

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

JUNE 14, 2007

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in regular session on Thursday, June 14, 2007, at 7:00 P.M., in OWASA's Community Room.

Directors present: Michael A. (Mac) Clarke, Chair; Randolph M. Kabrick, P.E., Vice Chair; Gordon Merklein, Secretary; Braxton Foushee; Marge Anders Limbert; Gene Pease; Penny Rich; and William R. Stott. Directors absent: Fred Battle.

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

Others present: Meg Holton, UNC Water, Wastewater, and Stormwater Manager; Catherine Crum; Madison Crum; Gary Richman, Peg Parker and Frank Rexford of Highland Woods in Chapel Hill; Marie Moss McLaughlin

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

MOTIONS ACTED UPON

1. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the "Resolution of Appreciation for Marie Moss McLaughlin." (Resolution so titled attached hereto and made a part of these minutes. Motion made by Braxton Foushee, seconded by William Stott, and carried by unanimous vote.)

2. Penny Rich made a motion to approve the minutes of the May 24, 2007 Closed Session of the Board of Directors to discuss a personnel issue; the motion was seconded by Marge Anders Limbert and unanimously approved.

3. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the "Resolution Adopting the Annual Budget for Orange Water and Sewer Authority for the fiscal year beginning July 1, 2007 through June 30, 2008." (Resolution so titled attached hereto and made a part of these minutes. Marge Anders Limbert made a motion to adopt the budget resolution; the motion was seconded by Penny Rich, and the resolution passed with a vote of five to three: Braxton Foushee voted no because he does not support spending money on odor reduction; Randy Kabrick vote no because he would like to remand the budget to the Budget and Financial Planning Committee; and Gene Pease voted no because he is not comfortable with the increase in the FY 2008 budget compared to actual FY 2007 expenditures.)

4. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the "Resolution Adopting the Schedule of Rates, Fees, and Charges Applicable to All Customers On and After October 1, 2007." (Resolution so titled attached hereto and made a part of these minutes. Motion made by Gene Pease, seconded by Penny Rich, and the resolution passed with a vote of seven to one with Braxton Foushee opposed because there is no relief for rate payers for the next five years.)

5. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the "Resolution Approving Capital Improvements Program for Fiscal Year 2008-2022 including a Five-Year Capital Improvements Budget for Fiscal Year 2008-2012." (Resolution so titled attached hereto and made a part of these minutes. Motion made by William Stott, seconded by Gene Pease, and the resolution passed with a vote of seven to one with Braxton Foushee opposed the resolution because he does not agree with the money spent on odor elimination.)

6. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the "Capital Project Resolution for Water Supply Improvements." (Resolution so titled attached hereto and made a part of these minutes. Motion made by Gene Pease, seconded by William Stott, and the resolution passed with a vote of seven to one with Braxton Foushee opposed the resolution because it is part of the budget, which he can not support for the reasons already stated.)

7. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the "Capital Project Resolution for Water Treatment and Distribution Improvements." (Resolution so titled attached hereto and made a part of these minutes. Motion made by Marge Anders Limbert, seconded by Penny Rich, and the resolution passed with a vote of seven to one with Braxton Foushee opposed the resolution because it is part of the budget, which he can not support for the reasons already stated.)

8. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the "Capital Project Resolution for Wastewater Collection, Treatment and Disposal Improvements." (Resolution so titled attached hereto and made a part of these minutes. Motion made by Gordon Merklein, seconded by Penny Rich, and the resolution passed with a vote of seven to one with Braxton Foushee opposed the resolution because it is part of the budget, which he can not support for the reasons already stated.)

9. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the "Capital Project Resolution for Support Services Facilities Improvements." (Resolution so titled attached hereto and made a part of these minutes. Motion made by Penny Rich, seconded by Marge Anders Limbert, and the resolution passed with a vote of seven to one with Braxton Foushee opposed the resolution because it is part of the budget, which he can not support for the reasons already stated.)

10. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the "Resolution of Orange Water and Sewer Authority Schedule of Employee Classification and

Authorized Compensation Effective October 1, 2007.” (Resolution so titled attached hereto and made a part of these minutes. Motion made by Gene Pease, seconded by Braxton Foushee, and the resolution passed with a vote of seven to one with Penny Rich opposed the motion because this matter should be more thoroughly reviewed.)

11. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the “Resolution Adopting New Compensation Strategies for Employees; Amending the Job Description Requirements for Certain Positions; Reclassifying of Certain Positions; and Amending the Schedule of Employee Classification and Authorized Compensation.” (Resolution so titled attached hereto and made a part of these minutes. Motion made by Penny Rich, seconded by Gene Pease, and carried by unanimous vote.)

12. Penny Rich made a motion to increase the Executive Director’s salary by 4.4% in the categories requested by the Executive Director effective July 1, 2007. The motion was seconded by Williams Stott, and carried by unanimous vote.

13. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the “Resolution to Adopt the Proposed Update to the Human Resource Policy (formerly the Personnel Policy) of the Orange Water and Sewer Authority.” (Resolution so titled attached hereto and made a part of these minutes. Motion made by Marge Anders Limbert, seconded by Gene Pease, and carried by unanimous vote.)

14. Marge Anders Limbert made a motion that the Board go into a Closed Session for the purpose of discussing a personnel matter. The motion was seconded by Braxton Foushee, 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.

MEETING WITH LOCAL OFFICIALS ON PROPOSED RATES

Mac Clarke said Ed Kerwin and he met with the Orange County Board of County Commissioners in their regular business meeting on Tuesday, June 12, 2007 to discuss OWASA’s proposed rates, fees and charges to be effective October 1, 2007. The meeting went well and the Commissioners were supportive of OWASA.

MEETING WITH ORANGE AND CHATHAM COUNTY OFFICIALS

Mac Clarke noted that OWASA was advised that staff for the Orange County Board of County Commissioners is organizing a meeting with Chatham County Commissioners and other local officials including OWASA, in August to discuss Chatham County's possible use and/or lease of 125 acres of land OWASA owns adjacent to the Vista Point Recreation Area on the west side of Jordan Lake. Additional information will be provided once received.

COMMITTEE MEETINGS

Mac Clarke said the Executive Committee met on Friday, June 8, 2007, to review and discuss OWASA's Conflict of Interest Policies. Mr. Clarke stated that a proposed resolution to amend the Bylaws will be presented at a future meeting. A summary of this Committee meeting was prepared by Robert Epting and provided to the Board.

Mac Clarke said the Natural Resources/Technical System (NRTS) Committee will meet on Thursday, June 28, 2007, at 5:30 PM in the OWASA Boardroom to discuss the proposed Jordan Lake Nutrient Management Strategy and Rules.

Randy Kabrick said the NRTS Committee met on May 30, 2007 to discuss the draft Phase I report for the Biosolids Master Plan. Mr. Kabrick reported that OWASA has plenty of capacity at our land facilities and with the new centrifuge system for dewatering biosolids. Staff is negotiating a contract for the off-site recycling of biosolids.

Gordon Merklein said that Gene Pease, Kevin Ray and he met on June 6, 2007 in the OWASA Boardroom to review OWASA's budgeting process.

CANCELATION OF THE JUNE 28, 2007 BOARD MEETING

Mac Clarke said the June 28, 2007 OWASA Board of Directors meeting has been canceled; the next regularly scheduled meeting of the OWASA Board will be Thursday, July 12, 2007, at 7:00 PM in the Community Room at the OWASA Administration Building in Carrboro.

N.C. ENVIRONMENTAL MANAGEMENT COMMISSION

Mac Clarke said the Environmental Management Commission (EMC) will hold a public hearing on the proposed Jordan Lake Nutrient Management Strategy and Rules in the Carrboro Century Center on Thursday, July 12, 2007, at 6:30 p.m. which is also the same evening as an OWASA Board meeting.

If OWASA officials decide to make a presentation to EMC, there is a possibility that the OWASA Board meeting on July 12th will be either canceled or rescheduled.

BRUNCH ON JUNE 24, 2007

Mac Clarke requested Board members notify him regarding their attendance at a brunch on June 24, 2007 for Milton Heath.

PENNY RICH

Mac Clarke announced that this is Penny Rich's last meeting with the OWASA Board of Directors.

BOARD ATTENDANCE

Braxton Foushee announced that he would not attend the July 12, 2007 OWASA Board meeting.

Mac Clarke requested that if any Board member knew they would not be able to attend a Board meeting to inform the Board and staff, even on short notice, so as to ensure a quorum to hold the Board meeting.

RESOLUTION OF APPRECIATION

Kevin Ray and the Board expressed their sincere appreciation to Marie Moss McLaughlin for her dedicated service to OWASA for more than 30 years.

Mac Clarke read a resolution of appreciation honoring the service of Marie Moss McLaughlin, OWASA's Accounting Technician II in the Finance department.

Braxton Foushee made a motion to approve the resolution; the motion was seconded by William Stott and unanimously approved. See Motion No. 1 above.

LEAD UPDATE

John Greene updated the Board on OWASA's recent work regarding the potential for lead leaching from newer buildings. OWASA reports that all of OWASA water samples tested to date are below the action level for lead (15 parts per billion). OWASA is currently reviewing a draft report from Dr. Marc Edwards of Virginia Tech regarding the effectiveness of our corrosion control program and water treatment chemistry. We believe the current treatment practices are effective, but we may have an opportunity to make some minor additional improvements.

Mr. Greene also noted that the 2006 Water Quality Report Card has been distributed to the Board and customers.

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: BIMONTHLY STATUS REPORT ON THE MASON FARM WASTEWATER TREATMENT PLANT (WWTP) 14.5 UPGRADE AND EXPANSION PROJECT

The Board received the report on Bimonthly status report on the Mason Farm WWTP upgrade and expansion as an information item.

ITEM FOUR: QUARTERLY REPORT ON ATTENDANCE AT BOARD OF DIRECTORS MEETINGS

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

ITEM FIVE: MINUTES

Penny Rich made a motion to approve the minutes of the May 24, 2007 Closed Session of the Board of Directors to discuss a personnel issue; the motion was seconded by Marge Anders Limbert and unanimously approved. See Motion No. 2 above.

ITEM SIX: RESOLUTION ADOPTING THE ANNUAL BUDGET FOR ORANGE WATER AND SEWER AUTHORITY FOR FISCAL YEAR (FY) BEGINNING JULY 1, 2007 THROUGH JUNE 30, 2008

Gene Pease commented to the Board that the budget preparations are complete and thorough, however, he questioned the comparison of previous year operating budget to the current year operating budget versus actual revenue and expenditures. He said the process builds in an increased cushion and he does not feel comfortable supporting the budget or asking the public to support the budget, especially since the rates will rise significantly this year.

Ed Kerwin said the proposed budget is a reasonable estimate of what OWASA's expenses will be for the coming year.

Mac Clarke said that the proposed budget is generated from the departments up to management, not from the management to the departments. Mr. Clarke said there is a need to improve the cost projections.

Randy Kabrick said the general and administrative expenses seem high.

William Stott asked how staff arrived at the budget numbers and where there are significant projected increases.

Mr. Kerwin said the Board reviewed variances between the proposed Fiscal Year (FY) budget and projected FY 2007 amounts at the Board's April 12, 2007 meeting. He also said that if the Board is uncomfortable with the proposed budget, the Board should not act until staff can communicate the information needed by the Board. He further explained that the budget estimates are based on a line-by-line review with department managers and staff on what we needed to operate.

Braxton Foushee said he could not support the budget because OWASA customers are subsidizing the budget for odor reduction.

Gordon Merklein said that as Chair of the Budget and Financial Planning Committee, the Committee's focus was more on the rate study than the budget even though the budget was reviewed and approved by the Committee. While all of the concerns raised are valid, there are questions that were just not asked because it is difficult to project accurate numbers.

Randy Kabrick proposed that the Board remand the proposed budget to the Budget and Financial Planning Committee for a final look at the expenses and a proposed a more realistic budget.

Mr. Merklein said that historically, the budget has been conservative but historically staff has kept actual costs under budget; he stated that he supports this budget and would like to see it approved as proposed.

After further discussion, Marge Anders Limbert made a motion to adopt the budget resolution; the motion was seconded by Penny Rich, and the resolution passed with a vote of five to three (Braxton Foushee said he voted no because he does not support spending money on odor reduction. Randy Kabrick vote no because he would like to remand the budget to the Budget and Financial Planning Committee; and Gene Pease said he voted no because he is not comfortable with the increase in the FY 2008 budget compared to actual FY 2007 expenditures). See Motion No. 3 above.

ITEM SEVEN: RESOLUTION ADOPTING SCHEDULE OF RATES, FEES AND CHARGES APPLICABLE TO ALL CUSTOMER ON AND AFTER OCTOBER 1, 2207

Penny Rich asked how rate information would get to the public, hopefully more than one time in the newspaper.

Greg Feller said that this information would be publicized through the *Blue Thumb* customer newsletter, customers' bills, information on the website and news releases.

Gene Pease made a motion to adopt the resolution; the motion was seconded by Penny Rich, and the resolution passed with a vote of seven to one (Braxton Foushee opposed the resolution because he sees no relief for customers in the rate increases for customers for the next five years). See Motion No. 4 above.

ITEM EIGHT: RESOLUTION APPROVING CAPITAL IMPROVEMENTS PROGRAM FOR FY 2008-2022 INCLUDING FIVE YEAR CAPITAL IMPROVEMENTS BUDGET FOR FY 2008-2011

Braxton Foushee said that he does not agree with spending the large amount of money to eliminate odor at the Mason Farm Wastewater Treatment Plant (WWTP) to satisfy a small group of people. Mr. Foushee suggested that the investment already occurring at the WWTP will help to reduce odor; that OWASA should wait and see how the current improvements further reduce odor at the plant.

Robert Epting said OWASA is complying with the conditions of the Town of Chapel Hill's Special Use Permit (SUP) for the WWTP upgrade and expansion.

Mr. Foushee said that he did not agree with the SUP.

William Stott made a motion to adopt the resolution; the motion was seconded by Gene Pease, and the resolution passed with a vote of seven to one (Braxton Foushee opposed the resolution because does not agree with the spending for odor elimination). See Motion No. 5 above.

ITEM NINE: CAPITAL PROJECT RESOLUTIONS

Gene Pease made a motion to adopt the Order and Resolution Adopting Capital Project Resolution for Water Supply Improvements. The motion was seconded by William Stott and the resolution passed with a vote of seven to one (Braxton Foushee opposed the resolution because it is a part of the budget, which he opposes). See Motion No. 6 above.

Marge Anders Limbert made a motion to adopt the Order and Resolution Adopting Capital Project Resolution for Water Treatment and Distribution Improvements. The motion was seconded by Penny Rich and the resolution passed with a vote of seven to one (Braxton Foushee opposed the resolution because it is part of the budget, which he opposes). See Motion No. 7 above.

Gordon Merklein made a motion to adopt the Order and Resolution Adopting Capital Project Resolution for Wastewater Collection, Treatment and Disposal Improvements. The motion was seconded by Penny Rich and the resolution passed with a vote of seven to one (Braxton Foushee opposed the resolution because it is part of the budget, which he opposes). See Motion No. 8 above.

Penny Rich made a motion to adopt the Order and Resolution Adopting Capital Project Resolution for Support Services Facilities Improvements. The motion was seconded by Marge Anders Limbert and the resolution passed with a vote of seven to one (Braxton Foushee opposed the resolution because it is part of the budget, which he opposes). See Motion No. 9 above.

Gary Richman thanked the Board for fulfilling the commitment to the community for odor elimination at the Mason Farm WWTP.

ITEM TEN: RESOLUTION OF ORANGE WATER AND SEWER AUTHORITY
SCHEDULE OF EMPLOYEE CLASSIFICATION AND AUTHORIZED
COMPENSATION EFFECTIVE OCTOBER 1, 2007

Braxton Foushee made a motion to amend and increase the merit pay pool from 3.7 percent to 4.0 percent of payroll effective on October 1, 2007; the motion was seconded by Randy Kabrick and passed with a vote of seven to one (Penny Rich opposed the motion because this matter should be more thoroughly reviewed). See Motion No. 10 above.

William Stott made a motion to approve the resolution; motion was seconded by Braxton Foushee and the resolution passed with a vote of seven to one (Penny Rich opposed the resolution because of reasons stated above). See Motion No. 11 above.

ITEM ELEVEN: RESOLUTION ADOPTING NEW COMPENSATION STRATEGIES FOR
EMPLOYEES; AMENDING THE JOB DESCRIPTION
REQUIREMENTS FOR CERTAIN POSITIONS; RECLASSIFYING OF
CERTAIN POSITIONS; AND AMENDING THE SCHEDULE OF
EMPLOYEE CLASSIFICATION AND AUTHORIZED
COMPENSATION

Penny Rich made a motion to approve the resolution; the motion was seconded by Gene Pease, and carried by a unanimous vote. See Motion No. 12 above.

ITEM TWELVE: EXECUTIVE DIRECTOR COMPENSATION

Penny Rich made a motion to increase the Executive Director's salary by 4.4 percent in the categories requested by the Executive Director effective July 1, 2007. The motion was seconded by William Stott, and carried by unanimous vote. See Motion No. 13 above.

ITEM THIRTEEN: PROPOSED CHANGES IN CUSTOMERS NOTICE PROCESS FOR
PAST DUE ACCOUNTS

Tammy Brown summarized proposed changes in the notice process for customers with past due accounts.

The Board supported the changes, however, Randy Kabrick said he would like staff to continue hanging courtesy tags when needed.

ITEM FOURTEEN: DRAFT RESOLUTION TO ADOPT THE PROPOSED UPDATE OF THE HUMAN RESOURCES (HR) POLICY (FORMERLY THE PERSONNEL POLICY) OF THE ORANGE WATER AND SEWER AUTHORITY

Marge Anders Limbert thanked staff for adding the definition of domestic partners. She also suggested the Board consider that the bereavement leave be changed from three (3) days to five (5) days and include sibling-in-laws and stepsiblings.

Penny Rich made a motion to approve the resolution with the proposed changes from Ms. Limbert (bereavement leave is now five (5) days and include siblings-in-law and stepsiblings); the motion was seconded by Gene Pease, and carried by a unanimous vote. See Motion No. 14 above.

ITEM FIFTEEN: QUARTERLY FINANCIAL REPORT AND ANALYSIS

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

ITEM SIXTEEN: CLOSED SESSION

Marge Anders Limbert made a motion that the Board go into a Closed Session for the purpose of discussing a personnel matter. The motion was seconded by Braxton Foushee, and carried by unanimous vote. Please see Motion No. 15 above.

