proposed Changes on an OWASA Policy for Adjustment of Customer Accounts for Emergency Situations Involving Loss of Metered Water \(Kevin Ray\)](#)
- A. Comments by Customers
- B. Resolution Adopting a Policy for Adjustment of Customers Accounts for Emergency Situations Involving Loss of Metered Water
- 7:45 PM 6. [Resolution Approving Statement of OWASA's Sustainability Goal and Objectives \(Paula Thomas\)](#)
- 8:00 PM 7. [Resolution Adopting Preliminary Annual Budget for Orange Water and Sewer Authority for the Fiscal Year July 1, 2007 through June 30, 2008 \(Kevin Ray\)](#)



**M E M O R A N D U M**

TO: Board of Directors  
FROM: Staff  
DATE: April 26, 2007  
SUBJECT: Pending Matters and Recurring Agenda Items

<b>PENDING MATTERS FOR FUTURE AGENDAS</b>		
<b>Staff</b>	<b>Item</b>	<b>Discuss</b>
Board	Resolution of Appreciation for Milton Heath	05-24-07
Greene	Update on the Annual Report on Recreation at University Lake and Cane Creek Reservoir	May 2007
Holland	Status Report on the Ray Property Cleanup	Spring 07
Burston	Update on Dental and Health Insurance with UnitedHealthcare	Jul 07
Kerwin	Semiannual Performance Measurement Report (on hold until review by Board Committee)	TBD
Greene	Follow-up on Visitors to University Lake – extended hours of operation	TBD
Kerwin/ Greene	Field trip to the WWTP for the Board of Directors to view construction to date	TBD
Greene	Revision of the Cross Connection Ordinance	TBD
Greene	Work Session on Wastewater Facilities Risk and Reliability Assessment	TBD
Greene	Presentation on the Technology Used by Various Operations Departments	TBD

<b>RECURRING AGENDA ITEMS</b>		
<b>Staff</b>	<b>Item</b>	<b>Discuss</b>
Burston	Merit Pay Distribution Report	Jan
Burston	Report on Vision Care Program	Jan
Burston	Resolution Authorizing Award of Long-Term Disability Insurance	Jan 2008
Burston	Resolution Authorizing Award of Insurance Coverage for Employee Life, Dependent Life, and Accidental Death and Dismemberment	Jan 2008
Ray	Statement of Strategic Issues and Policies and Planning Assumptions and Background Information Document – FY 20XX-XX	Jan
Holland	Status Report of Grant Agreement with the North Carolina Clean Water Management Trust Fund (last report in January 2005)	Jan

<b>RECURRING AGENDA ITEMS</b>		
<b>Staff</b>	<b>Item</b>	<b>Discuss</b>
Carson	Contractor/Consultant Performance Report	Jan/Jul
Board	Semiannual Performance Review with the Executive Director	1 <sup>st</sup> Jan Meeting
Crum	Status Report on the Mason Farm Wastewater Treatment Plant Expansion (1 <sup>st</sup> Meeting)	Feb/Apr/Jun/ Aug/Oct/Dec
Ray	Quarterly Financial Report and Analysis (2 <sup>nd</sup> Meeting)	Feb/May/Sep/ Nov
Holland	Quarterly Report to the Local Governments (Annual Report due in September) Ed H. emails to the Board – not an agenda item	2 <sup>nd</sup> Meeting in Jan/Apr/Aug/Oct
Kerwin	Happy ___ Anniversary to OWASA: February 16, 1977 – February 16, 20XX (Announcement)	Feb 2012 (every 5 years)
Feller	Communication Priorities Report	Feb
Greene	Report on Private Sewer Service Lateral Repairs	Feb
Greene	Annual Report on Recreation at University Lake and Cane Creek Reservoir	Feb 2 <sup>nd</sup> Meeting
Kerwin	Semiannual/Annual Performance Measurement Report (on hold until review by Board Committee)	Feb/Aug
Feller	Change to Disinfection of Drinking Water with Chlorine instead of Chloramines in the month of March/Annual chlorine disinfection of drinking water in March will end on the 31 <sup>st</sup> and chloramine disinfection will resume	2 <sup>nd</sup> Feb/2 <sup>nd</sup> Mar Meeting
Kerwin	Resolution Authorizing the Executive Director to Execute Lease Agreement on Behalf of Orange Water and Sewer Authority with The <b>University of North Carolina at Chapel Hill for the Warden's House</b> and Adjoining Property at University Lake (expires in February of every third year – contact UNC Lease Manager in December 2008)	Dec 2008/Jan 2009
Ray	Resolution Approving Audit Contract to _____ and Authorizing Chairman of the Board Of Directors and the Finance Officer to Execute Said Contract	When Needed
Feller	OWASA Lakes Open /OWASA Lakes Close (Announcement)	2 <sup>nd</sup> Mar/Oct Mtg
Orbich	Quarterly Report on Attendance at Board of Directors Meetings	Mar/Jun/Sep/Dec
Ray	Budget Work Session to Present Anticipated Budget Variances	1 <sup>st</sup> April
Ray	Resolution Adopting Preliminary Budget for Fiscal Year July 1, _____ Through June 30, _____	2 <sup>nd</sup> Apr
Feller	Carrboro Community Day 1:00 PM – 7:00 PM (1 <sup>st</sup> Sunday in May)	2 <sup>nd</sup> Apr
Feller	Seasonal Rates go into effect May 1, 20XX	2 <sup>nd</sup> Apr Meeting
Ray	Resolution Setting Date for Public Hearing on the OWASA Budget for FY 20__-20__ and on the Draft Capital Improvements Program for FY 20__- 20__ Including a Five-Year Capital Improvements Budget for FY 20__ - 20__	Apr or May
Ray	Public Hearings on Draft Operations and Maintenance and Capital Improvements Program Budgets	May

<b>RECURRING AGENDA ITEMS</b>		
<b>Staff</b>	<b>Item</b>	<b>Discuss</b>
Ray	Resolution Authorizing Renewal of Property, Liability, Workers' Compensation, Inland Marine, Automobile, Boiler and Machinery, Crime, and Excess Liability Insurance Policies	May or Jun
Board	Closed Session for the Purpose of Discussing a Personnel Matter without Executive Director	2 <sup>nd</sup> May Meeting
Crum/ Carson	Semiannual Status Report for Various Capital Improvement Projects, including Quarterly Report on Communications Plans for Capital Projects (May report is on the Regular Agenda)	2 <sup>nd</sup> May/Nov
Board	Closed Session for the Purpose of Discussing a Personnel Matter with Executive Director	1 <sup>st</sup> Jun Meeting
Burston	Resolution Adopting the Schedule of Employee Classification and Authorized Compensation Effective October 1, _____	Jun
Ray	Resolution Adopting Budget for Orange Water and Sewer Authority for FY July 1, _____ through June 30, _____	Jun
Ray	Annual Report on Disposal of Surplus Personal Property	Jun
Carson	Resolution Approving Capital Improvements Program for FY _____ - _____ Including Five-Year Capital Improvements Budget for FY _____ - _____	Jun
Carson	Orders and Resolutions Adopting Capital Project Resolutions: A, B, C, and D	Jun
Feller	Free Fridays at OWASA Lakes for OWASA Customers (Announcement)	2 <sup>nd</sup> Jun Meeting
Kerwin	Executive Director's Work Plan	Jul
Burston	Equal Employment Opportunity/Affirmative Action Report for FY _____	Aug
Burston	Report on Employee Suggestion Program and Outstanding Achievement Awards	Aug
Ray	Annual Report on Adjustment of Customer Accounts for Emergency Water Situations Involving Loss of Metered Water	Aug
Board	Closed Session for the Purpose of Discussing a Personnel Matter without General Counsel	2 <sup>nd</sup> Aug Meeting
Ray	Annual Report on the Taste of Hope Program	2 <sup>nd</sup> Aug Meeting
Board	Closed Session for the Purpose of Discussing a Personnel Matter with General Counsel	1 <sup>st</sup> Sep Meeting
Chair	Appointment of Nominating Committee	1 <sup>st</sup> Sep Meeting
Feller	Annual Rate Change on October 1 <sup>st</sup> (Announcement)	2 <sup>nd</sup> Sept Meeting
Orbich	Election of Officers	2 <sup>nd</sup> Sep Meeting
Ray	Presentation of Annual Report	2 <sup>nd</sup> Sep Meeting
Rich	Resolution Reappointing Robert Epting as General Counsel	2 <sup>nd</sup> Sep Meeting
Holland	Annual Master Plan Update Report	2 <sup>nd</sup> Sep Meeting
Feller	Festifall Street Fair: 1 <sup>st</sup> Sunday in October from 1:00 P.M. – 6:00 P.M., Franklin Street in Chapel Hill (Announcement)	2 <sup>nd</sup> Sep Meeting

