



# ORANGE WATER AND SEWER AUTHORITY

*Quality Service Since 1977*

**AGENDA**  
**MEETING OF THE OWASA BOARD OF DIRECTORS**  
**THURSDAY, FEBRUARY 12, 2009, 7:00 P.M.**  
**OWASA COMMUNITY ROOM**

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](mailto: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.
2. Announcements by Board Members
  - A. Joint meeting of the OWASA Board of Directors and elected officials to discuss OWASA's proposed Water Conservation Standards on Wednesday, February 25, 2009 at 7:30 PM at the Southern Human Services Center, Chapel Hill (Alan Rimer)
3. Announcements by Staff

**Petitions and Requests**

1. Public
2. Board
3. Staff

7:05 PM

**CONSENT AGENDA**

**Action**

1. Approval of the Minutes of the January 8, 2009 Meeting of the Board of Directors (Andrea Orbich)

**REGULAR AGENDA**

**Information and Reports**

7:10 PM

2. Verbal Update on the Natural Resources/Technical Systems Committee meeting held on February 4, 2009 to discuss Timber Management on OWASA-owned Property; Long-Range Water Supply Plan Update; and Committee Priorities (Alan Rimer)

**Discussion**

7:20 PM

3. Fiscal Year (FY) 2010 Budget Preview:
  - a) Verbal update on the February 12, 2009 Finance Committee meeting to review the Quarterly Financial Report; cost reduction measures; and the preliminary review of a zero percent rate increase scenario for FY 2010 (Gordon Merklein)
  - b) OWASA Managers will present information about expected budget impacts for FY 2010 (Ed Kerwin and OWASA Managers)

Draft

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

JANUARY 8, 2009

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in regular session on Thursday, January 8, 2009, at 7:00 P.M., in OWASA’s Community Room.

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

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

Others present: Elizabeth Friend, WCHL Radio; Meg Holton, Water, Wastewater, and Stormwater Manager, University of North Carolina at Chapel Hill; and Matthew Crum.

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

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MOTIONS ACTED UPON

1. Alan Rimer made a motion to approve the Minutes of the December 11, 2008 Board Meeting; the motion was seconded by Mac Clarke, and carried by unanimous vote.

2. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled “Resolution Authorizing Award of Long-Term Disability Insurance.” (Resolution so titled attached hereto and made a part of these minutes. Motion by Alan Rimer, second by Mac Clarke, and carried by a unanimous vote.)

3. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled “Resolution Authorizing Award of Insurance Coverage for Employee Life, Dependent Life, and Accidental Death and Dismemberment.” (Resolution so titled attached hereto and made a part of these minutes. Motion by Alan Rimer, second by Mac Clarke, and carried by a unanimous vote.)

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ITEM ONE: ANNOUNCEMENTS

CONFLICT OF INTEREST

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

COMMITTEE MEETINGS

Gordon Merklein said that the Finance Committee Meeting will meet on Thursday, January 15, 2009 at 5:00 P.M., to discuss strategic issues and planning assumptions for the fiscal year (FY) 2010 budget; the FY 2010 budget calendar; and to continue review of Draft Financial Management Policy.

Gene Pease said the Community Outreach Committee will meet on Thursday, January 22, 2009 at 5:30 P.M. in the First Floor Conference Room at the Chapel Hill Town Hall to discuss communication goal(s), a communications gap analysis, and communication best practices of other public and semi-public organizations.

Alan Rimer said that the Natural Resources Technical Systems Committee will meet on Tuesday, January 20, 2009 at 5:30 P.M. in the OWASA Boardroom to discuss the Long-Range Water Supply Plan Update and proposed draft OWASA Conservation Standards.

ITEM TWO: PETITIONS AND REQUESTS

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

ITEM THREE: MINUTES

Alan Rimer made a motion to approve the Minutes of the December 11, 2008 Board Meeting; the motion was seconded by Mac Clarke, and carried by unanimous vote. See Motion No. 1 above.

ITEM FOUR: RESOLUTION AUTHORIZING AWARD OF LONG-TERM DISABILITY INSURANCE

Alan Rimer made a motion to adopt the resolution; the motion was seconded by Mac Clarke and unanimously approved. See Motion No. 2 above.

ITEM FIVE: RESOLUTION AUTHORIZING AWARD OF INSURANCE COVERAGE FOR EMPLOYEE LIFE, DEPENDENT LIFE, AND ACCIDENTAL DEATH AND DISMEMBERMENT

Gene Pease asked what the annual amount or percentage rate is for retirees.  
Gwen Burston said she did not have that information but would report back to the Board.

Alan Rimer made a motion to adopt the resolution; the motion was seconded by Mac Clarke and unanimously approved. See Motion No. 3 above.

ITEM SIX: REPORT ON THE JANUARY 8, 2009 FINANCE COMMITTEE MEETING REGARDING FINANCIAL REPORTING

Gordon Merklein, Chair of the Board's Finance Committee, reported that the Committee received a presentation from Robert Hobson, Banc of America Securities, regarding the importance of OWASA's financial strength in ratings in the current economy. The Committee reviewed the draft Financial Management Policy which includes a proposed section on establishing reserve funds and to ensure funding for system rehabilitation and replacement needs. Mr. Merklein also said that the Committee plans to issue a Request for Proposals from consultants for a review of OWASA's financial reporting and management systems.

