

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

FEBRUARY 23, 2012

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a regular meeting on Thursday, February 23, 2012, at 7:00 P.M. at the Chapel Hill Town Hall, 405 Martin Luther King Jr Boulevard.

Directors present: Gordon Merklein, Chair; Alan Rimer, Vice Chair; Amy Witsil, Secretary; Fred Battle; Terri Buckner; Will Raymond; Dana Stidham; and William Stott (arrived at 7:55 P.M.). Director absent: John A. Young.

OWASA staff: Ed Kerwin; John Greene; Mason Crum; Mary Darr; Patrick Davis; Greg Feller; Ed Holland; Heidi Lamay; Kenneth Loflin; Andrea Orbich; Stephen Winters; and Robert Epting, Esq., Epting and Hackney.

Others present: Zalman Joffe, Chapel Hill resident; Mac Clarke, Chapel Hill resident; Ben Poulson, Associate Director of Energy Services, and Meg Holton, Water, Wastewater, and Stormwater Manager of the University of North Carolina at Chapel Hill.

There being a quorum present, Chair Gordon Merklein called the meeting to order.

MOTIONS ACTED UPON

1. Alan Rimer made a motion to support staff's recommendation to deny Mr. Garland Hershey's petition; the motion was seconded by Amy Witsil and carried by unanimous vote.
2. Fred Battle made a motion to support staff's recommendation to deny Mr. Zalman Joffe's petition; the motion was seconded by Alan Rimer and carried by unanimous vote.
3. Will Raymond made a motion to approve the Minutes of the January 12, 2012 Board meeting; the motion was seconded by Terri Buckner and carried by unanimous vote.
4. Will Raymond made a motion to approve the Minutes of the January 26, 2012 Board meeting; the motion was seconded by Terri Buckner and carried by unanimous vote.
5. Will Raymond made a motion authorizing staff to proceed with negotiations with the Town of Hillsborough to draft a proposed agreement, at the Town of Hillsborough's expense, for the transfer of a three mile water main segment which is owned and operated by OWASA and located along Old NC 86 between Davis Road and Exchange Park Road; the motion was seconded by Alan Rimer and carried by unanimous vote.

ITEM ONE: ANNOUNCEMENTS

CONFLICT OF INTEREST

Gordon Merklein 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.

STANDING COMMITTEE ASSIGNMENT

Gordon Merklein appointed Terri Buckner to the Board's Finance Committee.

FINANCE COMMITTEE

Amy Witsil said the Finance Committee will meet on March 8, 2012 at 5:30 P.M. in the OWASA Boardroom to discuss Fiscal Year 2013 budget and rate adjustments as well as a contract for audit services. (The Finance Committee meeting is now scheduled for March 20, 2012.)

"CAN WE HEAL OUR LOCAL WATER WAYS?"

Will Raymond expressed gratitude to staff for participating in the Chapel Hill 2020 Special Project presentation of "Can We Heal Our Local Waterways?" on Saturday, February 11, 2012.

OWASA'S 35th ANNIVERSARY

Ed Kerwin said that February 16, 2012 marked the 35th Anniversary of OWASA's service to the Carrboro/Chapel Hill community and since then Sallie Edwards, Accounting Technician; and Randy Horton, Assistant Water Distribution and Wastewater Collection Manager; have been part of the OWASA team. Robert Epting served on OWASA's first Board in 1977 and has been OWASA's General Counsel since 1984. OWASA has achieved a high level of success because of the hard work and dedication of employees as well as the support and guidance from Board members. Mr. Kerwin said that work will continue each day to meet and exceed customers' expectations and so that when customers think of OWASA, they will know OWASA is a national leader in drinking water quality and wastewater management; provides excellent customer service in all that we do – such that customers would choose OWASA if they had free choice; and OWASA is a trusted steward of the community, environmental and financial resources it manages. Finally, Mr. Kerwin expressed gratitude to customers and other community stakeholders for their feedback and support.

ANNUAL CHLORINE DISINFECTION

Kenneth Loflin announced that the annual chlorine disinfection of drinking water will begin on March 1, 2012 and will continue through the end of month. Chlorine disinfection ensures a high level of disinfection in the community's network of water mains.

UPDATE ON OWASA'S WATER SUPPLY

Ed Holland gave the Board an update on OWASA's water supply and demand conditions. The reservoirs were 74 percent full as of February 23, 2012. He also said the area is in a "moderate drought," and that staff will continue to carefully monitor supply, demand and forecasts to keep the Board and community informed.

DAMON FORNEY

Ed Kerwin said that Damon Forney's last day of work as OWASA's Wastewater Treatment and Biosolids Recycling Manager, will be on February 24th. He has taken the plant manager position at the new Western Wake wastewater treatment plant under construction by the Town of Cary. Mr. Kerwin thanked Mr. Forney for his service.

MARCH 8, 2012 OWASA BOARD MEETING

Gordon Merklein said that the March 8, 2012 OWASA Board of Directors meeting is cancelled; the next regular meeting of the Board will be on March 22, 2012 at the Chapel Hill Town Hall.

ITEM TWO: PETITIONS AND REQUESTS

Gordon Merklein said that Mr. Garland Hershey petitioned the Board for an exception to OWASA's policy that limits water loss adjustments to one in any three-year period. Mr. Hershey experienced two leak events during the past two years and requested an account adjustment for each. Mr. Hershey was not present at the meeting. Staff's recommendation was to deny his petition and instead adjust his account for the larger of the two leaks.