<b>RECURRING AGENDA ITEMS</b>		
<b>Staff</b>	<b>Item</b>	<b>Discuss</b>
Kerwin	OWASA Employee Service Awards – prepare list for of employees (from HR Director) for Executive Director	2 <sup>nd</sup> Oct Meeting
Burston	Dental Insurance Renewal	Oct
Burston	Medical Insurance Renewals	Oct
Board	Discussion of Standing Committee Assignments	Nov
Ray	Draft Fiscal Year 20XX-20XX Budget Calendar	Nov or Dec
Ray	Resolution Adopting Schedule of Rates and Fees Applicable to all Customer Billings on and After October 1, _____	As Needed
Ray	Resolution Setting Date for Public Hearing on Revisions of Water and Sewer Rates, Fees, and Charges	As Needed

**MEMORANDUM**

**TO:** Board of Directors

**THROUGH:** Ed Kerwin

**FROM:** Mary Darr, P.E.

**DATE:** April 20, 2007

**SUBJECT:** Report on the Extension of the UNC Cogeneration Facility's Sewer Discharge Agreement

OWASA and the University of North Carolina at Chapel Hill have had a sanitary sewer service agreement for the Cogeneration Facility, which is located on West Cameron Avenue in Chapel Hill, since the facility was constructed in 1992. The agreement permits the discharge of process waters, such as cooling tower and boiler blow-down, from the Cogeneration Facility into the wastewater collection system. The discharge has been shown to have no adverse impact on the wastewater collection system, wastewater treatment plant effluent, or biosolids. The agreement, which limits the volume, flow rate, and temperature of the discharge, has been modified twice, first in May of 1996 to include discharge from the Cogeneration Facility's demineralization system and again in April of 2001 to include other process waters from the Cogeneration Facility and to increase the discharge limit. The term of the 2001 agreement was five years.

The University is expanding several components of the Cogeneration Facility. A one-year extension of the agreement was issued in April 2006 while the University worked with a consultant to evaluate the impact of an increased wastewater discharge on the wastewater collection system. The evaluation found that capacity upgrades to parts of the wastewater collection system are needed. The improvements needed before the Cogeneration Facility can increase its discharge to the collection system are:

- (1) Replacement of portions of an 8-inch sewer line immediately downstream of the Cogeneration Facility with 12-inch pipe. These improvements will be carried out by the University.
- (2) Replacement of approximately 2,300 feet of 18-inch sewer line along Morgan Creek with 30-inch pipe. Replacement of the Morgan Creek Interceptor is in OWASA's capital improvements program. These improvements are currently under design. Construction is planned for completion in March 2008.

Extension of the UNC Cogeneration  
Facility's Sewer Discharge Agreement  
April 20, 2007  
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The Executive Director has provided a one year extension of the agreement through April 19, 2008 to the University while these improvements are being designed and constructed. Once the sewer capacity improvements are completed, terms will be decided for a new wastewater discharge permit for the facility.

I will be happy to provide additional information as needed.

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Mary Darr, P.E.  
Operations Engineer



## **ITEM 2**

### **AGENDA ITEM**

- RESOLUTION SETTING DATE OF MAY 24, 2007 FOR A PUBLIC HEARING ON THE PROPOSED OWASA BUDGET FOR FISCAL YEAR 2007-2008 AND ON THE CAPITAL IMPROVEMENTS PROGRAM FOR FISCAL YEARS 2008-2022, INCLUDING A FIVE-YEAR CAPITAL IMPROVEMENTS BUDGET FOR FISCAL YEARS 2008-2012

### **BACKGROUND**

- Section 159-12 of the General Statutes (G.S.) of North Carolina requires that before adopting the annual budget, the Board shall hold a public hearing at which time any persons who wish to be heard on the proposed budget may comment.
- The Board of Directors has historically conducted the public hearing on the annual operating and capital improvements budgets during the second Board of Directors meeting in May.
- Notice of the time and place of the public hearing and of the availability of the proposed budget for public inspection must be advertised prior to the public hearing.
- Notice of the time and place of the public hearing is required to be mailed to the University and to the Town and County governments, and a copy of the budget must be made available to all news media in the county.

### **ACTION NEEDED**

- Adopt the Resolution Setting Date of May 24, 2007 for a Public Hearing on the OWASA Budget for Fiscal Year 2007-2008 and on the Capital Improvements Program for Fiscal Years 2008-2022 Including a Five-Year Capital Improvements Budget for Fiscal Years 2008-2012.

### **STAFF RECOMMENDATION**

- Adopt the resolution setting May 24, 2007 as the date for a public hearing on the budget.

April 26, 2007

## **MEMORANDUM**

**TO:** Board of Directors

**FROM:** Kevin M. Ray

**THROUGH** Ed Kerwin

**DATE:** April 16, 2007

**SUBJECT:** Setting Public Hearing for the Proposed FY2007-08 Annual Budget

Section 159-12 of the General Statutes (G.S.) of North Carolina requires that before adopting the annual budget, the Board shall hold a public hearing at which time any persons who wish to be heard on the budget may comment. Historically, the OWASA Board of Directors has conducted the public hearing during the second meeting in May.

Statutes also require that the proposed budget be filed with the Clerk to the Board where it shall remain available for public inspection until the budget ordinance is adopted. Notice of the time and place of the public hearing shall be advertised prior to the date of the public hearing, and a copy of the budget is to be provided to all news media in the county. Additionally, the notice is to be mailed to the University, the Towns of Chapel Hill and Carrboro and to Orange County.

Staff will present to the Board of Directors a preliminary budget for adoption on April 26, 2007. Adoption of a preliminary budget is an internal OWASA requirement, and therefore, is not subject to these public notice requirements. The FY2007-08 Budget Calendar reflects adoption of the final annual budget on June 14, 2007.

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Kevin M. Ray  
Director of Finance and Customer Service

RESOLUTION SETTING DATE OF MAY 24, 2007 FOR A PUBLIC HEARING ON THE PROPOSED OWASA BUDGET FOR FISCAL YEAR 2007-2008 AND ON THE CAPITAL IMPROVEMENTS PROGRAM FOR FISCAL YEARS 2008-2022 INCLUDING A FIVE-YEAR CAPITAL IMPROVEMENTS BUDGET FOR FISCAL YEARS 2008-2012

WHEREAS, Section 159-12 of the General Statutes of North Carolina requires a Public Hearing on the budget for the ensuing fiscal year; and

WHEREAS, in accordance with Section 7.05 of the Bond Order, and Section 159-13 of the General Statutes of North Carolina, the Board of Directors of Orange Water and Sewer Authority shall adopt an Annual Budget for the Fiscal Year 2007-2008 on or before the first day of July, 2007; and

WHEREAS, said Preliminary Budget will be placed with the Clerk to the Board and will be available for public inspection;

NOW, THEREFORE, BE IT RESOLVED:

1. That a Public Hearing is hereby set for Thursday, May 24, 2007, at 7:00 P.M., in the Chapel Hill Town Hall, for the purpose of receiving public comment on the proposed operating budget for Fiscal Year 2007-2008, and on the Capital Improvements Program for Fiscal Years 2008-2022, including a five-year Capital Improvements Budget for Fiscal Years 2008-2012.
2. That the general public, customers of Orange Water and Sewer Authority, the Trustee, any Holder of Bonds, and any other interested person may appear in person, or by agent or attorney, and present any comments they may have regarding the proposed budget.
3. That notice of the time and place of the Public hearing shall be advertised and mailed at least ten days prior to the date fixed above for the Public hearing to the University of North Carolina at Chapel Hill, and to the Towns of Chapel Hill and Carrboro and to Orange County.

Adopted this 26th day of April, 2007.

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Michael A. (Mac) Clarke, Chair

ATTEST:

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Gordon Merklein, Secretary

## **ITEM 3**

### **AGENDA ITEM**

- RESOLUTION SETTING THE DATE OF MAY 24, 2007 FOR A PUBLIC HEARING ON PROPOSED REVISIONS OF WATER AND SEWER RATES, FEES AND CHARGES

### **PURPOSE**

- The purpose of the attached resolution is to set the date for a public hearing to receive public comments on the proposed adjustments to rates, fees and charges.

### **BACKGROUND**

- OWASA's ongoing and soon to be completed rate study indicates the need for additional revenue to adequately recover the costs of service operations and existing and planned capital improvements, and to provide sufficient financial resources to ensure sustainable fiscal strength and stability.
- Preliminary projections indicate 6.25% and 13.75% increases will be needed in monthly water and sewer rates, respectively, for Fiscal Year 2007-08. The approximate weighted average increase for both water and sewer will be approximately 9.5%.
- The proposed rates include a new inverted block rate structure for single-family individually metered customers.
- In light of historical and planned capital investment in the utility infrastructure, rate adjustments of approximately 11% and 44% for water and sewer service availability fees, respectively, are proposed.
- Adjustments to other fees, including service initiation, construction inspection and various other miscellaneous charges have been calculated based on actual time, material, and equipment costs.
- The proposed adjustments to rates, fees and other charges are recommended to become effective October 1, 2007.
- The Agreement of Sale and Purchase with the University of North Carolina at Chapel Hill requires that the University be provided a 90-day notice prior to implementation of changes in water and sewer rates, fees and charges.
- OWASA historically has held its public hearing on proposed revisions to rates, fees and charges in conjunction with the public hearing on the annual budget. The Board of Directors will also receive public comment on the proposed rates during its regular business meeting on May 10, 2007.

