

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

DECEMBER 12, 2013

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a regular meeting on Thursday, December 12, 2013, at 7:00 PM in the Community Room in the OWASA Administration Building, 400 Jones Ferry Road in Carrboro.

Directors present: Alan Rimer, P.E., Chair; John A. Young, Vice Chair; Michael M. Hughes, P.E., Secretary; Terri Buckner; Steve Dear; Heather Payne; Dana Raborn; and Will Raymond. Director excused: Amy Witsil.

OWASA staff present: Ed Kerwin; Mary Darr; Greg Feller; Stephanie Glasgow; Andrea Orbich; Ruth Rouse; Kelly Satterfield; Todd Taylor; Stephen Winters; Robert Epting and Robin Jacobs, 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; and Mac Clarke, Chapel Hill resident.

There being a quorum present, Chair Alan Rimer called the meeting to order.

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MOTIONS ACTED UPON

1. Michael Hughes noted that while he has compassion for Nathan Ligo and other people in his situation, he made a motion to deny Mr. Ligo's petition for an additional \$229 adjustment to his water bill; second by John Young and unanimously approved.

2. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled Resolution Authorizing a Change to the Human Resources Policy Allowing Leave to be Used in Half Hour Increments after the First Hour. (Motion by Will Raymond; second by Heather Payne and unanimously approved.)

3. Will Raymond made a motion to approve the Minutes of the October 10, 2013 Meeting of the Board of Directors; second by Heather Payne and unanimously approved.

4. Will Raymond made a motion to approve the Minutes of the October 24, 2013 Meeting of the Board of Directors as amended on Page 4, Item Five, second paragraph: "Alan Rimer read a summary in John Young's absence from an e-mail he sent to the Board: *This is not the time to adjust the structure of our compensation system. We approved and adopted an entirely new system at the beginning of this year and communicated the information to employees. We should approve salary ~~systems~~ increases that are above all fair." The motion was seconded by Heather Payne and unanimously approved.*

5. Will Raymond made a motion to approve the Minutes of the October 24, 2013 Closed Session of the Board of Directors; second by Heather Payne and unanimously approved.

6. Steve Dear made a motion to approve the following Community Engagement Committee Goals:

- Engage stakeholders to understand their perceptions and expectations so that we make well-informed decisions about our services and so that we maintain their trust;
- Empower stakeholders with information so they use water wisely and protect water quality through proper use of our wastewater system; and
- Provide stakeholders with timely information about projects, programs, and policies that are important to them and offer them meaning full opportunities to give their feedback so that we can continue to improve.

The motion was seconded by Terri Buckner and unanimously approved.

7. John Young made a motion to support the concept from an interagency working group to make changes to OWASA's Taste of Hope customer assistance program, to place greater emphasis on donating larger, fixed dollar amounts per month; second by Will Raymond and unanimously approved.

8. Will Raymond made a motion that the Board convene in a Closed Session for the purpose of discussing a personnel matter; second by Michael Hughes and unanimously approved.

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ITEM ONE: ANNOUNCEMENTS

CONFLICT OF INTEREST

Alan Rimer 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.

BOARD WORK SESSION

John Young said that the Board held two Strategic Planning Work Sessions on October 30, 2013 and December 10, 2013. By Board consensus, the October 30th Work Session narrowed the set of core strategic initiatives and asked staff to create a draft of the strategic plan. The December 10th work session included a review of the draft Strategic Plan and the Board strengthened its October 30th consensus with no extensive changes. There were suggested clarifications and minor changes regarding improvement of the plan as well as communicating the plan to stakeholders. Mr. Young said next steps include an improved draft that will be circulated to the Board by mid-January, and he requested Board Members provide additional

feedback to staff. Currently, the draft Strategic Plan is scheduled for the Board's February 13, 2014 meeting, and the Board will also solicit public and stakeholder feedback. Following the benefit of public and stakeholder feedback, the Board will take action and begin implementation of the draft Strategic Plan.

NATURAL RESOURCES AND TECHNICAL SYSTEMS (NRTS) COMMITTEE

Terri Buckner said that the NRTS Committee met on November 6 and December 4, 2013 to discuss Automated Metering Infrastructure (AMI) and recreation at the lakes respectively. In November, staff presented four AMI implementation options that range from providing AMI for UNC only (Option A) to providing AMI to the entire OWASA service area (Option D). A conversion in larger areas will result in higher net present value and return on investment due to greater utilization of the data collection infrastructure. The Committee discussed Option D or a phased approach that starts with Option B (UNC plus approx 500 residential meters) which would allow for testing cost assumptions and learning about customer issues/concerns that may occur. The NRTS Committee requested that staff include AMI in the Capital Improvements Program of Fiscal Year 2015 budget. The Committee also requested that staff further investigate the cost details of the phasing options. Staff will also follow up with utilities that implemented AMI to receive their feedback on the process and lessons learned.