Alan Rimer made a motion to support staff's recommendation to deny Mr. Garland Hershey's petition; the motion was seconded by Amy Witsil and carried by unanimous vote. Please see Motion No. 1 above.

Mr. Zalman Joffe petitioned the Board for a three-month adjustment regarding a leak that affected one of his rental property accounts. Additionally, he asked why he was not notified when excessive use of water occurred at one of his rental properties. He stated that if he had been notified of the excessive water use, he would have corrected the problem quickly and three months of water would not have been wasted.

Staff explained that Mr. Joffe was not notified about the leak in this case because he was not the customer.

Fred Battle made a motion to support staff's recommendation to deny Mr. Zalman Joffe's petition; the motion was seconded by Alan Rimer and carried by unanimous vote. Please see Motion No. 2 above.

The Board agreed that staff should reevaluate the process for notifying customers about high water consumption. Staff will report back to the Board at a future meeting.

Mr. Merklein asked for petitions and requests from the Board and staff; there were none.

ITEM THREE: 2011 RECREATION REPORT FOR UNIVERSITY LAKE AND THE CANE CREEK RESERVOIR

The Board received this item as an information item.

ITEM FOUR: MINUTES

Will Raymond made a motion to approve the Minutes of the January 12, 2012 Board meeting; the motion was seconded by Terri Buckner and carried by unanimous vote. Please see Motion No. 3 above.

Will Raymond made a motion to approve the Minutes of the January 26, 2012 Board meeting; the motion was seconded by Terri Buckner and carried by unanimous vote. Please see Motion No. 4 above.

ITEM FIVE: DISCUSSION OF JORDAN LAKE/ WATER AND SEWER MANAGEMENT, PLANNING AND BOUNDARY AGREEMENT NEXT STEPS

Gordon Merklein began the discussion by stating that in October 2011 the OWASA Board agreed to declare a Stage 1 Water Shortage before purchasing water from other communities or obtaining water from its Jordan Lake allocation during periods of extended drought. In January 2012, a majority of the Board supported the draft Drought Response Operating Protocol (DROP) that defines the specific conditions when OWASA will provide its customers and community timely notice of a potential water supply shortage. Mr. Merklein said the draft DROP has been discussed with members of the Chapel Hill Town Council's OWASA Committee but that there has not been a similar discussion with members of the Carrboro Board of Aldermen.

Mr. Merklein stated that tonight he would like to establish a timeframe to share the draft DROP with the Town of Carrboro and Chapel Hill governing boards and to receive their feedback; and discuss any specific issues or outstanding questions Board members may have regarding the draft DROP.

Following discussion, the Board agreed that a letter from the Board Chair be sent to the Mayors of Carrboro and Chapel Hill to request time at one of their regular business meetings in March to update their respective boards and obtain their feedback on the draft DROP that establishes specific guidelines for OWASA's planned use of its Jordan Lake water supply allocation during extended droughts.

ITEM SIX: CONSIDERATION OF REQUEST BY THE TOWN OF HILLSBOROUGH FOR TRANSFER OF ASSETS

Will Raymond made a motion authorizing staff to proceed with negotiations with the Town of Hillsborough to draft a proposed agreement, at the Town of Hillsborough's expense, for the transfer of a three mile water main segment which is owned and operated by OWASA and located along Old NC 86 between Davis Road and Exchange Park Road; the motion was seconded by Alan Rimer and carried by unanimous vote. Please see Motion No. 5 above.

ITEM SEVEN: REPORT ON TELEVISIONING OWASA BOARD OF DIRECTORS' MEETINGS

Mac Clarke, Chapel Hill resident, suggested that prior to any expenditures by the Board, the Board solicit feedback from customers on how they wish to view OWASA Board meetings.

After discussion and without objection, the Board agreed to defer this item to the Board's Outreach and Education Committee to solicit feedback from customers, and report back to the Board at a later date.

ITEM EIGHT: UPDATE ON WORK TO DEVELOP AN ASSET MANAGEMENT PLAN FOR ABOVEGROUND WATER AND WASTEWATER FACILITIES

The Board received this item as an information item.

ITEM NINE: EXECUTIVE DIRECTOR WILL SUMMARIZE THE KEY ACTION ITEMS FROM THE BOARD MEETING AND NOTE SIGNIFICANT ITEMS FOR DISCUSSION AND/OR ACTION EXPECTED AT THE NEXT BOARD MEETING

Ed Kerwin summarized the meeting with the following action items:

- Staff will reevaluate its process for notifying customers about high water consumption and report back to the Board at a future meeting.
- OWASA's Board Chair will send letters to the Mayors of Carrboro and Chapel Hill to request time at one of their regular business meetings in March to update and obtain their feedback on the draft Drought Response Operating Protocol.
- Staff will begin negotiations with Town of Hillsborough staff to transfer three miles of OWASA's 10-mile water line between OWASA and Hillsborough.
- A report on televising OWASA Board meetings was referred to the Board's Outreach and Education Committee and that Committee will report back to the Board at a future meeting.
- No actions items are currently scheduled for the March 8, 2012 OWASA Board meeting; Gordon Merklein noted that the meeting is cancelled.

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