

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

OCTOBER 25, 2007

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in regular session on Thursday, October 25, 2007, at 7:00 P.M., at the Chapel Hill Town Hall, 405 Martin Luther King Jr. Boulevard.

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

OWASA staff: Ed Kerwin; John Greene; Mason Crum; William Barnett; Roy Blackwood; Darren Burger; Jan Bryant-Berry; Stuart Carson; Patrick Davis; Greg Feller; Eugene Iliia; Andrea Orbich; Kevin Ray; Paula Thomas; and Robert Epting, Epting and Hackney.

Others present: Ray DuBose, Director of Energy Services and Meg Holton, Water, Wastewater, and Stormwater Manager, University of North Carolina (UNC) at Chapel Hill; Dee Klien; Sheila Read and Brandon Murrill, UNC journalism students; and Ann and Stephen Aylward.

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

MOTIONS ACTED UPON

1. Alan Rimer made a motion to approve the Minutes of the September 13, 2007 Board meeting; the motion was seconded by Mac Clarke and unanimously approved.

2. Alan Rimer made a motion to approve the Minutes of the September 27, 2007 Closed Session for the Purpose of discussing a human resources matter; the motion was seconded by Mac Clarke and unanimously approved.

3. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the "Resolution of Awarding a Construction Contract for the Cleland Drive Pump Station Phase-Out and Water Line Replacement." (Resolution so titled attached hereto and made a part of these minutes. Motion made by Fred Battle, seconded by Mac Clarke, and carried by unanimous vote.)

ITEM ONE: ANNOUNCEMENTS

CONFLICT OF INTEREST

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

DEDICATION CEREMONY FOR THE MASON FARM WASTEWATER TREATMENT PLANT (WWTP)

Randy Kabrick said that a dedication ceremony for the successful completion of the upgrade and expansion project for the Mason Farm WWTP will be on November 8, 2007 at 11:00 A.M. at the WWTP. Ed Kerwin said that the guest speaker for this ceremony is the Honorable Joe Hackey, Speaker of the North Carolina House of Representatives; following the ceremony, tours will be offered as well as information about the upgrade.

MEETING WITH LOCAL GOVERNMENTS

Randy Kabrick said that today he and Ed Kerwin met with Mayor Kevin Foy, Assistant Town Manager Flo Miller, Mayor Mark Chilton and Town Manager Steven Stewart to discuss the drought and OWASA's response to the drought as well as the concerns of their citizens. At the November 8, 2007 Board meeting the Board will discuss potential changes to water conservation standards.

NORTH CAROLINA BOTANICAL GARDEN

William Stott reiterated the invitation from Johnny Randall, of the North Carolina Botanical Garden, to take a walking tour along the corridor of the Morgan Creek sewer interceptor project land. Dr. Stott will confirm date and time with Mr. Randall in November and then notify the Board and staff to attend.

EMPLOYEE SERVICE AWARDS

Ed Kerwin said that it is always rewarding to acknowledge OWASA's employees that have served for 10, 15, 20, 25 and 30+ years at OWASA. The following employees received service awards:

10-Year: Darren Berger*, Ann Radcliffe, Michael Smith and Terri Tripp
15-Year: William Barnett*, Eugene Iliu*, Johnny Johnson and Todd Spencer
20-Year: Roy Blackwood*, Ray Hardee and Charles Williams
30 Years: Sallie Edwards

* These employees attended the Board of Directors' meeting and were recognized by their supervisors and the Board.

On behalf of the Board of Directors, Randy Kabrick thanked all employees for their service and hard work for OWASA.

UPDATE ON CONSERVATION WORKSHOPS

Paula Thomas announced that on November 13, 2007 OWASA will sponsor a Water Audits and Retrofits Workshops at 10:00 A.M. and 7:00 P.M. in OWASA Community Room. The purpose of the workshops is to help customers learn more about indoor water conservation practices and products important for a more sustainable lifestyle. Guest speaker for this workshop is Mrs. Ann Aylward, Certified Property Manager for Cedar Court.

WATER RATE SURCHARGES FOR HIGH RESIDENTIAL WATER USE
EFFECTIVE NOVEMBER 1, 2007

Greg Feller said that the water rate surcharges for high water use at individually-metered residences will be effective on November 1, 2007 as part of the Stage Two Water Shortage conservation measures.

LAKE RECREATION SEASON ENDS

Greg Feller said that the OWASA 2007 recreation season at University Lake and Cane Creek Reservoir will end on Sunday, November 11, 2007. The 2008 recreation season will begin in late March, 2008 under current policy.

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

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

ITEM THREE: FINAL BIMONTHLY STATUS REPORT ON THE MASON FARM
WASTEWATER TREATMENT PLANT UPGRADE AND EXPANSION

The Board received this report as an information item.

ITEM FOUR: MINUTES

Alan Rimer made a motion to approve the Minutes of the September 13, 2007 Board meeting; the motion was seconded by Mac Clarke and unanimously approved. Please see Motion No. 1 above.

Alan Rimer made a motion to approve the Minutes of the September 27, 2007 Closed Session of the Board for the purpose of discussing a human resources matter; the motion was seconded by Mac Clarke and unanimously approved. Please see Motion No. 2 above.

ITEM FIVE: CEDAR COURT CONDOMINIUM PROJECT WATER CONSERVATION
SUCCESS STORY BY ANN AYLWARD, PROPERTY MANAGER

Paula Thomas introduced Mrs. Ann Aylward, Property Manager for Cedar Court, who made a presentation on the successful water conservation and money saving program at the Cedar Court Condominiums in Carrboro. The Homeowners' Association at Cedar Court agreed to invest about \$15,000 (about \$300 per residential unit) in replacing inefficient toilets, fixing leaks, etc. and the result was a 35% reduction in water use with expected recovery of the conservation investment in about two years.