### **ACTION NEEDED**

- Adopt the Resolution Setting Date of May 24, 2007 for a Public Hearing on Proposed Revisions of Water and Sewer Rates, Fees and Charges.

April 26, 2007

**TO:** Board of Directors  
**FROM:** Kevin M. Ray  
**THROUGH** Ed Kerwin  
**DATE:** April 17, 2007  
**SUBJECT:** Setting May 24, 2007 as Date of Public Hearing on Proposed Revisions to Rates, Fees and Charges

### **Background**

Modeling results of OWASA's comprehensive rate study indicate the need for additional revenue to adequately recover the cost of ongoing service operations and the capital improvements program, and to provide sufficient financial resources to ensure sustainable fiscal strength and stability as measured by our debt service coverage ratio.

Although there is no statutory requirement for a water and sewer authority to hold a public hearing on proposed revisions to rates, OWASA historically has held such a public hearing in conjunction with the public hearing on the annual budget. In recent years, information on the annual budget and revisions to rates provided by staff during the public hearings has been combined into a single presentation.

A public awareness communication plan endorsed by the Board of Directors on March 8, 2007, identified the May 10, 2007 board meeting as an opportunity for the public to be heard on the proposed rates. The communication plan also specified May 24, 2007 as the date to conduct the formal public hearing, thereby providing two public forums for any interested party to be heard.

### **Proposed Rate Adjustments**

Based on rate study modeling, a 6.25% and a 13.75% increase will be needed in monthly water and sewer rates, respectively, for Fiscal Year 2007-08. The approximate weighted average increase for both water and sewer will be approximately 9.5%.

A new increasing block rate structure for single-family individually metered residential accounts is proposed to be effective October 1, 2007. Under this approach, the monthly commodity charge per thousand gallons increases as consumption increases. This conservation minded rate structure approach places a greater share of system capacity cost recovery on those contributing to the need for the excess capacity; the high volume water users. The seasonal approach will remain in effect for all other customer classes.

Setting Date of Public Hearing

April 17, 2007

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In order to recover from new customers their fair share of system capacity costs achieved through historical and planned capital investment in the utility infrastructure, rate adjustments of approximately 11% and 44% for water and sewer service availability fees, respectively, are proposed.

Adjustments in OWASA's miscellaneous fees and charges, including administrative fees, customer specific field work charges and construction related fees, have been calculated based on determination of actual labor, material and equipment costs.

### **Conclusion**

The attached resolution sets May 24, 2007, as the date for a public hearing on the proposed revisions to rates, fees and charges. Our sale and purchase agreement with the University of North Carolina requires that we provide a 90-day notification to the University of any rate adjustments. Receiving public comment on May 10, and holding the public hearing on May 24, 2007, should provide sufficient time for consideration of public input, and enable adoption of a revised schedule of rates, fees and other charges before June 30, 2007. In doing so, we will meet our obligation to the University in setting an effective date of October 1, 2007 for implementation of the rate adjustments.

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Kevin M. Ray  
Director of Finance and Customer Service

RESOLUTION SETTING DATE OF MAY 24, 2007 FOR PUBLIC HEARING ON  
PROPOSED REVISIONS OF WATER AND SEWER RATES, FEES AND CHARGES

WHEREAS, preliminary results of Orange Water and Sewer Authority's comprehensive rate study indicate the need for additional revenue to provide sufficient financial resources to recover the cost of ongoing operations and capital improvements; and

WHEREAS, Section 162A-6 of the General Statutes of North Carolina and Section 7.04 of the Amended and Restated Bond Order adopted September 13, 2001, provide for the revision of such rates, fees and charges;

NOW, THEREFORE, BE IT RESOLVED:

1. That a Public Hearing is hereby set for Thursday, May 24, 2007 at 7:00 P.M., at the Chapel Hill Town Hall, for the purpose of receiving public comment on the proposed adjustments to Orange Water and Sewer Authority's rates, fees and charges.

2. That the general public, the University of North Carolina at Chapel Hill, governmental entities, customers of Orange Water and Sewer Authority, and any other interested person may appear in person, or by agent or attorney, to present comments on the proposed modifications to the current schedule of rates, fees and charges.

3. That notice of the time and place of the Public Hearing shall be advertised and shall be mailed at least ten days prior to the date fixed above for the Public Hearing to the University of North Carolina at Chapel Hill, and the governmental entities.

Adopted this 26th day of April, 2007.

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Michael A. (Mac) Clarke, Chair

ATTEST:

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Gordon Merklein, Secretary

**RESOLUTION OF APPRECIATION FOR  
BERTRUM “BUDDY” A. MORRIS**

**WHEREAS**, Bertram “Buddy” A. Morris began serving in the Water Distribution Department on April 4, 1972, when the University of North Carolina at Chapel Hill owned and operated the public water system for the Chapel Hill-Carrboro community; and

**WHEREAS**, Buddy Morris has been extensively involved in the operation of the water distribution system since the Orange Water and Sewer Authority (OWASA) began serving the community in February, 1977; and

**WHEREAS**, Buddy Morris’ responsibilities over the years have included construction, repair, oversight and evaluation of our community’s water distribution system along with supervision and direct involvement in developing and training many employees of the water distribution and wastewater collections department; and

**WHEREAS**, Buddy Morris will retire on Tuesday, May 1, 2007 from his position as OWASA’s Senior Crew Leader within the Water Distribution Department; and

**WHEREAS**, Buddy Morris has received the State of North Carolina’s certification at the highest level in Water Distribution and also obtained certification in Wastewater Collections; and

**WHEREAS**, Buddy Morris’ career in the water resource field spans 35 years; and

**WHEREAS**, Buddy Morris has always shown concern for OWASA’s customers by always maintaining high standards for water quality and service to the community; and

**WHEREAS**, Buddy Morris could always be counted upon to work diligently to restore water service interrupted by varied circumstances, and he has completed this work at all hours of the day and night and in all weather conditions to restore service to our customers as quickly and efficiently as possible; and

**WHEREAS**, Buddy is highly regarded by OWASA employees for his strong work ethic, warmth, and sense of humor;



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

1. That the OWASA Board of Directors does hereby formally recognize, honor and praise Bertrum "Buddy" A. Morris for his many achievements with the Orange Water and Sewer Authority and expresses its appreciation for his dedicated and loyal service in maintaining high quality service to people in the Chapel Hill-Carrboro community and wishes him a healthy and happy retirement.

Adopted this the 26<sup>th</sup> day of April, 2007.

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Michael A. (Mac) Clarke, Chair

ATTEST:

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Gordon Merklein, Secretary

## **ITEM 5**

### **AGENDA ITEM**

- PROPOSED CHANGES ON THE OWASA POLICY FOR ADJUSTMENT OF CUSTOMER ACCOUNTS FOR EMERGENCY SITUATIONS INVOLVING LOSS OF METERED WATER
  - A. COMMENTS BY CUSTOMERS
  - B. RESOLUTION AMENDING A POLICY FOR ADJUSTMENT OF CUSTOMER ACCOUNTS FOR EMERGENCY SITUATIONS INVOLVING LOSS OF METERED WATER

### **PURPOSE**

- To provide a summary of proposed modifications to *Orange Water and Sewer Authority Policy for Adjustment of Customer Accounts for Emergency Situations Involving Loss of Metered Water* (EWL adjustment policy) arising from the Board of Directors' discussions on January 25<sup>th</sup>, and February 8, 2007.
- To present comments received from the public about the proposed policy changes.

### **BACKGROUND**

- The purpose of OWASA'S EWL adjustment policy is to encourage prompt repair of leaks by providing a credit adjustment to the water and/or sewer account of a customer who has experienced an emergency situation involving the loss of metered water beyond the customers' normal and reasonable control.
- On January 25, 2007, staff presented additional modifications to the EWL adjustment policy intended to strengthen the Board's intent that reasonable detection and repair of water leaks is the responsibility of the customer, to reduce the ongoing cost of emergency water loss adjustments and to enact an adjustment policy that conforms to OWASA's conservation goals and objectives. The Board in turn directed staff to prepare an action plan to inform the public of the proposed policy changes, and gave general consent to the proposed policy revisions.
- On February 8, 2007, staff presented to the Board a suggested action plan to inform the public of the proposed policy changes. The plan was executed and staff received a limited number of customer comments.

### **ACTION NEEDED**

- Adopt the Resolution Amending the Orange Water and Sewer Authority Policy for Adjustment of Customer Accounts for Emergency Situations Involving Loss of Metered Water.

### **RECOMMENDATION**

- Adopt the resolution amending the EWL adjustment policy. Customer response was limited and generally positive. The amendments will reduce the cost of the policy to our rate payers and help encourage timely leak detection and repair in keeping with OWASA's long-term conservation goals.

April 26, 2007

## MEMORANDUM

**TO:** Board of Directors

**THROUGH:** Ed Kerwin

**FROM:** Kevin M. Ray

**DATE:** April 18, 2007

**SUBJECT:** Modifications to the *Orange Water and Sewer Authority Policy for Adjustment of Customer Accounts for Emergency Situations Involving Loss of Metered Water*

### Purpose

This report is provided to summarize proposed modifications to the *Orange Water and Sewer Authority Policy for Adjustment of Customer Accounts for Emergency Situations Involving Loss of Metered Water* (EWL adjustment policy) arising from the Board of Directors' discussions on January 25, and February 8, 2007, and to present to the Board the results of the public information and participation process concerning the proposed modifications.

