

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

JANUARY 11, 2007

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in regular session on Thursday, January 11, 2007, at 7:00 P.M., in the OWASA Community Room.

Directors present: Michael A. (Mac) Clarke, Chair; Randy Kabrick, P.E., Vice Chair; Gordon Merklein, Secretary; Fred Battle; Milton S. Heath, Jr.; Penny Rich; Laura Sandvik; and William Stott. Directors absent: Marge Anders Limbert.

OWASA staff: Ed Kerwin, Stuart Carson, Mason Crum, Patrick Davis, Mary Darr, Greg Feller, Walter Gottschalk, John Greene, Ed Holland, Alexandra Jones, Andrea Orbich and Kevin Ray; and Robert Epting, Esquire, Epting and Hackney.

Others present: Meg Holton, UNC Water, Wastewater, and Stormwater Manager, Patti Hucks; Tom Tant, Hazen and Sawyer; Chris Wilson, Brown and Caldwell; Randy Foulke, Black & Veatch; Jim Ward, North Carolina Botanical Garden; Marcella and Paul Grendler and Ewan Rodewald, Laurel Hills Neighborhood Association; Gary Richman; and Barnes Bierck .

There being a quorum present, Chair Mac Clarke called the meeting to order.

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MOTIONS ACTED UPON

1. Penny Rich moved to adopt the minutes of the November 9, 2006, Meeting of the Board of Directors. The motion was seconded by Laura Sandvik, and carried by unanimous vote.

2. Penny Rich moved to adopt the minutes of the December 14, 2006, Closed Session of the Board of Directors for the purpose of discussing pending litigation and an eminent domain issue. The motion was seconded by Laura Sandvik, and carried by unanimous vote.

3. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt *Resolution Adopting an Amendment to OWASA's Ordinance for the Control of Backflow and Cross-Connection*. (Resolution so titled attached hereto and made a part of these minutes. Motion made by Penny Rich, seconded by Laura Sandvik, and carried by unanimous vote.)

4. Fred Battle made a motion to accept the proposal to amend OWASA's Mission and Values Statement as follows:

- **Efficiency and Value**

We will perform all services in a financially sound and responsible manner with sufficient revenues to properly operate and fully maintain the water and wastewater system. As OWASA relies solely on user fees, we will continue to be

guided by cost-of-service principles with regards to our rates, fees, and charges, and operate the water and sewer system at the lowest rates consistent with our obligation to provide proper and efficient services, now and in the future. We ~~are~~ remain committed to continuous improvement in all of our services and will provide high value to our customers.

The motion was seconded by Laura Sandvik and carried by unanimous vote.

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ITEM ONE: ANNOUNCEMENTS

AMENDMENT TO THE AGENDA

Mac Clarke said the Oath of Office for Town of Chapel Hill appointee Alan Rimer will be deferred until a pending question is answered by the North Carolina Board of Examiners for Engineers and Land Surveyors. Milton Heath will continue to serve in his position as a Board Member as a Town of Chapel Hill appointee.

Alan Rimer said he believes there will be no issue with regard to his service on the OWASA Board of Directors, but in order to avoid any potential future issues, he concurred with Mr. Clarke on deferring the Oath of Office.

CONFLICT OF INTEREST

Mac Clarke 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 ASSIGNMENTS

Mac Clarke updated the Board Committee assignments as follows:

- The Budget and Financial Planning Committee will continue its important work on the rate study and budget and Gordon Merklein will be the Chair;
- The Human Resources Committee will work on knowledge retention;
- The Natural Resources/Technical Systems Committee will continue its work on biosolids and conservation;
- The Ad Hoc Art Committee will work on atrium art project;
- The Ad Hoc Community Outreach Committee will work on several outreach events in the community. In March, Ed Kerwin and Mac Clarke will make a presentation at the Carol Woods retirement community; and

- Ad Hoc Property Committee will continue work on the property formerly owned by the Ray family.

LETTER TO THE LAND AND WATER CONSERVATION COMMISSION

Mac Clarke distributed and summarized a draft letter to the Land and Water Conservation Commission. The Board agreed to send the letter as drafted.

TAMMY BROWN

Kevin Ray introduced Tammy Brown, OWASA's new Customer Service Manager.

ITEM TWO: PETITIONS AND REQUESTS FROM THE PUBLIC, BOARD AND STAFF

Mac Clarke asked for petitions and requests from the public, from the Board, and from staff. There were none.

ITEM THREE: UPDATE ON THE TRANSFER OF OWASA CUSTOMERS LOCATED IN CHATHAM COUNTY ON ABBEY ROAD/BOOTH ROAD TO CHATHAM COUNTY

The Board received the update on the transfer of OWASA customers in Chatham County in the Abbey Road/Booth Road neighborhood as an information item.