ITEM SEVEN: UPDATE ON REGIONAL PLANNING ACTIVITIES REGARDING THE JORDAN LAKE REGIONAL WATER SUPPLY

Ed Kerwin said that OWASA staff have and will participate in discussions with the City of Durham, Chatham and Orange Counties and other entities regarding possible shared future use of Jordan Lake water from an intake – and possibly a water treatment plant – that may be built on the west side of Jordan Lake. As part of the update of our long-term water supply plan, OWASA will consider conservation and reclaimed water options, as well as supplementing the available supply with water from Jordan Lake and/or other sources. The potential role of Jordan Lake in meeting OWASA's long-term needs will be further developed later in 2009 as the water supply plan update proceeds.

Mr. Kerwin said the NC Environmental Management Commission will likely conduct a formal allocation process through which local entities can request Jordan Lake water supply storage allocations. Much of the partnership work with Durham, Chatham County, and others will include the compilation and sharing of local data, such as water demand forecasts, that the individual partners may use to support their individual allocation requests. It is not known at this time if these efforts will eventually result in actual infrastructure improvements at Jordan Lake, or if such improvements will involve OWASA or OWASA's property at Jordan Lake. Answers to these and other questions may be formulated later in 2009 as OWASA's long-term water supply plan is updated.

Randy Kabrick suggested that the Natural Resources/Technical Systems Committee review the *DRAFT 2008 Report of the Water Allocation Study Team to the NC Environmental Review Commission* by Richard Whisnant and Bill Holman.

ITEM EIGHT: UPDATE ON ORANGE COUNTY'S SOLID WASTE TRANSFER STATION SITING PROCESS

Randy Kabrick said that Orange County staff is investigating two properties in Orange County for a solid waste transfer station, one of which is OWASA land west of Carrboro and the County has formally requested OWASA allow them access to that property for surveys and testing.

Ed Kerwin referenced his email to the OWASA Board on January 7, 2009, that included a letter from Mr. Gayle Wilson, Director of Orange County Solid Waste Management, requesting right of entry for the Orange County Transfer Station Siting Investigation (this correspondence was provided to the Board in hardcopy). Mr. Kerwin said that OWASA, after consultation with general counsel, is unclear of the County's intent and Mr. Kerwin has scheduled a meeting on Monday, January 12, 2009, with Mr. Wilson to try to determine exactly what the County's informational needs are regarding the OWASA property. Mr. Kerwin assured the Board, consistent with its direction, that OWASA staff continues to advise the County that OWASA's land is needed by OWASA, and is being used for critical purposes, and is not for sale.

The Board agreed that staff will report on January 22, 2009 regarding the details of the County's request for access to the OWASA property, and the Board will then decide on the County's request.

There being no further business to come before the Board, the meeting was adjourned at 7:40 P.M.

Respectfully submitted,

Draft

Andrea Orbich  
Executive Assistant/Clerk to the Board

Enclosures

**VERBAL UPDATE ON THE NATURAL RESOURCES/TECHNICAL  
SYSTEMS COMMITTEE MEETING HELD  
ON FEBRUARY 4, 2009 TO DISCUSS  
TIMBER MANAGEMENT ON OWASA-OWNED PROPERTY;  
LONG-RANGE WATER SUPPLY PLAN UPDATE; AND  
COMMITTEE PRIORITIES**

(Alan Rimer)

**AGENDA ITEM**

- FISCAL YEAR (FY) 2010 BUDGET PREVIEW

**PURPOSE**

- To receive a verbal update from Gordon Merklein, Chair of the Finance Committee, on:
  - a) Quarterly Financial Report through December 31, 2008;
  - b) OWASA Cost Reduction Measures; and
  - c) Preliminary review of the implications of a zero percent rate increase scenario for FY 2010.
- OWASA Staff will present additional information regarding issues which have financial implications for both the current year budget and the projected Operations and Maintenance budget for FY 2010.

**ACTION NEEDED**

- Board discussion and guidance.

February 12, 2009



## MEMORANDUM

TO: Board of Directors  
FROM: Ed Kerwin  
DATE: February 6, 2009  
SUBJECT: **Fiscal Year 2010 Budget Preview**

The Finance Committee will meet on Thursday, February 12, 2009 at 5:00 P.M. in the OWASA Boardroom to continue its work with staff on matters related to budget and rate development for Fiscal Year (FY) 2010. At the Board's February 12, 2009 meeting, Gordon Merklein will make a verbal report on:

- 1) Quarterly Financial Report through December 31, 2008;
- 2) OWASA Cost Reduction Measures; and
- 3) Preliminary review of the implications of a zero percent rate increase scenario for FY 2010.

Following Mr. Merklein's report and Board discussion, staff will present additional information regarding issues which have financial implications for both the current year budget and the projected Operations and Maintenance budget for FY 2010.

At the Board's January 22, 2009 meeting, I presented a report on the strategic issues and planning assumptions that will impact our budgets and rates for FY 2010. At the February 12, 2009 Board meeting, the Board will receive additional budget information from our front-line Managers. They will also be prepared to answer questions you may have about trade-offs between program funding levels and operating risks.

A handwritten signature in black ink that reads "Ed Kerwin".

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Ed Kerwin  
Executive Director

#### Attachments

c: Robert Epting  
John Greene  
Mason Crum  
Kevin Ray