There being no further business to come before the Board, the meeting was adjourned at 9:10 P.M.

Enclosures

RESOLUTION OF APPRECIATION FOR MARIE MOSS MCLAUGHLIN

WHEREAS, Marie Moss McLaughlin began her career as a Clerk/Typist in the Utilities Department at the University of North Carolina at Chapel Hill in February, 1974, when the University owned and operated the public water system for the Chapel Hill-Carrboro community; and

WHEREAS, Marie Moss McLaughlin transferred to the Orange Water and Sewer Authority (OWASA) as a Customer Service Representative on February 16, 1977, when OWASA was first formed; and

WHEREAS, Marie Moss McLaughlin was promoted to Accounting Technician I on July 7, 1981; and

WHEREAS, Marie Moss McLaughlin was promoted to Accounting Technician II on October 28, 1985; and

WHEREAS, Marie Moss McLaughlin has served the Chapel Hill-Carrboro community with a high level of excellence, skill, diligence and dedication for more than thirty years; and

WHEREAS, throughout her career Marie Moss McLaughlin has demonstrated her unswerving commitment to accuracy, thoroughness, timeliness and hard work; and

WHEREAS, through her expertise, assistance and guidance to others and exemplary quality of work, Marie Moss McLaughlin is widely recognized and highly respected as a leader in OWASA and its Departments of Finance and Customer Service; and

WHEREAS, Marie Moss McLaughlin's outstanding work has been a major element of OWASA's financial reporting and control processes in recognition of which OWASA has consistently received unqualified auditing opinions; and

WHEREAS, Marie Moss McLaughlin has helped manage and implement the enhancements that have enabled OWASA to receive the Government Finance Officers Association's Awards for Excellence in Financial Reporting and Distinguished Budget Presentation each year since 2001, and;

WHEREAS, Marie Moss McLaughlin is well loved at OWASA for her quick wit, enthusiasm and good cheer in all circumstances, and;

WHEREAS, Marie Moss McLaughlin retired from OWASA on Thursday, May 31, 2007;

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 Marie Moss McLaughlin for her excellent service and many achievements with OWASA and expresses its appreciation for her service to the Chapel Hill-Carrboro community as an outstanding professional and member of the OWASA Team.

Adopted this the 14th day of June, 2007.

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

WHEREAS, Section 7.05 of the Bond Order and North Carolina G.S. Chapter 159 require that on or before the first day of July in each fiscal year the Authority will adopt a Budget for the ensuing fiscal year; and

WHEREAS, such budget is to include estimates of revenues of the water and sewer system, current Operations and Maintenance expenses, 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 G.S. Chapter 159-13 the attached pages marked 1 through 6 be, and they hereby are, adopted as the official Budget of Orange Water and Sewer Authority of the Fiscal Year beginning July 1, 2007 through June 30, 2008.

2. That the appropriations for departments, functions, and projects as shown in the attached budget for the respective purposes and in the respective amounts therein specified are hereby made.

3. That the Executive Director shall administer the budget, and is hereby authorized to expend the funds for the purposes set forth therein.

Adopted this 14th day of June, 2007.

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

	FY 2008 <u>Annual Budget</u>
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	5,387,089
Operations	<u>12,582,888</u>
Total Operating Expense	<u>17,969,976</u>
Net Operating Income	10,460,024
 Non-operating Revenue	
Customer Fees	3,229,000
Interest	<u>775,000</u>
Total Net Income	<u>14,464,024</u>
 Debt Service	
Existing	9,658,688
New	<u>0</u>
Total Debt Service	<u>9,658,688</u>
Net Income Less Debt Service	<u>\$4,805,336</u>
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	\$4,805,336
Assessments	5,400
Grants and Contributions	<u>6,239,000</u>

Annual Income Available for Capital **11,049,736**

Transfer from Construction Fund (Bond Proceeds) **9,000,000**

Total Available for Capital **20,049,736**

Capital Expenditures

Project ordinances	
General Fund Contribution	9,415,000
Funded by Bond Proceeds	<u>9,000,000</u>

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

Capital Equipment **349,000**

Total Capital Outlay **18,764,000**

Annual General Fund Balance **1,285,736**

General Fund Beginning Balance **9,574,958**

General Fund Ending Balance **\$10,860,694**

Project Funding

Under Contract	0	
Future Years	6,368,201	
Operating Balance	<u>4,492,494</u>	<u>\$10,860,694</u>

Unallocated General Fund Balance **\$0**

REVENUE FUND

	Water	Sewer	Total
Fund Balance July 1, 2007			\$20,000
Receipts			
Operating Revenue			
Customer Billings	15,775,000	11,626,000	27,401,000
Service Initiation Fee	72,500	72,500	145,000
Other	<u>442,000</u>	<u>442,000</u>	<u>884,000</u>
Total Operating Revenue	16,289,500	12,140,500	28,430,000
Non-operating Revenue			
Customer Fees	1,614,500	1,614,500	3,229,000
Interest Income	<u>387,500</u>	<u>387,500</u>	<u>775,000</u>
Total Non-operating Revenue	2,002,000	2,002,000	4,004,000
Total Receipts	16,677,000	12,528,000	32,434,000
Expenditures			
Current Expense	8,984,988	8,984,988	17,969,976
Debt Service	<u>4,829,344</u>	<u>4,829,344</u>	<u>9,658,688</u>
Total Expenditures	13,814,332	13,814,332	27,628,664
Net Revenue			4,805,336
To General Fund			4,805,336
Fund Balance June 30, 2008			<u>\$20,000</u>
Change in Available Balance			\$0

In accordance with OWASA's Amended and Restated Bond Order, Series 2001, all revenues derived from the operation of the water and sewer system, with the exception of grants and assessment proceeds which are earmarked for other purposes, are deposited into the Revenue Fund. These revenues are first applied to the payment of current expenses and then to the repayment of outstanding debt. Any excess amounts above the cost of current operations and debt service are available for capital improvements and may be transferred, by certification to the Trustee, to the General Fund. The Revenue Fund is administered by OWASA.

BOND SERVICE FUND

Fund Balance July 1, 2007		\$6,787,264
Receipts		
Transfers from Revenue Fund	9,635,288	
Interest	<u>23,400</u>	
Total Receipts		9,658,688
Expenditures		
Debt Service	8,899,167	
Total Expenditures		<u>8,899,167</u>
Fund Balance June 30, 2008		<u>\$7,546,785</u>
Change in Available Balance		\$759,521

The Bond Service Fund is established by the Amended and Restated Bond Order, Series 2001 and serves as the mechanism for repaying the current portion of long-term debt. The Bond Order requires that the total of any principal and interest payments on long-term debt be transferred to the Bond Service Fund no later than 45 working days prior to the due date of such payments. This Fund is comprised of restricted assets and is administered by the Bond Trustee, and is expected to increase by \$759,521 due to additional debt issued in FY 2006-07.

GENERAL FUND

Fund Balance July 1, 2007		\$9,574,958
Receipts		
Transfer From Revenue fund	4,805,336	
Transfer From Construction Fund (Bond Proceeds)	9,000,000	
Interest	600,000	
Assessments	5,400	
Grants and contributions	<u>6,239,000</u>	
Total Receipts		<u>20,649,736</u>
Total Balance Before Expenditures		30,224,694
Expenditures		
Capital Equipment/Leases	\$349,000	
Project Resolutions	18,415,000	
Transfer to Revenue Fund	600,000	
Total Expenditures		<u>19,364,000</u>
Fund Balance June 30, 2008		<u>\$10,860,694</u>
Allocation of Fund Balance June 30, 2007		
Project Funding		
Under Contract	0	
Future Years	6,368,201	
Operating Balance, Working Capital	<u>4,492,494</u>	
Total Allocation		<u>\$10,860,694</u>
Unallocated General Fund Balance June 30, 2008		<u>\$0</u>
Change in Available Balance		\$1,285,736

Establishment of the General Fund is required by statute. Monies in the General Fund may be used for any lawful purpose and, in addition to bond proceeds, are OWASA's primary source to pay for capital improvements. Interest earnings in the General Fund are considered debt-pledged revenue and are to be transferred to the credit of the Revenue Fund. The General Fund is administered by OWASA. The balance of the General fund is projected to increase by approximately 13%. This is a result of OWASA's lower capital spending plans for FY2008 and reflects the reimbursement of Series 2006 bond proceeds.

**CONSTRUCTION FUND
(CAPITAL PROJECTS)**

Fund Balance July 1, 2007	\$9,000,000
Bond Proceeds	0
Interest	150,000
Project Resolutions	<u>9,150,000</u>
Fund Balance June 30, 2008	<u>\$0</u>
Change in Available Balance	(\$9,000,000)

Available bond proceeds are credited to the Construction Fund at the closing of a bond sale. As capital project obligations for which bonds were issued are incurred, these proceeds are transferred as reimbursements to the General Fund. The ending balance reflects the the withdrawal of proceeds to fund the capital projects for which they were earmarked.

**RESOLUTION ADOPTING SCHEDULE OF RATES, FEES, AND CHARGES APPLICABLE TO
ALL CUSTOMERS ON AND AFTER OCTOBER 1, 2007**

WHEREAS, Orange Water and Sewer Authority has an adopted Schedule of Rates, Fees, and Charges as permitted under North Carolina General Statute 162A-9 and Section 7.04 of OWASA's Amended and Restated Bond Order (Bond Order); and

WHEREAS, General Statute 162A-6(9) and Section 7.04 of OWASA's Bond Order provide for the revision of such Rates, Fees, and Charges; and

WHEREAS, during the preparation of the Fiscal Year 2007-2008 budget, the need for rate adjustments to OWASA's Schedule of Rates, Fees, and Charges was confirmed to finance and provide sufficient revenues for the ongoing operations, debt service and the Capital Improvements Program; and

WHEREAS, A Public Hearing was held on May 24, 2007 for the purpose of receiving public comment on the proposed adjustment to the Schedule of Rates, Fees, and Charges.

NOW, THEREFORE, BE IT RESOLVED:

1. That the attached *Schedule of Rates, Fees, and Charges* be, and hereby is, adopted by the Board of Directors as the revised rate policy of Orange Water and Sewer Authority.
2. That the revised rates shall become effective for all service billings rendered on and after October 1, 2007.
3. That the Executive Director is authorized to make discretionary judgments regarding charges when it is determined to be in the interest of OWASA in resolving a customer's appeal.
4. That the Executive Director is hereby directed to give proper notice to The University of North Carolina at Chapel Hill as required by the Sale and Purchase Agreements and to take the necessary steps to implement the revised *Schedule of Rates, Fees, and Charges*.

Adopted this 14th day of June, 2007.

**ORANGE WATER AND SEWER AUTHORITY
SCHEDULE OF PROPOSED RATES, FEES, AND CHARGES**

APPLICABLE TO ALL CUSTOMER BILLINGS ON AND AFTER OCTOBER 1, 2007
UNLESS OTHERWISE NOTED*

SECTION I: SCHEDULE OF WATER RATES AND FEES.....Pg. 2 to Pg. 7

SECTION II: SCHEDULE OF SEWER RATES AND FEESPg. 8 to Pg. 11

SECTION III: SCHEDULE OF MISCELLANEOUS CHARGESPg. 12 to Pg. 19

Background and Authorization

In providing essential public water and sewer services to the Chapel Hill, Carrboro and portions of southern Orange County, Orange Water and Sewer Authority (OWASA) incurs substantial operating and capital expenses. OWASA is a not-for-profit public utility and has no legislative authority to levy taxes, nor does OWASA receive tax revenues from local governments for ongoing operations. OWASA finances its water and sewer operations and extensive capital improvements almost entirely through customer paid fees and charges.

North Carolina G.S. 162A-9 requires that OWASA's "rates, fees and charges shall be fixed and revised so that the revenues of the authority, together with any other available funds, will be sufficient at all times" to fund operating and maintenance expenses and to pay the principal and interest on all debt issued or assumed by OWASA. OWASA's rates are established under a cost-of-service rate-making methodology. Each customer pays for the costs incurred by OWASA to provide the services and/or facility capacity required to meet customer demand.

The OWASA Board of Directors has determined that revisions presented in the attached Schedule of Rates Fees, and Charges are necessary to adequately fund OWASA's ongoing operations and long-range Capital Improvements Program. Additional revenues generated by these rate adjustments will provide OWASA with the financial resources necessary to: (1) fund operating costs; (2) adequately maintain existing water and sewer facilities; (3) fully comply with increasingly stringent environmental and public health standards; (4) meet debt service requirements; and (5) to create additional facility capacity to stay abreast of water and sewer service demand in a growing, dynamic community.

The attached Schedule of Rates, Fees, and Charges will replace the schedule adopted on June 8, 2006, which became effective on October 1, 2006.

*Boat Rental and Lake Use Fees are proposed to become effective March 1, 2008.

SECTION I: WATER RATES AND FEES

MONTHLY WATER RATES

Water charges are billed monthly at approximately 30-day intervals. Charges are due upon receipt of the bill, and become delinquent 21 days after the original billing date. Monthly water rates consist of two components: a monthly service charge and a commodity (volume) charge.

Water Service Charge

This charge is calculated to recover costs related to certain direct and indirect customer service efforts, meter and lateral maintenance, and capital costs associated with supplying water to the customer's property. Applicable to all metered water accounts, independent of the quantity of water consumed, the monthly charge is based on meter size as follows:

<u>Meter Size</u>	<u>Existing</u>	<u>Monthly Service Charge</u> { Proposed }
5/8"	\$10.43	\$11.08
1"	\$20.95	\$22.26
1-1/2"	\$45.30	\$48.13
2"	\$68.37	\$72.64
3"	\$140.59	\$149.38
4"	\$229.51	\$243.85
6"	\$499.79	\$531.03
8"	\$710.73	\$755.15

Water Irrigation Service Charge

This charge is calculated to recover certain direct and indirect customer service, meter and lateral maintenance, and water capital costs associated with supplying water to properties with irrigation systems. Applicable to all metered irrigation water accounts, regardless of the quantity of water consumed, the monthly charge is based on meter size as follows:

<u>Meter Size</u>	<u>Existing</u>	<u>Monthly Service Charge</u> { Proposed }
5/8"	\$16.70	\$17.74
1"	\$33.37	\$35.46
1-1/2"	\$61.78	\$65.64
2"	\$95.01	\$100.95
3"	\$188.07	\$199.82
4"	\$288.69	\$306.73
6"	\$567.90	\$603.39
8"	\$903.12	\$959.57

Compound meter arrangements are billed on the largest meter in the grouping. In addition to the applicable charge for the primary meter, existing OWASA-owned sub-meters are billed according to the above schedule. Sub-meters are no longer available and no additional sub-meters will be installed.

Meter changes from one size to another are billed at the rate applicable for the size of the new meter.

Meter readings for first and final bills are billed at a prorated amount based on days of service.

Water Commodity Charge

This charge is calculated to recover the direct and indirect costs of water supply and treatment, water distribution, general administration and water capital not recovered by the monthly service charge. This charge is applicable to all water accounts based on meter readings of water consumed.

When no meter reading is available due to an inoperative, damaged or inaccessible meter, consumption is estimated based on prior usage at the location and current use of the facilities at that time.

*****NEW CHARGE***** **Individually Metered Residential Accounts**

Individually metered residential accounts will be billed under an increasing block rate structure designed to encourage efficient water use by applying increasing commodity charges (rate per thousand gallons) to incremental increases in water use.

	<u>Volume of Use</u> <u>(1,000s of Gallons)</u>	<u>Calculated Commodity</u> <u>Rate per 1,000 Gallons</u>
Block 1	0 to 2,999	\$1.98
Block 2	3,000 to 5,999	\$4.70
Block 3	6,000 to 10,999	\$5.53
Block 4	11,000 to 15,999	\$7.46
Block 5	All use 16,000 and up	\$13.05

Non-residential Accounts

To achieve demand reduction during peak water use periods, a seasonal conservation rate structure will be applied to non-residential accounts. A reduced commodity charge is in effect during lower demand months (October through April), and a higher commodity charge is in effect during high demand months (May through September).

	Existing	{Proposed}
Off-peak rate per 1,000 gallons (October through April)	\$2.90	\$3.08
Peak seasonal rate per 1,000 gallons (May through September)	\$5.51	\$5.85

Conservation Water Commodity Charges Under Mandatory Water Use Restrictions

Water commodity charges will be temporarily increased during periods of mandatory water use restrictions regardless of the time of year. These applicable surcharges are summarized in the following table.

**WATER COMMODITY SURCHARGES
APPLICABLE UNDER MANDATORY WATER USE RESTRICTIONS**

	Individually-Metered Residential Accounts						Non-Residential
Block:	Res. Block 1	Res. Block 2	Res. Block 3	Res. Block 4	Res. Block 5	Cutoff Block	
Use Level:	0 to 2,999	3,000 to 5,999	6,000 to 10,999	11,000 to 15,999	16,000 and up		All
Stage 1 Mandatory	No surcharge	No surcharge	No surcharge	1.5 times normal Block 4 rate	2 times normal Block 5 rate	>1,000 gallons per day	Non-Peak Period: No surcharge Peak Period: No surcharge
Stage 2 Mandatory	No surcharge	No surcharge	1.5 times normal Block 3 rate	2 times normal Block 4 rate	3 times normal Block 5 rate	>800 gallons per day	Non-Peak Period: No surcharge Peak Period: No surcharge
Stage 3 Mandatory and Emergency	No surcharge	1.25 times normal Block 2 rate	2 times normal Block 3 rate	3 times normal Block 4 rate	4 times normal Block 5 rate	>600 gallons per day	Non-Peak Period: 1.25 times peak seasonal rate Peak Period: 1.25 times peak seasonal rate

INTERLOCAL WATER TRANSFER CHARGES

The purpose of this charge is to recover costs associated with the provision of supplemental water supply under contractual agreement with other water purveyors. The specific rates to be charged will be negotiated with the other party based upon specific conditions, but using the cost-of-service rate-making approach and approved by the Executive Director. The commodity charge for such interlocal water transfers shall not be less than seventy-five percent (75%) of the equivalent uniform water commodity charge applicable to all water accounts within OWASA’s service area unless OWASA and the other purveyor(s) have entered into an agreement establishing water transfer charges. This charge will not be subject to seasonal adjustments. Equivalent Uniform Water Commodity Charge

Not less than seventy-five percent (75%) (unless OWASA and the other purveyor(s) have entered into an agreement establishing water transfer charges) of \$4.17 **{Proposed \$4.43}** per 1,000 gallons.