ITEM FOUR: MINUTES

Penny Rich moved to adopt the minutes of the November 9, 2006, Annual Meeting of the Board of Directors. The motion was seconded by Laura Sandvik, and carried by unanimous vote. Please see Motion No. 1 above.

Penny Rich moved to adopt the minutes of the December 14, 2006, Closed Session of the Board of Directors for the purpose of discussing pending litigation and an eminent domain issue. The motion was seconded by Laura Sandvik, and carried by unanimous vote. Please see Motion No. 2 above.

ITEM FIVE: RESOLUTION TO AMEND THE OWASA ORDINANCE FOR THE CONTROL OF BACKFLOW AND CROSS-CONNECTION

Ed Kerwin noted to the Board that the proposed resolution had been updated with the following deletion:

*That the Executive Director is hereby authorized and directed to amend the Ordinance as may be necessary in the opinion of General Counsel to reflect the authority to approve variances.*

Penny Rich moved to adopt the resolution; it was seconded by Laura Sandvik and carried by unanimous vote. Please see Motion No. 3 above.

ITEM SIX: MEETING OF THE WATERS INTERCEPTOR AND RECLAIMED WATER TRANSMISSION MAIN PROJECT MITIGATION MEASURES REPORT

Alexandra Jones updated the Board on the Meeting of the Waters Sewer Interceptor and Reclaimed Water Transmission Main Project Mitigation measures report.

Marcella Grendler said there is a lack of access to the contract documents and she would like them available to the Laurel Hill Homeowners' Association in compact disk format.

Staff will provide the information.

Jim Ward, North Carolina Botanical Garden, said OWASA staff and consultants have been responsive to stakeholders. He stated the Coker Arboretum trails will be closed and that he would like staff to work with the Botanical Garden to identify ancillary trails. Mr. Ward would like OWASA to go above and beyond regarding soil erosion protection and requested a preconstruction meeting with the contactor and engineering team.

Randy Kabrick suggested the contract identify tree values for specific tree specimens and that the contract also specify that weed-free soil be used as backfill.

Paul Grendler said there is a cedar tree by his house that he hopes will not be damaged.

Ed Kerwin said he appreciates the feedback and staff will provide the Board an update at a future meeting.

ITEM SEVEN: ODOR ELIMINATION AT THE MASON FARM WASTEWATER TREATMENT PLANT (WWTP)

Gary Richman, representing the Highland Woods Association, said he did not believe significant progress has been made. The odor elimination goal of 0 parts per million (ppm) of hydrogen sulfide concentrations measured at or near the WWTP property line is good, but measuring odor is not eliminating odor. What is desired by neighbors is continuous monitoring of hydrogen sulfide and similar measures of other sources of odor, and specifically a dilution/threshold (D/T) measure of other sources of odor. If odor persists, then decisions should be made to cover the clarifiers and aeration basins.

Barnes Bierck said measuring odor at the property lines means the whole property line and not just three points on the property line. He also expressed concerned about odor from dewatering of biosolids. He strongly recommended that an independent consultant review the dewatering plans from an odor perspective.

Randy Kabrick said he has distributed to staff a technical bulletin from John Novak, an expert in dewatering and odor.

Ed Kerwin said that odor control for the new dewatering operation will be accomplished by using an existing building near the odor scrubber.

Mac Clarke asked the Board for comments on the proposed key points for the presentation to the Chapel Hill Town Council (CHTC) on January 22<sup>nd</sup>. Mr. Clarke stated that OWASA remains committed to odor elimination, understands that we are not there yet and the odor situation to date is not satisfactory; but OWASA is working towards compliance with the agreed upon odor elimination definition and that he hopes to be in a better place in time by proceeding in a prudent and orderly manner.

Mr. Richman commented that if OWASA puts forth the proposed definition of odor elimination, the Highland Woods Association will state that the definition does not meet their expectations. A small significant step has been made with the standard of 0 ppm of hydrogen sulfide, but an acceptable definition of off-site odor elimination has not been developed.

Mr. Kabrick said OWASA should numerically define odor and come up with a metric.

Mr. Richman suggested there be a metric for odor measurement as well as a complaint metric. This has been done by other plants.

Mr. Ward said that as a Botanical Garden representative, he believes OWASA needs to come back with an agreed definition for odor elimination because there was a commitment by the CHTC and the OWASA Board that off-site odor will be eliminated for the neighbors. Not 20 odor events per year, but a much smaller number that OWASA and the neighbors agree is success.