### Background

OWASA's EWL adjustment policy was originally adopted "to provide a credit adjustment to the water and/or sewer account of a customer who has experienced an emergency situation involving the loss of metered water. The excess water metered will have occurred as a result of conditions beyond normal and reasonable control of the customer or other parties responsible for the use, care and maintenance of fixtures and devices that are a part of the customer's water service system." The policy further states that it is "the customer's responsibility to promptly discover and stop the loss of water. In addition, the customer is responsible for making arrangements to repair or have repaired the fixture or device causing the water loss. Although there is no obligation for OWASA to adjust accounts when the water has been metered properly, it is OWASA's desire to encourage customers to make prompt and permanent repairs and to show consideration for the unusual circumstance by sharing the cost of the excessive billing charges."

The policy was amended in 2003 to afford the Executive Director greater flexibility and discretion in applying the policy. A key modification at that time was to limit adjustments per customer to one in three years, except for annual swimming pool adjustments.

Current year EWL adjustments through February of FY 2007 total \$47,000, or \$70,500 if annualized. The dollar amount of emergency water loss (EWL) adjustments, and therefore the

cost borne by all of our customers has increased with time. Below is a table of annual EWL adjustment costs as presented in the *Fiscal Year 2006 Annual Report on Emergency Water Loss Adjustments of Billing Charges to Customer Accounts* on August 24, 2006.

**Total Amount of EWL Adjustments for Past Five Years**

FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
<b>\$48,801</b>	<b>\$69,636</b>	<b>\$31,232</b>	<b>\$37,407</b>	<b>\$95,151</b>

Staff believes that possible factors affecting the growing level of adjustments may include: (a) the increasing age of private water service lines and plumbing systems and fixtures; (b) the quality of construction and materials; (c) an increasing number of our customers are aware of our EWL policy; and (d) rate increases.

The *Fiscal Year 2006 Annual Report on Emergency Water Loss Adjustments of Billing Charges to Customer Accounts* included a discussion of potential modifications to the EWL adjustment policy. The Board directed staff to further review potential policy options and to report back to the Board at a later date.

Subsequently, staff presented a report of recommended changes to the EWL adjustment policy during the January 25 and February 8, 2007, Board of Directors meetings. After considerable discussion, the Board indicated general consent on several of the recommended policy modifications and directed staff to develop a customer information and participation plan to be implemented prior to adoption of the policy changes.

**Summary of Proposed Policy Modifications**

The following changes to the EWL adjustment policy were endorsed by the Board.

- Prohibit adjustments for irrigation system leaks. Staff considers irrigation to be a nonessential use of potable water. Granting adjustments for irrigation system leaks under the EWL adjustment policy appears to run counter to OWASA's long-term water conservation goals and objectives.
- Limit billing adjustments to a maximum of \$3,000 for multi-family master metered and commercial accounts. At current rates, a water and sewer adjustment in the amount of \$3,000 represents a metered water loss of nearly 400,000 gallons. Staff believes that a leak of this volume would create very visible evidence of damage or erosion that should be addressed immediately. Adjustments for single-family individually metered would be limited to \$1,000.
- Limit billing adjustment periods to one month for *readily visible* fixtures, such as toilets, faucets, spigots, hoses, exposed pipes, and water heaters. The policy currently allows an

adjustment for a three-month period. A one-month limit would be better aligned with the stated policy goal of urging prompt leak discovery and repair.

- Curtail billing adjustments for “unexplained” water loss. Unexplained water losses are those for which the customer can offer no explanation, or has no knowledge of, the reason for the loss. The recommendation is to delete language referring to unexplained water losses from the policy; treating such requests on a discretionary basis. The policy will continue to include discretionary language that will enable unexplained water loss adjustments when warranted.
- Disallow a billing adjustment for losses that occur within one year of construction, as new construction warranties typically offer redress for such issues in the first year.

### **Public Information and Participation Process**

In response to the Board of Directors expressed desire that the public be informed of the proposed changes to the EWL adjustment policy and that they be afforded the opportunity to comment on the changes prior to implementation, staff implemented the following public outreach measures.

- Website posting of the proposed policy changes.
- E-mail distribution of a news release to local media, local governments, community organizations, and individual customers who have indicated interest in OWASA billing policies.
- Posting of information in the OWASA Customer Service office.
- Inclusion of a notice and invitation for comments and questions in the March, 2007 *Blue Thumb* customer newsletter. In addition to providing telephone and email venues for public comment, language was included in the *Blue Thumb* inviting public comment at the April 26, 2007 Board of Directors meeting.

Staff received and responded to several comments received from our customers regarding the modifications to the EWL adjustment policy. These comments are paraphrased below.

- It would be helpful if OWASA posted guidance on its website as to responsibility between tenant and landlord for the remaining balance after the adjustment is given to a renter.
- There are many reasons to hold “new construction” harmless, and adjustments for new construction should be determined on a case-by-case basis.

- One customer strongly agreed with the changes, stating there is no reason for the average consumer to support the use of irrigation systems.
- The proposed policy meets the shared responsibility philosophy while reducing abuse of the system.
- One month is too short; the customer's church discovered an underground leak by monitoring bills.
- Eliminate the policy and use the savings to fund a full-time leak detection staff position.
- Four customers thanked us for letting them know about the policy and requested adjustments.

### **Conclusion**

Attached are a resolution to amend the EWL policy and a revised version of the policy reflecting the changes to the policy. Staff believes that these proposed modifications to the EWL policy represent a fair approach to cost reduction while encouraging prompt leak detection and repair.

The policy as modified will restrict billing adjustments, thereby reducing the amount of charges borne by all of our ratepayers in the coming years. These changes will still afford the Executive Director sufficient flexibility and discretion to interpret the policy, and to provide assistance to a customer who has experienced a situation involving the loss of metered water generally beyond their normal and reasonable control.

In light of the potential savings, and the customer responses received, staff recommends adoption of the resolution to amend the EWL policy.

---

Kevin M. Ray  
Director of Finance and Customer Service

**RESOLUTION AMENDING THE ORANGE WATER AND SEWER AUTHORITY POLICY  
FOR ADJUSTMENT OF CUSTOMER ACCOUNTS FOR EMERGENCY SITUATIONS  
INVOLVING LOSS OF METERED WATER**

WHEREAS, unusual events occur from time to time where due to sudden or concealed situations an abnormal quantity of water is discharged from the service lines or plumbing system of the customer beyond the metered point of delivery from the water distribution system of OWASA; and

WHEREAS, in events where the customer has exercised due care in the maintenance and care of the private system, and with promptness and diligence, corrected the cause of the abnormal water loss, it is in the public interest to provide some financial relief from the normal billing schedule for the abnormal quantity of metered water; and

WHEREAS, the cost of the water loss adjustments has substantially increased in recent years; and

WHEREAS, proposed changes to the water loss policy have been advertised and public response has been received; and

WHEREAS, it is desirable to revise and clarify the revisions made to the March 27, 2003 policy.

NOW, THEREFORE, BE IT RESOLVED:

1. That OWASA may alleviate a portion of a customer's unusually high bill arising from the sudden or concealed loss of water.
2. That such relief shall be in accordance with the attached revised policy entitled "Orange Water and Sewer Authority Policy for Adjustment of Customer Accounts for Emergency Situations Involving Loss of Metered Water."
3. That the Executive Director is authorized and empowered to implement and interpret the policy.
4. That the policy shall be effective upon adoption.
5. That the "Resolution Revising Orange Water and Sewer Authority Policy for Adjustment of Customer Accounts for Emergency Situations Involving Loss of Metered Water," adopted March 27, 2003, is hereby rescinded.

Adopted this 26<sup>th</sup> day of April, 2007.

\_\_\_\_\_  
Michael A. (Mac) Clarke, Chair

ATTEST:

\_\_\_\_\_  
Gordon Merklein, Secretary

ORANGE WATER AND SEWER AUTHORITY  
POLICY FOR ADJUSTMENT OF CUSTOMER ACCOUNTS FOR EMERGENCY  
SITUATIONS INVOLVING LOSS OF METERED WATER

PURPOSE

The purpose of this policy is to provide a credit adjustment to the water and/or sewer account of a customer who has experienced an emergency situation involving the loss of metered water. The excess water metered will have occurred as a result of conditions beyond normal and reasonable control of the customer or other parties responsible for the use, care and maintenance of fixtures and devices that are a part of the customer's water service system.

CONDITIONS

It is the customer's responsibility to promptly discover and stop the loss of water. In addition, the customer is responsible for making arrangements to repair or have repaired the fixture or device causing the water loss. Although there is no obligation for OWASA to adjust accounts when the water has been metered properly, it is OWASA's desire to encourage customers to make prompt and permanent repairs and to show consideration for the unusual circumstance by sharing the cost of the excessive billing charges.