TEMPORARY HYDRANT METER CHARGE

Service from a fire hydrant for construction purposes is subject to priority use of such hydrant for fire protection. Temporary hydrant meters may be used by a customer at a single location for a period not to exceed 60 days. Subject to availability of inventoried hydrant meters, a \$200.00 **{No change proposed}** service charge, payable in advance, is collected for setting and removing the meter. In addition, a security deposit is required in accordance with the following schedule:

Security Deposit

\$1,000.00 {No change proposed}

Monthly billings for temporary hydrant meters consist of two charges: (1) a service charge for that size meter, and (2) a commodity charge based on monthly readings of the meter. When the hydrant meter is returned undamaged, the security deposit is to be applied to the final bill and any credit balance will be refunded within thirty (30) days

WATER AVAILABILITY FEE

Water availability fees are calculated to recover a portion of the capital costs of providing water system facility capacity. The availability fee is applicable to each new connection to a water main, regardless of who may have paid for the installation of the water main to which the connection is to be made. For the purpose of availability fees, customer accounts are divided into three categories: (1) Single-family Residential, (2) Multi-family Residential, Individually Metered; and (3) Nonresidential. The Nonresidential category includes master-metered multi-family apartment complexes and all commercial, University, and institutional accounts. The use of these categories is justified by distinctive patterns of water and sewer consumption.

	Existing	{ Proposed }
5/8" Meter, Single-family Residential:		
<1300 square feet	\$960.00	\$1,052.00
1300-1700 square feet	\$1,173.00	\$1,284.00
1701-2400 square feet	\$1,484.00	\$1,625.00
2401-3100 square feet	\$2,539.00	\$2,778.00
3101-3800 square feet	\$3,450.00	\$3,777.00
>3800 square feet	\$5,794.00	\$6,341.00
5/8" Meter, Residential, Irrigation-Only	\$2,812.00	\$3,078.00
5/8" Meter, Multi-family Residential	\$1034.00	\$1,133.00

WATER AVAILABILITY FEE (Continued)

5/8" Meter, Nonresidential	\$2,812.00*	\$3,078.00
1" Meter, Nonresidential	\$7,030.00*	\$7,694.00
1-1/2" Meter, Nonresidential	\$14,060.00*	\$15,388.00
2" Meter, Nonresidential	\$22,496.00*	\$24,621.00
3" Meter, Nonresidential	\$44,992.00*	\$49,243.00
4" Meter, Nonresidential	\$70,300.00*	\$76,942.00
6" Meter, Nonresidential	\$140,600.00*	\$153,884.00
8" Meter, Nonresidential	\$224,960.00*	\$246,214.00

* Same fee for Nonresidential, Irrigation-Only accounts

WATER SERVICE AND METER INSTALLATION CHARGE

The purpose of this charge is to recover costs of extending service from the distribution system to individual properties, and includes the installation of a service connection from the water main to the meter and the setting of the meter within the premises, subject to satisfactory easement or license being provided by the applicant. Where a suitable stub-out for service has been made and is available, the "meter-only" charge will apply. Complete water service installation and meter-only charges are as follows:

	Current	{Proposed}
Complete Water Service Installation, 5/8" meter	\$2,250.00	\$2,550.00
Complete Water Service Installation, 1" meter	\$2,400.00	\$2,680.00
Meter Only Installation, 5/8" meter	\$180.00	\$192.00
Meter Only Installation, 1" meter	\$220.00	\$235.00
Meter Only Installation, 1-1/2" meter	\$460.00	\$497.00
Meter Only Installation, 2" meter	\$1,800.00	\$1,480.00

Complete installation costs are determined on a time and materials basis for 1-1/2 inch and 2- inch meters. For 3-inch and larger meters, the applicant is responsible for providing a meter box or vault constructed to the configuration and standards of OWASA. All meters, regardless of size, are to be purchased from OWASA. A \$70.00 **{Proposed \$110.00}** delivery fee for 3-inch and larger meters will be applied.

WATER MAIN TAPPING FEE

The purpose of this charge is for making a tap into an OWASA water main. The tap fee must be paid in advance of OWASA performing the work, with a minimum of 48 hours advance notice given to OWASA.

The applicant shall be responsible for opening the ditch, providing adequate working clearance at the point of tap, adequately shoring the trench sidewalls, dewatering and such other associated activities as to provide a suitable and safe condition for OWASA personnel to complete the tap. Additionally, the applicant shall be responsible for providing an appropriate size tapping sleeve and tapping valve, and a backhoe or similar device shall be available on-site

for lowering the tapping unit into the ditch line. All permits, bonds and paving shall be the responsibility of the applicant. The charge is for time and equipment plus an allowance for overhead, but not less than \$260.00 { **Proposed \$331.00** }.

The base fee noted above includes one (1) site visit by OWASA to determine if the applicant is ready for OWASA to perform the tap. A re-inspection fee of \$75.00 { **Proposed \$94.00** } will be charged for each additional site visit required to determine if the water main is accessible and all required material and safety measures are in place.

HYDRAULIC FIRE FLOW TESTING

This charge recovers the cost of hydrant 'fire flow' testing of the water distribution system. Test results provide developers' engineers data to determine available flows and pressures in the systems they are designing for new developments.

\$200.00 { **Proposed \$211.00** } per test

SECTION II: SEWER RATES AND FEES

MONTHLY SEWER RATES

Sewer charges are billed monthly at approximately 30-day intervals. Charges are due upon receipt of the bill, and become delinquent 21 days after the original billing date. Monthly sewer rates consist of two components: a monthly service charge and a commodity (volume) charge.

Sewer Service Charge

This charge is calculated to recover the direct and indirect customer service, service and inspection maintenance, and capital costs associated with providing sewer service to the customer's property. Applicable to all sewer accounts, regardless of whether or not there is a commodity charge, the monthly service charge is based on water meter size as follows:

<u>Meter Size</u>	Existing	<u>Monthly Service Charge</u> { Proposed }*
5/8"	\$7.24	\$8.24
1"	\$12.46	\$14.17
1-1/2"	\$21.46	\$24.41
2"	\$32.46	\$36.92
3"	\$61.36	\$69.80
4"	\$93.80	\$106.70
6"	\$171.97	\$195.62
8"	\$293.46	\$333.81

(*Note: The proposed rates reflect a five-year implementation of the cost reallocation from water to sewer.)

Sewer Commodity Charge

This charge is calculated to recover the remaining direct and indirect costs of wastewater treatment and collection, maintenance, inspection, customer service and administration and sewer capital costs not recovered by the monthly service charge. This charge is applicable to all accounts receiving sewer service based on the water meter reading, sewer meter reading if applicable, or estimated volume of discharge as determined by OWASA.

\$3.66 { **Proposed \$4.16** } per thousand gallons

(Note: The proposed rates reflect a five-year implementation of the cost reallocation from water to sewer.)

Individually metered residential customers will not be charged for sewer use in excess of 15,000 gallons.

INTERLOCAL WASTEWATER COLLECTION, TREATMENT AND DISPOSAL CHARGES

The purpose of this charge is to recover costs associated with the provision of wastewater collection, treatment and disposal services under contractual agreement with other wastewater service providers. The specific rates to be charged will be negotiated with the other party based upon specific conditions, but using the cost-of-service rate-making approach and approved by the Executive Director. The uniform commodity charge for such interlocal wastewater services shall not be less than seventy-five percent (75%) of the sewer commodity charge applicable to all sewer accounts within OWASA's service area unless OWASA and the other purveyor(s) have entered into an agreement establishing water transfer charges.

MONTHLY RATES FOR SEWER ONLY ACCOUNTS

For existing sewer only accounts where there is no water meter, OWASA shall use the following as the basis for calculating the fixed monthly charges: (1) the monthly service charge shall be determined by the water meter size which would be required to supply water service to the property; (2) the billable quantity will be estimated using national engineering standards as the basis, but in no case shall the billable quantity be less than 6,000 gallons per month and at a rate of \$4.07 { **Proposed \$4.16**} per 1,000 gallons.

For special commercial and industrial customer classifications where the proportion of water consumed to wastewater discharged is extremely large, a metered sewer account may be approved. Metered sewer accounts must also pay the appropriate monthly sewer service charge based on the sewer meter size.

SEWER AVAILABILITY FEE

The purpose of this fee is to recover a portion of the capital costs of providing sewer system facility capacity. The availability fee is applicable to each new connection to a sewer main, regardless of who may have paid for the installation of the main to which the connection is to be made. For the purpose of availability fee, customer accounts are divided into three categories: (1) Single-family Residential; (2) Multi-family Residential, Individually Metered; and (3) Nonresidential. The Nonresidential category includes master-metered Multi-family apartment complexes plus all other commercial, the University, and institutional accounts. The use of these categories is justified by distinctive patterns of water and sewer consumption.

5/8" Meter, Single-family Residential:

	Existing	{ Proposed }
<1300 square feet	\$1,685.00	\$2,441.00
1301-1700 square feet	\$2,034.00	\$2,949.00
1701-2400 square feet	\$2,071.00	\$3,001.00
2401-3100 square feet	\$2,538.00	\$3,677.00
3101-3800 square feet	\$2,743.00	\$3,973.00
>3800 square feet	\$3,114.00	\$4,514.00
5/8" Meter, Multi-family Residential	\$1,825.00	\$2,645.00

SEWER AVAILABILITY FEE (Continued)

	Existing	{ Proposed }
5/8" Meter, Nonresidential	\$3,623.00	\$5,250.00
1" Meter, Nonresidential	\$9,057.00	\$13,125.00
1-1/2" Meter, Nonresidential	\$18,115.00	\$26,250.00
2" Meter, Nonresidential	\$28,984.00	\$41,999.00
3" Meter, Nonresidential	\$57,968.00	\$83,999.00
4" Meter, Nonresidential	\$90,575.00	\$131,248.00
6" Meter, Nonresidential	\$181,150.00	\$262,497.00
8" Meter, Nonresidential	\$289,840.00	\$419,995.00

In addition to the sewer availability fee, an excess sewer capacity fee of four percent (4%) of the applicable sewer service availability fee will be charged to recover the costs of excess sewer capacity installed in an area covered by an agreement for credit payments to the constructing developer. This fee applies to residential and nonresidential customers.

SEWER TAP CHARGE

This charge is for making a tap of the applicant's private sewer lateral into the main sewer line or sewer manhole of OWASA. The tap fee must be paid in advance of OWASA performing the work, with a minimum of 48 hours advance notice given to OWASA.

The applicant shall be responsible for opening the ditch, providing adequate working clearance at the point of tap, adequately shoring the trench sidewalls, dewatering and such other associated activities as to provide a suitable and safe condition for OWASA to connect the service lateral of the applicant into the facilities of OWASA. The minimum charge is based on a standard 4" service tap to the sewer line. All 6" lines and larger must be tapped into a manhole. All permits, bonds and pavement repairs are the responsibility of the applicant.

The charge will be for time and equipment plus an allowance for overhead, but not less than \$300.00 **{Proposed \$318.00}**.

The base fee noted above includes one (1) site visit by OWASA to determine if the applicant is ready for OWASA to perform the tap. A re-inspection fee of \$75.00 **{Proposed \$94.00}** will be charged for each additional site visit required to determine if the sewer main is accessible and all required material and safety measures are in place.

HIGH STRENGTH WASTE SURCHARGE

The purpose of this charge is to recover operation and maintenance costs from customers whose wastewater discharge into the system is in excess of certain parameters for normal strength domestic wastewater as determined by OWASA. Based on local sampling and analysis, normal strength domestic wastewater has been determined to have the following pollutant characteristics.

Normal Strength Domestic Wastewater

Biochemical Oxygen Demand (BOD)	205 mg/l
Suspended Solids (SS)	235 mg/l
Ammonia Nitrogen (NH ₃ -N)	30 mg/l
Phosphorus (P)	6.5 mg/l

High Strength Waste Surcharges shall apply at the following rates to all wastes exceeding the above concentrations:

Biochemical Oxygen Demand (BOD) \$0.23 {**Proposed \$0.28**} per pound for all BOD in excess of 205 mg/l

Suspended Solids (SS) \$0.16 { **Proposed \$0.34**} per pound for all SS in excess of 235 mg/l

Ammonia Nitrogen (NH₃-N) \$2.42 {**Proposed \$1.97**} per pound for all NH₃-N in excess of 30 mg/l

Phosphorus (P) \$6.80 {**Proposed \$7.94**} per pound for all P excess of 6.5 mg/l

SECTION III: MISCELLANEOUS CHARGES

SERVICE INITIATION FEE

The purpose of this charge is to defray the labor and administrative costs associated with the establishment of a water and/or sewer account. This includes establishing service and account records for billing. Applicable to all accounts requiring field work, be it setting a meter, reconnection of service or reading the meter.

\$40.00 per event **{Proposed \$45.00}**
\$70.00 per event, outside of normal business hours of OWASA **{Proposed \$80.00}**

RECORD CHANGE CHARGE

The purpose of this charge is to defray the administrative costs associated with the transfer of responsibility for an account from one customer to another. This does not require field work and is done at the request of the new customer. Record changes are conditional on the customer signing a statement assuming responsibility for the account balance, paying the record change charge, any delinquent amounts and any applicable security deposit.

\$10.00 per record change **{No change proposed}**

RETURNED CHECK CHARGE

Checks or automatic bank drafts made payable to OWASA are accepted as payment on account subject to collection. When a check or bank draft is not honored for payment by the bank or other institution on which it is drawn, a Returned Check Charge will be applied to the customer's account as follows:

Returned Check: \$18.00 per event **{Proposed \$25.00}**
Dishonored Draft: \$18.00 per event **{Proposed \$25.00}**

The customer will be notified of the returned check charge and instructed to pay the amount due immediately. Failure to respond within the time allowed will result in disconnection of water service and an additional charge for reconnection. The customer may also be required to pay a security deposit.

CHARGE FOR RECONNECTION OF DELINQUENT ACCOUNTS

Disconnection of water and/or sewer service for nonpayment may occur at the option of OWASA no sooner than 21 calendar days after the date of initial billing. The purpose of this charge is to offset the costs of special handling of delinquent accounts, which may include, but not limited to, the disconnection and reconnection of service due to nonpayment of the customer's bill. This charge is to be applied to all accounts scheduled for disconnection for

nonpayment and is applicable on or after the specified disconnect date, regardless of whether the service was disconnected or not. Reconnection resulting from disconnection due to nonpayment will be made within 24 hours of receipt of full payment of balance due plus reconnection charge and applicable security deposit.

\$40.00 per event, during OWASA's normal business hours **{Proposed \$45.00}**

\$70.00 per event, outside OWASA's normal business hours **{Proposed \$80.00}**

CHARGE FOR TEMPORARY DISCONNECTION/SUBSEQUENT RECONNECTION AT CUSTOMER'S REQUEST

The purpose of this charge is to recover the cost to temporarily disconnect and subsequently reconnect water service at the request of a customer. Such requests may result from an emergency condition or routine plumbing system maintenance need. The charge may be waived if the customer provides documentation that a master cutoff valve has been installed within thirty (30) days of the date of the temporary service disconnection. However, this charge will not be waived for any customer who had a master cutoff valve on the premises before the temporary service disconnection. \$40.00 per event **{Proposed \$45.00}**

LATE PAYMENT FEE

Most customers that are in arrears in their water and sewer bills do not reach the point of service termination due to nonpayment. However, costs are incurred related to collection efforts prior to service termination. This fee is designed to recover a portion of the cost of delinquent payment collection efforts that arise prior to service termination and are not recovered by charges for reconnection of delinquent accounts, and to encourage customers to make timely payments, thereby reducing the overall cost of delinquent account to the customer base.

Late Payment Fee: {Not to exceed \$2.40 plus 0.42% a month (5% APR) of the outstanding balance}

SECURITY DEPOSITS

OWASA may require security deposits from customers to ensure payment of the final bill. To offset administrative costs in handling these monies, no interest is paid on security deposits.

Security deposits shall be required on all accounts other than those in the name of (1) owners ~~or tenants~~ of single-family residential properties, detached or attached units, who can provide a satisfactory credit history or reference to OWASA, and (2) local, State and Federal governments or agencies thereof. Security deposits shall be required for accounts other than those in (1) and (2) above and shall be an average of three months' billing charges or \$50.00, whichever is greater. In (1) above where satisfactory credit history or reference is not provided, the initial security deposit shall be \$25.00 **{Proposed \$50.00}**. All security deposits must be paid at the time application for service is made and in advance of service initiation.

Any residential customer whose service has been disconnected for nonpayment of billing charges twice within a six month period of time will be required to pay a \$25.00 **{Proposed \$50.00}** security deposit prior to reconnection of service. Repeated disconnections will require additional security deposits until the customer has accumulated a security deposit balance, which will cover an average of three months' billing charges.

Security deposits of residential customers may be refunded after the customer has established a satisfactory payment history four twelve (12) consecutive months. Otherwise, security deposits will be applied to the final bill when a customer's account is terminated.

BULK WASTEWATER CHARGES

Normal Domestic Septage

The purpose of these charges is to recover the costs associated with the service rendered by OWASA to those customers who discharge normal domestic septic tank wastes into the wastewater treatment facilities of OWASA. Applicable to those customers who have an account established at OWASA's Customer Service Office, charges for handling normal domestic septage will be billed to the customer on a monthly basis. The monthly bill will include two components: (1) an administrative charge for special services required to receive this type waste and rendering the monthly bill; and (2) a charge for the treatment of the septage as determined by OWASA. This charge is calculated as follows:

Monthly Administrative Charge	\$20.00/trip, plus {Proposed \$30.00 per trip, plus}
Volume Charge and High Strength Surcharge	\$57.00/thousand gallons {Proposed \$90.00}

Other High Strength Waste

Other wastes may be discharged to OWASA's septage facilities only with prior approval by OWASA and upon OWASA's direct inspection of the actual discharge. The costs associated with these services will be as follows:

- NH₃-N = Ammonia Nitrogen
- BOD = Biochemical Oxygen Demand
- TSS = Total Suspended Solids
- P = Phosphorus

Monthly Administrative Charge of **\$30.00**/trip, plus Volume and High Strength Surcharge calculated as follows:

A + B + C + D + E = Calculated Dollars per Thousand Gallons, where:

Other High Strength Waste (Continued)

A = pounds of NH₃-N/thousand gallons in waste x \$2.42/pound **{Proposed \$1.97}**

B = pounds of BOD/thousand gallons in waste x \$0.23/pound **{Proposed \$0.28}**

C = pounds of TSS/thousand gallons in waste x \$0.16/pound **{Proposed \$0.34}**

D = \$4.07 per 1,000 gallons Sewer Commodity Charge **{Proposed \$4.16}**

E = pounds of P/thousand gallons in waste x \$6.80/pound **{Proposed \$7.94}**

Waste concentrations shall be as determined by OWASA.