The Board commended Mrs. Aylward and the Cedar Court Condominium Homeowners and urged her to bring her story to the Chapel Hill Sustainability Annual Forum.

ITEM SIX: UPDATE ON WATER SUPPLY AND DEMAND

Ed Kerwin gave a presentation on the current water supply and customer demand conditions. Action plans for the drought include:

- The University is preparing a detailed demand management plan, which is expected to be ready October 29th;
- Effective October 26, 2007, OWASA will disconnect about 230 irrigation only meters;
- Continue the aggressive public education and enforcement efforts including specific customer guidance for actions to reduce demand up to 50 percent;
- Specific recommendations for additional long-term water conservation will be presented to the Board at the Board's November 8th meeting;
- Communicate with high-volume users and other stakeholder groups;
- Implementation of bulk use of reclaimed water; and
- Continued local and regional emergency water supply planning.

ITEM SEVEN: ANNUAL REVIEW AND UPDATE OF STRATEGIC TRENDS AND
MASTER PLAN ISSUES

The Board received a presentation from Ed Holland on the annual update of OWASA's 50-Year Water and Sewer Master Plan including projections and analysis of water demand and supply and the capacities of the water and wastewater systems.

- ✓ Average drinking water production during the past four years decreased 10 percent from the preceding three-year (2000-2002) average, while the overall OWASA system grew by more than seven percent. OWASA's conservation rate structures and year-round conservation requirements have been effective elements of demand management.
- ✓ Our water supply will become increasingly vulnerable to severe droughts until the Expanded Stone Quarry west of Carrboro becomes available to OWASA and is

filled with water in the early 2030's. Additional conservation and demand management will become increasingly important.

- ✓ The planned Reclaimed Water System, which will initially serve chiller plants on the UNC campus, will reduce drinking water demand by about six (6) percent initially and then up to as much as 14 percent as highly treated wastewater (reclaimed water) is used in additional facilities where drinking water is now used for non-drinking purposes. The re-treatment of "process water" used to clean the filters at the Jones Ferry Road Water Treatment Plant has already reduced the demand on OWASA's lakes by about six (6) percent.

Fred Battle inquired why there is reluctance to receive water from Jordan Lake.

Mr. Holland said water quality had historically been an issue because Jordan Lake's large 1700-square mile watershed is not as well protected from contamination as OWASA's smaller 30-square mile Cane Creek and University Lake watersheds. Additionally, the construction of the necessary infrastructure to withdraw water from Jordan Lake and convey it to University Lake or the Jones Ferry Road Water Treatment Plant would be very expensive.

Robert Epting also noted Chatham County's approval would be needed if OWASA had to condemn any property in Chatham County for easement acquisition or other project purposes.

The Board commended Mr. Holland on his report and suggested he provide a presentation to the local governments. Mr. Kerwin said that staff would make the necessary arrangements with the local governments.

ITEM EIGHT: DISCUSSION OF BOARD COMMITTEE ASSIGNMENTS

Randy Kabrick requested that all Board members notify him by November 2, 2007, as to which Board committees they would like to serve on. An updated list will be available at the November 8th Board meeting.

ITEM NINE: DISCUSSION OF ORGANIZATIONAL PLANNING RESULTING FROM THE AD HOC COMMITTEE MEETING HELD ON THURSDAY, OCTOBER 18, 2007

Randy Kabrick said that the Board plans to hold two work sessions to discuss roles and responsibilities of the Board; one meeting will be held in December (possibly the December 13th Board meeting) and another in early 2008. He asked Board Members to review three articles provided by the UNC School of Government.

ITEM TEN: RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR THE CLELAND DRIVE PUMP STATION PHASE-OUT AND WATER LINE REPLACEMENT PROJECT

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Fred Battle made a motion to approve the resolution; the motion was seconded by Mac Clarke and unanimously approved. Please see Motion No. 3 above.

There being no further business to come before the Board, the meeting was adjourned at 9:01 P.M.

Enclosures

**RESOLUTION AWARDING A CONSTRUCTION CONTRACT
FOR THE CLELAND DRIVE PUMP STATION PHASE OUT
AND WATER LINE REPLACEMENT PROJECT**

WHEREAS, there is a need for the replacement of the Cleland Drive pump station with gravity sewer; and

WHEREAS, the existing water line along Cleland Drive will be disrupted by the new gravity sewer and therefore must be replaced; and

WHEREAS, plans and specifications for the construction of this project have been prepared by HDR Engineering of the Carolinas, Inc.; and

WHEREAS, advertisement for bids was published in the News and Observer on August 19, 2007, and six bids were received on September 19, 2007; and

WHEREAS, on June 14, 2007 the Board approved a resolution authorizing funds for Capital Improvement Projects, including funds for this project;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Orange Water and Sewer Authority Board of Directors awards the construction contract to Pipeline Utilities, Inc., the low bidder for the Cleland Drive Pump Station Phase Out and Water Line Replacement Project, in accordance with the approved plans and specifications, in the amount of \$1,041,013.00 for the base bid, subject to such change orders as may apply.

2. That the Executive Director be, and hereby is, authorized to execute said contract, subject to prior approval of legal counsel, and to approve and execute change orders and such documents as may be required in connection with the construction contract.

3. That the Executive Director be, and hereby is, directed to furnish copies of said contract to the appropriate State and Federal regulatory agencies for required approval.

Adopted this 25th day of October 2007.