CUSTOMER RESPONSIBILITY

1. The customer must provide information describing the emergency situation or circumstances that resulted in the loss of water. Emails and phone calls are an acceptable form of notification. This should include the cause of the water loss, when the problem was discovered, what action was taken to stop the loss of water, and the arrangements made for repairs.
2. If a repair is completed, the customer must provide a copy of the plumber's bill or a statement of materials purchased if the repair was performed by the customer.

ADJUSTMENT PROCEDURE

1. Upon receipt of the customer's verbal or written statement describing the water loss and copies of invoices or receipts documenting repair, the OWASA Customer Service Department will evaluate the circumstances surrounding the water loss.
2. The Customer Service Department, upon determination that an adjustment is appropriate under the policy, will calculate the adjustment under the following guidelines.
  - a) The adjustment shall be one-half (1/2) of the amount in excess of the previous twelve (12) months average billings for water, excluding the months(s) of excessive consumption for which the adjustment is requested, and 100% of the amount in excess of the previous twelve (12) months average billings for wastewater, excluding the months(s) of excessive



consumption for which the adjustment is requested, for the following conditions or similar situations where the water has not returned to the sewer system:

Leaks underground not associated with irrigation systems, or in walls,  
Frozen and burst pipes not associated with irrigation systems,  
Outdoor spigot and hose leaks,  
Faulty water heaters or pressure reducing valves where such appliances  
and devices are not easily accessible or visible, and  
Vandalism to plumbing that is documented with a police report.

- b) The adjustment shall be one-half ( $\frac{1}{2}$ ) of the amount in excess of the previous twelve (12) months average billings for water excluding the month(s) of excessive consumption for which the adjustment is requested, and one-half ( $\frac{1}{2}$ ) of the amount in excess of the previous twelve (12) months average billings for wastewater excluding the month(s) of excessive consumption for which the adjustment is requested, for the following conditions or similar situations where the water has returned to the sewer system:

Malfunctioning toilets, and  
Leaking indoor faucets.

- c) No adjustment shall be made for the following:

Any portion or component of an irrigation system,  
Losses that occurred within one (1) year of construction, and  
Unoccupied dwellings listed as “vacant” in OWASA’s billing system.

- d) If a twelve-month average is not available (new customer), the average will be based on 2,000 gallons of usage per person in the household, or the rate of consumption after repairs, whichever is greater.
- e) For seasonal users (customers with fixed and predictable patterns of consumption, usually due to irrigation), the adjustment will be based on the corresponding month(s) from the year immediately preceding, where no emergency water loss or meter malfunction was recorded during the corresponding month(s).
3. No adjustment shall be made for an amount that exceeds \$3,000.00, or a period in excess of three (3) billing periods. Adjustments shall be limited to \$1,000 for single-family individually metered residential locations. The billing period adjustment shall be limited to one (1) month in cases of adjustments for malfunctioning toilets, indoor faucets and other visible, easily accessible fixtures. With the exception of the annual sewer adjustment for pool filling, not more than one (1) such adjustment for any given thirty-six (36) month period per location.

4. No adjustment shall be made when the request for the adjustment is received more than ninety (90) days after the billing date of the bill to be adjusted in the case of an active customer, or thirty (30) days after the billing date of a final bill. Exceptions will only be made if there is proof for extraordinary mitigating circumstances.
5. Adjustments will not normally be allowed for water loss arising from carelessness, negligence or lack of due diligence on the part of the customer, as it is the customer's responsibility to promptly discover and stop the loss of water.
6. All customers with pools shall qualify for a once per year adjustment to their sewer charges if they have completely emptied and refilled their pool. The customer must supply OWASA, in writing, with the volume of the pool in gallons, and the date it was filled. The Customer Service Representative will then compare that volume to the total consumption for the month in question. Assuming the customer's total consumption increased above their average by the approximate volume of the pool, the sewer portion of the bill shall be adjusted by the amount of water it took to fill the pool. No adjustment will be given if the total volume of the pool exceeds the total consumption for the month.
7. All emergency water loss calculations shall be documented by Customer Service personnel, and shall include a complete and adequate description of the problem and justification for the adjustment.
8. A proposed adjustment in excess of \$300.00 will be reviewed and approved or denied by the Customer Service Manager before a credit adjustment is made to the customer's account. A proposed adjustment in excess of \$2,000.00 will be reviewed and approved or denied by the Director of Finance and Customer Service before a credit adjustment is made to the customer's account.
9. In accordance with Customer Service procedures, a copy of the adjustment documentation will remain in the Customer Service Department for a period of thirty-six (36) months with a copy of the adjustment forwarded to the Accounting Department.
10. Once the adjustment has been made to the customer's account, the Customer Service Representative will notify the customer in writing that the adjustment has been made.

#### IMPLEMENTATION

The Executive Director, or his or her designee, shall be responsible for implementation and interpretation of this policy, and is authorized to exercise on behalf of OWASA the discretionary determination as to the applicability of this policy in the various circumstances involving abnormal water usage or loss.

Reviewed by General Counsel:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Robert Epting, Esq.  
General Counsel

Adopted by the Board:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Andrea Orbich  
Clerk to the Board

## **ITEM 6**

### **AGENDA ITEM**

- RESOLUTION APPROVING STATEMENT OF OWASA'S SUSTAINABILITY GOAL AND OBJECTIVES

### **PURPOSE**

- To present the Board members' comments and minor revisions to the draft Statement of OWASA's Sustainability Goal and Objectives.

### **BACKGROUND**

- At the January 25, 2007 Board Meeting, OWASA staff presented a conceptual draft Statement of OWASA's Sustainability Goal and Objectives.
- The Board discussed the conceptual draft and directed staff to provide the Board additional opportunity to review, comment and provide guidance regarding the draft.
- Staff provided the Board two additional opportunities to review, comment and provide guidance regarding the draft via e-mail transmittals on February 2, and March 21, 2007.
- Based upon this further review, the Board requested staff incorporate three comments/additions into the draft Statement and present the revised Statement of OWASA's Sustainability Goal and Objectives for Board approval.

### **ACTION NEEDED**

- Adoption of the Resolution Approving Statement of OWASA's Sustainability Goal and Objectives.

### **STAFF RECOMMENDATION**

- Staff recommends adoption of the Resolution Approving Statement of OWASA's Sustainability Goal and Objectives.

April 26, 2007

## MEMORANDUM

**TO:** Board of Directors

**THROUGH:** Ed Kerwin

**FROM:** Paula Thomas

**DATE:** April 19, 2007

**SUBJECT:** Revised Draft *Statement of OWASA's Sustainability Goal and Objectives*

Attached for your consideration is the revised draft policy statement regarding OWASA's Sustainability Goal and Objectives.

At the January 25, 2007 Board of Directors meeting, a conceptual draft Sustainability Goal and Objectives statement was presented to the Board for discussion and consideration. Staff presented the conceptual draft statement in response to the Natural Resources and Technical Systems (NRTS) Committee's and other Board Members' suggestions that such a document be developed to more fully set forth OWASA's commitment to sustainability and to provide a basis for further developing our sustainability program. Following the presentation and discussion, the Board directed staff to provide an electronic version of the draft statement to each Board member for further review and written comment. The Board agreed that staff should then compile and incorporate the comments into a revised draft and present that revised draft to the Board at a subsequent Board meeting for approval.

Staff provided copies of the original draft statement to each of the Board members for review and comment via e-mail on February 2, 2007 and again on March 21, 2007. Three (3) revisions were requested by members of the Board, and those have been added into the attached revised draft. Those additions are indicated by underline, and are found on pages 5 and 6 of the revised draft statement.

Attached for your consideration is a draft resolution approving the *Statement of OWASA's Sustainability Goal and Objectives*. If approved, the resolution will authorize and direct the Executive Director to implement and interpret this new policy document.

Staff is available to provide any additional information that the Board may desire in considering this matter.

---

Paula S. Thomas  
Sustainability Administrator

Attachment

## REVISED DRAFT

# ORANGE WATER AND SEWER AUTHORITY

## SUSTAINABILITY GOAL AND OBJECTIVES

### OUR COMMITMENT

OWASA recognizes that water is essential for all life, and an adequate supply of clean water is essential for our health, quality of life and economic well-being. We also recognize that our customers, other citizens, and our natural environment are affected by our services and projects, whether in construction of a new water or sewer pipeline or facility, the management of our watershed lands, or the recycling of biosolids from our wastewater operations.

We recognize that our programs and services are paid for by our customers and that our rates and fees have the potential to affect our customers' financial health and well-being, particularly for those who have low incomes or face other financial difficulties.

Our challenge is to proactively plan, design, construct, operate, maintain, and finance water and wastewater services in a manner that balances environmental, social, and economic performance – the “triple bottom line” of sustainability. Our organization and our employees are committed to continual improvement in meeting this challenge, and to making the highest and best use of our finite and essential resources. Fundamental to this is the promotion of practices which achieve cost-effective conservation of water, energy, and other natural resources.

This *Statement of OWASA's Sustainability Goal and Objectives* sets forth our sustainability values and approach. It is intended as a living, breathing document – one that will be periodically reviewed and improved to better reflect our evolving commitment and efforts.