Mr. Clarke said OWASA is obligated to address the CHTC on January 22, 2007. OWASA will develop the standards, including a D/T, and for this meeting taking into account events that are inevitable and carefully look at WWTP maintenance. Mr. Clarke said OWASA must proceed with fiscal prudence.

Mr. Kabrick stated that the Board has already stated a hydrogen sulfide standard of 0 ppm for odor; therefore, zero complaints is the goal.

Mr. Kerwin said if the Board agrees in principle, he will prepare a draft odor elimination definition to include the following: 0 ppm for hydrogen sulfide; a D/T limit to be determined; and not more than 3-5 verified complaints from the neighbors per year.

Mr. Richman said if this is the information you share that with CHTC, he would agree and is willing to work with OWASA.

The Board agreed with Mr. Kerwin's suggestion and also agreed that OWASA is committed to the community to achieve odor elimination.

Mr. Clarke thanked the citizens for attending the meeting and said he looks forward to future dialogue.

ITEM EIGHT: DISCUSSION OF REVISED REGULATIONS GOVERNING IN-LAKE ACTIVITIES AND USES OF UNIVERSITY LAKE AND CANE CREEK RESERVOIR

John Greene updated the Board on progress to date regarding revising the Regulations Governing In-Lake Activities and Uses of University Lake and Cane Creek Reservoir.

The Board agreed and authorized staff to submit the proposed changes to the Regulations Governing In-Lake Activities and Uses of University Lake and Cane Creek Reservoir to the North Carolina Health Services Commission. Staff will provide an update to the Board at a future meeting.

ITEM NINE: PROPOSAL TO AMEND OWASA'S MISSION STATEMENT REGARDING RATESETTING PRINCIPLES

Gordon Merklein updated on the Board on the proposal to amend the OWASA Mission Statement as suggested by Milton Heath at the December 14, 2006 Board of meeting.

Mr. Heath expressed his appreciation to the Board for their review and consideration of this change; and emphasized that this change does not state OWASA will have the lowest rates but lowest rates consistent with OWASA's service obligations.

Penny Rich expressed concern regarding the "lowest rates" suggestion, because OWASA must base rates on the cost of service.

Mr. Heath said it will be helpful to the Board to be able to refer to language such as this when communicating with ratepayers in the future.

Fred Battle made a motion to accept the proposal to amend OWASA's Mission Statement as follows:

- **Efficiency and Value**

We will perform all services in a financially sound and responsible manner with sufficient revenues to properly operate and fully maintain the water and wastewater system. As OWASA relies solely on user fees, we will continue to be guided by cost-of-service principles with regards to our rates, fees, *and charges*, and operate the water and sewer system at the lowest rates consistent with our obligation to provide proper and efficient services, now and in the future. We ~~are~~ *remain* committed to continuous improvement in all of our services and will provide high value to our customers.

The motion was seconded by Laura Sandvik and carried by unanimous vote. Please see Motion No. 4 above.

ITEM TEN: SEMIANNUAL UPDATE (JANUARY 2007) ON EXECUTIVE DIRECTOR'S WORK PLAN

Penny Rich requested comments or suggestions on the Executive Director's Work Plan.

The Board had no comments and the Board unanimously agreed to cancel the Closed Session.

ITEM ELEVEN: CLOSED SESSION

The Closed Session to discuss a personnel issue was not held.

There being no further business to come before the Board, the meeting was adjourned at 9:35 P.M.

**RESOLUTION ADOPTING AN AMENDMENT TO OWASA'S ORDINANCE FOR THE CONTROL OF BACKFLOW AND CROSS-CONNECTION**

**WHEREAS**, on January 21, 1999, the OWASA Board of Directors approved a Resolution Adopting Orange Water and Sewer Authority Ordinance for the Control of Backflow and Cross-Connection;

**WHEREAS**, the said Ordinance should be amended to authorize the OWASA Executive Director and Staff to approve minor variances from the Ordinance for the Control of Backflow and Cross-Connection;

**WHEREAS**, any variances allowed by OWASA under the Ordinance for the Control of Backflow and Cross-Connection must comply with all Federal, State and local regulations; and

**WHEREAS**, amending the Ordinance to provide additional flexibility will lead to a more streamlined, efficient process in administering and enforcing this Ordinance while continuing to ensure the safety and security of OWASA's drinking water system;

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

1. That the Executive Director of OWASA is authorized the approve minor variances from OWASA's Ordinance for the Control of Backflow and Cross-Connection, provided that said variances are not inconsistent with Federal, State, or local regulations and do not adversely affect the safety or security of OWASA's drinking water system.
2. That this amendment be effective immediately.

Adopted this the 11th day of January, 2007.