

ORANGE WATER AND SEWER AUTHORITY  
MEETING OF THE BOARD OF DIRECTORS

MARCH 8, 2007

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in regular session on Thursday, March 8, 2007, at 7:00 P.M., in OWASA's Community Room.

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

OWASA staff: Ed Kerwin, Mason Crum, Patrick Davis, Greg Feller, John Greene, Ed Holland, Andrea Orbich and Kevin Ray; and Robert Epting, Esquire, Epting and Hackney.

Others present: Meg Holton, Water, Wastewater & Stormwater Manager, UNC.

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

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MOTIONS ACTED UPON

1. Milton Heath moved to adopt the minutes of the October 12, 2006, Closed Session of the Board of Directors to discuss an issue that may lead to litigation. The motion was seconded by Fred Battle, and carried by unanimous vote.

2. Milton Heath moved to adopt the minutes of the November 9, 2006, Closed Session of the Board of Directors to discuss a personnel issue. The motion was seconded by Fred Battle, and carried by unanimous vote.

3. Milton Heath moved to adopt the minutes of the February 8, 2007, Meeting of the Board of Directors. The motion was seconded by Fred Battle, and carried by unanimous vote.

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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.

CANCELLATION OF THE MARCH 22, 2007 BOARD MEETING

Mac Clarke said the March 22, 2007 OWASA Board meeting has been cancelled. The next regularly scheduled meeting of the Board will be Thursday, April 12, 2007, at 7:00 P.M. in the Community Room at the OWASA Administration Building in Carrboro.

BOARD COMMITTEE MEETINGS

Mac Clarke said the Human Resources Committee will meet on Thursday, March 29, 2007, at 8:00 A.M. in the OWASA Boardroom to discuss Alternative Employee Compensation Strategies.

Gordon Merklein said that the Budget and Financial Planning Committee met on Wednesday, March 7, 2007 at 8:30 A.M. in the Boardroom to review the initial Draft of 15-Year Capital Improvements Program (CIP) Budget. A follow up meeting will be held in the coming weeks to review additional CIP projects.

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: QUARTERLY REPORT ON ATTENDANCE AT BOARD OF DIRECTORS MEETINGS

The Board received the quarterly report on attendance at Board meetings as an information item.

ITEM FOUR: MINUTES

Milton Heath moved to adopt the minutes of the October 12, 2006, Closed Session of the Board of Directors to discuss an issue that may lead to litigation. The motion was seconded by Fred Battle, and carried by unanimous vote. Please see Motion No. 1 above.

Milton Heath moved to adopt the minutes of the November 9, 2006, Closed Session of the Board of Directors to discuss a personnel issue. The motion was seconded by Fred Battle, and carried by unanimous vote. Please see Motion No. 2 above.

Milton Heath moved to adopt the minutes of the February 8, 2007, Meeting of the Board of Directors. The motion was seconded by Fred Battle, and carried by unanimous vote. Please see Motion No. 3 above.

ITEM FIVE: 2006-2007 RATE STUDY: DRAFT SCHEDULE OF RATES, FEES, AND CHARGES TO BE EFFECTIVE OCTOBER 1, 2007 AND DRAFT COMMUNICATIONS PLAN FOR PROPOSED RATE STRUCTURE CHANGES AND RATE INCREASES

Kevin Ray provided a proposed *Schedule of Rates, Fees and Charges* that reflected recent Board of Directors' discussion and guidance based on the 2006-2007 rate study. An additional table titled *Recommended Water Commodity Surcharges Applicable under Mandatory Water Use Restrictions* was provided for the Board's consideration for inclusion in the schedule.

Mac Clarke thanked staff for their work on the rate study to date and stated that the Board's Budget and Financial Planning Committee has endorsed the recommendations. Mr. Clarke also noted that publicizing this information should include the timing and possible expenses for additional odor elimination improvements at the Mason Farm Wastewater Treatment Plant.

The Board agreed with the proposed recommendations and instructed staff to proceed.

ITEM SIX: PROPOSED MODIFICATION TO AN EXISTING CONSERVATION EASEMENT

Ed Holland told the Board that Mr. Bob Nutter has acquired property previously owned by Mr. and Mrs. Quentin Patterson, on which OWASA has purchased a conservation easement some years ago. He reported that Mr. Nutter has requested that OWASA permit the release of a 4-acre portion of the Patterson tract from the conservation easement. He reported that Mr. Nutter is willing to pay the costs of the transaction and to reimburse OWASA for the cost of the 4-acres requested to be released from the conservation easement. Mr. Holland reported that the 4-acre area is outside the Cane Creek Reservoir watershed.

Gordon Merklein asked about how staff had valued the easement and wondered whether release of the easement might not make the unencumbered value of the land substantially more valuable than the price OWASA had paid for the conservation easement.

Staff agreed that it is difficult to assess what value is created by release of the easement.

Mac Clarke said OWASA should consider the degree to which the market value of the property would be enhanced by release of the conservation easement.

Randy Kabrick pointed out that it was difficult to tell for certain whether all of the land being sought actually drains away from the Cane Creek watershed and that he would oppose any easement modification until drainage features for the property are better understood.

Milton Heath asked who the neighbors are and if staff had been in touch with them.

Ed Holland said he did not know who they are and has not contacted them.

Marge Anders Limbert asked Robert Epting if other properties have been released from conservation easements supported by N.C. Clean Water Management Trust Fund (CWMTF) grants or if other property owners have requested releases from that easement conditions. She asked whether this would be the first request for an easement release that would go to the CWMTF Board, and what precedent would it set.

Mr. Epting said that he had been careful to draft OWASA's conservation easements in a way that would make it as difficult as possible later to rescind them, and that he had done so to prevent erosion of these easements by increasing development pressure over time. He noted that OWASA was reimbursed for this easement by the CWMTF, and that the documentation OWASA was required to use by the CWMTF does contemplate later adjustment of easements.

Mr. Holland noted that agents of the CWMTF have reviewed this request and are inclined to approve it if the land to be released is more than 300 feet from any stream draining to the Cane Creek watershed.

Robert Epting noted in response to Ms. Limbert's concern that Mr. Nutter's request, if allowed, could set a precedent under which future Boards might determine to sell or release conservation lands as development pressures increase in western Orange County. Mr. Epting encouraged the OWASA Board to take a permanent view of the value of these conservation lands and easements. He pointed out that neighbors in the Cane Creek community have supported the OWASA conservation lands program, and would doubtless be chagrined to learn that OWASA had decided to begin to cash out of this conservation effort.

Ms. Limbert said she was uncomfortable modifying the conservation easement.

Ed Kerwin said that he did not want to spend staff time researching this information and said staff was agreeable to not take action on Mr. Nutter's request.

Mr. Clarke said he agreed with Ed Kerwin's position. He said the principles involved are more important than this particular issue and that the Ad Hoc Property Committee may wish to review the matter.

The Board declined to authorize the proposed modifications to the conservation easement.

There being no further business to come before the Board, the meeting was adjourned at 7:42 P.M.