TANK SALES OR BULK WATER SALES

The purpose of this charge is to recover the labor and administrative costs associated with the supply of bulk quantities of water to tank trucks or trailers from a metering point on the premises of OWASA. Applicable to all tank or bulk water sales, the following charges apply for each loading.

Administrative Charge	\$20.00 per trip, plus {Proposed \$24.00}
Commodity Charge	\$4.17 {Proposed \$4.43} per thousand gallons or portion thereof.

Bulk sales are subject to administrative regulations and controls for protection of the system and efficient operation. Water tank trucks or trailers are only authorized to withdraw water from locations approved by OWASA and for which adequate usage monitoring measures are provided. Charges for bulk sales are not subject to seasonal adjustments.

DIRECT SALES OF SUPPLIES

Applicable to the direct sale of supplies from inventory to municipalities or contractors, the supplies will be billed at the most recent cost plus a handling charge of 10%. **{No change calculated}**

BOAT RENTAL AND LAKE USE FEES ***Effective March 1, 2008***

General Public

Applicable to all persons using row boats and canoes on University Lake and Cane Creek Reservoir during scheduled hours of operation as established by OWASA, boat rental and lake user charges will be as follows:

OWASA CUSTOMERS AND ORANGE COUNTY RESIDENTS

<u>Day Use</u>	Existing	{Proposed}
Charge for each boat or canoe rental	\$7.00 for one-half day	\$8.00 for one-half day. Each additional person in boat pays appropriate lake use fee
Trolling motor rental	\$13.50 for one-half day	\$14.00 for one-half day
Private Boat Launching Fee	Not Available	\$3.00 per boat
Lake Use Fee, Under 12 Years Old	\$1.25 per person	\$2.00 per person
Lake Use Fee, 12-64 Years	\$3.00 per person	\$4.00 per person
Lake Use Fee, 65 Years and over	\$1.25 per person	\$2.00 per person
INDIVIDUAL PASS Boat or canoe rental	\$69.00 per person. Each additional person in boat pays appropriate lake use fee.	\$75.00 per person. Each additional person in boat pays appropriate lake use fee.
Lake Use Pass - Adult	Not available	\$40.00
Boat with trolling motor rental	\$138.00 per person. Each additional person in boat pays appropriate lake use fee.	\$150.00 per person. Each additional person in boat pays appropriate lake use fee.
GROUP PASS Boat or canoe rental	\$138.00 (maximum of 3 people per pass.) Each additional person in boat pays appropriate lake use fee.	\$150.00 (maximum of 3 people per pass.) Each additional person in boat pays appropriate lake use fee.
Boat with trolling motor rental	\$207.00 (maximum of 3 people per pass.) Each additional person in boat pays appropriate lake use fee.	\$220.00 (maximum of 3 people per pass.) Each additional person in boat pays appropriate lake use fee.

ALL OTHERS

Day Use

Charge for each boat or canoe rental	\$11.50 for one-half day	\$12.00 for one-half day. Each additional person in boat pays appropriate lake use fee
Trolling motor rental	\$19.00 for one-half day	\$20.00 for one-half day
Private Boat Launching Fee	Not Available	\$6.00 per boat
Lake User Fee, Under 12 years old	\$1.25 per person	\$2.00 per person
Lake User Fee, 12-64 Years	\$4.50 per person	\$5.00 per person
Lake User Fee, 65 Years and over	\$1.25 per person	\$2.00 per person

UNC Boat Club

By agreement with OWASA and is applicable to all the University of North Carolina at Chapel Hill students, faculty and staff affiliated with boating or crew clubs sanctioned by The University.

FIELD TEST OF 5/8" METER

Upon a customer's written request, OWASA will conduct a special field test of the customer's 5/8" water meter. There will be no charge for testing meters (1) which have not been tested during the past five years, or (2) which are found to be over-registering. Over-registering meters will be replaced by OWASA at no charge to the customer.

If, however, the meter has been tested within the past five years and the results of the meter test indicate proper or under-registering, the customer will be charged \$50.00 **{Proposed \$75.00}** for the meter test.

SHOP TESTING OF METER

Upon a customer's written request, OWASA will conduct a special shop test of the customer's water meter that is larger than 5/8 inches. There will be no charge for testing meters (1) which have not been tested during the past five years, or (2) which are found to be over-registering. Over-registering meters will be replaced by OWASA at no charge to the customer.

If, however, the meter has been tested within the past five years and the results of the meter test indicate proper or under-registering, the customer will be charged \$80.00 **{Proposed \$114.00}** for the in-house meter test.

FIELD TEST OF LARGE METERS

Upon a customer's written request, OWASA will conduct a special field test of the

customer's water meter that is larger than 5/8 inches. There will be no charge for testing meters (1) which have not been tested during the past five years, or (2) which are found to be over-registering. Over-registering meters will be replaced by OWASA at no charge to the customer.

If, however, the meter has been tested within the past five years and the results of the meter test indicate proper or under-registering, the customer will be charged a meter test fee based on the actual time and equipment required to complete the field test. This charge shall not be less than \$100.00 **{Proposed \$216.00}**.

*****NEW CHARGE*****

REINSPECTION FEE

OWASA will initially inspect grease traps, cross connections and water and sewer taps at no cost to the customer. Should a subsequent reinspection be required for any of these fixtures, a \$94.00 fee will apply to each reinspection.

PLAN REVIEW AND CONSTRUCTION OBSERVATION FEES

The purpose of this charge is to recover the operating cost for providing review of construction plans for the extension of water and sewer facilities. The charge also recovers the operating cost for providing field observation, water sampling, laboratory testing, video inspection, pressure testing, etc. associated with the installation of these facilities. The plan review and construction observation fees are applicable to all extensions of the public water and/or sewer system regardless of the party which may be undertaking the improvements. The fees will be applied separately to water main and sewer main extensions, but in no case shall the fee be less than \$100.00

		WATER	SEWER
Plan Review:	\$1.96 per linear foot	{Proposed \$3.63/lf}	{Proposed \$3.63/lf}
Construction Observation:	\$1.79 per linear foot	{Proposed \$3.69/lf}	{Proposed \$3.99/lf}

CHARGES FOR MISCELLANEOUS SERVICES

Charges for miscellaneous services provided by OWASA shall be on a time and materials basis and include out-of-pocket expenses, cost of materials and services supplied by third parties, and overhead. Typical applications would be for repair of damages to water and sewer lines by outside parties, special services for billing information, expenses related to spill containment responses, etc.

TRANSFER OF CHARGES

Any unpaid balance from past due charges for water and/or sewer services of terminated accounts or Charges for Miscellaneous Services will be transferred to any available active

account(s) through which the customer is receiving services. The payment status of the active account through which the customer is receiving service will be determined by the payment status of transferred accounts.

OWASA may temporarily withhold service from a customer, or refuse service (including but not limited to individuals, corporations, or partnerships), from whom any unpaid, past due balance which is not in dispute is due OWASA for services or charges.

Accounts or portions of accounts, including charges for material or damaged property that are disputed and delinquent fees and delinquent assessment charges, may be submitted to the courts by the Executive Director, upon approval by General Counsel, for collection if such amounts do not exceed \$1,500.00. For amounts exceeding \$1,500.00, approval of the Board of Directors shall also be required prior to filing an action for collection.

###

**RESOLUTION APPROVING CAPITAL IMPROVEMENTS PROGRAM FOR
FISCAL YEARS 2008-2022 INCLUDING FIVE-YEAR CAPITAL
IMPROVEMENTS BUDGET FOR FISCAL YEARS 2008-2012**

WHEREAS, a 15-Year Capital Improvements Program and a Five-Year Capital Improvements Budget enables Orange Water and Sewer Authority to identify, assess, and project the water and sewer systems' capital projects in an orderly, coordinated, and fiscally sound manner, and to plan for the replacement and repair of existing facilities; and

WHEREAS, the draft Capital Improvements Program for Fiscal Years 2008-2022 and the draft Capital Improvements Budget for Fiscal Years 2008-2012 have been developed by the staff, reviewed by the Board of Directors, and revisions incorporated therein; and

WHEREAS, a Public Hearing on the Capital Improvements Program was held on May 24, 2007;

NOW, THEREFORE, BE IT RESOLVED:

1. The Board of Directors of Orange Water and Sewer Authority approves the Capital Improvements Program for Fiscal Years 2008-2022 including the Five-Year Capital Improvements Budget for Fiscal Years 2008-2012 as provided in the Capital Improvements Program document dated May 18, 2007.

2. That the Executive Director be, and is hereby, authorized to administer the planning, studies, design, and financing, and make recommendations to the Board of Directors for award of contracts for the projects in the Capital Improvements Budget.

Adopted this 14th day of June, 2007.

CAPITAL IMPROVEMENTS PROGRAM 2008-2022

ORANGE WATER AND SEWER AUTHORITY, CARRBORO, NORTH CAROLINA

PROJECT CATEGORY:	FIVE-YEAR CAPITAL BUDGETING PERIOD					5-YEAR BUDGET	6 To 15-YEAR PLANNING PERIOD		15-YEAR TOTAL
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2008-012	FY 2013-17	FY 2018-22	FY 2008-22
RAW WATER SUPPLY SOURCES	106,000	309,000	27,000	27,000	228,000	697,000	991,000	3,586,000	5,274,000
RAW WATER TRANSMISSION	0	0	0	0	0	0	0	19,829,000	19,829,000
WATER TREATMENT FACILITIES	211,000	103,000	58,000	91,000	351,000	814,000	1,067,000	2,070,000	3,951,000
FINISHED WATER PUMPING	433,000	0	0	0	0	433,000	1,069,000	0	1,502,000
FINISHED WATER STORAGE	29,000	0	0	0	0	29,000	0	0	29,000
WATER TRANSMISSION AND DISTRIBUTION	2,087,000	1,290,000	2,317,000	2,247,000	4,049,000	11,990,000	46,402,000	54,557,000	112,949,000
WASTEWATER COLLECTION LINES	5,727,000	2,787,000	3,451,000	4,633,000	4,500,000	21,098,000	18,634,000	39,395,000	79,127,000
WASTEWATER PUMP STATIONS	1,074,000	178,000	233,000	1,359,000	1,078,000	3,922,000	8,616,000	3,410,000	15,948,000
WASTEWATER TREATMENT AND DISPOSAL	8,418,000	5,551,000	1,739,000	1,554,000	175,000	17,437,000	1,837,000	65,138,000	84,412,000
CENTRAL OFFICE AND OPERATIONS	0	0	0	0	0	0	0	0	0
INFORMATION SERVICES	330,000	350,000	370,000	360,000	360,000	1,770,000	1,775,000	1,930,000	5,475,000
TOTAL PROJECTED FOR FISCAL YEAR:	\$18,415,000	\$10,568,000	\$8,195,000	\$10,271,000	\$10,741,000	\$58,190,000	\$80,391,000	\$189,915,000	\$328,496,000
PROPOSED 5-YEAR FUNDING SOURCES:	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2008-012			
CASH	3,122,000	6,489,000	8,195,000	8,071,000	10,741,000	36,618,000			
PROPOSED BONDS	0	333,000	0	2,200,000	0	2,533,000			
EXISTING BONDS	9,000,000	0	0	0	0	9,000,000			
GRANTS	6,293,000	3,746,000	0	0	0	10,039,000			
TOTAL PROPOSED FUNDING SOURCES:	\$18,415,000	\$10,568,000	\$8,195,000	\$10,271,000	\$10,741,000	\$58,190,000			

**CAPITAL PROJECT RESOLUTION FOR
WATER SUPPLY IMPROVEMENTS**

WHEREAS, present water supplies must be maintained and additional sources of supply developed to meet future water needs; and

WHEREAS, the Orange Water and Sewer Authority (OWASA) has determined that certain additional water supply improvements are needed, including Raw Water Security Improvements and improvements to the University Lake Pump Station; and

WHEREAS, adequate funds will be available for the completion of these improvements;

NOW, THEREFORE, BE IT RESOLVED:

1. That pursuant to the provisions of North Carolina General Statute 159-13.2, a project fund of \$697,000 is hereby established and expenditures therefrom authorized for Water Supply Improvements:

Expenditures:

Jordan Lake Raw Water Allocation	\$60,000
Stone Quarry Land Acquisition	\$75,000
University Lake Pump Station Improvements	\$504,000
Raw Water Security Improvements	<u>\$58,000</u>
Total	\$697,000

Revenues:

Transfers from the General Fund and/or Bond Proceeds and Grants	\$697,000
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2. That supplementary funds will be appropriated in future years for completion of the projects.

3. That this Resolution shall take effect upon its passage.

4. That this Resolution shall be entered in the Minutes of OWASA and within five (5) days after its adoption copies thereof shall be filed with the Finance Officer, the Budget Officer, and the Clerk to the Board of Directors as required by General Statute 159-13.2(d).

Adopted this 14th day of June, 2007.

**CAPITAL PROJECT RESOLUTION FOR
WATER TREATMENT AND DISTRIBUTION IMPROVEMENTS**

WHEREAS _____, the Orange Water and Sewer Authority (OWASA) must provide an adequate supply of high quality drinking water for its customers; and

WHEREAS _____, OWASA has determined that certain water treatment and distribution system improvements are needed including certain rehabilitation projects at the Water Treatment Plant (WTP), Water Security Improvements, replacement of the Booster Pump Station at Interstate 40, replacement of the Cleland Drive Water Main, and certain additional water transmission and distribution line improvements; and

WHEREAS _____, adequate funds will be available for the completion of said improvements;

NOW, THEREFORE, BE IT RESOLVED:

1. That pursuant to the provisions of North Carolina General Statute 159-13.2, a project fund of \$13,266,000 is hereby established and expenditures therefrom authorized for Water Treatment and Distribution Improvements:

Expenditures:

WTP Instrumentation and Control Improvements	\$180,000
WTP Rehabilitation Projects	\$482,000
WTP Water Security Improvements	\$61,000
WTP Secondary Containment for Chemical Storage	\$91,000
Booster Pump Station at I-40	\$433,000
Finished Water Storage Security Improvements	\$29,000
Water Main Road Improvement Projects	\$1,973,000
Water Main Rehabilitation and Replacement Projects	\$6,598,000
Water Main Reinforcement Projects	\$836,000
Water Main Replacement—Cleland Drive	\$387,000
Water Main Replacement—Cameron Avenue	\$1,054,000
Water Distribution System Hydraulic Model Update	\$95,000
Water Main Replacement—Heritage Hills	<u>\$1,047,000</u>
Total	\$13,266,000

Revenues:

Transfers from the General Fund and/or Bond Proceeds	\$13,266,000
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2. That supplementary funds will be appropriated in future years for completion of the projects.

3. That this Resolution shall take effect upon its passage.

4. That this Resolution shall be entered in the Minutes of OWASA and within five (5) days after its adoption copies thereof shall be filed with the Finance Officer, the Budget Officer, and the Clerk to the Board of Directors as required by General Statute 159-13.2(d).

Adopted this 14th day of June, 2007.

**CAPITAL PROJECT RESOLUTION FOR
WASTEWATER COLLECTION, TREATMENT AND DISPOSAL IMPROVEMENTS**

WHEREAS, the Orange Water and Sewer Authority (OWASA) must operate and maintain the wastewater collection system, wastewater pumping stations and the Mason Farm Wastewater Treatment Plant to provide adequate wastewater collection, treatment and disposal services; and

WHEREAS, additional wastewater collection system line improvements, pump station and force main improvements, and wastewater treatment plant upgrade and expansion improvements are needed; and

WHEREAS, adequate funds will be available for the completion of said improvements;

NOW, THEREFORE, BE IT RESOLVED:

1. That pursuant to the provisions of North Carolina General Statute 159-13.2, a project fund of \$42,457,000 is hereby established and expenditures therefrom authorized for Wastewater Collection and Treatment Improvements:

Expenditures:

Bolin Creek Interceptor Phase III	\$4,388,000
Morgan Creek Interceptor	\$1,519,000
Booker Creek Basin—Rehabilitation and Replacement	\$3,701,000
Service Area Sewer Line Rehabilitation and Replacement	\$3,148,000
Meeting of the Waters Interceptor	\$8,342,000
Pump Station Improvements	\$823,000
Heritage Hills Force Main Replacement	\$2,132,000
Lloyd Street/Starlite Drive Pump Stations Phaseouts	\$347,000
Cleland Drive Pump Station Phaseout	\$620,000
Mason Farm Wastewater Treatment Plant (WWTP) Expansion/Upgrade	\$2,549,000
WWTP Biosolids Dewatering Facilities	\$387,000
WWTP Rehabilitation Projects	\$373,000
WWTP Digester System Upgrades	\$199,000
WWTP Odor Elimination Improvements	\$4,976,000
WWTP Re-Rating	\$178,000
Reclaimed Water Treatment, Pumping and Storage Facilities	\$5,000,000
Reclaimed Water Transmission System	<u>\$3,775,000</u>
Total	\$42,457,000

Revenues:

Transfers from the General Fund and/or Bond Proceeds and Grants	\$42,457,000
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2. That supplementary funds will be appropriated in future years for completion of the projects.

3. That this Resolution shall take effect upon its passage.

4. That this Resolution shall be entered in the Minutes of OWASA and within five (5) days after its adoption copies thereof shall be filed with the Finance Officer, the Budget Officer, and the Clerk to the Board of Directors as required by General Statute 159-13.2(d).

Adopted this 14th day of June 2007.

**CAPITAL PROJECT RESOLUTION FOR
SUPPORT SERVICES FACILITY IMPROVEMENTS**

WHEREAS, the Orange Water and Sewer Authority (OWASA) has determined that certain improvements and modifications are needed for OWASA's computer hardware and software facilities to facilitate the handling of system information including customer records; and

WHEREAS , adequate funds will be available for the completion of said improvements;

NOW, THEREFORE, BE IT RESOLVED:

1. That pursuant to the provisions of North Carolina General Statute 159-13.2, a project fund of \$1,770,000 is hereby established and expenditures therefrom authorized for Wastewater Collection and Treatment Improvements:

Expenditures:

Information Services	\$1,770,000
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Revenues:

Transfers from the General Fund and/or Bond Proceeds	\$1,770,000
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2. That supplementary funds will be appropriated in future years for completion of the projects.

