

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

JUNE 26, 2008

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in regular session on Thursday, June 26, 2008, at 7:00 P.M., at the Chapel Hill Town Hall.

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

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

Others present: Ben Poulson, Associate Director of Energy Services, and Meg Holton, Water, Wastewater, and Stormwater Manager, University of North Carolina at Chapel Hill; Gary Richman and Peg Parker of Highland Woods; Kevin Wolff; and Beth Velliquette, Chapel Hill Herald.

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

MOTIONS ACTED UPON

1. Mac Clarke made a motion to adopt the Minutes of the April 24, 2008 Board meeting; the motion was seconded by William Stott and unanimously approved.

2. Mac Clarke made a motion to adopt the Minutes of the May 22, 2008 Closed Session of the Board of Directors to discuss a personnel matter; the motion was seconded by William Stott and unanimously approved.

3. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Adopting Schedule of Rates, Fees, and Charges Applicable to All Customers on and after October 1, 2008." (Resolution so titled attached hereto and made a part of these minutes. Motion by Gene Pease, second by Mac Clarke, and carried by a vote of six to two with Braxton Foushee and Randy Kabrick opposed.)

4. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Adopting the Annual Budget for Orange Water and Sewer Authority for the Fiscal Year July 1, 2008 through June 30, 2009." (Resolution so titled attached hereto and made a part of these minutes. Motion by Mac Clarke, seconded by William Stott, and carried by a vote of six to two with Braxton Foushee and Randy Kabrick opposed.)

5. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Approving Capital Improvements Program for Fiscal Years 2009-2023 including Five-Year Capital Improvements Budget for Fiscal Years 2009-2013." (Resolution so titled attached hereto and made a part of these minutes. Motion by Gene Pease, seconded by Mac Clarke, and carried by a vote of five to three with Fred Battle, Braxton Foushee and Randy Kabrick opposed.)

6. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Capital Project Resolution for Water Supply Improvements." (Resolution so titled attached hereto and made a part of these minutes. Motion Gene Pease, seconded by Mac Clarke, and carried by a vote of five to three with Fred Battle, Braxton Foushee and Randy Kabrick opposed.)

7. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Capital Project Resolution for Water Treatment and Distribution Improvements." (Resolution so titled attached hereto and made a part of these minutes. Motion by Gene Pease, seconded by Mac Clarke, and carried by a vote of five to three with Fred Battle, Braxton Foushee and Randy Kabrick opposed.)

8. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Capital Project Resolution for Wastewater Collection, Treatment and Disposal Improvements." (Resolution so titled attached hereto and made a part of these minutes. Motion by Gene Pease, seconded by Mac Clarke, and carried by a vote of five to three with Fred Battle, Braxton Foushee and Randy Kabrick opposed.)

9. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Capital Project Resolution for Support Services Facility Improvements." (Resolution so titled attached hereto and made a part of these minutes. Motion by Gene Pease, seconded by Mac Clarke, and carried by a vote of five to three with Fred Battle, Braxton Foushee and Randy Kabrick opposed.)

10. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution of Orange Water and Sewer Authority Schedule of Employee Classification and Authorized Compensation Effective October 1, 2008." (Resolution so titled attached hereto and made a part of these minutes. Motion by Marge Anders Limbert, second by Gordon Merklein, and carried by a unanimous vote.)

11. Mac Clarke made a motion that the Board convene in a closed session for the purpose of discussing a personnel matter; the motion was seconded by Fred Battle and unanimously approved.

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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.

JULY 24, 2008 BOARD MEETING

Randy Kabrick said that the July 24, 2008 OWASA Board meeting has been canceled and the August Board meeting dates are to be determined.

MAC CLARKE

Randy Kabrick announced that the Chapel Hill Town Council reappointed Mac Clarke to serve on the Board for another three-year term.

MARGE ANDERS LIMBERT

Marge Anders Limbert announced that this was her last Board meeting, expressed gratitude to the Board and stated that while she had been on the OWASA Board of Directors, many important accomplishments were made but the one item that she most proud of was extending health and dental insurance benefits to domestic partners of OWASA employees.

On behalf of the Board, Randy Kabrick expressed appreciation to Ms. Limbert for her service to OWASA and the Board of Directors.

COMMITTEE MEETINGS

Gene Pease said that following a short business meeting on July 10, 2008, the Board and staff will convene to a work session to continue discussion of the strategic plan.

WATER QUALITY REPORT CARD

Greg Feller said OWASA drinking water meets all standards under the Federal Safe Drinking Water Act. OWASA's Laboratory staff frequently tests water quality each year in accord with Federal and State requirements. Every three years, OWASA also tests for lead in older homes in accord with Federal standards. Any customers who wish to have their water tested for lead are invited to contact the OWASA Laboratory staff.

FREE FRIDAYS AT OWASA LAKES

Greg Feller announced that from July 11, 2008 through August 15, 2008, OWASA will offer Free Fridays for OWASA customers at University Lake. Boat rentals and lake use fees will

be waived. Customers will be asked to present an OWASA bill or a driver's license to confirm residence in the OWASA service area.

ITEM TWO: PETITIONS AND REQUESTS

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

ITEM THREE: MONTHLY REPORT OF DROUGHT IMPACT ON REVENUES, COSTS, AND DEBT SERVICE THROUGH MAY 31, 2008

The Board received this report as an information item.

ITEM FOUR: MINUTES

Mac Clarke made a motion to approve the Minutes of the April 24, 2008 Board Meeting; the motion was seconded by William Stott, and unanimously approved. Please see Motion No. 1 above.

