

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

APRIL 26, 2012

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a regular meeting on Thursday, April 26, 2012, at 7 PM in Council Chambers at Chapel Hill Town Hall.

Directors present: Gordon Merklein, Chair; Alan Rimer, Vice Chair; Amy Witsil, Secretary; Fred Battle; Terri Buckner; Will Raymond; Dana Stidham; William Stott; and John A. Young.

OWASA staff: Ed Kerwin; John Greene; Mason Crum; Patrick Davis; Greg Feller; Stephanie Glasgow; Ed Holland; Heidi Lamay; Andrea Orbich; Kevin Ray; Stephen Winters; and Robert Epting, Esq., Epting and Hackney.

Others present: Michael Lee, 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 approve the Minutes of the March 22, 2012 Board meeting; the motion was seconded by William Stott and carried by unanimous vote.

2. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled, Resolution Setting the Date of May 24, 2012 for a Public Hearing on the Proposed OWASA Budget for Fiscal Year 2013 and on the Capital Improvement Program and Capital Improvements Budget. (Resolution so titled and titled attached hereto and made a part of these minutes. Motion by Will Raymond, second by Fred Battle and carried by unanimous vote.)

3. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled, Resolution Setting the Date of May 24, 2012 for a Public Hearing on the Proposed Revisions to OWASA's Schedule of Rate, Fees and Charges. (Resolution so titled and titled attached hereto and made a part of these minutes. Motion by William Stott, second by Fred Battle 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.

APRIL 24, 2012 CARRBORO BOARD OF ALDERMEN MEETING

Gordon Merklein said that on April 24, 2012, the Carrboro Board of Aldermen agreed to create a Board Subcommittee (Aldermen Randee Haven-O'Donnell, Sammy Slade and Lydia Lavelle) to work through technical information related to OWASA's draft Drought Response Operating Protocol with the Town's OWASA representatives, to work with the Chapel Hill subcommittee, and to communicate more effectively with OWASA.

COMMITTEE MEETING

Fred Battle said the Human Resources (HR) Committee met prior to the Board meeting to discuss quotes from Blue Cross Blue Shield of North Carolina for employee health and dental insurance for Fiscal Year 2013, which will result in a 1.7% and 8.8% decrease respectively. The Committee also reviewed staff's recommendation for a minor change to the HR Policy to administer the employees' Health and Wellness Incentive Program on a fiscal year instead of a calendar year. The Committee recommends Board approval of these actions at the May 10, 2012 meeting.

Mr. Battle also said the Committee was informed of updates to OWASA's recruitment process and briefed on the ongoing Employee Classification and Compensation Study. An update to the full Board is expected within a few months.

OWASA CONSTRUCTION WORK ON MARTIN LUTHER KING, JR. BOULEVARD

Will Raymond complimented OWASA staff for their professionalism and efficient construction work on retiring a section of six-inch water main in the vicinity of Martin Luther King, Jr. Boulevard in Chapel Hill.

EMPLOYEE APPRECIATION

Gordon Merklein encouraged Board members to attend OWASA's Employee Appreciation event on Friday, May 11, 2012 at noon in the OWASA Operations Center.

OUTREACH EVENTS

Fred Battle thanked Ed Kerwin for presenting and answering questions at the April 14, 2012 Anderson-Thorpe-Chapman Breakfast Club meeting.

Dana Stidham also expressed appreciation to Ed Kerwin for a presentation on water on April 18, 2012, at her daughter's First Grade Class at Carrboro Elementary.

Mr. Kerwin said that staff is taking each event as a learning opportunity for continuous improvement. A brief summary and action items from each event will be prepared.

ITEM TWO: PETITIONS AND REQUESTS FROM PUBLIC

Michael Lee, a resident of Glen Lennox Apartments in Chapel Hill, petitioned the Board to consider an alternative rate structure for master-metered multi-family residential developments that sub-meter water use and rebill their residents for water and sewer services. Mr. Lee requested that charges for sub-metered residential developments be more in line with our increasing block rates rather than our seasonal water rates, which apply to non-residential customers.

The Board referred Mr. Lee's petition to staff for a response at an upcoming Board meeting.

ITEM THREE: PETITIONS AND REQUESTS FROM BOARD

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

ITEM FOUR: PETITIONS AND REQUESTS FROM STAFF

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

ITEM FIVE: MINUTES

Alan Rimer made a motion to approve the Minutes of the March 22, 2012 Board meeting; the motion was seconded by William Stott and carried by unanimous vote. Please see Motion No. 1 above.

ITEM SIX: FINANCIAL REPORT FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2012

The Board received this item an information item.

ITEM SEVEN: DRAFT CUSTOMER SATISFACTION SURVEY

After discussion by the Board, it was agreed that the draft survey be revised based on the Board's discussion and then recirculate for final Board comment. The Board also agreed to the May 2012 timeline for distribution of the survey.