### OUR SUSTAINABILITY GOAL

Our Sustainability Goal is set forth in our Mission Statement:

***“We will proactively plan, construct, operate, maintain, and finance the water and wastewater system in a manner consistent with the principles of environmental, social, and economic sustainability. We will work hard to meet the needs of our current and future customers, community, and environment without compromising the ability of future generations to meet their needs. We will strive to make the highest and best use of our local water resources and we will adopt practices which encourage conservation of water, energy and other natural resources.” [emphasis added]***

## **OUR SUSTAINABILITY OBJECTIVES**

The following sections describe our organizational objectives for the three main components of sustainability.

### **ENVIRONMENTAL PERFORMANCE**

Environmental protection and conservation of natural resources are the elements of sustainability most commonly addressed by business, government and industry. Natural resources are no longer abundant. They are being depleted faster than they can be replaced. Waste streams are polluting and compromising our environment and its ability to regenerate natural resources. This is not a sustainable condition, as we are compromising the ability to meet our own needs and the needs of future generations. Although OWASA takes a more comprehensive approach to defining sustainability (environmental, social and economic), this section focuses on the development and implementation of policies and practices that preserve natural resources; maintain or restore natural systems; conserve energy, water, and other natural resources; minimize waste and pollution emissions, and reduce our environmental impacts.

### ***WATER***

Water is essential for all life, and an adequate supply of clean water is essential for our community's quality of life and economy. We are committed to identifying and implementing strategies to achieve the following objectives:

- ✓ Maximize the quality and sufficiency of our local water resources.
- ✓ Maximize cost-effective opportunities to increase water use efficiency in our service area.
- ✓ Maximize the use of highly treated reclaimed water to meet non-drinking water needs.
- ✓ Protect drinking water supply watersheds.
- ✓ Minimize and where feasible eliminate negative impacts of our operations on surface water and groundwater resources.

### ***ENERGY***

All living things need energy for everything they do. We recognize that our use of energy, particularly non-renewable energy, impacts land, water and air resources across geographical scales. We acknowledge that our use of fossil fuel contributes to increased greenhouse gas emissions, which in turn leads to climate change which threatens human and environmental health on a global scale. Our use of energy is also a major direct expense to our customers.

We will identify and, where feasible, implement strategies to achieve the following objectives:

- ✓ Maximize cost-effective energy efficiency in our operations, including buildings, vehicles and equipment. We will take into account environmental, non-dollar costs in evaluating cost effectiveness.
- ✓ Incorporate energy efficiency measures into the design of new and renovated facilities.
- ✓ Reduce our use of non-renewable fuels and increase the portion of our energy needs met with renewable fuels and energy sources.
- ✓ Provide information to our customers about the energy-saving benefits of water conservation.

### ***WATER, LAND, AIR and BIOLOGICAL RESOURCES***

Our water, land, air and biological resources provide life-sustaining services. Waste streams can have profound and sometimes irreversible affects on those resources and services. Our goal is to mimic the state of natural systems, in which there is no waste – where by-products from one natural process become beneficial resource inputs for other processes. We will strive to minimize our emissions from a project or activity so that they are within the assimilative capacity of the environment, and do not degrade the environment’s absorptive capacity.

We will do this through the following objectives:

#### **Water/Wastewater**

- ✓ Treat all water to exceed regulatory standards.
- ✓ Maintain an effective pretreatment program and sewer use ordinance to minimize the introduction of toxic substances into the sewer system.
- ✓ Proactively maintain and rehabilitate our wastewater collection system to minimize the potential for wastewater overflows.

#### **Air/climate change**

- ✓ Reduce emissions of greenhouse gases.
- ✓ Eliminate off-site odors from our Mason Farm Wastewater Treatment Plant.

#### **Solids**

- ✓ Beneficially recycle solids produced during the drinking water treatment process.
- ✓ Beneficially recycle biosolids produced during the wastewater treatment process.



- ✓ Beneficially recycle materials such as paper, glass, aluminum, scrap metals, electronic equipment and batteries, plastics, cardboard, and fluorescent lights.

### **Land and Biological Resources**

- ✓ Permanently protect critical lands in our drinking water supply watersheds.
- ✓ Minimize land-disturbing activities and mitigate the effects of those activities on the environment.
- ✓ Restore or enhance the natural quality of land under our control that has been degraded by our operations or by others.

### ***MATERIALS USE***

Many non-renewable resources are being depleted at an increasing rate, and many renewable resources are being used at a rate that cannot be sustained. To be more sustainable in our use of materials, we will strive to meet the following objectives:

- ✓ Make efficient use of resources.
- ✓ Purchase and use environmentally-friendly products.
- ✓ Use recycled products.
- ✓ Reduce our dependence on use of non-renewable resources, taking into account overall cost-effectiveness.
- ✓ Minimize and when feasible eliminate the use of toxic materials, metals, etc.

### **SOCIAL PERFORMANCE**

Our operations and facilities affect the well-being of the people, businesses, institutions and the community we serve. We will address the needs of and enhance our relationships with our customers, the whole community, our employees, the local governments and other public agencies that we work with.

We are committed to being more socially sustainable through the following objectives:

### ***OUR CUSTOMERS AND COMMUNITY***

- ✓ Inform and educate our customers about our services, operations, needs, challenges, the value we add to the community's quality of life and our investments to improve current and future service quality.
- ✓ Provide meaningful and timely opportunities to be involved and to participate in decisions important and of interest to them.
- ✓ Be respectful, honest, responsive and fair to our customers and citizens.

- ✓ Evaluate and minimize where possible, within cost-of-service pricing, the financial hardship that our rates, fees and charges may present.
- ✓ Support the community through our participation in the United Way campaign, supporting blood drives and food drives, etc.
- ✓ Build and strengthen partnerships with other organizations to develop cost-effective strategies to achieve a more sustainable future.

### ***OUR EMPLOYEES***

- ✓ Provide an effective safety program.
- ✓ Treat employees at all times with respect and sensitivity.
- ✓ Sustain an outstanding “destination” workplace that attracts and retains diverse, highly talented and skilled people to serve the community.
- ✓ Provide competitive compensation and benefits.
- ✓ Promote education, creativity, growth and development of our employees.
- ✓ Inform new and incumbent employees about our mission, values, and services and the value we add to the community’s quality of life.
- ✓ Provide meaningful and timely opportunities to participate in decision-making.
- ✓ Develop and implement a knowledge management, sharing and retention plan.
- ✓ Develop and implement a workforce succession plan.
- ✓ Have emergency response plans and in-house emergency spill response capabilities

### **ECONOMIC PERFORMANCE**

Financial strength is a key to achieving sustainability. OWASA is a public, community-owned non-profit agency, and does not levy taxes. We manage our operations and services using revenues generated from service rates, fees and charges. We are required to set these rates and fees according to “cost of service” principles. Our customers and our community depend upon our delivering very high quality water and sewer services that promote public health, protect the environment and support economic well-being. Economic sustainability will continue to be a defining characteristic of OWASA as we strengthen our planning and decision-making with a comprehensive approach to sustainability.

We will maintain and enhance financial sustainability through the following objectives:

- ✓ We will continue to use cost-of-service principles with regards to our rates, fees, and charges, and to operate the water and sewer systems at the lowest rates consistent with our obligation to provide proper and efficient services, now and in the future, *and consistent with our sustainability goal and objectives.*

- ✓ Complete life-cycle cost analyses for key decisions.
- ✓ Consider the value of natural resource and public health protection.
- ✓ Price our services based on cost-of-service, taking into account the life-cycle costs and resource protection costs.
- ✓ Use and update a comprehensive long-term financial plan and 15-year capital improvements plan.
- ✓ Establish a sustainable program to meet long-term asset rehabilitation and replacement needs.
- ✓ Work with local governments within our service area to provide adequate services to complement and support their respective land use and growth management plans.

### **THE CHALLENGE OF BALANCING OBJECTIVES**

To be a sustainable utility, we will do more than reduce waste, protect natural resources and recycle. We will continuously increase our understanding of the natural systems and how they work, and recognize that everything we do can affect these systems. We recognize that each choice we make has a “cost.” True costs are a combination of the environmental, economic, and social costs balanced against the desired, or expected and actual benefits to our community, its economy and the natural environment.

To become a more sustainable utility, we must acknowledge, consider and balance these important, but oftentimes competing values when we must make important decisions. To achieve this we will:

- ✓ Operate and maintain our facilities to maximize value, service quality, social equity, community-building and environmental performance.
- ✓ Incorporate sustainability principles and commitments into decision-making, service and capital improvements planning, consultant and contractor selection, purchasing of materials and supplies and use of service/construction contractors.
- ✓ Incorporate true cost principles into our rate schedules.
- ✓ Consider non-traditional benefits and costs in our decisions.
- ✓ Reflect our sustainability philosophy in requests for consultants’/contractors’ qualifications and proposals or bids.
- ✓ Evaluate and report on our progress on sustainability initiatives, and pursue continual improvement in our services.