Mac Clarke made a motion to approve the Minutes of the May 22, 2008 Closed Session of the Board of Directors to discuss a personnel matter; the motion was seconded by William Stott and unanimously approved. Please see Motion No. 2 above.

ITEM FIVE: APPROVAL OF FINANCIAL DECISIONS AND DOCUMENTS FOR FISCAL YEAR (FY) 2009: SCHEDULE OF RATES, FEES AND CHARGES TO BECOME EFFECTIVE OCTOBER 1, 2008; FY 2009 ANNUAL BUDGET; AND 15-YEAR CAPITAL IMPROVEMENTS PROGRAM FOR FY 2009-2023 (INCLUDING A 5-YEAR CAPITAL IMPROVEMENTS BUDGET FOR FY 2009-2013) AND ACCOMPANYING CAPITAL PROJECT RESOLUTIONS

Gordon Merklein, Chair of the Board's Budget and Financial Planning Committee, stated that the Committee met with staff on June 19, 2008 to further discuss the draft budget and rate options, and comments received at the June 12, 2006 public hearings. The Committee unanimously recommends that the Board approve a combined increase of about 17 percent in monthly water and sewer charges effective on October 1, 2008.

Gene Pease said that, for the record, he wanted to state that the changes to the water shortage rate surcharges do not impose greater hardship on the business community than residential customers. Mr. Pease said that during declared water shortages, non-residential customers will actually pay less for water than most non-residential customers, and he is disappointed in the Chapel Hill-Carrboro Chamber of Commerce for providing incorrect information to the business community. The Chamber's claim that the surcharges for stages in a drought are higher for non-residential customers is not true. The OWASA Board and staff have worked hard in this difficult situation to reach the decision to raise rates and he is proud of the work completed.

Randy Kabrick read a statement from Board Member Alan Rimer, who was out of the country and could not attend the Board meeting. Mr. Rimer supports the rate increases recommended by the Budget and Financial Planning Committee.

Mr. Kabrick requested comments from the public.

Mr. Kevin Wolff complimented the Board's budget process including consideration of several options for the rates and fees. He also said that Capital Improvement Program (CIP) costs significantly impact the rates and that odor control at the Mason Farm Wastewater Treatment Plant is driving up costs for citizens and the University. He recommended that the Board move forward to increase the water supply and sooner than 2030.

Gene Pease made a motion to adopt the Resolution Adopting Schedule of Rates, Fees, and Charges Applicable to All Customers On and After October 1, 2008. The motion was seconded by Mac Clarke, and passed by a vote of six to two with Braxton Foushee and Randy Kabrick opposed. Please see Motion No. 3 above.

Mr. Merklein said that the proposed Annual Budget includes funding for the next phase of the odor elimination improvements, as well as other capital improvements. Mr. Merklein said the intent is to not start the improvements until the later in the fiscal year once the Board and staff have evaluated how actual revenues and expenditures compare to the budget.

Mac Clarke stated that while the 17 percent increase is significant, the increase will not be in effect for the first three months of the fiscal year because the rates go into effect on October 1, 2008. The increase in the peak seasonal water rate for non-residential customers will not go into effect until May 1, 2009.

Ed Kerwin said that the design work on the odor elimination improvements is underway and is expected to be completed by fall 2008. Mr. Kerwin said that staff does not intend to fill several vacant positions until later in the fiscal year, and then only after determining that actual revenues and expenditures are in-line or perhaps better than the budget projections.

Mr. Kabrick asked for public comments on the Annual Budget; there were none.

Mac Clarke made a motion to adopt the Resolution Adopting the Annual Budget for the Orange Water and Sewer Authority for the Fiscal Year July 1, 2008 through June 30, 2009. The motion was seconded by William Stott and carried by a vote of six to two with Braxton Foushee and Randy Kabrick opposed. Please see Motion No. 4 above.

Mr. Kabrick asked for public comments on the Capital Improvement Budget; there were none.

Gene Pease made a motion to adopt the Resolution Approving Capital Improvements Program for Fiscal Years 2009-2023 including a Five-Year Capital Improvements Budget for

Fiscal Years 2009-2013. The motion was seconded by Mac Clarke and carried by a vote of five to three with Fred Battle, Braxton Foushee and Randy Kabrick opposed. Please see Motion No. 5 above.

Gene Pease made a motion to adopt the Capital Project Resolution for Water Supply Improvements. The motion was seconded by Mac Clarke and carried by a vote of five to three with Fred Battle, Braxton Foushee and Randy Kabrick opposed. Please see Motion No. 6 above.

Gene Pease made a motion to adopt the Capital Project Resolution for Water Treatment and Distribution Improvements. The motion was seconded by Mac Clarke and carried by a vote of five to three with Fred Battle, Braxton Foushee and Randy Kabrick opposed. Please see Motion No. 7 above.

Gene Pease made a motion to adopt the Capital Project Resolution for Wastewater Collection, Treatment and Disposal Improvements. The motion was seconded by Mac Clarke and carried by a vote of five to three with Fred Battle, Braxton Foushee and Randy Kabrick opposed. Please see Motion No. 8 above.

Gene Pease made a motion to adopt the Capital Project Resolution for Support Services Facility Improvements. The motion was seconded by Mac Clarke and carried by a vote of five to three with Fred Battle, Braxton Foushee and Randy Kabrick opposed. Please see Motion No. 9 above.

Randy Kabrick stated that while he supports the dedicated work of the Board and staff, he opposed the rate increase due to the hardship to the public. Mr. Kabrick said that OWASA should spend less now even though it may cost OWASA more in the future.