Ms. Buckner said that at the December meeting, staff presented information about the 2013 lake recreation season including operating schedule, user fees, attendance, revenues/expenses, demographics, and an informal 2013 lake visitor survey. Although attendance at the lakes increased, lake recreation remains subsidized. The Committee requested staff determine the minimum number of visitors per day to justify additional future operating hours. The NRTS Committee also discussed whether residents outside Orange County should pay higher fees as well as the possibility of expanding recreational activity with kayaks and/or hiking trails. Ms. Buckner said the next meeting is scheduled for January 8, 2014 at 5:30 PM in the OWASA Boardroom to continue discussing lake recreation and updating the Long-Range Water Supply Plan.

FINANCE COMMITTEE

John Young said the Committee held a series of meetings focused on policies and processes in preparation for the upcoming budget cycle and also policy questions raised during Strategic Planning. The November 14th meeting focused on processes for developing the annual Capital Improvements Program (CIP) and potential policy changes for investing in the CIP. Mr. Young feels that OWASA is very proactive in sustainable management, with a large fraction of capital investment going toward replacement and rehabilitation of infrastructure rather than new capacity. He said that while there is broad support for sustainable management, the Committee and staff continue to evaluate how best to determine a sustainable rate of investment based on industry data, best practices, and OWASA's service goals.

Mr. Young said that tonight's meeting focused on financial reserves and possible updates to these policies. One question the Committee and staff will determine is whether OWASA's

policy on financial reserves continues to meet the organization's objectives. The Finance Committee will continue this work and other important matters in January 2014.

COMMUNITY ENGAGEMENT COMMITTEE

Steve Dear said the Community Engagement Committee met on November 18, 2013 and developed three goals that include engaging and empowering stakeholders with information on conservation as well as water quality protection and participating in the decision-making processes. The Board's discussion and future adoption of Engagement goals will inform future work regarding actions based on the goals and measures of success. The Committee supports the proposed goals, which will also be discussed under Agenda Item 6. Mr. Dear noted that the Committee agreed that affordability of OWASA's services will be the Committee's theme for the next year.

HUMAN RESOURCES COMMITTEE

Will Raymond said the Human Resources (HR) Committee met on November 15, 2013 to discuss a modification to the HR Policy regarding the Use of Leave whereby employees may use earned leave in half hour increments after one hour of leave has been used. The HR Committee supports this change to the HR Policy, which is Agenda Item 1. Mr. Raymond said that the Committee also reviewed and discussed the competitiveness of OWASA's health insurance benefits. Although the Committee has not yet decided on a recommendation to the Board, staff will contact health insurance consultants and request information such as scope of work, timeline and costs should the Board decide to seek competitive bids and use their services to assist with the process.

ITEM TWO: PETITIONS AND REQUESTS

Alan Rimer said that the Board received a request from OWASA customer Nathan Ligo via email Wednesday, December 11, 2013. Mr. Ligo is unable to attend tonight's meeting.

Stephen Winters, Director of Finance and Customer Service, said that Mr. Ligo, a Chapel Hill resident, had a water leak due to a broken pipe and incurred a high water bill. Mr. Ligo contacted OWASA and requested an adjustment to his water bill under the Board's Policy, *Adjustment of Customer Accounts for Emergency Situations Involving Loss of Metered Water*. Mr. Ligo was granted an adjustment of \$171 and he would like the Board to grant him an additional credit of \$229 because of his financial hardship. Mr. Winters said that unfortunately, OWASA's has a number of customers who sometimes find it difficult to pay their bill and therefore, to grant Mr. Ligo a greater adjustment than the policy allows would not be fair or equitable. Mr. Winters also noted that Mr. Ligo was informed that he could use an extension of payment that would allow him to pay the balance in installments over a short period of time or he could contact Orange County Division of Social Services and/or the Inter-Faith Council for Social Service, organizations that may provide payment assistance. Staff recommended that the Board deny Mr. Ligo's requested for an additional \$229 adjustment to his water bill.

Mr. Rimer asked the Board if there were additional questions for staff; there were none.

Michael Hughes noted that while he has compassion for Nathan Ligo and other people in his situation, he made a motion to deny Mr. Ligo's petition for an additional \$229 adjustment to his water bill; second by John Young and unanimously approved. Please see Motion No. 1 above.