3. That this Resolution shall take effect upon its passage.

4. That this Resolution shall be entered in the Minutes of OWASA and within five (5) days after its adoption copies thereof shall be filed with the Finance Officer, the Budget Officer, and the Clerk to the Board of Directors as required by General Statute 159-13.2(d).

Adopted this 14th day of June, 2007.

**RESOLUTION OF ORANGE WATER AND SEWER AUTHORITY
SCHEDULE OF EMPLOYEE CLASSIFICATION AND AUTHORIZED
COMPENSATION EFFECTIVE OCTOBER 1, 2007**

WHEREAS, to adequately and appropriately provide water and sewer services to the customers of Orange Water and Sewer Authority, a sufficient and competent staff is necessary to perform the variety of services required; and

WHEREAS, to recruit and retain qualified employees to fulfill the foregoing commitment, such employees shall receive fair and equitable compensation for the services performed; and

WHEREAS, Dr. Earnest R. Archer, Executive Consultant, DMG Maximus, has completed his review and provided salary recommendations which have been carefully reviewed and approved by staff and the Human Resources Committee.

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors hereby authorizes and directs that the salary ranges for classified employees be increased by 3.7% effective October 1, 2007.
2. That these salary ranges shall remain in effect until such time as further modified or revised.
3. That a 4.0% merit pool be approved effective October 1, 2007.

Adopted this 14th day of June 2007.

**ORANGE WATER AND SEWER AUTHORITY
SCHEDULE OF EMPLOYEE CLASSIFICATION AND
AUTHORIZED COMPENSATION
Effective October 1, 2007**

<u>Salary Grade</u>	<u>Authorized Positions</u>	<u>Salary Range</u>	<u>Classification Title</u>
7	1 1	\$23,011 – 33,368	Courier Custodian
8	1	\$24,579 – 35,640	Laboratory Assistant
9	4 1 2 2 16	\$26,146 – 37,912	Meter Reader Receptionist/Secretary Clerk/Cashier Assistant Lake Warden Utility Mechanic I
10	13 1	\$27,713 – 40,184	Utility Mechanic II Purchasing Specialist
11	1 2 3 1	\$29,280 – 42,456	Senior Assistant Lake Warden Accounting Technician I Customer Service Representative Field Service Representative
12	3 3 7 1	\$30,847 – 44,728	Utility Mechanic III Solids Handler Administrative Assistant Service Technician
13	2	\$32,415 – 47,001	Accounting Technician II
14	5	\$33,985 – 49,279	Maintenance Mechanic
15	4 6 1 2	\$35,550 – 51,549	Senior Maintenance Mechanic Laboratory Analyst Senior Customer Service Representative Engineering Technician
16	5 1 1	\$37,116 – 53,820	Crew Leader Human Resources Generalist Lakes Warden

Schedule of Employee Classification and Authorized Compensation

Effective October 1, 2007

Page 2

<u>Salary Grade</u>	<u>Authorized Positions</u>	<u>Salary Range</u>	<u>Classification Title</u>
	14 1		Treatment Plant Operator Solids Handler Supervisor
17	1	\$38,686 – 56,095	Senior Crew Leader
18	2 2 1	\$40,252 – 58,368	Information Services Technical Specialist Chief Plant Operator Instrumentation Control Technician
19	2 2	\$41,819 – 60,639	Laboratory Supervisor Construction Inspector
20	2 2 2 1	\$43,388 – 62,913	Plant Maintenance Supervisor Engineering Associate Executive Assistant Wastewater Specialist
21	1 1	\$44,955 – 65,186	GIS Coordinator Public Affairs Administrator
22	1	\$46,522 – 67,457	Safety & Training Administrator
23	1	\$48,077 – 69,713	Assistant Distribution & Collection Systems Manager
25	3 1	\$51,221 – 74,271	Utilities Engineer Network/Database Administrator
28	1 1 1 1	\$55,923 – 81,089	Accounting Manager Procurement Manager Customer Service Manager Laboratory Manager
30	1	\$59,060 – 85,636	Sustainability Administrator
31	1 1 1	\$60,627 – 87,911	Engineering Manager (Systems Development) Engineering Manager (Capital Projects) Operations Engineer

Schedule of Employee Classification and Authorized Compensation

Effective October 1, 2007

Page 3

<u>Salary Grade</u>	<u>Authorized Positions</u>	<u>Salary Range</u>	<u>Classification Title</u>
	1 1 1 1 1		Distribution & Collection Systems Manager Plants Maintenance Manager Wastewater Treatment & Biosolids Recycling Manager Water Supply & Treatment Manager Utility Manager Generalist
37	1 1	\$70,031 – 101,544	Director of Business Information Services Director of Human Resources
39	1	\$73,164 – 106,089	Director of Planning & Development
44	1 1	\$81,000 – 117,451	Director of Finance and Customer Service Director of Engineering & Planning
46	1	\$84,137 – 121,998	General Manager of Operations
Contract	1		Executive Director
Total of 150 positions			

**RESOLUTION ADOPTING NEW COMPENSATION STRATEGIES FOR
EMPLOYEES; AMENDING THE JOB DESCRIPTION REQUIREMENTS FOR
CERTAIN POSITIONS; RECLASSIFICATION OF CERTAIN POSITIONS; AND
AMENDING THE SCHEDULE OF EMPLOYEE CLASSIFICATION AND
AUTHORIZED COMPENSATION**

WHEREAS, the Orange Water and Sewer Authority's (OWASA) *Mission and Values Statement* states: "We value our employees as our most important resource and we will provide them competitive compensation and benefits, and maintain a safe and rewarding work environment. We will promote diversity and equal opportunity for development and advancement for all employees;" and

WHEREAS, OWASA desires to further improve the retention and recruitment of productive and highly skilled employees; and

WHEREAS, staff has worked closely with the OWASA Board's Human Resources Committee to develop a number of employee incentive programs designed to encourage and reward employees who obtain additional education, job knowledge and skills; and

WHEREAS, staff has provided all OWASA employees with multiple opportunities to understand and provide feedback on these proposed new employee incentive programs;

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

1. That all eligible employees in good standing with at least one year of service who obtain a degree from an accredited community college, college or university above that required for their position shall receive a one-time bonus not to exceed \$1,500 as determined by the Executive Director in an Administrative Guide.

2. The Executive Director is authorized to develop an Administrative Guide establishing criteria whereby a Spot Bonus not to exceed \$200 per employee may be provided to an employee or team of employees to reward their extra effort for going "above and beyond the call of duty".

3. That all eligible employees in good standing with a least one year of service who obtain job-relevant professional certification above that required for their position shall receive a one-time bonus not to exceed \$500 as determined by the Executive Director in an Administrative Guide.

4. That the Schedule of Employee Classification and Authorized Compensation be amended to provide for skill-based pay progression for the following positions (classifications):

- a) Utility Mechanic I to Utility Mechanic II
- b) Maintenance Mechanic to Senior Maintenance Mechanic
- c) Accounting Technician I to Accounting Technician II

- d) Cashier to Customer Service Representative
- e) Utilities Engineer to the new position of Utility Engineer Registered [for the eligible Utilities Engineer(s)], salary grade 27 (\$52,416 to \$76,004; range to be increased by 3.7% effective October 1, 2007)

Eligibility criteria and administrative procedures for the Skill-Based Pay Program shall be determined by the Executive Director in an Administrative Guide.

5. That the Schedule of Employee Classifications and Authorized Compensation be amended for the following positions (classifications):

- a) Reclassify the Receptionist position to a Clerk/Cashier position
- b) Reclassify the Senior Crew Leader position to a Crew Leader position
- c) Reclassify the four Meter Reader positions to Utility Mechanic I positions
- d) Reclassify the Laboratory Assistant position to a Laboratory Analyst position

6. That the job descriptions for certain positions (classifications) be amended to include professional certification requirements as follows:

<u>Position</u>	<u>Existing Certification Required</u>	<u>Proposed Additional Required Certification(s)</u>
Water Supply & Treatment Manager	NC Water Facility Operators Certification Board - Grade A Surface Water	NC Water Facility Operators Certification Board – Grade C Well; Water Pollution Control System Operators Certification Commission – Physical/Chemical Water Pollution Control Operator
Chief Plant Operator (Water)	NC Water Facility Operators Certification Board – Grade A Surface Water	NC Water Facility Operators Certification Board – Grade C Well; Water Pollution Control System Operators Certification Commission – Physical/Chemical Water Pollution Control Operator
Lake Warden	None	Water Pollution Control System Operators Certification Commission – Subsurface Irrigation Operator
Sr. Assistant Lake Warden	None	Water Pollution Control System Operators Certification Commission – Subsurface Irrigation Operator

<u>Position</u>	<u>Existing Certification Required</u>	<u>Proposed Additional Required Certification(s)</u>
Distribution & Collections Manager	None	NC Water Facility Operators Certification Board – Grade A Distribution System Operator; Water Pollution Control System Operators Certification Commission – Grade IV Collection System Operator; NC Water Facility Operators Certification Board-Cross Connection Control
Assistant Distribution & Collections Manager	Water Pollution Control System Operators Certification Commission – Grade IV Collection System	NC Water Facility Operators Certification Board – Grade A Distribution System Operator; NC Water Facility Operators Certification Board-Cross Connection Control
Solids Handler Supervisor	Class A CDL	Water Pollution Control System Operators Certification Commission – Land Application of Residuals Operator

7. That this resolution be effective July 1, 2007.

Adopted this 14th day of June 2007.

**RESOLUTION TO ADOPT THE PROPOSED UPDATE TO THE HUMAN
RESOURCE POLICY (FORMERLY THE PERSONNEL POLICY) OF THE
ORANGE WATER AND SEWER AUTHORITY**

WHEREAS, the staff of Orange Water and Sewer Authority (OWASA) is governed, for personnel matters, by the OWASA Human Resource (HR) Policy (formerly the Personnel Policy) and all changes to the policy must be approved by the OWASA Board of Directors; and

WHEREAS, as required in the Executive Director's Work Plan, the OWASA staff has drafted policy and procedural updates for the HR Policy (see attached). These updates do not represent major changes in the policy. The proposed changes reflect new regulations, and a general "clean up" of old language; and

WHEREAS, the Board's Human Resources Committee approved the changes in their meeting on May 24, 2007 and recommended that staff present the proposed changes to the OWASA Board of Directors at the June 14, 2007 meeting;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors hereby approves the proposed changes to the OWASA HR Policy.

Adopted this 14th day of June 2007.

**ORANGE WATER AND SEWER AUTHORITY
HUMAN RESOURCES POLICY**

Amended June 14, 2007

**ORANGE WATER AND SEWER AUTHORITY
HUMAN RESOURCES POLICY**

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ORANGE WATER AND SEWER AUTHORITY

HUMAN RESOURCES POLICY

OWASA's Mission Statement includes: *"We value our employees as our most important resource and we will provide them competitive compensation and benefits, and maintain a safe and rewarding work environment. We will promote diversity and equal opportunity for development and advancement for all employees."*

SECTION 1. PURPOSE OF THE HUMAN RESOURCES POLICY

The purpose of this policy is to establish a fair and uniform human resources system for all employees of the Orange Water and Sewer Authority (OWASA). This policy will enable OWASA to recruit, select, develop and maintain an effective and responsible work force under the direction of the Executive Director.

SECTION 2. APPROVAL OF HUMAN RESOURCES POLICY AND PLANS

OWASA's Board of Directors shall be responsible for approving, modifying and/or discontinuing the Human Resources Policy Manual. The Executive Director and his/her designees are charged with implementation of the Human Resources Policy.

SECTION 3. COVERAGE

This policy covers all regular full-time, permanent part-time and probationary employees except as otherwise provided herein. The Executive Director of OWASA is appointed by and serves at the pleasure of the Board of Directors. All other employees are at-will employees, subject to the terms and conditions of any written employment contracts under which any may have been employed. A Regular Employee is defined as one who is employed full-time without a specific written contract and whose employment is subject to the direction and control of the Executive Director or his/her designee. Temporary employees, the OWASA General Counsel and the Members of the Board of Directors are excluded from this policy. A Temporary Employee is one who is employed by OWASA to perform specific duties for a fixed or limited amount of time.

SECTION 4. EQUAL EMPLOYMENT OPPORTUNITY

A. Policy

It is OWASA's continuing policy regarding Equal Employment Opportunity that there shall be no discrimination in the treatment of minority group job applicants or employees in the application of any OWASA policy, practice, rule or regulation. All applicants and employees, regardless of race, creed, color, religion, gender, age, sexual orientation, national origin or political affiliation shall be treated equally with respect to employment,

performance rating, promotion, training courses, and all other OWASA programs and activities.

B. Affirmative Action

OWASA's Affirmative Action program encompasses the specific and individual programs designed to increase the percentage of minorities in the workplace, in support of OWASA's goals in that regard. OWASA is committed to take necessary and appropriate action to achieve those goals.

C. Action Oriented Programs

OWASA has committed itself to seek qualified minority group applicants for all job categories and to make particular efforts to increase minority group representation in occupations at the higher levels of skill and responsibility. OWASA will base its decisions on employment solely upon an individual's qualifications for the position being filled. To increase minority applicants' access to OWASA employment opportunities, the following efforts will be made:

- 1) OWASA shall contact organizations representing minority applicants, including solicitations to and referrals from predominantly minority institutions of higher education.
- 2) All employees are encouraged to improve their job skills thereby enhancing their career potential. Promotions, position upgrades and transfers shall be monitored to ensure that full consideration is given to qualified minority employees. Layoffs, terminations, demotions, reclassifications and layoff recalls will be made without regard to race, creed, color, religion, gender, sexual orientation, political affiliation or national origin.
- 3) OWASA will ensure that there is no disparity in the compensation received by minority group employees and other employees for performing equivalent duties. Opportunities for performing overtime work or other opportunities for earning increased compensation will be afforded to all employees without discrimination.
- 4) A copy of the Human Resources Policy Manual shall be available to each employee. Communication media, including bulletin boards and New Employee Orientation shall emphasize OWASA's Equal Employment Opportunity Policy. All personnel involved in administering this policy including those engaged in recruiting, employment, training and other human resources activities shall be aware of and trained in their responsibility for implementation.
- 5) External recruitment sources shall be informed in writing of OWASA's Equal Employment Opportunity Policy and be instructed to actively recruit and refer minorities for all advertised positions. OWASA will include the phrase "Equal Opportunity Employer" or "EOE" in all advertisements for employment.

- 6) Supervisors shall be directed to contact the Human Resources Director for advice and counsel to ensure that all employees are given proper consideration for promotions, upgrades, transfers and other human resource actions.

D. Administration

The Executive Director or his/her designee shall serve as the Coordinator for all matters related to Equal Employment Opportunity. The Coordinator will manage OWASA's Equal Employment Opportunity efforts and report to the Board of Directors. The Coordinator and his/her staff are responsible for:

- 1) Policy implementation and managing affirmative action programs
- 2) Periodically auditing hiring and promotion patterns to ensure that goals and objectives are met and regularly reported on to the Board of Directors
- 3) Assisting in the identification and solving of problems
- 4) Conducting regular discussions with supervisory staff and employees to ensure that OWASA's policy is being followed and evaluated routinely; this process will indicate when additional action is necessary and determine the degree to which goals and objectives have been reached
- 5) Serving as liaison between OWASA and enforcement agencies, minority organizations and community action groups
- 6) Keeping management informed of the latest developments in the Equal Opportunity arena.

If minorities are determined to be underutilized in any job category, a good faith effort will be made to increase the percentage of minorities in that particular job category. This effort will consider availability of positions, skills required, labor market conditions and service needs.

The necessary data shall be maintained by the Human Resources Director and will be available for review to demonstrate compliance with the Equal Employment Opportunity Act and the Right of Privacy Act.

SECTION 5. THE AMERICANS WITH DISABILITIES ACT

The Americans with Disabilities Act (ADA) protects qualified individuals with disabilities from unlawful discrimination in the workplace, including employment, promotion and access to training and career development. A qualified individual with a disability is one who can perform the essential functions of the job with or without reasonable accommodation. The ADA also prohibits discrimination against a qualified individual because of a known or perceived disability of an individual with whom the qualified individual has a relationship or association.

Disability is defined by the ADA as a physical or mental impairment that substantially limits one or more major life activities such as caring for oneself, seeing, hearing, etc. Essential functions are primary job duties that a qualified individual must be able to perform with or without accommodation. When an employer offers a reasonable accommodation, that employer is offering to modify or adjust a job application process, a work environment or the circumstances under which a job is usually performed to enable a qualified individual with a disability to be considered for the job and perform its essential functions.

OWASA encourages the employment of disabled individuals who are able to perform all essential job functions and OWASA offers and provides reasonable accommodation when needed.

SECTION 6. ADMINISTRATION

The Executive Director shall have the authority to appoint and may suspend and remove for cause any OWASA employee and shall have the authority and be responsible for the interpretation, implementation and administration of this Human Resources Policy Manual. The Human Resources Director may be appointed or designated by the Executive Director to have continuing responsibility and authority with regards to human resource matters with the advice and under the supervision of the Executive Director. The Human Resources Director will maintain all employee records and advise employees of all policies, rules, regulations, benefits and procedures applicable to them. All employees shall have access to Human Resources during normal business hours for this purpose.

SECTION 7. QUALIFICATIONS AND TESTING

OWASA seeks to attract, hire and retain high quality employees. Pre-employment screening is conducted on all position finalists to help determine their suitability for the position. OWASA conducts reference checks, driving record reviews, Social Security verifications and criminal background checks. In addition, all offers of employment are contingent upon the ability of the applicant to pass a drug test and a physical examination. OWASA may contract with outside agencies to perform criminal background checks, Social Security verifications, driving record reviews, drug tests and physical examinations. All applicants seeking employment with OWASA are asked to sign a release form authorizing the appropriate background checks. No application will be complete until all releases have been executed. Incomplete applications will not be processed for employment.

Any performance related tests administered by or for OWASA shall measure only those essential skills actually required for the job.

SECTION 8. PERFORMANCE STANDARDS

Every member of the OWASA team is expected to perform his/her duties in accordance with all established rules, regulations, practices, and standards, and in a manner which reflects favorably on OWASA. While it is not practical to list all the specific standards OWASA employees must meet, such standards include, but are not limited to: following all safety rules; working productively; being fit for duty at all times; presenting a professional appearance; demonstrating a positive attitude and behavior; and maintaining harmonious and cooperative working relationship with fellow employees, customers, and all others.

SECTION 9. EMPLOYEE ORGANIZATION

OWASA recognizes the right of its employees to freely choose to join or not join any employee organization or association, including an employee union. OWASA does not recognize any such organization for collective bargaining purposes.