ITEM SIX: RESOLUTION OF ORANGE WATER AND SEWER AUTHORITY
ADOPTING THE SCHEDULE OF EMPLOYEE CLASSIFICATION AND
AUTHORIZED COMPENSATION EFFECTIVE OCTOBER 1, 2008

Marge Anders Limber made a motion adopt the resolution; the motion was seconded by Gordon Merklein and unanimously approved. Please see Motion No. 10 above.

ITEM FIVE: SEMI-ANNUAL STATUS REPORT FOR VARIOUS CAPITAL
IMPROVEMENT PROJECTS, INCLUDING THE SEMI-ANNUAL REPORT
ON COMMUNICATION PLANS FOR CAPITAL PROJECTS

The Board received this report as an information item.

ITEM SIX: CLOSED SESSION

Mac Clarke made a motion that the Board convene in a closed session for the purpose of discussing a personnel matter; the motion was seconded by Fred Battle and unanimously approved. Please see Motion No. 11 above.

Gene Pease asked the Board Members if they would be willing to forgo their nominal compensation for Board meeting attendance in order to help lower OWASA's budget. Randy Kabrick said that any Board Member who wishes to forgo the compensation can contact staff to process the request.

There being no further business to come before the Board, the meeting was adjourned at 8:10 P.M.

Enclosures

**RESOLUTION ADOPTING SCHEDULE OF RATES, FEES, AND CHARGES
APPLICABLE TO ALL CUSTOMERS ON AND AFTER OCTOBER 1, 2008**

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 2009 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 June 12, 2008 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, 2008.
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 26th day of June, 2008.

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

APPLICABLE TO ALL BILLINGS AND SERVICES ON AND AFTER OCTOBER 1, 2008

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

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SECTION IV: SCHEDULE OF MISCELLANEOUS CHARGES.....Pg. 14 to Pg. 21

Background and Authorization

In providing essential public water, sewer and reclaimed water services to Chapel Hill, Carrboro and portions of southern Orange County, Orange Water and Sewer Authority (OWASA) incurs substantial operating and capital expenses. As a community-owned nonprofit public utility, OWASA has no authority to levy taxes, nor does it receive tax revenues from local governments for ongoing operations. OWASA finances its water, sewer and reclaimed water 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 cost-of-service rate-making methodology. OWASA's customers pay for the cost of providing 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 sustain OWASA's near-term and long-range utility operations. Revenues generated by these rate adjustments will provide OWASA with the financial resources necessary to: (1) fund operating costs; (2) adequately maintain existing water, sewer, and reclaimed water facilities; (3) fully comply with increasingly stringent environmental and public health standards; (4) meet debt service requirements; and (5) create additional facility capacity to stay abreast of water, reclaimed 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 14, 2007, which became effective on October 1, 2007.

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 billing date. Monthly water rates consist of two components; a monthly service charge and a commodity (volume) charge.

Water Service Charge

This charge recovers 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>Monthly Service Charge</u>
5/8"	\$12.02
1"	\$24.15
1-1/2"	\$52.22
2"	\$78.81
3"	\$162.08
4"	\$264.58
6"	\$576.17
8"	\$819.34

Water Irrigation Service Charge

This charge is calculated to recover certain direct and indirect customer service, meter and lateral maintenance, and capital costs associated with supplying water for irrigation through irrigation-only meters. 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>Monthly Service Charge</u>
5/8"	\$19.25
1"	\$38.47
1-1/2"	\$71.22
2"	\$109.53
3"	\$216.80
4"	\$332.80
6"	\$654.68
8"	\$1,041.13

Monthly service charges for compound meter arrangements are based 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. OWASA-owned 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 and service charges for first and final bills are prorated based on days of service.

Water Commodity Charge

This charge recovers the direct and indirect costs of water supply and treatment, water distribution, general administration and capital costs not recovered by the monthly service charge. This charge is applicable to all water accounts based on meter readings of water consumed. When a billing period includes a change in commodity rates, the charges are prorated based on the ratio of days in the billing period at the old and new rates. Metered monthly consumption will be billed in thousand gallon increments rounded down to the nearest thousand gallons. Unbilled consumption due to rounding will be carried forward and billed in the month the next thousand gallon increment is registered by the meter.

When no meter reading is available due to an inoperative, damaged or inaccessible meter, consumption will be estimated based on prior usage at the location.

Individually Metered Residential Accounts Except Irrigation-Only 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 (Gallons)</u>	<u>Commodity Rate per 1,000 Gallons</u>
Block 1	1,000 to 2,000	\$2.15
Block 2	3,000 to 5,000	\$5.22
Block 3	6,000 to 10,000	\$6.41
Block 4	11,000 to 15,000	\$8.95
Block 5	All use 16,000 and up	\$16.18

Conservation Water Commodity Charges Under Mandatory Water Use Restrictions

Water commodity charges applicable to all customer accounts will be temporarily increased during periods of declared Water Shortages and mandatory water use restrictions regardless of the time of year. These applicable surcharges are summarized in the following table.

**WATER COMMODITY SURCHARGES
APPLICABLE UNDER WATER SHORTAGE DECLARATION STAGES**

	Individually-Metered Residential Accounts						Non-Residential and Irrigation-Only
Block:	Res. Block 1	Res. Block 2	Res. Block 3	Res. Block 4	Res. Block 5	Cutoff Block	
Use Level: (gallons)	1,000 to 2,000	3,000 to 5,000	6,000 to 10,000	11,000 to 15,000	16,000 and up		
Stage 1	No surcharge	No surcharge	1.25 times normal Block 3 rate	1.5 times normal Block 4 rate	2 times normal Block 5 rate	>1,000 gallons per day	1.15 times seasonal and irrigation-only rate.
Stage 2	No surcharge	1.25 times normal Block 2 rate	1.5 times normal Block 3 rate	2 times normal Block 4 rate	3 times normal Block 5 rate	>800 gallons per day	1.25 times seasonal and irrigation-only rate.
Stage 3 and Emergency	No surcharge	1.5 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	1.5 times seasonal and irrigation-only rate.