Alan Rimer asked for petitions and requests from the Board and staff; there were none.

ITEM THREE: RESOLUTION AUTHORIZING A CHANGE TO THE HUMAN RESOURCES POLICY ALLOWING LEAVE TO BE USED IN HALF HOUR INCREMENTS AFTER THE FIRST HOUR

Will Raymond made a motion to adopt the resolution; second by Heather Payne and carried by unanimous vote. Please see Motion No. 2 above.

ITEM FOUR: MINUTES

Will Raymond made a motion to approve the Minutes of the October 10, 2013 Meeting of the Board of Directors; second by Heather Payne and unanimously approved. Please see Motion No. 3 above.

Will Raymond made a motion to approve the Minutes of the October 24, 2013 Meeting of the Board of Directors as amended on Page 4, Item Five, second paragraph: "Alan Rimer read a summary in John Young's absence from an e-mail he sent to the Board: *This is not the time to adjust the structure of our compensation system. We approved and adopted an entirely new system at the beginning of this year and communicated the information to employees. We should approve salary ~~systems~~ increases that are above all fair.*" The motion was seconded by Heather Payne and unanimously approved. Please see Motion No. 4 above.

Will Raymond made a motion to approve the Minutes of the October 24, 2013 Closed Session of the Board of Directors; second by Heather Payne and unanimously approved. Please see Motion No. 5 above.

ITEM FIVE: RESPONSE TO PETITIONS FROM TWO CUSTOMERS REGARDING UNEXPECTED INCREASES IN BILLED WATER USE AND FOLLOW UP ACTIONS

The Board received staff's report and agreed that no further action be taken.

ITEM SIX: DRAFT COMMUNITY ENGAGEMENT COMMITTEE GOALS

Steve Dear made a motion to approve the following Community Engagement Committee Goals:

- Engage stakeholders to understand their perceptions and expectations so that we make well-informed decisions about our services and so that we maintain their trust;

- Empower stakeholders with information so they use water wisely and protect water quality through proper use of our wastewater system; and
- Provide stakeholders with timely information about projects, programs, and policies that are important to them and offer them meaning full opportunities to give their feedback so that we can continue to improve.

The motion was seconded by Terri Buckner and unanimously approved. Please see Motion No. 6 above.

ITEM SEVEN: VERBAL UPDATE ON THE INTER-AGENCY TASTE OF HOPE WORKING GROUP

Terri Buckner provided the Board a handout titled, “Please help families in need by donating to the (insert new name) customer assistance program.” The hand-out reflects some key recommendations to date from the Inter-agency Taste of Hope Working Group, which is comprised of individuals from the University of North Carolina at Chapel Hill, UNC Healthcare, Inter-Faith Council for Social Service (IFC), EmPOWERment, Inc., Town of Carrboro, Town of Chapel Hill, Orange County and OWASA. The working group has been studying ways to increase the level of customer participation in and total contributions to the Taste of Hope program. Ms. Buckner said staff from IFC explained to the group that OWASA’s Taste of Hope customer assistance program generates less than one-third of what is needed to meet the requests for help to pay OWASA bills; the IFC pays for the other two-thirds with funds from other sources.

Ms. Buckner indicated one reason for the recent decline in revenues for the Taste of Hope program is that rate changes have resulted in lower round-up contributions for the typical monthly bill. The Taste of Hope program is currently funded by participating customers who voluntarily contribute to the program by either having their monthly bills rounded up to the nearest whole dollar or increased by a fixed whole dollar amount. The donations are collected by OWASA and provided to the IFC for use in assisting customers with paying their water and sewer bills. The working group has recommended that OWASA move from “rounding up” to “fixed” contributions which may generate additional funds for Taste of Hope.

Ms. Buckner also said the members of the working group would advocate within their respective organizations to contribute a fixed amount to meet the funding shortfall for the program for a number of years. Those contributions would be phased out once donations from OWASA customers have reached the necessary level. She said the goal is to raise \$20,000 per year. UNC and UNC Healthcare have indicated they would each contribute about \$4,000 per year.

Ms. Buckner said the next major step will be to develop implementation and marketing plans. UNC has volunteered to do the printing, and IFC volunteered to do the mailing. Ms. Buckner said that she would like Board concurrence on the concept of making changes in OWASA’s Taste of Hope customer assistance program to place greater emphasis on donating larger fixed dollar amounts per month.

Steve Dear expressed his appreciation to Ms. Buckner for her leadership on this program.