The Board also requested staff partner with local officials on proper disposal of pharmaceuticals and personal care products.

ITEM EIGHT: UPDATE TO THE FISCAL YEAR 2013 DRAFT ANNUAL BUDGET

The Board received this item as an information item. Information presented by staff includes no increase in monthly water and sewer rates for Fiscal Year (FY) 2013. The FY 2013 budgets for operating costs, capital improvements and debt payments total about \$39 million.

ITEM NINE: RESOLUTION SETTING THE DATE OF MAY 24, 2012 FOR A PUBLIC HEARING ON THE PROPOSED OWASA BUDGETS FOR FISCAL YEAR 2013

Will Raymond made a motion to approve the resolution; the motion was seconded by Fred Battle and carried by unanimous vote. Please see Motion No. 2 above.

ITEM TEN: RESOLUTION SETTING THE DATE OF MAY 24, 2012 FOR A PUBLIC HEARING ON THE PROPOSED REVISIONS TO OWASA'S SCHEDULE OF RATES, FEES AND CHARGES

William Stott made a motion to approve the resolution; the motion was seconded by Fred Battle and carried by unanimous vote. Please see Motion No. 3 above.

ITEM ELEVEN: 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 prepare a response to Michael Lee's petition pertaining to sub-metering; Mr. Lee will be notified of when that response will go to the Board.
- Staff will work with local officials on proper disposal of pharmaceuticals and personal care products.
- Staff will revise the draft Customer Satisfaction Survey based on the Board's discussion and then recirculate it for final Board comment.
- Action items for the Board's April 10, 2012 meeting are: renew employee health and dental insurance for Fiscal Year 2013; review the draft Fiscal Year 2013 Rates, Fees and Charges and budgets; and appoint a Nominating Committee.

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There being no further business to come before the Board, the meeting was adjourned at 8:30 P.M.

Attachments

RESOLUTION SETTING THE DATE OF MAY 24, 2012 FOR A PUBLIC HEARING ON THE PROPOSED OWASA BUDGET FOR FISCAL YEAR 2013 AND ON THE CAPITAL IMPROVEMENTS PROGRAM AND CAPITAL IMPROVEMENTS BUDGET

WHEREAS, Section 159-12 of the General Statutes of North Carolina requires a Public Hearing on the budget for the ensuing fiscal year; and

WHEREAS, in accordance with Section 7.05 of the Bond Order, and Section 159-13 of the General Statutes of North Carolina, the Board of Directors of Orange Water and Sewer Authority shall adopt an Annual Budget for the Fiscal Year 2013 on or before the first day of July, 2012; and

WHEREAS, said proposed Budget will be placed with the Clerk to the Board and will be available for public inspection;

NOW, THEREFORE, BE IT RESOLVED:

1. That a Public Hearing is hereby set for Thursday, May 24, 2012, at 7:00 P.M., in the Chapel Hill Town Hall, for the purpose of receiving public comment on the proposed Fiscal Year 2012 Budget, Capital Improvements Program, and Capital Improvements Budget.
2. That any interested persons may appear in person, or by agent or attorney, and present any comments they may have regarding the proposed budget.
3. That notice of the time and place of the Public Hearing shall be advertised and mailed at least ten days prior to the date fixed above for the Public Hearing to The University of North Carolina at Chapel Hill, and to the Towns of Chapel Hill and Carrboro and to Orange County.

Adopted this 26th day of April, 2012.

**RESOLUTION SETTING MAY 24, 2012 AS THE DATE FOR A PUBLIC
HEARING ON PROPOSED REVISIONS TO OWASA'S SCHEDULE OF RATES,
FEES AND CHARGES**

WHEREAS, the Orange Water and Sewer Authority must charge fees sufficient to provide financial resources to recover the cost of ongoing operations, pay for capital improvements, and provide sufficient financial resources to ensure sustainable fiscal strength and stability; and

WHEREAS, Section 162A-6 of the General Statutes of North Carolina and Section 7.04 of the Amended and Restated Bond Order adopted September 13, 2001, provide for the revision of such rates, fees and charges;

NOW, THEREFORE, BE IT RESOLVED:

1. That a Public Hearing is hereby set for Thursday, May 24, 2012 at 7:00 P.M., at the Chapel Hill Town Hall, for the purpose of receiving public comment on any proposed adjustments to Orange Water and Sewer Authority's rates, fees and charges.

2. That any interested persons may appear in person, or by agent or attorney, to present comments on the proposed modifications to the current schedule of rates, fees and charges.

3. That notice of the time and place of the Public Hearing shall be advertised and shall be mailed at least ten days prior to the date fixed above for the Public Hearing to The University of North Carolina at Chapel Hill, Town of Carrboro, Town of Chapel Hill, and Orange County.

Adopted this 26th day of April, 2012.