Non-residential Accounts Except Irrigation-Only Accounts

To achieve demand reduction during peak water use periods, a seasonal conservation rate structure will be applied to all non-residential accounts other than irrigation-only accounts. (Irrigation-only accounts will be charged a uniform year-round rate as provided below.) A reduced water 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).

Off-peak seasonal rate per 1,000 gallons (October through April)	\$3.40
Peak seasonal rate per 1,000 gallons (May through September)	\$6.46

Irrigation-Only Accounts

To promote conservation of water used for irrigation and to achieve greater equity between rates for irrigation-only use and irrigation use through a domestic meter, irrigation-only accounts shall be charged the following year-round commodity rate.

\$6.95 per thousand gallons

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 OWASA. 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 non-residential water accounts within OWASA's service area (except irrigation only accounts) 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 \$4.92 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 compliance with water conservation standards and other applicable law. Subject to availability of inventoried hydrant meters, a \$200.00 service charge, payable in advance, shall be collected for setting and removing the meter. In addition, a security deposit shall be required in accordance with the following schedule:

Security Deposit
\$1,000.00

Monthly billings for temporary hydrant meters consist of two charges: (1) a service charge for that size meter, and (2) the seasonal commodity charge, including surcharges where applicable, based on monthly readings of the meter. When the hydrant meter is returned undamaged, the security deposit shall 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) Non-residential. The Non-residential category includes master-metered multi-family customers and all commercial, University, and other institutional accounts. The use of these categories is justified by distinctive patterns of water and sewer consumption.

5/8" Meter, Single-family Residential:

<1300 square feet	\$1,095.00
1300-1700 square feet	\$1,336.00

WATER AVAILABILITY FEE (Continued)

5/8" Meter, Single-family Residential:	
1701-2400 square feet	\$1,691.00
2401-3100 square feet	\$2,890.00
3101-3800 square feet	\$3,930.00
>3800 square feet	\$6,597.00
5/8" Meter, Multi-family Residential	\$1,179.00
5/8" Meter, Non-residential*	\$3,202.00
1" Meter, Non-residential*	\$8,005.00
1-1/2" Meter, Non-residential*	\$16,010.00
2" Meter, Non-residential*	\$25,616.00
3" Meter, Non-residential*	\$51,232.00
4" Meter, Non-residential*	\$80,050.00
6" Meter, Non-residential*	\$160,100.00
8" Meter, Non-residential*	\$256,160.00

* Same fee for Irrigation-Only accounts.

WATER SERVICE AND METER INSTALLATION CHARGE

This charge is to recover costs of extending service from the OWASA 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 to serve the customer's 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 shall apply. Complete water service installation and meter-only charges are as follows:

Complete Water Service Installation, 5/8" meter	\$2,643.00
Complete Water Service Installation, 1" meter	\$2,807.00
Meter Only Installation, 5/8" meter	\$199.00
Meter Only Installation, 1" meter	\$241.00
Meter Only Installation, 1-1/2" meter	\$508.00
Meter Only Installation, 2" meter	\$1,491.00
Remote Read Box with 5/8" Detector Meter	\$328.00

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 shall be responsible for providing a meter box or vault constructed to OWASA standards. All meters, regardless of size, shall be purchased from OWASA at cost plus 10%. A \$115.00 delivery fee for 3-inch and larger meters shall be applied.

A remote read box and 5/8" detector meter shall be required on all private fire protection service connections. The remote read box shall be purchased from OWASA and installed by the applicant. OWASA shall install the 5/8" detector meter at the applicant's expense.

WATER MAIN TAPPING FEE

This charge is for making a tap into an OWASA water main. The tap fee shall 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 may be needed 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 shall be for time and equipment plus an allowance for overhead, but not less than \$348.00.

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 \$100.00 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 is calculated to recover the cost of hydrant 'fire flow' testing of the water distribution system. Test results provide data to developers and engineers to determine available flows and pressures in the systems they are designing for new developments.

\$221.00 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 billing date. Monthly sewer rates consist of two components: a monthly service charge and a sewer 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. Meter readings and service charges for first and final bills are prorated based on days of service. Applicable to all sewer accounts, regardless of whether or not there is a commodity charge, the monthly service charge is based on the size of the meter upon which sewer usage is calculated as follows:

<u>Meter Size</u>	<u>Monthly Service Charge</u>
5/8"	\$9.81
1"	\$16.86
1-1/2"	\$29.05
2"	\$43.93
3"	\$83.06
4"	\$126.97
6"	\$232.79
8"	\$397.23

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. When a billing period includes a change in commodity rates, the charges are prorated based on the ratio of days in the billing period at the old and new rates. Metered monthly consumption will be billed in thousand gallon increments rounded down to the nearest thousand gallons. Unbilled consumption due to rounding will be carried forward and billed in the month the next thousand gallon increment is registered by the meter. 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.

\$5.29 per thousand gallons

Individually-metered residential customers will not be charged for monthly 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 OWASA. 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 charges for wastewater services.