Alan Rimer also expressed his appreciation and challenged Board Members to contribute at least \$1 a month to the Taste of Hope Customer Assistance Program.

John Young made a motion that the Board support the concept from the Inter-agency Taste of Hope Working Group to make changes to OWASA's Taste of Hope customer assistance program to place greater emphasis on donating larger, fixed dollar amounts per month; second by Will Raymond and unanimously approved. Please see Motion No. 7 above.

Ed Kerwin said that staff would report back to the Board on issues and a proposed plan to implement the recommended changes to the contribution method.

Ms. Buckner said she would keep the Board updated on the working group's progress and also requested the Board review and offer suggestions regarding a possible new name for the Taste of Hope program.

Mac Clarke congratulated Ms. Buckner for her efforts to make the Taste of Hope customer assistance program more successful. He requested that the working group also consider ways to obtain participation from people who live in the community and who do not pay an OWASA bill, but who would support such a program if they knew about it.

John Young was excused from the Board Meeting at 8:03 PM.

ITEM EIGHT: POTENTIAL PROCESS FOR KEY WATER SUPPLY PLANNING TASKS

Ruth Rouse provided information on OWASA's plan to apply to the North Carolina Division of Water Resources for renewal of OWASA's Jordan Lake water supply allocation. Staff plans to submit a draft Jordan Lake application to the State in March and a final application in August 2014. The North Carolina Environmental Management Commission is expected to decide on allocations in November 2015.

Steve Dear inquired what other communities' are doing for alternatives for water sources.

Ms. Rouse said that other communities water supply alternatives can be found in Volume 1 of the Regional Water Supply Plan (Regional Needs Assessment) which is a document produced through the collaborative effort of staff from the Triangle J Council of Governments, Fountainworks, LLC and members of the Jordan Lake Partnership. She noted that the document summarizes the existing raw water supplies and treatment facilities as well as the current Jordan Lake allocations. Staff will e-mail the Board a link to this document.

Ms. Rouse provided information on the process to update OWASA's Long-Range Water Supply Plan. She said that staff will work with the Board, the Towns of Carrboro and Chapel Hill and the University to update assumptions in the Long-Range Water Supply Plan to reflect current growth projections, land use plans and the latest information on climate change.

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 follow up on the Taste of Hope customer assistance program.
- Staff will e-mail the Board a link to Volume 1 of the Regional Water Supply Plan (Regional Needs Assessment).

There are no action items for the January 9, 2014 Board meeting, and the Board agreed to cancel the meeting.

ITEM TEN: CLOSED SESSION

Will Raymond made a motion that the Board convene in a Closed Session for the purpose of discussing a personnel matter; second by Michael Hughes and unanimously approved. Please see Motion No. 8 above.

There being no further business to come before the Board, the meeting was adjourned at 9:15 PM.

**RESOLUTION AUTHORIZING A CHANGE TO THE HUMAN RESOURCES POLICY
ALLOWING LEAVE TO BE USED IN HALF HOUR INCREMENTS AFTER THE
FIRST HOUR**

WHEREAS, the Orange Water and Sewer Authority provides permanent employees with accrued Annual and Sick Leave; and

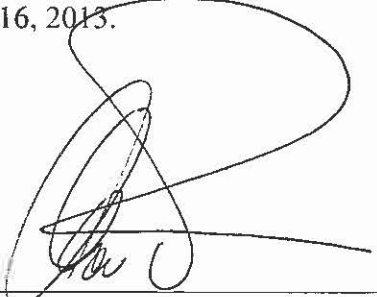
WHEREAS, the current Human Resources Policy states that leave may only be used in one hour increments upon proper advance notice and approval of supervisors; and

WHEREAS, the Human Resources Committee and Staff agree that the Human Resources Policy shall be modified to allow employees to use leave in thirty minute increments after the first hour upon proper advance notice and approval of supervisors.

NOW, THEREFORE, BE IT RESOLVED:

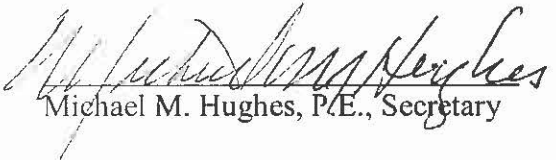
1. The Board of Directors hereby amends the Human Resources Policy to reflect the change allowing leave to be used in half hour increments after the first hour upon proper advance notice and approval of the supervisor effective December 16, 2013.

Adopted this 12th day of December 2013.



Alan Rimer, P.E., Chair

ATTEST:



Michael M. Hughes, P.E., Secretary