**RESOLUTION APPROVING STATEMENT OF OWASA'S  
SUSTAINABILITY GOAL AND OBJECTIVES**

WHEREAS, OWASA recognizes that water is essential for all life and an adequate supply of clean water is essential for our health, quality of life and economic well-being; and

WHEREAS, OWASA recognizes that our customers, other citizens and our natural environment are affected by our services and projects, and that our programs and services are paid for by our customers through rates and fees; and

WHEREAS, OWASA's *Mission and Values Statement* emphasizes the importance of environmentally, economically and socially sustainable facilities, practices and services; and

WHEREAS, it is our challenge to proactively plan, design, construct, operate, maintain and finance water and wastewater services in a manner that balances this "triple bottom line" of sustainability; and

WHEREAS, OWASA has already begun to demonstrate the importance of and our commitment to integrating environmental stewardship, economic strength and social integrity as interdependent components of our comprehensive sustainability ethic and philosophy;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Orange Water and Sewer Authority Board of Directors approves the attached *Statement of OWASA'S Sustainability Goal and Objectives*.
2. That this policy shall become effective upon adoption.
3. That the Executive Director is authorized and directed to implement and interpret this Sustainability Goal and Objectives policy statement.

Adopted this 26<sup>th</sup> day of April, 2007.

\_\_\_\_\_  
Michael A. (Mac) Clarke, Chair

ATTEST:

\_\_\_\_\_  
Gordon Merklein, Secretary

**AGENDA ITEM**

- RESOLUTION ADOPTING PRELIMINARY ANNUAL BUDGET FOR ORANGE WATER AND SEWER AUTHORITY FOR THE FISCAL YEAR JULY 1, 2007 THROUGH JUNE 30, 2008.

**BACKGROUND**

- There is no legal requirement to adopt a preliminary budget. The *Preliminary Annual Budget* is presented in accordance with paragraph 8.6.1 of OWASA's *Strategic Financial Planning and Management Document*.
- The *Preliminary Annual Budget* is a "backup budget" that could serve as an interim appropriation if a final budget has not been adopted by July 1, 2007.
- Although preparation of the *Preliminary Annual Budget* incorporates many important elements currently planned for inclusion in the final budget, it does not bind the Board of Directors as to content of the final budget.
- The Fiscal Year 2007-08 *Preliminary Annual Budget* contains estimates of revenues and expenditures for the upcoming fiscal year. The Board of Directors reviewed a summary of the expected variances in expenses from the current year's budget on April 12, 2007.
- The Budget and Financial Planning Committee will provide further guidance on the Fiscal Year 2007-08 requested appropriation prior to presentation of a final annual budget.

**STAFF RECOMMENDATION**

- Adoption of Resolution Adopting Preliminary Annual Budget for Orange Water and Sewer Authority for the Fiscal Year July 1, 2007 Through June 30, 2008 as set forth in the attached budget document.

## MEMORANDUM

**TO:** Board of Directors

**THROUGH:** Ed Kerwin

**FROM:** Kevin M. Ray

**DATE:** April 19, 2007

**SUBJECT:** Fiscal Year 2007-08 *Preliminary Annual Budget*

There is no statutory requirement to adopt a preliminary budget; however, North Carolina law requires an appropriation to be in place on July 1 of each year. An adopted preliminary budget would satisfy statutory requirements for an interim appropriation in the unlikely event that a final budget is not adopted on or before July 1, 2007. The *Preliminary Annual Budget* is in no way binding prior to July 1, 2007, nor does it preclude the adoption of a final budget.

The Fiscal Year (FY) 2007-08 *Preliminary Annual Budget* has been prepared in accordance with organizational requirements identified in OWASA's *Strategic Financial Planning and Management Document*, and incorporates the definition of revenues as defined in the Series 2001 Bond Order. Anticipated operating revenues are \$28.4 million while operating expense is projected to be \$18.2 million, net of construction credits. Reflecting the inclusion of various nonoperating income in the debt service calculation, debt service coverage is anticipated to be 1.5.

The projected cost of planned capital improvements for FY2007-08 is \$18.4 million. Anticipated funding for these improvements is comprised of \$4.8 million from operations, \$6.2 million in grants and contributions related to the reclaimed water project costs and an estimated \$5.5 million in remaining Series 2006 bond proceeds, with the balance provided by the General Fund.

Proposed appropriations for operational spending before the application of construction credits result in a 2.6% increase over the current year budget, and a 10.0 percent increase over FY2006 actual spending. A 3.7% merit pay pool placeholder, subject to further discussion and review, is included in the preliminary appropriation.

The projected revenues in the proposed preliminary budget reflect a water demand assumption of 8.15 million gallons per day (MGD) during FY2007-08. The proposed rate adjustments of 9.5% (6.25% and 13.75% for water and sewer service, respectively), combined with the assumed addition of approximately 350 new accounts during the year provide for a projected operating revenue increase over the current budget of approximately 5.1%.

Line item and individual department operations and maintenance summary information is presented in Attachment #1.

Some fine tuning to model input data remains to be completed for the ongoing rate study, particularly related to high-strength waste surcharges and small changes in the Capital Improvements Plan. These adjustments may result in minor modifications to the revenues presented in the Preliminary Budget. Staff will present a Draft Final Annual Budget prior to the May 24, 2007 public hearing.

Staff looks forward to continued interaction with the Board as the budget is further refined.

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Kevin M. Ray  
Director of Finance and Customer Service

Attachment

**Orange Water and Sewer Authority  
Preliminary O&M Request by Category  
Fiscal Year 2007-2008**

<b>Category</b>	<b>FY 06 Actual</b>	<b>FY 07 Budget</b>	<b>FY 07 Projected</b>	<b>FY 08 Preliminary Recom.</b>	<b>FY 08 Recom. to FY 07 Budget %</b>	<b>FY 08 Recom. to FY 07 Budget \$</b>	<b>FY 08 Budget to FY 06 Actual %</b>
Salaries & Wages	\$6,568,379	\$6,829,808	\$5,833,000	\$7,166,604	4.9%	\$336,796	9.1%
Fringe Benefits	\$2,438,989	\$2,717,436	\$2,452,625	\$2,680,984	-1.3%	(\$36,452)	9.9%
Materials & Supplies	\$480,294	\$613,248	\$512,207	\$619,500	1.0%	\$6,252	29.0%
Water Purchases	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
Chemicals	\$1,604,747	\$1,808,450	\$1,896,091	\$1,838,366	1.7%	\$29,916	14.6%
Utilities	\$2,055,391	\$1,918,900	\$1,905,077	\$2,134,995	11.3%	\$216,095	3.9%
Maintenance	\$1,934,196	\$2,173,981	\$1,830,085	\$2,045,213	-5.9%	(\$128,768)	5.7%
Professional Services	\$607,808	\$820,980	\$785,520	\$723,560	-11.9%	(\$97,420)	19.0%
Insurance	\$224,589	\$258,317	\$206,064	\$294,501	14.0%	\$36,184	31.1%
Communication	\$213,124	\$188,436	\$222,538	\$225,580	19.7%	\$37,144	5.8%
Printing & Reproduction	\$11,298	\$21,610	\$13,264	\$18,160	-16.0%	(\$3,450)	60.7%
Education and Development	\$72,704	\$143,230	\$99,055	\$140,304	-2.0%	(\$2,926)	93.0%
Other	\$311,975	\$224,905	\$265,372	\$284,103	26.3%	\$59,198	-8.9%
<b>Totals</b>	<b><u>\$16,523,494</u></b>	<b><u>\$17,719,301</u></b>	<b><u>\$16,020,900</u></b>	<b><u>\$18,171,870</u></b>	2.6%	<b><u>\$452,569</u></b>	10.0%