MONTHLY RATES FOR SEWER ONLY ACCOUNTS

For existing sewer only accounts where there is no water meter or for facilities using well water, rainwater harvesting systems, reclaimed water or other water services which have a discharge to the sewer system, 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 shall 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 \$5.29 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 the availability fee, customer accounts are divided into three categories: (1) Single-family Residential; (2) Multi-family Residential, Individually-metered; and (3) Non-residential. The Non-residential category includes master-metered Multi-family customers plus all other commercial, the University, and other institutional accounts. The use of these categories is justified by distinctive patterns of water and sewer consumption.

5/8" Meter, Single-family Residential:

<1300 square feet	\$2,540.00
1301-1700 square feet	\$3,068.00
1701-2400 square feet	\$3,122.00
2401-3100 square feet	\$3,826.00
3101-3800 square feet	\$4,134.00
>3800 square feet	\$4,696.00
5/8" Meter, Multi-family Residential	\$2,752.00

SEWER AVAILABILITY FEE (Continued)

5/8" Meter, Nonresidential	\$5,462.00
1" Meter, Nonresidential	\$13,655.00
1-1/2" Meter, Nonresidential	\$27,310.00
2" Meter, Nonresidential	\$43,696.00
3" Meter, Nonresidential	\$87,392.00
4" Meter, Nonresidential	\$136,550.00
6" Meter, Nonresidential	\$273,100.00
8" Meter, Nonresidential	\$436,960.00

In addition to the sewer availability fee, an excess sewer capacity fee of four percent (4%) of the applicable sewer service availability fee shall be charged to recover the costs of excess sewer capacity installed in an area covered by an agreement with a developer for credit payments to the constructing developer. This fee shall apply to residential and non-residential 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 may be needed 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 lines 6" in diameter and larger must be tapped into a manhole. All permits, bonds and pavement repairs are the responsibility of the applicant.

The charge shall be for time and equipment plus an allowance for overhead, but not less than \$319.00.

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 \$100.00 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

Carbonaceous Biochemical Oxygen Demand (CBOD)	205 mg/l
Suspended Solids (SS)	235 mg/l
Ammonia Nitrogen (NH ₃ -N)	25 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:

Carbonaceous Biochemical Oxygen Demand (CBOD)	\$0.35 per pound for all CBOD in excess of 205 mg/l
Suspended Solids (SS)	\$0.43 per pound for all SS in excess of 235 mg/l
Ammonia Nitrogen (NH ₃ -N)	\$2.49 per pound for all NH ₃ -N in excess of 25 mg/l
Phosphorus (P)	\$10.02 per pound for all P excess of 6.5 mg/l

(NEW) SECTION III: RECLAIMED WATER RATES AND CHARGES

MONTHLY RECLAIMED WATER RATES

Reclaimed water charges will be 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 reclaimed water rates consist of two components: a monthly service charge and a commodity (volume) charge.

The University of North Carolina at Chapel Hill (UNC) has paid to construct the first phase of the reclaimed water system, and OWASA and UNC have contractually agreed to the methodology for determining reclaimed water charges applicable to UNC.

Reclaimed Water Service Charge

This fixed monthly charge is calculated to recover direct and indirect costs including but not limited to customer service and billing, meter and lateral maintenance, general and administrative services, and fixed costs associated with supplying reclaimed water to the customer's property; applicable to all metered reclaimed water accounts, independent of the quantity of reclaimed water consumed. Meter readings and service charges for first and final bills are prorated based on days of service. Meter readings and service charges for first and final bills are prorated based on days of service.

UNC Reclaimed Water Use (covers all UNC reclaimed water uses served by the facilities paid for by UNC)	\$25,800 per month
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Reclaimed Water Commodity Charge

This charge is calculated to recover the direct costs for reclaimed water treatment and distribution and all other direct and indirect costs not recovered by fixed monthly service charges. This charge is applicable to all reclaimed water accounts based on meter readings of reclaimed water consumed.

When a billing period includes a change in commodity rates, the charges are prorated based on the ratio of days in the billing period at the old and new rates. Metered monthly consumption will be billed in thousand gallon increments rounded down to the nearest thousand gallons. Unbilled consumption due to rounding will be carried forward and billed in the month the next thousand gallon increment is registered by the meter.

UNC Accounts	\$0.55 per 1,000 gallons
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Reclaimed Water Availability Fees

The purpose of this fee is to recover the capital costs of providing reclaimed water system facility capacity and to fund future expansion of that capacity. Since the University (UNC) has paid to construct the reclaimed water system, UNC will not be required to pay a reclaimed water availability fee for UNC facilities that are connected to and can be served by capacity available in the reclaimed water facilities paid for by the UNC.

SECTION IV: 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.

\$45.00 per event

\$80.00 per event, outside of normal business hours of OWASA

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

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:	\$25.00
Dishonored Draft:	\$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 or an additional security deposit.

CHARGE FOR RECONNECTION OF DELINQUENT ACCOUNTS

Disconnection of water, sewer and/or reclaimed water 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.

\$45.00 per event, during OWASA's normal business hours
\$80.00 per event, outside OWASA's normal business hours

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. \$45.00 per event

LATE PAYMENT FEE

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 a delinquent account to the customer base. The late payment fee applies when a customer's account is delinquent as defined above.

Late Payment Fee: \$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 of single-family residential properties, whether 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 \$50.00. In (1) above where satisfactory credit history or reference is not provided, the initial security deposit shall be \$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 \$50.00 security deposit prior to reconnection of service.

Nonresidential security deposits may be required and will be computed as two times the average monthly bill of the previous customer at the same location over the past calendar year. If there is no previous customer at the service location, the security deposit will be determined by OWASA based on the best information available, such as OWASA's experience with similar types, sizes, etc. of businesses.