SECTION 10. POSITION CLASSIFICATION PLAN

A. Purpose

The position classification plan lists all authorized positions within OWASA. It provides job descriptions and job titles which describe the range of duties and responsibilities for each position.

B. Administration

The Executive Director shall be responsible for the administration of the position classification plan and shall periodically review the entire position classification plan and recommend appropriate changes to the OWASA Board of Directors.

C. Adoption

The position classification plan and any amendments there to shall be adopted by resolution of the OWASA Board of Directors.

D. Qualification Standards

Employees shall meet minimum standards established by the position classification plan. This includes obtaining and maintaining all licenses and/or certificates required for the position.

E. Temporary Employment

The Executive Director may appoint temporary employees if budgeted funds are available for a period not to exceed one year. The Executive Director shall inform the Board of Directors when a temporary employee works for more than six months. Temporary employees may be hired directly by OWASA or may be obtained through a service which provides temporary employees.

F. Interim Appointments of Department Directors or Other Key Staff

Interim appointments may be made by the Executive Director if the vacancy of a Department Director or other key staff is reasonably expected to exceed 21 calendar days. The base salary of an employee appointed on an interim basis may be supplemented up to the entry pay level of the vacant position or up to 10% of the employee's current salary rate as determined by the Executive Director based on the qualifications and the degree of responsibility assumed by the interim appointee. The term "vacant" as used in this section includes, but is not limited to, situations where the incumbent is on an extended approved leave of absence from OWASA.

G. Early Hires for Training and Knowledge Transfer

When an incumbent employee in a key position has given written notice of plans to retire or resign, OWASA's service objectives may be best met if his/her replacement is hired for training and knowledge transfer purposes before the incumbent leaves.

The Executive Director is authorized to immediately recruit, select and hire a new employee under these circumstances. The Executive Director is authorized to determine when and for what period of time (not to exceed 12 months) the early hire may occur. The Executive Director will give the Board of Directors advance notice when he/she elects to make an early hire under this policy.

SECTION 11. PAY PLAN

A. Definition

The pay plan is the salary schedule adopted and amended by the OWASA Board of Directors. The salary consists of a range of minimum and maximum rates of pay for all classes or positions in the position classification plan.

B. Starting Salaries

All regular employees shall be paid within the range of the approved OWASA position classification plan, except that a person hired as a trainee under Section 11.D. may be paid less than the minimum. The Executive Director may authorize employment of exceptionally well-qualified applicants at a competitive level above the minimum of the range as appropriate.

C. Probationary Period

All new employees will serve a probationary period lasting six months to determine if the employment is satisfactory to OWASA. Should performance, including attendance, fail to meet expectations at any time during the six months probationary period, the employee will be terminated.

The Executive Director may authorize a shorter (not less than three months) or longer (not more than twelve months) probationary period, if he/she determines that this action is in the best interest of OWASA.

Subject to the provisions of Section 12., probationary employees with satisfactory job performance will be considered regular employees with length of service commencing on the date of hire. Probationary employees in good standing have the option of resigning, with proper notice, without prejudice to their employment record.

When a current employee is promoted, he/she will serve a three month probationary period in the new position.

D. Trainee Designation and Provisions

Persons being considered for employment or promotion who do not meet all the requirements for the position may be employed or promoted with the condition they successfully complete a training program. A plan for training, including a time schedule, must be prepared by the Department Director and approved by the Executive Director. Such persons may be paid at a trainee salary which is below the minimum salary for the position. If the training is successfully completed, the employee shall be appointed to the position. Failure to successfully complete the training may result in termination.

E. Overtime

In general, supervisors shall arrange work schedules so that required work is accomplished within the standard workday. However, employees may be required to work overtime if the service needs of OWASA make this necessary. For non-exempt employees, all overtime work, time worked on scheduled days off or time worked during holidays must be approved by the employee's immediate supervisor in advance. For the purpose of computing overtime, holiday hours will be counted as actual time worked and no equal time off will be allowed for hours worked on a holiday. Employees may earn overtime during a pay period in which they use Civil, Bereavement or scheduled Annual Leave, but will not earn overtime during a pay period in which they use other types of leave.

Nonexempt employees who are required to work overtime shall be compensated at one and one-half (1-1/2) times their base rate in accordance with the Federal Wage and Hour Law.

F. Standby Pay

An employee assigned by OWASA to be on standby status will be paid an amount equivalent to eight hours at his/her normal rate of pay for each calendar week of standby duty. Standby pay will not be included in the base hours of computing overtime pay. Standby pay is in addition to actual time worked.

G. Promotion

When an employee is promoted to a higher position for which he/she is fully qualified, the employee's salary will be increased in accordance with OWASA's Administrative Guide on Internal Promotions. A three month probationary period will apply to promoted employees. The Executive Director may authorize an additional (not more than three months) probationary period if he/she determines that this action is in the best interest of OWASA.

SECTION 12. CONDITIONS OF EMPLOYMENT

A. Work Shifts

All full-time employees will work a standard 40- hour work week in accordance with the Federal Wage and Hour Law. The work shift will normally include a 30 to 60 minute meal period. Except in emergency circumstances or shift operations, an employee's meal period will not be less than 30 minutes. When the employee's meal period is less than 30 minutes, it will be counted as work time. As work permits, two 15 minute breaks are allowed, one before and one after the meal period. Break periods may not be accumulated and used for leave, meal period or other purposes.

B. Probationary Period

All new, regular, full-time employees shall work as probationary employees for a period of time at the beginning of their employment in accordance with section 11.C. Before the end of the probationary period, the supervisor shall recommend whether the employee is to be retained or terminated. Prior to such recommendation, the supervisor shall have completed and documented a discussion with the employee on his/her accomplishments, failures, strengths and weaknesses. This documentation shall be used to determine whether the employee is performing satisfactory work, and to recommend whether the employee should be retained in the position or terminated.

During the probationary period an employee shall be entitled to rights of appeal through the grievance procedures for complaints other than termination.

C. Promotion Policy

OWASA desires to promote employees with appropriate qualifications and good job performance into available positions. Promotional decisions are based on the employee's job performance, knowledge, interpersonal skills and work experience. Promotions must be consistent with the Equal Employment Opportunity provisions of this policy.

D. Performance Appraisals

All employees shall receive an interim six-month and annual performance appraisal each year. The purpose of these written performance reviews is to recognize accomplishments as well as to provide counseling in areas of deficiency. Interim reviews provide an opportunity for supervisors to formally review the employee's performance half-way through the evaluation year. Supervisors are to use this review to discuss with the employee areas which need improvement as well as to acknowledge good performance. Annual performance appraisals also provide the framework for measuring the amount of merit pay to be awarded to each individual employee.

Recognizing that there may be times when there is a disagreement between a supervisor and his/her employee regarding the employee's level of performance the below procedures have been established to resolve complaints concerning annual performance appraisals. This complaint resolution procedure does not apply to any interim performance appraisals.

Step I

The employee must submit a written complaint to the Human Resources Director not later than five work days following the date the performance appraisal was received by the employee. A formal meeting with the employee, appraiser, Department Director and the Human Resources Director will be held not later than ten work days from the date the complaint was received. A written response by the Department Director will be furnished to the employee not later than five work days following this meeting. Should the response to the complaint not be satisfactory to the employee, he/she may appeal the complaint to the next (Step II) level.

Step II

The employee must submit a written appeal to the Executive Director not later than five work days from the date the Step I response was received. The Executive Director will meet with the employee and appropriate management personnel within ten work days following receipt of the complaint. The Executive Director will then provide his/her written response not later than ten work days following this Step II meeting. The decision of the Executive Director is final and is not subject to appeal under the OWASA Grievance Procedures. Reasonable extensions of time limits are acceptable when agreed to by all parties.

E. Alcohol and Other Substance Abuse

OWASA maintains a drug and alcohol-free workplace. No employee shall enter the workplace or undertake any duty associated with his/her employment if he/she has any (above 0.02 percent) concentration of alcohol in his/her blood, or if he/she has any concentration of no-prescription controlled substance in his/her blood, or if he/she is impaired to any appreciable degree by prescription or over-the-counter medication such that his/her ability to perform his/her duties in a manner safe to others is impaired. Violation of this policy constitutes grounds for suspension, dismissal or such other action as the Executive Director may determine. The alcohol and other substance abuse policy is based primarily on OWASA's concern for the safety of our employees and the public that we serve. In order to maintain a drug-free workplace, all applicants selected for employment must successfully pass a drug and alcohol test before they are hired. Employees who have been issued a Commercial Driver's License by the State of North Carolina and who may be called upon to operate a commercial motor vehicle as part of their job are subject to random, unannounced drug and alcohol tests in accordance with federal law. When an employee is notified that he/she has been selected for random testing, they are to proceed immediately to the designated test site. Failure to comply may be grounds for termination of employment.

The Executive Director shall determine any additional positions that are to be designated as safety-sensitive positions. These safety-sensitive positions are subject to random drug and alcohol testing. Tests are to be conducted at a qualified testing facility. Tests are to be done in a fair and impartial manner. Random tests are unannounced and are performed at reasonable intervals throughout the year. When an employee is notified that

he/she has been selected for random testing, they are to proceed immediately to the designated test site. Failure to comply may be grounds for termination of employment.

Employees who test positive for a controlled substance and/or have a confirmed alcohol test will be removed immediately from their safety sensitive responsibilities. Such employees shall receive appropriate counseling and/or disciplinary action up to and including termination. Alcohol and drug addiction are recognized illnesses and OWASA shall, when appropriate, encourage employees to pursue rehabilitation.

Employees who perform in safety sensitive positions and/or who operate OWASA vehicles or equipment are required to submit to alcohol and controlled substance testing immediately following any accident involving a fatality or in which a police citation was issued relevant to the accident.

All OWASA employees are subject to testing for reasonable suspicion of drug or alcohol use that could impair their ability to perform their assigned duties. Requests for authorization to conduct testing upon reasonable suspicion must first be reviewed by the Human Resources Director (if practical) and must be approved by the appropriate Department Director.

F. Outside Employment

No employee shall engage in any work that is inconsistent with the employee's duties or with the interest of OWASA. The employee must report the type and extent of outside employment to his/her direct supervisor. Each situation will be evaluated on a case by case basis using criteria of public perception, liability, job performance, time and compensation. The Executive Director shall have the right to review actual or proposed outside employment to determine whether such employment conflicts with the purposes, responsibilities and obligations of OWASA and the employee's work role with the company. Continuation of outside employment that poses a conflict to the employee's work with OWASA may result in disciplinary action up to and including termination.

G. Demotion, Suspension, or Dismissal

Any employee whose work is unsatisfactory or who becomes unable to perform his/her job requirements is subject to demotion, suspension or dismissal in accordance with the procedures outlined in Sections 15 and 17.

H. Transfer

The Executive Director may direct the lateral transfer of any OWASA employee. Transfers must be in keeping with the service needs of OWASA. The transferred employee shall retain all benefits he/she had prior to the transfer.

I. Right of Appeal

Any employee demoted, suspended, dismissed or transferred for cause may appeal the action through the OWASA Grievance Procedure in Section 17 of this policy.

J. Ethics and Conflicts of Interests

OWASA employees may not accept any gifts, favors or items of value that may tend to influence them, or that could appear to influence them in the discharge of their job duties. The Executive Director may establish additional employee requirements regarding ethics and conflicts of interests in an Administrative Guide.

K. Political Activity

Political activity is defined as the use of OWASA related authority or influence for the purpose of interfering with or affecting the result of an election or nomination for office; the use of authority or influence, directly or indirectly, to coerce, attempt to coerce, command or advise an employee to pay, lend or contribute anything of value to a party, committee, organization, agency or person for political purposes; the use of any OWASA supplies or equipment for political or partisan service. No employee shall engage in political activity as defined above while on duty or on OWASA owned premises. No employee shall use OWASA related authority or influence in political activity at any time.

L. Emergency or Standby Duty

Emergency duty is that duty necessary in urgent or crisis level conditions to restore service, prevent damage to property or safeguard the public safety and welfare. Any employee may be called back to work at any time in an emergency. Certain positions are assigned to standby duty on a rotating basis. The job descriptions for these positions designate the standby requirement as a condition of employment. An employee on standby duty shall remain within telephone contact and reasonable traveling distance of OWASA.

M. Nepotism Policy

OWASA prohibits the initial employment of married, domestic partners or related persons, where such employment would result in an employee directly or indirectly supervising or evaluating a relative, spouse or domestic partner. The following relationships are covered by this policy: parent and child; brother and sister; grandparent and grandchild; aunt and/or uncle and niece and/or nephew; first cousins, step-parent and stepchild; step-brother and step-sister; husband and wife; parents-in-law and children-in-law; brothers-in-law and sister-in-law; domestic partners and/or guardian and ward.

N. Privacy Statement – Protected Health Information

OWASA protects any information concerning our employee's health and wellness. OWASA respects employees' privacy and hold all Protected Health Information (PHI – individually identifiable health information that may or may not be transmitted or maintained by electronic media or in any other form or media) in the strictest confidence.

Access to PHI is restricted to the Privacy Information Team which includes Human Resources Department; specifically, the Human Resources Director, the Human Resources Generalist, the Safety and Training Administrator and the Administrative Assistant for Human Resources. The Human Resources Director serves as the Privacy Information Officer for all PHI as described and referenced in this statement. Senior

management and direct supervisors have limited access on a “need to know” basis for essential work-related purposes only.

PHI shall remain securely stored in the Human Resources Department in locked cabinets except when in use by appropriate personnel. Any PHI or material referencing PHI stored in electronic files in Human Resources is accessible to the departmental employees listed above. Stored electronic data is also accessible to the Business Information Services Director, Network Database Administrator and Information Services Technical Specialists in the Business Information Services Department when their technical assistance is needed to install, maintain or repair the system.

O. Duty to Report Violations of Laws, Policies or Regulations Applicable to OWASA, It’s Officers, Agents and Employees

It is essential that all OWASA business and practices be fair and in keeping with relevant laws, regulations and policies. In order to encourage the reporting of any practices or conduct that may violate or fall short of compliance with the law or any policy regulation, OWASA seeks to maintain open, honest and effective communications throughout the organization.

If an OWASA employee becomes aware of unfair, illegal or dishonest workplace activities conducted by any OWASA employee or agent, he/she is expected to immediately report the same to the Executive Director or any Department Director. An employee may report concerns verbally or in writing. If the employee chooses to report their concern(s) to a Department Director that Director will immediately report the matter to the Executive Director. Employees acting in good faith to report concerns or participate in investigations may do so without fear of any form of retaliation for such reporting. Any concern that may involve the Executive Director shall be reported to the Human Resources Director.

SECTION 13. EMPLOYEE BENEFITS

A. Eligibility

A regular full-time employee is hereby defined as one who works 40 hours per week. All other employees including permanent part-time, temporary and contract staff shall not be eligible for any portion of these benefits. All full-time employees of OWASA are eligible for employee benefits as herein provided. Medically impaired employees with five or more years of service who are released by a physician to work at least 20 hours per week are eligible to continue medical, life and disability insurance on the same basis as a full time employee’s for a period not to exceed 30 days. Should an employee continue working part-time (but less than 40 hours per week) beyond the 30 day limit, the employee will become responsible for the full cost associated with the medical, life and long-term disability insurance program. The application of annual or sick leave during a work week is counted toward the 40 hour per week requirement.

Certain benefits are extended to family members of OWASA staff. Family includes children, spouse, or domestic partner. Domestic Partners are hereby defined as two

individuals who have reached the age of majority and live together in a long-term relationship of indefinite duration, who have made a solemn commitment to support and nurture each other as his or her exclusive social partner during his or her lifetime, and in which the partners share one habitation, and are financially interdependent. Domestic Partners are not married to anyone else, do not have another domestic partner and are not related by blood more closely than would bar their marriage in the State of North Carolina.

To be eligible for benefits at OWASA, the employee must provide two forms of documentation to support the domestic partner status request. These documents must be items that demonstrate established financial and legal ties, such as joint financial obligations, proof of registration as domestic partners, health care power of attorney, or other similar items that show a financial and/or legal relationship. The OWASA employee must also complete an Affidavit of Domestic Partnership. The employee must file an Affidavit of Termination with 30 days of the termination of the Domestic Partnership.

B. Group Health and Dental Insurance

OWASA provides full time employees group health and dental insurance plans including dependent coverage and will pay either the majority or full cost of the premium for the employee. OWASA will also pay for a portion of the cost for dependent coverage as determined by the Board of Directors.

OWASA will pay 100% of the health insurance premium or supplemental premium for any employee who retires after completing 30 years of service with the organization. OWASA will also pay 100% of the premium costs for those employees who retire at age 60 with 20 years of service; 75% of the premium for employees who retire at age 60 with 15 years of service; and 50% of the premiums for those who retire at age 60 with 10 years of service. Retiree health coverage does not extend to dependents and does not include dental or vision care coverage for the retired employee.

C. Vision Care

OWASA has a Vision Care program for full-time employees. Dependent coverage is available at the employee's expense.

D. Group Life Insurance

OWASA provides group life insurance to all full-time, regular employees at no cost to the employee. The amount of coverage is based on the employee's salary. OWASA also provides a fixed amount of life insurance for retirees.

E. Long Term Disability

OWASA provides Long Term Disability coverage at no cost to the employee for all full time, regular personnel who have worked for OWASA for at least six months.

F. North Carolina Local Governmental Employees' Retirement System

All full-time employees are required to participate in the North Carolina Local

Governmental Employees' Retirement System as a condition of employment.

G. Worker's Compensation

All employees of OWASA are covered by the North Carolina Worker's Compensation Act and are required to promptly report all injuries to their immediate supervisor at the time of the accident. Statutory benefits provided under the Worker's Compensation Act include full medical coverage and a fixed percentage of compensation supplemented by OWASA to provide the equivalent of the employee's regular basic salary beginning the fourth full scheduled work day of absence. Absences under an eligible claim are not charged to Sick or Annual Leave; however, if a physician certifies that an employee cannot work, he/she may use accumulated Sick Leave or Annual Leave until eligible for compensation benefits.

Should the injury claim be ruled ineligible by the Industrial Commission, any supplemental salary payments received by the employee must be refunded to OWASA unless the employee's absence is covered by approved Sick or Annual Leave.

Prior to receiving supplemental wage payments the employee must execute an agreement to return to OWASA any duplicate payments received for the Worker's Compensation Insurance underwriter. OWASA may withhold supplemental salary payments until a determination of eligibility has been made by the insurance underwriter. OWASA may assign temporary or light duties as available, at its sole discretion, upon concurrence of the attending physician, as an alternative to absences from work and in such cases the employee will be paid at the employee's regular rate.

