

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

FEBRUARY 22, 2007

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a regular Business Meeting on Thursday, February 22, 2007, at 7:00 P.M., in the Council Chambers at the Chapel Hill Town Hall.

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

OWASA staff: Elonnie Alston, Ted Blake, Mason Crum, Patrick Davis, Greg Feller, John Greene, Ed Holland, Randy Horton, Anthony Jones, Ed Kerwin, Marie Moss McLaughlin, Buddy Morris, Andrea Orbich and Kevin Ray.

Others present: Meg Holton, Water, Wastewater, and Stormwater Manager, UNC; Michael Burton and Andy Burnham, Burton and Associates; Cindy Blake; Karen Morris; and Dawn Reese.

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

MOTIONS ACTED UPON

1. Penny Rich moved to adopt the minutes of the January 25, 2007, Meeting of the Board of Directors. The motion was seconded by William Stott, and carried by unanimous vote.

ITEM ONE: ANNOUNCEMENTS

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.

INTERGOVERNMENTAL PARKS WORK GROUP

Mac Clarke said that Fred Battle will be the OWASA representative on Orange County's Intergovernmental Parks Work Group.

OWASA's 30TH ANNIVERSARY

Ed Kerwin said that OWASA celebrated its 30th anniversary on February 16, 2007 and that there are seven employees who have been with OWASA since the first day. They are: Ted Blake, Engineering Associate; Sallie Edwards, Accounting Technician II (not present); Randy Horton, Assistant Manager for the Distribution and Collection Systems; Anthony Jones, Wastewater Treatment Plant Operator; Buddy Morris, Senior Crew Leader; and Marie Moss McLaughlin, Accounting Technician II.

Each employee received a plaque commemorating OWASA's 30th anniversary and the employees present for the Board meeting made comments about their work with OWASA.

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

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

ITEM THREE: ANNUAL REPORT ON RECREATION AT UNIVERSITY LAKE AND THE CANE CREEK RESERVOIR

The Board received the Annual Report on Recreation at University Lake and the Cane Creek Reservoir as an information item. Staff identified several potential issues for the Board's future consideration concerning attendance, lake use and rental fees, etc.

Penny Rich stated that she supported recreation at the lakes and wanted to see this service continued in the future.

ITEM FOUR: QUARTERLY REPORT ON WATER CONSUMPTION, WATER AND SEWER EXTENSIONS AND CONNECTIONS

The Board received the quarterly report on water consumption, water and sewer extensions and connections as an information item.

ITEM FIVE: MINUTES

Penny Rich moved to adopt the minutes of the January 25, 2007, Meeting of the Board of Directors. The motion was seconded by William Stott, and carried by unanimous vote. Please see Motion No. 1 above.

ITEM SIX: QUARTERLY FINANCIAL REPORT AND ANALYSIS

The Board received the quarterly financial report and analysis as an information item.

ITEM SEVEN: RATE STUDY

Gordon Merklein outlined eight recommendations by the Board's Budget and Financial Planning Committee as follows:

1. Combined effective water and sewer service fee and commodity rate increases in a given year should not exceed 9.5 percent;
2. Delay by one year the goal of reaching a 2.0 debt service coverage ratio;
3. Phase-in the water and sewer cost reallocation over five years;
4. Continue the seasonal rate structure for non-residential and master-metered multi-family residential customers;
5. Adopt five-tiered increasing block rates for individually metered residential customers;
6. Implement a 15,000 gallon per month "cap" on sewer use billed to individually metered residential customers; and
7. Maintain current approach to monthly service charges.
8. Use the "Plant in Service" methodology for determining water and sewer availability fees.

The Board agreed to move forward based on the Committee's recommendations and began discussion of a public information and public comment process this spring.

There being no further business to come before the Board, the meeting was adjourned at 9:08 P.M.