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 may be refunded after the customer has established a satisfactory payment history for 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:

Administrative Charge	\$30.00/trip, plus
Volume Charge and High Strength Surcharge	\$113.00/thousand gallons

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
CBOD = Carbonaceous Biochemical Oxygen Demand
TSS = Total Suspended Solids
P = Phosphorus

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 \$2.49/pound

B = pounds of CBOD/thousand gallons in waste x \$0.35/pound

C = pounds of TSS/thousand gallons in waste x \$0.43/pound

D = \$5.29 per 1,000 gallons Sewer Commodity Charge

E = pounds of P/thousand gallons in waste x \$10.02/pound

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 \$24.00 per trip, plus

Commodity Charge \$4.92 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%.

BOAT RENTAL AND LAKE USE FEES

General Public

Fees are 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

Day Use

Charge for each boat or canoe rental	\$8.00 for one-half day. Each additional person in boat pays appropriate lake use fee
Trolling motor rental	\$14.00 for one-half day
Private Boat Launching Fee	\$3.00 per boat
Lake Use Fee, Under 12 Years Old	\$2.00 per person
Lake Use Fee, 12-64 Years	\$4.00 per person
Lake Use Fee, 65 Years and over	\$2.00 per person
INDIVIDUAL PASS	
Boat or canoe rental	\$75.00 per person. Each additional person in boat pays appropriate lake use fee.
Lake Use Pass - Adult	\$40.00
Boat with trolling motor rental	\$150.00 per person. Each additional person in boat pays appropriate lake use fee.
GROUP PASS	
Boat or canoe rental	\$150.00 (maximum of 3 people per pass.) Each additional person in boat pays appropriate lake use fee.
Boat with trolling motor rental	\$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	\$12.00 for one-half day. Each additional person in boat pays appropriate lake use fee
Trolling motor rental	\$20.00 for one-half day
Private Boat Launching Fee	\$6.00 per boat
Lake User Fee, Under 12 years old	\$2.00 per person

Lake User Fee, 12-64 Years	\$5.00 per person
Lake User Fee, 65 Years and over	\$2.00 per person

UNC Crew Club By agreement with OWASA and is applicable to all 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 \$80.00 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 \$124.00 for the shop 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 \$223.00.

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 \$100.00 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:	\$3.63/lf	\$3.63/lf
Construction Observation:	\$3.69/lf	\$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 to a customer when such a customer (including but not limited to individuals, corporations, or partnerships), owes OWASA 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 ADOPTING THE ANNUAL BUDGET FOR
ORANGE WATER AND SEWER AUTHORITY FOR THE FISCAL YEAR
JULY 1, 2008 THROUGH JUNE 30, 2009**

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, sewer and reclaimed water systems, 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 5 be, and they hereby are, adopted as the official Budget of Orange Water and Sewer Authority of the Fiscal Year beginning July 1, 2008 through June 30, 2009.

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 26th day of June, 2008.

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

**FY 2009
Annual Budget**

Operating Revenue

Water	\$15,938,688
Sewer	13,171,544
Reclaimed Water	108,020
Service Initiation Fee	148,952
Other	1,141,874
Refunds and Adjustments	<u>(103,322)</u>

Total Operating Revenue **30,405,756**

Operating Expense

General and Administrative	5,501,296
Operations	<u>12,906,656</u>

Total Operating Expense **18,407,952**

Net Operating Income **11,997,804**

Non-operating Revenue

Customer Fees	1,965,465
Interest	<u>196,461</u>

Total Net Income **14,159,730**

Debt Service

Existing	9,465,326
New	<u>0</u>

Total Debt Service **9,465,326**

Net Income Less Debt Service **\$4,694,404**

Debt Coverage Ratio **1.50**

**ORANGE WATER AND SEWER AUTHORITY
STATEMENT OF INCOME AND EXPENSE
(CAPITAL/NON-OPERATING)**

**FY 2009
Annual Budget**

General Fund

Resources

Transfer From Revenue	\$4,694,404
Assessments	3,000
Grants and Contributions	<u>7,084,706</u>

Annual Income Available for Capital **11,782,110**

Transfer from Construction Fund (Bond Proceeds) **0**

Total Available for Capital **11,782,110**

Capital Expenditures

Project ordinances	
General Fund Contribution	13,792,000
Funded by Bond Proceeds	<u>0</u>

Total Project Resolutions **13,792,000**

Capital Equipment **110,050**

Total Capital Outlay **13,902,050**

Annual General Fund Balance **(2,119,940)**

General Fund Beginning Balance **6,729,868**

General Fund Ending Balance **\$4,609,928**

Project Funding

Under Contract	
Future Years	7,940
Operating Balance	<u>4,601,988</u>

\$4,609,928

Unallocated General Fund Balance **\$0**

REVENUE FUND

	Water	Sewer	Total
Fund Balance July 1, 2008			\$20,000
Receipts			
Operating Revenue			
Customer Billings	15,938,688	13,171,544	29,110,232
Service Initiation Fee	74,476	74,476	148,952
Reclaimed Water	108,020	0	108,020
Other	570,937	570,937	1,141,874
Refunds and Adjustments	<u>(51,661)</u>	<u>(51,661)</u>	<u>(103,322)</u>
Total Operating Revenue	16,640,460	13,765,296	30,405,756
Non-operating Revenue			
Customer Fees	982,733	982,733	1,965,465
Interest Income	<u>98,231</u>	<u>98,231</u>	<u>196,461</u>
Total Non-operating Revenue	1,080,963	1,080,963	2,161,926
Total Receipts	16,738,691	13,863,527	32,567,682
Expenditures			
Current Expense	9,203,976	9,203,976	18,407,952
Debt Service	<u>4,732,663</u>	<u>4,732,663</u>	<u>9,465,326</u>
Total Expenditures	13,936,639	13,936,639	27,873,278
Net Revenue			4,694,404
To General Fund			4,694,404
Fund Balance June 30, 2009			<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, 2008		\$7,095,114
Receipts		
Transfers from Revenue Fund	9,465,326	
Interest	<u>23,400</u>	
Total Receipts		9,488,726
Expenditures		
Debt Service	9,465,326	
Total Expenditures		<u>9,465,326</u>
Fund Balance June 30, 2009		<u>\$7,118,514</u>
Change in Available Balance		\$23,400

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 \$23,400 due to interest earnings during the year.

