

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

JULY 23, 2009

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met for in regular session on Thursday, July 23, 2009 at 7:00 PM, at the Chapel Hill Town Hall.

Directors present: Randy Kabrick, P.E., Chair; Gordon Merklein, Vice Chair; Braxton Foushee, Secretary; Fred Battle; Michael A. (Mac) Clarke; Joyce C. Preslar; and Alan Rimer. Directors absent: William R. Stott.

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

Others present: Meg Holton, Water, Wastewater, and Stormwater Manager, University of North Carolina at Chapel Hill; Bob Miller, Municipal & Financial Services Group; and Kristen Powers, Mayor's Youth for a Sustainable Future.

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 May 28, 2009 Public Hearings and Meeting of the Board of Directors; the motion was seconded by Gordon Merklein, and carried by unanimous vote.

2. Alan Rimer made a motion to approve the Minutes of the June 11, 2009 Meeting of the Board of Directors; the motion was seconded by Gordon Merklein, and carried by unanimous vote.

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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.

AUGUST 13, 2009 BOARD MEETING

Randy Kabrick said the August 13, 2009 OWASA Board of Directors' meeting has been canceled, and the next regularly scheduled meeting of the Board will be held on Thursday, August 27, 2009 at Chapel Hill Town Hall.

FINANCE COMMITTEE MEETING

Gordon Merklein said that the Finance Committee met before the Board meeting with OWASA's auditor (Cherry, Bekaert & Holland, LLP) regarding the 2009 audit; reviewed the quarterly financial report for quarter ended June 30, 2009; and received a presentation on OWASA's accounting and financial management and reporting systems from Bob Miller of Municipal & Financial Services Group (MFSG). Mr. Merklein introduced Mr. Miller to provide an update on his findings.

Mr. Miller stated that his firm was hired to identify the short- and long-term improvements needed at OWASA to ensure that OWASA has accurate and timely financial information to effectively manage the organization. While many more recommendations are included in the MFSG report, Mr. Miller specifically suggested the Board of Directors consider developing an organizational comprehensive strategic plan; develop a comprehensive information management and technology plan; and create two Applications Administrator positions to provide application-based information technology support for the organization.

Mr. Miller recommended OWASA review his firm's report to determine its agreement with the recommendations and priorities and then prepare a plan to implement the agreed-upon recommendations and identify the resources needed for implementation.

Gordon Merklein thanked Mr. Miller for his update and said that OWASA's first step will be for staff to review the report and report back to the Finance Committee in September. The Finance Committee will then bring this information to the full Board for discussion and possible action.

ITEM TWO: PETITIONS AND REQUESTS FROM THE PUBLIC

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

ITEM THREE: PETITIONS AND REQUESTS FROM THE BOARD

Joy Preslar requested the Board formally recognize OWASA employees' acceptance of forgoing a merit increase this Fiscal Year. Ms. Preslar will follow up with Braxton Foushee on the details before making a formal petition.

ITEM FOUR: PETITIONS AND REQUESTS FROM STAFF

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

ITEM FIVE: QUARTERLY REPORT ON ATTENDANCE AT BOARD OF DIRECTORS' MEETINGS

The Board received this report as information only.

ITEM SIX: UPDATE ON SEWER SERVICE AGREEMENT WITH THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL FOR THE COGENERATION FACILITY

The Board received this update as information only.

ITEM SEVEN: SEMI-ANNUAL CONTRACTOR AND CONSULTANT PERFORMANCE REPORT

The Board received this report as information only.

ITEM EIGHT: MINUTES

Alan Rimer made a motion to approve the Minutes of the May 28, 2009 Public Hearings and Board Meeting; the motion was seconded by Gordon Merklein, and carried by unanimous vote. Please see Motion No. 1 above.

Alan Rimer made a motion to approve the Minutes of the June 11, 2009 Board Meeting; the motion was seconded by Gordon Merklein, and carried by unanimous vote. Please see Motion No. 2 above.

ITEM NINE: MAYOR'S YOUTH FOR A SUSTAINABLE FUTURE – REPORT ON PUBLIC HOUSING WATER CONSERVATION RETROFIT PROJECT

Patrick Davis introduced Kristen Powers, a rising sophomore from Chapel Hill High School and one of three students who make up the Chapel Hill Mayor's Youth for a Sustainable Future.

Ms. Powers gave a presentation on the successful water conservation retrofit project at five public housing apartments in Chapel Hill.

The Board received this presentation as an information item.

ITEM TEN: LONG-RANGE WATER SUPPLY PLAN UPDATE

Alan Rimer noted that, unlike OWASA's December 2001 Comprehensive Water and Sewer Master Plan, which had been completed by a consultant, the current Draft Long-Range Water Supply Plan update report was compiled by OWASA staff based on the technical and

economic analyses of a consultant. Mr. Rimer commended staff on their thorough work on this document.

Ed Holland presented an overview of findings and recommendations of the Long-Range Water Supply Plan update. Key points from this presentation are:

- OWASA's existing University Lake/Cane Creek Reservoir system and planned expansion of the Quarry Reservoir is expected meet our drinking water needs substantially further into the future than previously thought.
- Twenty to 25 percent increase in water use efficiency considered the "new normal" for drinking water demand in our community;
- OWASA's present water supplies can reliably provide 10.5 million gallons per day under severe drought conditions like those in 2001-02 while still maintaining a 20 percent storage reserve in its reservoirs;
- OWASA should continue to plan for future use of the Expanded Stone Quarry Reservoir;
- OWASA should purchase water from other utilities before implementing the additional mandatory water conservation requirements of a formally-declared water shortages; and
- OWASA should continue to participate in discussions with the City of Durham, Orange County, Chatham County, etc. regarding options for future access to water from Jordan Lake.

Following the presentation, Mr. Rimer recommended that staff be proactive in notifying the local elected boards of this new information and requesting opportunities to make a presentation this fall.

Mac Clarke agreed and noted the need for general community outreach and education.

Gordon Merklein suggested a presentation to Chapel Hill's Sustainable Community Visioning Task Force, of which he is a member.

Braxton Foushee agreed with prior comments and further suggested that Orange County and the intergovernmental groups also receive this document and presentation.

Fred Battle also agreed and noted his interest in replacing obsolete commodes and other water fixtures in older homes.

The full Board concurred with staff's recommendation to begin soliciting public input and feedback on the draft report.

ITEM ELEVEN: OVERVIEW PRESENTATION ON OWASA'S MANAGEMENT OF WASTEWATER BIOSOLIDS

Damon Forney gave a presentation on OWASA's management of wastewater biosolids. Mr. Forney explained what biosolids are, the treatment process of biosolids, and how biosolids are beneficially recycled. He also informed the Board that staff's next steps include optimization of the current program and staying abreast of biosolids research and new technologies.

There being no further business to come before the Board, the meeting was adjourned at 8:25 PM.