**Orange Water and Sewer Authority  
Preliminary O&M Request - General & Administrative  
Fiscal Year 2007-2008**

	<b>FY 06 Actual</b>	<b>FY 07 Budget</b>	<b>FY 07 Projected</b>	<b>FY 08 Preliminary Recom.</b>	<b>FY 08 Recom. to FY 07 Budget %</b>	<b>FY 08 Recom. to FY 07 Budget \$</b>	<b>FY 08 Budge to FY 06 Actual %</b>
<b>Executive Director</b>							
Personnel Costs	\$826,492	\$829,088	\$777,819	\$862,191	4.0%	\$33,103	4.3%
Operating Expenditures	<u>\$457,201</u>	<u>\$457,201</u>	<u>\$401,905</u>	<u>\$437,422</u>	-4.3%	(\$19,779)	-4.3%
Total Expenditures	\$1,283,693	\$1,286,289	\$1,179,724	\$1,299,614	1.0%	\$13,325	1.2%
<b>Customer Service</b>							
Personnel Costs	\$599,337	\$422,378	\$358,946	\$423,595	0.3%	\$1,217	-29.3%
Operating Expenditures	<u>\$367,635</u>	<u>\$204,932</u>	<u>\$263,912</u>	<u>\$270,780</u>	32.1%	\$65,847	-26.3%
Total Expenditures	\$966,973	\$627,310	\$622,858	\$694,375	10.7%	\$67,064	-28.2%
<b>Engineering</b>							
Personnel Costs	\$1,021,739	\$1,117,294	\$1,071,857	\$1,182,348	5.8%	\$65,054	15.7%
Operating Expenditures	<u>\$67,760</u>	<u>\$74,910</u>	<u>\$47,701</u>	<u>\$130,378</u>	74.0%	\$55,468	92.4%
Total Expenditures	\$1,089,498	\$1,192,204	\$1,119,558	\$1,312,726	10.1%	\$120,522	20.5%
<b>Human Resources</b>							
Personnel Costs	\$357,229	\$380,168	\$378,180	\$415,338	9.3%	\$35,170	16.3%
Operating Expenditures	<u>\$133,639</u>	<u>\$174,101</u>	<u>\$175,456</u>	<u>\$189,292</u>	8.7%	\$15,191	41.6%
Total Expenditures	\$490,868	\$554,269	\$553,636	\$604,630	9.1%	\$50,361	23.2%
<b>Finance</b>							
Personnel Costs	\$441,504	\$464,880	\$461,606	\$484,511	4.2%	\$19,631	9.7%
Operating Expenditures	<u>\$201,263</u>	<u>\$264,530</u>	<u>\$276,503</u>	<u>\$163,400</u>	-38.2%	(\$101,130)	-18.8%
Total Expenditures	\$642,768	\$729,410	\$738,109	\$647,911	-11.2%	(\$81,499)	0.8%
<b>Purchasing</b>							
Personnel Costs	\$119,174	\$121,348	\$120,271	\$127,511	5.1%	\$6,163	7.0%
Operating Expenditures	<u>\$17,084</u>	<u>\$25,504</u>	<u>\$22,650</u>	<u>\$21,720</u>	-14.8%	(\$3,784)	27.1%
Total Expenditures	\$136,258	\$146,852	\$142,921	\$149,231	1.6%	\$2,379	9.5%
<b>Business Information Services</b>							
Personnel Costs	\$264,073	\$287,262	\$270,729	\$297,631	3.6%	\$10,369	12.7%
Operating Expenditures	<u>\$369,345</u>	\$461,350	<u>\$458,668</u>	<u>\$463,600</u>	0.5%	\$2,250	25.5%
Total Expenditures	\$633,418	\$748,612	\$729,397	\$761,231	1.7%	\$12,619	20.2%
Total G&A	<u>\$5,243,477</u>	<u>\$5,284,946</u>	<u>\$5,086,203</u>	<u>\$5,469,718</u>	<u>1.9%</u>	<u>\$184,771</u>	<u>4.3%</u>

**Orange Water and Sewer Authority**  
**Preliminary O&M Request - Operating Departments**  
**Fiscal Year 2007-2008**

	<b>FY 06</b>	<b>FY 07</b>	<b>FY 07</b>	<b>FY 08</b>	<b>FY 08</b>	<b>FY 08</b>	<b>FY 08</b>
	<b>Actual</b>	<b>Budget</b>	<b>Projected</b>	<b>Preliminary</b>	<b>Recom.</b>	<b>Recom.</b>	<b>Budget</b>
				<b>Recom.</b>	<b>to FY 07</b>	<b>to FY 07</b>	<b>to FY 06</b>
					<b>Budget %</b>	<b>Budget \$</b>	<b>Actual %</b>
<b>Water Supply &amp; Treatment</b>							
Personnel Costs	\$902,313	\$915,518	\$765,483	\$911,816	-0.4%	(\$3,702)	1.1%
Operating Expenditures	<u>\$1,100,155</u>	<u>\$1,477,266</u>	<u>\$1,448,711</u>	<u>\$1,539,517</u>	4.2%	\$62,251	39.9%
Total Expenditures	\$2,002,467	\$2,392,784	\$2,214,193	\$2,451,333	2.4%	\$58,549	22.4%
<b>Water Distribution</b>							
Personnel Costs	\$1,333,904	\$1,725,263	\$856,367	\$1,640,659	-4.9%	(\$84,604)	23.0%
Operating Expenditures	<u>\$761,039</u>	<u>\$983,807</u>	<u>\$648,823</u>	<u>\$892,093</u>	-9.3%	(\$91,715)	17.2%
Total Expenditures	\$2,094,942	\$2,709,070	\$1,505,191	\$2,532,752	-6.5%	(\$176,318)	20.9%
<b>Sewer Collections</b>							
Personnel Costs	\$782,427	\$795,164	\$793,725	\$839,796	5.6%	\$44,632	7.3%
Operating Expenditures	<u>\$615,679</u>	<u>\$786,997</u>	<u>\$883,503</u>	<u>\$786,717</u>	0.0%	(\$280)	27.8%
Total Expenditures	\$1,398,106	\$1,582,161	\$1,677,228	\$1,626,513	2.8%	\$44,352	16.3%
<b>Wastewater Treatment</b>							
Personnel Costs	\$934,172	\$980,818	\$983,661	\$1,094,270	11.6%	\$113,452	17.1%
Operating Expenditures	<u>\$2,167,437</u>	<u>\$1,943,321</u>	<u>\$1,949,154</u>	<u>\$2,182,065</u>	12.3%	\$238,744	0.7%
Total Expenditures	\$3,101,609	\$2,924,139	\$2,932,815	\$3,276,336	12.0%	\$352,197	5.6%
<b>Plants Maintenance</b>							
Personnel Costs	\$873,571	\$937,081	\$864,851	\$966,964	3.2%	\$29,883	10.7%
Operating Expenditures	<u>\$987,366</u>	<u>\$986,862</u>	<u>\$909,262</u>	<u>\$913,207</u>	-7.5%	(\$73,655)	-7.5%
Total Expenditures	\$1,860,937	\$1,923,943	\$1,774,113	\$1,880,171	-2.3%	(\$43,772)	1.0%
<b>Laboratory</b>							
Personnel Costs	\$558,545	\$570,982	\$570,334	\$600,955	5.2%	\$29,973	7.6%
Operating Expenditures	<u>\$263,411</u>	<u>\$331,276</u>	<u>\$260,823</u>	<u>\$334,092</u>	0.9%	\$2,816	26.8%
Total Expenditures	\$821,955	\$902,258	\$831,157	\$935,048	3.6%	\$32,790	13.8%
Total Operating Departments	<u>\$11,280,017</u>	<u>\$12,434,355</u>	<u>\$10,934,697</u>	<u>\$12,702,153</u>	<u>2.2%</u>	<u>\$267,798</u>	<u>12.6%</u>

RESOLUTION ADOPTING PRELIMINARY BUDGET FOR  
ORANGE WATER AND SEWER AUTHORITY FOR THE FISCAL YEAR  
JULY 1, 2007 THROUGH JUNE 30, 2008

WHEREAS, Orange Water and Sewer Authority historically has adopted a *Preliminary Annual Budget* prior to the first day in May in each fiscal year; and

WHEREAS, in the event that adoption of an Annual Budget is delayed until after July 1, 2007, the *Preliminary Annual Budget* fully satisfies the interim appropriation requirements of North Carolina General Statutes 159-16; and

WHEREAS, the *Preliminary Annual Budget* is to include estimates of revenues of the water and sewer system, current operating and maintenance expenditures, 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 General Statutes 159-13, the two attached pages be, and they hereby are, adopted as the *Preliminary Annual Budget* of Orange Water and Sewer Authority for Fiscal Year July 1, 2007 through June 30, 2008.

2. That the appropriations for divisions, functions, and projects as shown in the attached budget for the respective purposes and in the respective amounts therein specified are hereby made unless and until the Annual Budget is adopted.

Adopted this 26th day of April, 2007.

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Michael A. (Mac) Clarke, Chair

ATTEST:

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Gordon Merklein, Secretary

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

**FY 2008  
Annual Budget**

**Operating Revenue**

Water	\$15,775,000
Sewer	11,626,000
Service Initiation Fee	145,000
Other	<u>884,000</u>

**Total Operating Revenue** **28,430,000**

**Operating Expense**

General and Administrative	5,469,718
Operations	<u>12,702,153</u>

**Total Operating Expense** **18,171,870**

**Net Operating Income** **10,258,130**

**Non-operating Revenue**

Customer Fees	<b>3,233,000</b>
Interest	<b><u>1,000,000</u></b>

**Total Net Income** **14,491,130**

**Debt Service**

Existing	<b>9,658,688</b>
New	<b><u>0</u></b>

**Total Debt Service** **9,658,688**

**Net Income Less Debt Service** **\$4,832,442**

**Debt Coverage Ratio** **1.50**

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

**FY 2008  
Annual Budget**

**General Fund**

Resources

Transfer From Revenue	\$4,832,442
Assessments	0
Grants and Contributions	<u>6,239,000</u>

**Annual Income Available for Capital** **11,071,442**

Transfer from Construction Fund (Bond Proceeds) **5,539,000**

**Total Available for Capital** **16,610,442**

Capital Expenditures

Project ordinances	
General Fund Contribution	13,212,500
Funded by Bond Proceeds	<u>5,539,000</u>

Total Project Resolutions **18,415,000**

Capital Equipment **336,500**

**Total Capital Outlay** **18,751,500**

**Annual General Fund Balance** **(2,141,058)**

**General Fund Beginning Balance** **10,752,000**

**General Fund Ending Balance** **\$8,610,942**

Project Funding

Under Contract	2,500,000
Future Years	1,567,975
Operating Balance	<u>4,542,968</u>

**\$8,610,942**

**Unallocated General Fund Balance** **\$0**