GENERAL FUND

Fund Balance July 1, 2008		\$6,729,868
Receipts		
Transfer From Revenue fund	4,694,404	
Transfer From Construction Fund (Bond Proceeds)	0	
Interest	196,461	
Assessments	3,000	
Grants and contributions	<u>7,084,706</u>	
Total Receipts		<u>11,978,571</u>
Total Balance Before Expenditures		18,708,439
Expenditures		
Capital Equipment/Leases	\$110,050	
Project Resolutions	13,792,000	
Transfer to Revenue Fund	196,461	
Total Expenditures		<u>14,098,511</u>
Fund Balance June 30, 2009		<u>\$4,609,928</u>
Allocation of Fund Balance June 30, 2008		
Project Funding		
Under Contract	0	
Future Years	7,940	
Operating Balance, Working Capital	<u>4,601,988</u>	
Total Allocation		<u>\$4,609,928</u>
Unallocated General Fund Balance June 30, 2009		<u>\$0</u>
Change in Available Balance		(\$2,119,940)

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 decrease by approximately 32%. This reflects 100% cash funding of OWASA's capital improvements during FY 2009.

RESOLUTION APPROVING CAPITAL IMPROVEMENTS PROGRAM FOR FISCAL YEARS 2009-2023 INCLUDING FIVE-YEAR CAPITAL IMPROVEMENTS BUDGET FOR FISCAL YEARS 2009-2013

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 2009-2023 and the draft Capital Improvements Budget for Fiscal Years 2009-2013 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 June 12, 2008;

NOW, THEREFORE, BE IT RESOLVED:

1. The Board of Directors of Orange Water and Sewer Authority approves the Capital Improvements Program for Fiscal Years 2009-2023 including the Five-Year Capital Improvements Budget for Fiscal Years 2009-2013 as provided in the Capital Improvements Program document dated May 30, 2008.

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 26th day of June, 2008.

**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 \$799,000 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	\$493,000
Raw Water Security Improvements	\$63,000
Cane Creek Reservoir Dock Improvements	<u>\$108,000</u>
Total	\$799,000

Revenues:

Transfers from the General Fund and/or Bond Proceeds and Grants	\$799,000
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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 26th day of June, 2008.

**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 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 \$15,644,000 is hereby established and expenditures therefrom authorized for Water Treatment and Distribution Improvements:

Expenditures:

WTP Instrumentation and Control Improvements	\$166,000
WTP Rehabilitation Projects	\$487,000
WTP Water Security Improvements	\$66,000
WTP Secondary Containment for Chemical Storage	\$91,000
WTP Sodium Hypochlorite Tank Facility Improvement	\$200,000
WTP Sodium Hypochlorite Feed System Upgrade	\$85,000
WTP Filter Influent Valve Repairs	\$100,000
Calvander Pump Station Improvements	\$25,000
Booster Pump Station at I-40	\$50,000
Finished Water Storage Security Improvements	\$32,000
Water Main Road Improvement Projects	\$1,406,000
Water Main Rehabilitation and Replacement Projects	\$6,884,000
Water Main Reinforcement Projects	\$614,000
Water Main Replacement—Cleland Drive	\$142,000
Water Main Replacement—Elliott Road	\$149,000
Water Main Replacement—Estes Drive	\$160,000
Water Main Replacement—Fordham Boulevard	\$613,000
Water Main Replacement—Dobbins Drive	\$1,415,000
Water Main Replacement—US Highway 15-501	\$151,000
Water Main Replacement—Cameron Avenue	\$1,658,000
Water Distribution System Hydraulic Model Update	\$103,000
Water Main Replacement—Heritage Hills	<u>\$1,047,000</u>
Total	\$15,644,000

Revenues:

Transfers from the General Fund and/or Bond Proceeds	\$15,644,000
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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 26th day of June, 2008.

**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 other 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 \$36,913,000 is hereby established and expenditures therefrom authorized for Wastewater Collection, Treatment and Disposal Improvements:

Expenditures:

Bolin Creek Interceptor Phase III	\$4,388,000
Morgan Creek Interceptor	\$854,000
Booker Creek Basin—Rehabilitation and Replacement	\$3,701,000
Service Area Sewer Line Rehabilitation and Replacement	\$4,201,000
Meeting of the Waters Interceptor	\$6,626,000
Pump Station Improvements	\$774,000
Heritage Hills Force Main Replacement	\$2,132,000
Cleland Drive Pump Station Phase-out	\$866,000
Clayton Road Pump Station Phase-out	\$1,051,000
WTP Flood Protection Enhancement	\$211,000
WWTP Rehabilitation Projects	\$638,000
WWTP Digester System Upgrades	\$50,000
WWTP Odor Improvements	\$4,200,000
WWTP Nutrient Removal and Capacity Optimization Analysis	\$192,000
Reclaimed Water Treatment, Pumping and Storage Facilities	\$4,126,000
Reclaimed Water Transmission Main	\$2,858,000
WWTP Security Improvements	<u>\$45,000</u>
Total	\$36,913,000

Revenues:

Transfers from the General Fund and/or Bond Proceeds and Grants	\$36,913,000
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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 26th day of June, 2008.