H. Employee Assistance Program

This program has been implemented to provide early detection and treatment for personal, emotional and/or job related problems which may adversely affect employee work performance if left untreated. Employees who choose to use this program are assisted confidentially in helping to resolve such problems through counseling.

I. Educational Assistance

The Educational Assistance program provides opportunities for employees to educationally advance themselves by participating in training with OWASA bearing substantial tuition and related costs. Individual course and/or degree programs must be job related or have practical application to a position within OWASA for which the employee could reasonably be expected to qualify for in the future. The educational time requirements must not interfere with job performance. Reimbursement is limited to the cost of tuition, books, equipment and laboratory fees with a maximum reimbursement of \$1,000 per fiscal year.

J. Deferred Compensation Plan

OWASA provides an annual contribution to a Section 457 Tax Deferred Compensation Plan for all full-time employees with four or more years of continuous service. Contribution amounts are based on the employee's years of service and increases as the employee continues his/her service in good standing with the organization. The purpose

of this Plan is to provide employees with supplemental income upon reaching retirement age. Contributions to the Plan by OWASA and subsequent earnings accrued remain tax free to employees until withdrawn. Employees may elect to participate on their own by making individual contributions into the 457 Plan. Such voluntary contributions do not require employees to complete any minimum service requirements prior to enrollment in the Plan. Employees with 4-9 years of service receive contributions of \$40 per pay period; those with 10-14 years receive \$60 per pay period; those with 15-19 years receive \$80 per pay period and those with 20 or more years of service receive \$100 per pay period. Eligible employees may convert Sick or Annual Leave into their 457 Plan at designated periods during the year.

K. Employee Achievement Awards

The Employee Suggestion Program has been created to encourage employees to look for innovative and creative ways to save money and work more efficiently. Employees who submit specific solutions or improvements that reduce costs or have overall benefit to OWASA are eligible to receive cash awards or other special recognition if their ideas are accepted and implemented. A review panel will evaluate suggestions and make recommendations to the appropriate Department Director on the merits of each proposal. The Executive Director will then make a final determination and, where appropriate, provide one-time cash awards to employees based on 25% of the first year annual tangible savings to OWASA.

OWASA also provides an Outstanding Achievement Award which may be earned by any employee or team of employees who accomplish an achievement that significantly benefits the organization. The Executive Director is authorized to timely provide a one time, lump sum Outstanding Achievement Award in any dollar amount up to 10% of the employee(s) annual base salary. Outstanding Achievement Awards are presented to recognize exceptional contributions that generate substantial savings or significantly improve performance of the organization.

The operation of OWASA's water and wastewater facilities requires that a certain number of employees be fully certified to safely respond to and correct potential hazardous situations such as chemical leaks and spills. Employees responsible for performing these duties are classified as Emergency Responders. Emergency Responders must be physically capable of performing these tasks as determined by a licensed physician and must also successfully complete the required training as determined by the Executive Director. In order to maintain certification, Emergency Responders must remain physically capable of performing their duties and must successfully complete continuing training. Employees who have achieved and maintain certification as Emergency Responders may receive incentive pay, not to exceed \$500 annually, to be awarded at the discretion of the Executive Director.

L. Service Pay (Longevity)

OWASA offers Service Pay to recognize and reward employees who, over time, develop skills and knowledge that enhance OWASA's services and remain in our workforce. Employees must be in good standing and have a performance evaluation of at least

“Meets Expectations” to be eligible for Service Pay. Service pay is awarded based on the employee’s years of service to OWASA. It may be paid annually on the employee’s anniversary date with the company subject to the availability of funds. Employees with 10-14 years of service receive 1.50% of their annual salary; those with 15-19 years receive 2.25%; those having 20-24 years receive 3.25% and those with 25 or more years receive 5.00%.

M. Health and Wellness Incentive Program

OWASA offers a Health and Wellness Incentive Program to encourage participation in healthy activities. The Program is designed to educate, motivate and empower employees to make healthy lifestyle choices that improve their overall quality of life. Participation in the Program is voluntary. Employees who have enrolled in an approved activity, may, on a calendar year basis, be reimbursed an amount to be determined annually.

N. Referral Fee Program

OWASA seeks to attract and hire high performing, quality employees. To this end, we seek the assistance of current employees in locating quality performers. An employee may receive a \$200 Referral Fee when they find an outside candidate who successfully completes probation to become a productive member of the OWASA workforce. The Referral Fee is not available to the employee if they are related to the candidate by blood, marriage or domestic partnership, or for internal promotions. The person making the referral must do so at the time an employment application is submitted. All current, regular full-time OWASA employees (except the Executive Director) are eligible to participate.

O. Attendance Award Program

OWASA recognizes excellent employee attendance by providing a monetary award of eight hours of regular pay for employees who do not use any Sick Leave during the course of the calendar year.

P. Bonus Pay for Additional Education

All employees in good standing with at least one year of service who obtain a degree from an accredited community college, college or university above that required for their position, shall receive a one-time bonus not to exceed \$1,500 as determined by the Executive Director in an Administrative Guide.

Q. Spot Bonus

The Executive Director may approve an Administrative Guide establishing the criteria whereby a spot bonus not to exceed \$200 may be provided to an employee to reward their extra effort for going “above and beyond the call of duty.”

R. Bonus Pay for Professional Certification

All employees in good standing with at least one year of service who obtain job relevant professional certification above that required for their position shall receive a one-time bonus not to exceed \$500 as determined by the Executive Director in an Administrative

Guide.

SECTION 14. TYPES OF LEAVE

For the types of Leave described in Section 14., the Executive Director may approve by an Administrative Guide which further defines the requirements employees must follow regarding the request and/or use of each type of Leave.

A. Annual Leave

Annual Leave is earned as follows:

Years of Service	Days Earned Per Year
0-5	12
5-10	15
10-15	18
15-20	21
20+	27

B. Accumulating Annual Leave

Full-time permanent employees will earn Annual Leave monthly, in hourly increments, with pay. Annual Leave may be accumulated up to an allowable maximum of 240 hours, and no additional leave will be earned until some of the accrued leave is taken. Employees are encouraged to use Annual Leave during the year in which earned to the extent possible. Annual Leave will be granted in increments of one hour upon proper advance notice and approval by the employee’s supervisor.

C. Part-Time Employees

A Part-Time Employee appointed to a permanent position will earn leave on a prorated basis if he/she works one-half or more of the scheduled work hours in a month. Leave will be computed on a percentage of the total amount earned by a full-time employee.

D. Civil Leave

When an employee serves on a jury or as a witness in any civil or criminal legal proceeding, he or she is entitled to leave with pay for the period of absence required. Employees are entitled to retain fees paid for such duty in addition to regular compensation. Time paid as Civil Leave does not count as time worked for overtime purposes. Civil Leave shall not be deducted from Sick or Annual Leave.

E. Military Leave

The Uniformed Services Employment and Reemployment Rights Act (USERRA) of 1994 specifies the employment and reinstatement rights of all uniformed service members. OWASA shall comply with all applicable laws, rules and regulations under this act.

An employee, who is a member of an Armed Forces Reserve organization or the National Guard, shall be granted two calendar weeks per year of leave with pay for military training. While on military leave, benefits will accrue as though present for duty. This

leave is not charged as Annual Leave, Sick Leave or counted as a Personal Leave Day; however, any salary payment which the employee receives from the military shall be deducted from the sum paid by OWASA.

In a State or national emergency in which National Guard members or military reservists are called to active duty, and if the salary from military pay is less than the salary from OWASA, OWASA shall pay an amount equal to the differences in pay for a period of six months.

F. Educational Leave

A full-time employee may be granted leave with pay during normal working hours for additional training in a job related course of instruction that will upgrade their knowledge and skills. Educational Leave must be approved by the employee's Department Director and the Executive Director.

G. Sick Leave

Sick Leave with pay is a privilege granted by OWASA for the benefit of an employee when sick. Sick Leave may also be taken by the employee for the care of another individual in the household. Sick Leave taken shall not exceed the amount accumulated and may be granted in one hour increments. Requests for more than five days of Leave must be approved by the employee's Department Director. Doctor and dentist appointments may be charged to either Sick or Annual Leave. A physician's certification may be required concerning the nature of the illness or when OWASA determines it is necessary to verify an employee's physical capacity to resume his/her duties or to ensure the privilege to use Sick Leave is not being abused by the employee. The employee's Department Director will notify the employee when a physician's certificate is required.

Each full-time employee will earn eight hours of Sick Leave per month. Sick Leave accumulates indefinitely.

No accumulated Sick Leave will be paid at the time of separation from employment. Unused Sick Leave at the time of retirement may be added on a day for day basis to compute the employee's length of service in accordance with the regulations of the NC Local Governmental Employees' Retirement System.

Administration of the Sick Leave policy is the responsibility of the Human Resources Director. A request for Unpaid Medical Leave may be granted by the Executive Director to employees for any of the following reasons:

- 1) An employee's medical condition
- 2) The birth or adoption of a child to an employee-parent
- 3) An employee's need to care for a child, spouse, domestic partner, or parent who has a serious health condition as defined in Section 13.I. of the Human Resources Policy Manual

The option to use Unpaid Medical Leave for the birth or adoption of a child expires one year after the date of birth or adoption. Leave for childbirth or adoption is taken in one continuous block of time up to 12 weeks, unless the employee and the Department Director agree otherwise.

When an employee has a serious health condition and when medically necessary, Unpaid Medical Leave may be taken intermittently or on a reduced time schedule. Should the employee request intermittent Leave or Leave on a reduced time schedule because the employee has a planned medical treatment, the employee may be transferred temporarily to another position for which the employee is qualified. The employee may be placed in an alternative job that may better accommodate the recurring periods of Leave but the pay and benefits of the employee will not be reduced.

Requests for Unpaid Medical Leave due to a serious medical condition of the employee or a member of the employee's family will only be granted upon certification issued by a physician. The employee may be required to provide upon request and in a timely manner a copy of such a medical certification. Unpaid Medical Leave is restricted to not more than 12 weeks per year but may be extended at the discretion of the Executive Director.

H. Compassionate Leave

Serious illnesses and personal tragedies are devastating events that may result in employees needing to be absent from work for extended periods. The Compassionate Leave Program is designed to provide other employees the opportunity to donate a portion of their own accumulated Sick or Annual Leave to a fellow OWASA employee in good standing who has exhausted all of his/her Sick Leave due to illness or an event requiring extended time away from work. The Executive Director shall establish the requirements of Compassionate Leave in an Administrative Guide.

I. Family Medical Leave Act

The Family Medical Leave Act was adopted by Congress in 1993 to balance the demands of the workplace with the needs of employees and their families. Permitted periods of absence from work under the Act shall be calculated as running concurrently with Annual or Sick Leave, Maternity or Paternity Leave, Compassionate Leave and Leave without Pay. This policy provides a mechanism for employees to have access to the benefits made available by this legislation consistent and concurrent with the other leave ordinarily available to the employee. Under this policy, employees may use Annual or Sick Leave, Maternity/Paternity Leave, Compassionate Leave or Leave without Pay for absences from work due to childbirth, adoption or a serious health condition of an employee or an employee's spouse, child, parent or domestic partner. A physician's certification is required if a serious health condition is involved. The employee's job is protected and their benefits are maintained by the organization while taking Leave under this policy.

Employees who have worked with OWASA for at least 12 months and who have been in full-time pay status for at least 1,250 hours during the previous 12-month period, are

eligible for up to 12 work weeks of Unpaid Leave under this policy. The 12-month period is computed by counting back 12 months from the date the Leave begins.

For purposes of this policy the following terms are defined:

Parent – A biological or adoptive parent or an individual who was in the position or place of a parent when an employee was a child.

Child – A son or daughter who is under 18 years old or is 18 years old or older and is incapable of self-care because of a mental or physical disability as defined by the Americans with Disabilities Act and who is:

- a biological child; or
- an adopted child; or
- a foster child (a child for whom an employee performs the duties of a parent); or
- a step-child (a child of an employee's spouse from a former marriage); or
- a legal ward (a minor child placed by the court under the care of an employee as guardian); or
- a child of an employee to whom an employee is in the position or place of a parent

Spouse – A husband or wife.

Domestic Partners – Domestic Partners are hereby defined as two individuals who have reached the age of majority and live together in a long-term relationship of indefinite duration, who have made a solemn commitment to support and nurture each other as his or her exclusive social partner during his or her lifetime, and in which the partners share one habitation, and are financially interdependent. Domestic Partners are not married to anyone else, do not have another domestic partner and are not related by blood more closely than would bar their marriage in the State of North Carolina.

Serious Health Condition – An illness, injury, impairment or physical or mental condition that involves either inpatient care in a hospital, hospice or residential medical care facility, or that involves continuing treatment by a health care provider.

If inpatient care is not required, absence from work (or school, in the case of a child), or incapacity from normal activities is part of the definition of "serious health condition." The period of actual physical disability associated with childbirth (Parental/Maternity Leave) is considered a serious health condition and qualifies for Family Medical Leave, whether as Paid or Unpaid Leave.

Also included in the definition of "serious health condition" are chronic conditions which require periodic treatments or conditions that may cause episodes of symptoms preventing the employee from reporting for work. Examples of such conditions include:

most cancers, back conditions requiring extensive therapy or surgery, severe arthritis, severe nervous disorders, Alzheimer's disease and kidney disease.

Reduced Work Schedule – A work schedule involving fewer hours than an employee is normally scheduled to work. For example: A full-time employee requests a schedule of 30 hours a week, rather than 40 hours a week.

Intermittent Work Schedule – A work schedule in which an employee is not at work every scheduled work day, but works on an irregular basis, usually to accommodate some form of regularly scheduled medical treatment.

Work week – The number of hours an employee is regularly scheduled to work each week. For example: A full-time employee is normally scheduled to work a 40-hour work week.

J. Maternity/Paternity Leave

OWASA supports our employees and their families by offering employee mothers (females) six weeks of paid Leave at the birth or adoption of a child and three weeks of paid Leave to employee fathers (males) at the birth or adoption of a child. The policy applies to newborn children only. For the purpose of this policy, newborn is defined as a child 12 months of age or younger.

This policy is for full-time, regular employees who have completed at least one year of continuous, uninterrupted service with OWASA. Leave is granted based on the employee's plan to return to work at OWASA for at least one year from the date the Maternity/Paternity Leave ends. Employees who do not plan to return to work after the birth or adoption of their child are not eligible for this benefit. Should an employee change his/her mind and decide not to return to work at OWASA after the birth or adoption of the child; or if the employee returns for less than one year, the time used for the Maternity/Paternity Leave will be deducted from their Annual Leave and if necessary from their remaining pay check(s) proportionate to the reduction in their one year post-leave work commitment. Should the employee be terminated for cause during the one year period after the Leave, he/she will be required to repay OWASA for the Maternity/Paternity Leave.

OWASA provides paid Leave to an employee (mother or father) to begin immediately at the birth or adoption of a child. This benefit may not be duplicated through the use of Long Term Disability benefits, Compassionate Leave or Family Medical Leave such that the employee receives more than 100% of their income during their Leave. The Maternity/Paternity Leave shall run concurrent with Family Medical Leave. Long Term Disability benefits, Compassionate Leave and remaining Family Medical Leave may be used in addition to the Maternity/Paternity Leave if additional Leave is needed due to complications with the pregnancy. The Maternity/Paternity Leave may be taken only once each calendar year by an employee. While using the Maternity/Paternity Leave benefit, the employee shall not work a second job during hours for which OWASA is paying the employee salary and benefits through the Maternity/Paternity Leave benefit.

K. Personal Leave

Personal Leave is one full, eight hour day available to all permanent, full-time employees in each calendar year. This time does not carry over so employees must use it within each calendar year. The Leave is to be taken all in one eight hour day. While it is highly desirable that this Leave be pre-approved, it may be used for emergencies. The Personal Leave Day may be counted as "time worked" for overtime purposes only if it is pre-approved. Personal Leave may not be donated as Compassionate Leave and may not be rolled into the employee's 457 Tax Deferred Compensation Plan account.

L. Bereavement Leave

Bereavement Leave is a separate type of paid Leave and will be granted upon request. An employee may use a maximum of five days of Bereavement Leave when there is a death in the immediate family. Immediate family includes spouse, parents, brothers, sisters, children, domestic partners, grandparents, grandchildren, mother-in-law, father-in-law, stepparents, stepchildren, foster parents, foster children, and persons determined in loco parentis. Bereavement Leave may not exceed five consecutive days for one occurrence. Should employees require more time off than the five consecutive work days, the additional time must be charged as Annual Leave. Documentation may be required.

Bereavement Leave may not overlap or be applied during an extended Medical Leave, Unpaid Leave, Maternity/Paternity Leave or any other extended Leave. Bereavement Leave is intended to aid those employees who are actively working with OWASA at the time of the death of an immediate family member as defined in this policy.

M. Terminal Pay

The Executive Director is authorized to pay an employee for all unused Annual Leave (up to 240 hours) upon termination of employment.

N. Payment Upon Death

All employees shall designate to OWASA a beneficiary to who payment may be made in the event of the employee's death. Payment shall be made to the beneficiary, otherwise to the estate of the deceased, for all accumulated Annual Leave and accrued wages due.

O. Holiday Pay

This policy covers the observance and payment of authorized holidays for all regular, full-time employees. The eleven holiday periods include: New Year's (one or two days); Dr. Martin Luther King's birthday; Good Friday; Memorial Day; Independence Day; Labor Day; Thanksgiving (two days); and Christmas (two or three days). The number of days observed for the Christmas and New Year's holidays shall be determined by the Executive Director.

When a holiday other than Christmas occurs on a Saturday the holiday shall be observed on the preceding Friday. When a holiday other than Christmas falls on a Sunday the holiday shall be observed on the following Monday. When Christmas falls on a non-workday, the holiday observance shall be set by the Executive Director.

Temporary or part-time employees are not eligible for Holiday Pay if they do not work on the holiday. If a holiday falls on a day that an employee who regularly works a shift is off, that employee does not observe that scheduled holiday. The Department Director, with consideration for the work requirements, sets a day in the employee's regular work schedule for the holiday.