**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 \$1,725,000 is hereby established and expenditures therefrom authorized for Support Services Facility Improvements:

Expenditures:

Information Services	\$1,725,000
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Revenues:

Transfers from the General Fund and/or Bond Proceeds	\$1,725,000
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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 26th day of June, 2008.

**RESOLUTION OF ORANGE WATER AND SEWER AUTHORITY
SCHEDULE OF EMPLOYEE CLASSIFICATION AND AUTHORIZED
COMPENSATION EFFECTIVE OCTOBER 1, 2008**

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, 2008.
2. That these salary ranges shall remain in effect until such time as further modified or revised.
3. That a 3.7% merit pool be approved effective October 1, 2008.

Adopted this 26th day of June 2008.

**ORANGE WATER AND SEWER AUTHORITY
SCHEDULE OF EMPLOYEE CLASSIFICATION AND
AUTHORIZED COMPENSATION
Effective October 1, 2008**

<u>Salary Grade</u>	<u>Authorized Positions</u>	<u>Salary Range</u>	<u>Classification Title</u>
7	1 1	\$23,862 – 34,603	Courier Custodian
9	0-6 2 0-33	\$27,113 – 39,315	Clerk/Cashier* Assistant Lake Warden Utility Mechanic I*
10	0-33 1	\$28,738 – 41,671	Utility Mechanic II* Purchasing Specialist
11	1 0-4 0-6 1	\$30,363 – 44,027	Senior Assistant Lake Warden Accounting Technician I* Customer Service Representative* Field Service Representative
12	3 3 7 1	\$31,988 – 46,383	Utility Mechanic III Solids Handler Administrative Assistant Service Technician
13	0-4	\$33,614 – 48,740	Accounting Technician II*
14	0-9	\$35,242 – 51,102	Maintenance Mechanic*
15	0-9 7 1 2	\$36,865 – 53,456	Senior Maintenance Mechanic* Laboratory Analyst Sr. Customer Service Representative Engineering Technician
16	6 1 1 14 1	\$38,489 – 55,811	Crew Leader Human Resources Generalist Lakes Warden Treatment Plant Operator Solids Handler Supervisor

OWASA Schedule of Employee Classification
 And Authorized Compensation
 Effective October 1, 2008
 Page 2 of 3

<u>Salary Grade</u>	<u>Authorized Positions</u>	<u>Salary Range</u>	<u>Classification Title</u>
18	2 2 1	\$41,741 – 60,528	Information Services Technical Specialist Chief Plant Operator Instrumentation Control Technician
19	2 2	\$43,366 – 62,883	Laboratory Supervisor Construction Inspector
20	2 2 2 1	\$44,993 – 65,241	Plant Maintenance Supervisor Engineering Associate Executive Assistant Wastewater Specialist
21	1 1	\$46,618 – 67,598	GIS Coordinator Public Affairs Administrator
22	1	\$48,243 – 69,953	Safety & Training Administrator
23	1	\$49,856 – 72,292	Assistant Distribution & Collection Systems Manager
25	0-3 1	\$53,116 – 77,019	Utilities Engineer* Network/Database Administrator
27	0-3	\$56,366 – 81,732	Utilities Engineer – Registered*
28	1 1 1	\$57,992 – 84,089	Procurement Manager Customer Service Manager Laboratory Manager
30	1	\$61,245 – 88,805	Sustainability Administrator
31	1 1 1 1 1 1 1 1 1	\$62,870 – 91,164	Engineering Manager, Systems Development Engineering Manager, Capital Projects Operations Engineer Distribution & Collection Systems Manager Plants Maintenance Manager Wastewater Treatment & Biosolids Recycling Manager Water Supply & Treatment Manager Utility Manager Generalist Finance Manager

<u>Salary Grade</u>	<u>Authorized Positions</u>	<u>Salary Range</u>	<u>Classification Title</u>
37	1 1	\$72,622 – 105,301	Business Information Services Director Human Resources Director
39	1	\$75,871 – 110,014	Planning & Development Director
44	1 1	\$83,997 – 121,797	Finance and Customer Service Director Engineering & Planning Director
46	1	\$87,250 – 126,512	General Manager of Operations
Contract	1		Executive Director
Total of 150 positions			

* On June 14, 2007, the OWASA Board amended the Schedule of Employee Classification and Authorized Compensation to provide for skill-based pay progression for the following positions:

- Utility Mechanic I to Utility Mechanic II
- Maintenance Mechanic to Senior Maintenance Mechanic
- Accounting Technician I to Accounting Technician II
- Clerk/Cashier to Customer Service Representative
- Utilities Engineer to Utilities Engineer Registered

The Executive Director has established eligibility criteria and administrative procedures for the skill-based pay program.

While there is flexibility in the number of authorized positions in each skill-based pay position, the total number of authorized positions for each skill-based pay job family is as follows:

<u>Skill-based Pay Job Family</u>	<u>Total Authorized Positions</u>
Utility Mechanic I / Utility Mechanic II	33
Maintenance Mechanic / Senior Maintenance Mechanic	9
Accounting Technician I / Accounting Technician II	4
Clerk/Cashier / Customer Service Representative	6
Utilities Engineer / Utilities Engineer Registered	3