P. Child Involvement Leave

In accordance with the laws of the State of North Carolina, OWASA shall grant four hours per year of Unpaid Leave to any employee who is a parent, guardian or person standing in loco parentis of a school-aged child so that the employee may attend or otherwise be involved at that child's school. However, any Leave under this section is subject to the following conditions:

- 1) The Leave shall be at a mutually agreed upon time between Department Director and the employee
- 2) OWASA may require an employee to provide a written request for the Leave at least 48 hours before the time desired for the Leave
- 3) OWASA may require that the employee furnish written verification from the child's school that the employee attended was otherwise involved at that school during the time of the Leave
- 4) For the purpose of this section, "school" means any (i) public school; (ii) private church school, church of religious charter or nonpublic school described in Parts 1 and 2 of Article 39 of Chapter 115C of the General Statutes that regularly provides a course of grad school instruction; (iii) preschool; and (iv) child care facility as defined in G.S. 110-86(3)

OWASA shall not discharge, demote or otherwise take an adverse employment action against an employee who requests or takes Leave under this section. Nothing in this section shall require OWASA to pay an employee for Leave taken under this section. The employee's use of Annual or Personal Leave for those purposes identified in Section 13.P. is also acceptable.

SECTION 15. SEPARATION

A. Types of Separation

All separations of employees from OWASA will be designated as one of the following: resignation, layoff, disability, voluntary or compulsory retirement, termination or death.

B. Resignation

To resign in good standing, an employee should give notice in writing to his/her Department Director at least 14 calendar days (it is recommended that Department

Directors provide at least 30 calendar days of notice) prior to the proposed date of the Resignation. Department Directors shall process all resignation actions promptly. Any Notice of Resignation delivered to the Department Director verbally or in writing is considered final and may not be withdrawn without approval of the Executive Director.

C. Reduction in Force

An employee may be laid off when a reduction in the work force becomes necessary. In determining which employees will be laid off, consideration shall be given to the quality of each employee's past performance, seniority and the needs of OWASA.

D. Disability

An employee who despite reasonable work accommodations by OWASA cannot perform the essential duties of his/her position due to physical or mental impairment may be separated from employment with OWASA based on an inability to perform the job for which the employee was hired. This action may be initiated by either the employee or OWASA but in all cases the action will require provisions of medical evidence in accordance with the regulations of the ADA.

E. Voluntary Retirement

An employee who meets the conditions set forth under the provisions of the NC Local Governmental Employees' Retirement System may elect to retire and receive benefits accrued under the retirement plan. Employees are encouraged to provide as much advance notice of their pending retirement plans to ensure both the timely receipt of their benefits and to allow OWASA to prepare for their departure.

F. Compulsory Retirement

Compulsory Retirement may be required if an employee cannot satisfactorily perform assigned duties. In case of Compulsory Retirement, such action will comply in all respect to Federal and State laws and regulations applicable under the Age Discrimination in Employment Act of 1967 and subsequent amendments.

G. Termination

An employee may be involuntarily terminated in accordance with the provisions and procedures of this policy.

H. Death

Separation shall be effective as of the date of the death. All compensation due shall be paid directly to the beneficiary when there is one designated; otherwise, it shall be paid to the estate of the employee.

SECTION 16. SEXUAL HARASSMENT AND IMPERMISSIBLE DISCRIMINATION

A. Sexual Harassment

Every employee is entitled to work in an environment free from all forms of sexual harassment. Sexual harassment is a form of misconduct because it undermines the

integrity of the employment relationship.

Sexual harassment refers to unwelcome sexually or socially suggestive behavior which is personally offensive to the recipient or which debilitates morale or interferes with maintaining a productive working environment for all employees. No employee shall be subjected to any unsolicited and unwelcome sexual or social suggestions, messages unrelated to his/her employment, gifts, messages, cards, requests, requirements or conduct either verbal or physical. Sexual Harassment does not refer to occasional compliments of a nature acceptable to the recipient; Sexual Harassment does include the continuation of such compliments or any other conduct set out above as Sexual Harassment by one who has been asked by the recipient not to continue to do so.

Sexual harassment by any employee toward any other employee or in the course of employment, by any employee towards any person, is strictly forbidden and may result in termination of employment. This includes but is not limited to, unwanted or offensive flirtations, advances, propositions, suggestions, or conversation; continued or repeated verbal abuse of a sexual nature; graphic or degrading verbal comments about an individual or his/her appearance; any display of a sexually suggestive object or pictures; or any abusive or offensive physical touching or contact.

No employee shall imply or suggest to another that cooperation of a social or sexual nature will have any effect upon that person's terms or conditions of employment, retention, assignment, compensation or advancement.

No employee shall be subjected to any adverse action in response to their having made a good faith complaint of sexual harassment.

Any employee knowing of any sexual harassment shall immediately notify his/her supervisor or the Human Resources Director of the circumstances of such harassment. Any such complaint shall be submitted in writing either by the employee reporting such harassment or by the Human Resources Director and the procedure set out below shall be implemented to correct or provide a thorough review of the Complaint.

B. Impermissible Discrimination

Every employee is entitled to work in an environment free from all forms of Impermissible Discrimination based on race, religion, national origin, color, age, disability, gender, sexual orientation or political affiliation. Impermissible Discrimination is any form of misconduct which undermines the integrity of the employment relationship. No employees shall practice any form of Impermissible Discrimination towards any other employee, nor shall any imply or suggest to another that his/her cooperation in any Impermissible Discrimination will have any effect upon that person's terms or conditions of employment, retention, assignment, compensation or advancement.

No employee shall be subjected to any adverse action affecting the terms and conditions of his/her employment in response to their having made any complaint in good faith

regarding Impermissible Discrimination.

C. Process for Reporting, Making Complaints and Appeals

Step I

Every employee shall immediately notify his/her supervisor of any Impermissible Discrimination or Sexual Harassment of which he/she is aware is being practiced or has been practiced by any OWASA employee. Should such notification or any complaint be against an immediate supervisor, the report should be made to the Department Director, the Executive Director, or the Human Resources Director.

Step II

The Department Director or his/her designee will notify the Human Resources Director immediately after receiving the complaint and the Human Resources Director will immediately record the complaint and report it to the Executive Director.

Step III

The Human Resources Director or his/her designee approved by the Executive Director shall investigate the complaint which will provide an opportunity for the Human Resources Director to propose a resolution by conference, mediation or consensus among the parties involved. Every employee shall cooperate fully and in a confidential manner with the investigation of any such complaint.

Step IV

If the complaint is not resolved to the satisfaction of the party injured by the circumstances reported or if the employee is dissatisfied with the resolution proposed by the Human Resources Director, the Human Resources Director shall convene an Executive Review Panel within five working days of the employee's request therefore to review and evaluate the findings and resolution proposed by the Human Resources Director. This panel will consist of the Human Resources Director, the Department Director and any other persons that may be designated by the Executive Director.

Step V

The Review Panel will complete its review and recommendation regarding the resolution proposed within five working days and it shall issue its report and recommendation regarding the matter to the Executive Director.

Step IV

The Executive Director will consider the recommendations of the Review Panel within five working days of its receipt. The decision of the Executive Director to accept, reject or modify the recommendation shall be the final administrative decision therein subject to the review process set out in the OWASA Grievance Policy beginning at Step III thereof.

SECTION 17. DISCIPLINARY ACTION

There are certain fair and reasonable standards of behavior that are expected of all OWASA employees. Such standards have been established to ensure fair and equitable treatment of all employees. These standards serve as a basis for discipline for good and justifiable cause and are divided into Group I (Detrimental Personal Conduct) and Group II (Unsatisfactory Job Performance). Disciplinary action may include termination of employment. The final decision to terminate employment is made by the Executive Director. The two categories of OWASA disciplinary action are as follows:

A. Group I. (Detrimental Personal Conduct)

Detrimental Personal Conduct includes behavior of such a serious nature that the functioning of OWASA may be impaired, the safety of persons or property threatened or government laws violated. Examples of Detrimental Personal Conduct are shown below in unranked priority order and include but are not limited to the following:

- 1) Fraud, wrongdoing, misconduct or committing an unlawful action
- 2) Conviction of a felony or the entry of a plea of no contest thereto
- 3) Falsifying OWASA documents or records
- 4) Misuse or misappropriation of OWASA funds
- 5) Deliberate or grossly negligent damage to OWASA property or equipment
- 6) Acts that endanger lives and/or property of others
- 7) Possession of firearm or other lethal weapons while on duty or on OWASA premise
- 8) Threats of violence, fighting and/or other acts of personal violence or brutality while on duty or on OWASA premises
- 9) Engaging in competitive outside employment or serving a conflict of interest
- 10) Acceptance of gifts as an inducement for personal favor or influence
- 11) Engaging in political activity as defined in Section 12.L. of the Human Resources Policy Manual
- 12) Willful misuse of OWASA files or records including stealing, tampering or unauthorized use or abuse of programs on data processed or stored in the computer
- 13) Violation of safety practices and/or negligence which results or could result in serious injury or death to self or others
- 14) Being at work under the influence of alcohol, drugs or any other substance which impairs the employee's work or partaking of such while on duty; refusal to cooperate in undergoing medical tests, rehabilitation or examinations deemed essential for proper job performance is grounds for termination
- 15) Engaging in immoral, obscene or illegal activities while on duty or on OWASA premises
- 16) Absence from work three consecutive work days without notification to supervisor
- 17) Gambling on OWASA property
- 18) Operating an OWASA vehicle without proper State driving licenses or operating any OWASA vehicle without the required endorsements
- 19) Failure to maintain required certification or license(s) in the performance of OWASA duties

- 20) Unauthorized disclosure of proprietary or confidential information related to the business or affairs of OWASA, or of any employee of OWASA or any party with which OWASA engages in business
- 21) Theft of funds, property or equipment
- 22) Gross insubordination
- 23) Sexual Harassment/Impermissible Discrimination
- 24) Demonstrated inefficiency, negligence or incompetence in the performance of duties

Disciplinary Action for Detrimental Personal Conduct:

If OWASA determines that an employee has violated a standard specified under Group I Detrimental Personal Conduct the employee may be suspended without pay or terminated by the Executive Director; however, under no circumstances will the employee receive less than a written warning. When an employee is suspended or terminated under this policy, the Executive Director shall promptly provide the employee written notice of the action taken, the effective date, reasons for the action and recourse available for the employee under the provisions of this policy.

B. Group II. (Unsatisfactory Job Performance).

An employee may be subject to Group II Disciplinary Action when any aspect of his/her job performance is found to be unsatisfactory in accordance with OWASA standards. Employees may be suspended, demoted or terminated for Unsatisfactory Job Performance.

Disciplinary Action for Unsatisfactory Job Performance:

Disciplinary action for Unsatisfactory Job Performance is generally progressive as described in the three steps below. However, depending on the severity of the infraction, OWASA may initiate the Job Performance disciplinary process at the second or third occurrence level.

First Occurrence: Verbal Counseling

Second Occurrence: Written warning

Third Occurrence: Written warning from the Department Director serving notice upon the employee that corrected performance must take place immediately in order to avoid demotion, suspension or dismissal

An employee may be suspended, demoted or dismissed by the Executive Director under Group II (Unsatisfactory Job Performance) if after following this procedure the employee's work is still unsatisfactory.

C. Removal of Disciplinary Warnings

Records of disciplinary action imposed against an employee will be removed from the individual personnel file in accordance with the following: Group I (Detrimental Personal Conduct) – three years; Group II (Unsatisfactory Job Performance) – two years.

Disciplinary actions are retained in the employee's personnel files in accordance with the OWASA Records Retention Policy. The Executive Director may at his/her discretion remove a disciplinary action from an employee's personnel file prior to or after the end of the disciplinary period.

D. Non-Disciplinary Suspension

The Executive Director may suspend an employee with or without pay while the employee is involved as a defendant in a civil or criminal investigation or trial, is subject to criminal charges and/or is being investigated by OWASA for detrimental personal conduct.

If the employee is reinstated following the suspension he/she shall retain all employee benefits as if the suspension had not occurred. If the employee is terminated following suspension he/she shall not receive pay from the date of the suspension; however the employee shall retain all benefits except leave accrual during the suspension period.

SECTION 18. GRIEVANCE PROCEDURE

A. Policy

A grievance is a complaint regarding an event or condition which affects the circumstances under which an employee works. OWASA provides a just procedure for the presentation, consideration and disposition of employee grievances and to ensure all employees responses to their complaints will be prompt and fair. Grievances shall be handled in accordance with the procedures described below not inconsistent with applicable laws, regulations and OWASA's policies. No employee shall be subjected to any adverse employment action in retaliation for good faith participation in any grievance proceeding.

B. Exclusions

The grievance procedure provides an appeals process for employees who have legitimate complaints pertaining to a wide array of employment conditions. However, the following matters are excluded from the grievance procedure.

- 1) job classifications and pay
- 2) employee benefits
- 3) the content of all OWASA policies and administrative guides is excluded although application of policies and guidelines is grievable
- 4) actions against the Board of Directors and all public officials are not grievable nor is any official action taken above the level of Executive Director
- 5) performance appraisals (There is a separate procedure designed specifically for handling these complaints.)

C. Procedure

When an employee has a grievance concerning the terms, conditions or circumstances of his/her employment, he/she shall take the following successive steps. The number of

days provided for each step shall be considered the maximum within which action must ordinarily be taken and shall be deemed to refer to working days in all instances. The time limits for each step may be extended by mutual consent of the employee and by the Executive Director. Employees will be allowed a reasonable time during the workday to visit and consult with the Human Resources Director or employee designated by the Human Resources Director to assist the employee with understanding and completing the written grievance form.

D. Representation

In the presentation of a grievance at or beyond Step II of this procedure an employee may be assisted by any person of the employee's choice or legal counsel.

Step I

This is an informal process that begins when an employee is dissatisfied with an action taken or not taken, or by other circumstance, affecting his/her employment. Within five days of the occurrence of the action or circumstance the employee shall verbally inform his/her immediate supervisor of his/her grievance. The immediate supervisor shall provide the employee with a verbal response within five days of the meeting. The immediate supervisor shall document the results of the meeting and his/her decision for the employee's personnel file.

Step II

The employee may appeal the decision of the immediate supervisor by completing the grievance form provided by the Human Resources Director and submitting it to the Department Director within five days of the date of the immediate supervisor's decision. Thereafter, the employee's Department Director will schedule a meeting with the employee. The meeting will also be attended by the Human Resources Director or his/her designated representative (to act as an interested third-party observer and to provide information about the process or other matters as necessary). The Department Director will hear the grievance of the employee and they will try to resolve the grievance at this meeting. If they are unable to resolve the grievance by agreement the Department Director shall provide a written response to the employee and recommend therein a resolution within five days of this meeting. Unless appealed by the employee, this recommended resolution shall be final. Records of this step shall be maintained in the employee's personnel file.

Step III

The employee may appeal the Step II recommended resolution by completing the relevant grievance form in writing and submitting it to the Executive Director within five days from the date he/she received the written recommended resolution in Step II. The Executive Director will meet with the employee and such other persons as he/she may need to consider the grievance and within ten days of this meeting the Executive Director will provide the employee with his/her written decision. (Grievances filed as a result of disciplinary suspensions of greater than three days will begin at Step III).

Step IV.

The employee may appeal the Step III decision of the Executive Director by written notice given to the Executive Director not more than five days from the date he/she received the Step III decision. The Executive Director will inform the Board of Directors of the details of Step IV appeals. The Executive Director will consider whether outside mediation is appropriate for the grievance and in concert with the employee determine whether outside mediation is mutually acceptable. If the Executive Director and employee agree that the grievance ought to be referred to outside mediation the Human Resources Director shall make appropriate arrangements to provide for this mediation. The mediation shall be arranged promptly and every effort shall be made to complete the mediation within 20 days.

If the parties do not agree to participate in mediation or if the mediation does not resolve the grievance to the satisfaction of the employee the grievance will be referred to an outside professional Hearing Officer designated by the Executive Director. The Hearing Officer shall be selected by OWASA and the appeal hearing completed and decision rendered within 20 days of the parties' determination not to mediate or of the termination of the mediation without successful conclusion.

The Hearing Officer will hold a grievance and be responsible for determining whether the grievance is relevant, covers subject matters not specifically excluded above and whether the previous grievance steps were appropriately handled. OWASA has the burden to show substantial evidence supporting the decision of the Executive Director regarding the grievance. The Hearing Officer will determine the admissibility of evidence and of testimony and will not accept documents or testimony on employee issues other than those pertinent to the specific grievance. The Hearing Officer will determine those internal rules binding on all parties with reference to the conduct of the grievance hearing including order of presentation of materials, witnesses and whether or not witnesses will be sequestered. Employees called as witnesses will be required to appear and give testimony. Witnesses do not need to be sworn. There will be no stenographic or other recording made of these hearings. All parties will receive from the Hearing Officer a copy of his/her written decision in the matter. The Hearing Officer may ask for additional records except that he/she cannot obtain the personnel file of another employee other than the appealing party without consent of that employee.

The Executive Director may request that the Hearing Officer consider and determine whether reference of the matter for formal hearing is appropriate, such determination to be made, upon the written record, as to whether or not reasonable grounds may be shown that such hearing is appropriate to question the factual determinations upon which the Executive Director's written decision was based, or the fairness of the procedures followed in previous grievance steps in the matter.

The Hearing Officer's decision regarding the appropriateness of an appeal hearing before the Hearing Officer as well as the final written decision of the Hearing Officer upon appeals actually taken up for the hearing by him/her shall be final except that any final decision requiring the payment of substantial OWASA funds must be approved by the Board of Directors.

SECTION 19. APPLICATION OF HUMAN RESOURCES POLICY

The Human Resources Policy Manual has been adopted by the OWASA Board of Directors which has the sole authority to adopt modifications and which may amend, modify or abolish any provision hereof at its sole discretion. The Human Resources Policy Manual does not constitute and may not be deemed by any person, agency or adjudicator as a contract of employment between OWASA and any employee. Benefits available to employees under the Human Resources Policy Manual, may be modified, revoked or discontinued at any time for any reason at the discretion of OWASA.

ORANGE WATER AND SEWER AUTHORITY
CLOSED SESSION OF THE BOARD OF DIRECTORS

JUNE 14, 2007

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in closed session following the Board meeting on Thursday, June 14, 2007, in OWASA's Community Room.

Directors present: Michael A. (Mac) Clarke, Chair; Randolph M. Kabrick, P.E., Vice Chair; Gordon Merklein, Secretary; Braxton Foushee; Marge Anders Limbert; Gene Pease; Penny Rich; and William R. Stott. Directors absent: Fred Battle.

Others present: Ed Kerwin, Executive Director, Orange Water and Sewer Authority.

ITEM ONE

The Board of Directors met in Closed Session for the purpose of evaluating the annual performance of the Executive Director for the current fiscal year.

No official action was taken at the meeting.