

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

JUNE 12, 2014

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a regular business meeting on Thursday, June 12, 2014, 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; Quinton A. Harper; Heather Payne; Will Raymond; and Amy Witsil.

OWASA staff present: Ed Kerwin; Stuart Carson; Patrick Davis; Greg Feller; Stephanie Glasgow; Randy Horton; Andrea Orbich; Dan Przybyl; Todd Taylor; Stephen Winters; and Robert Epting, 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; Don Seaman, New World Systems; and Esther Miller, Chapel Hill resident.

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

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MOTIONS ACTED UPON

1. Will Raymond made a motion to approve the Minutes of the May 8, 2014 meeting of the Board of Directors; second by Steve Dear and unanimously approved.

2. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopts the Resolution Adopting Schedule of Rates, Fees, and Charges Applicable to All Customer On and After October 1, 2014. (Motion by Will Raymond, second by Heather Payne and unanimously approved.)

3. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopts the Resolution Adopting the Annual Budget for Orange Water and Sewer Authority for the Fiscal Year July 1, 2014 Through June 30, 2015. (Motion by Steve Dear, second by Will Raymond and unanimously approved.)

4. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopts the Resolution Approving Capital Improvements Program and Budget for Fiscal Years 2015-2019. (Motion by Will Raymond, second by Amy Witsil and unanimously approved.)

5. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopts the resolution titled Capital Project Resolution for Fiscal Year 2015 Infrastructure Improvements. (Motion by Will Raymond, second by Amy Witsil and unanimously approved.)

6. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopts the Resolution to Amend the Current Deferred Compensation (457) Plans Benefit for Employees but omitting provisions in the draft resolution pertaining to Deferred Compensation (457) Plan contributions to qualified employees with six months of service to less than four years of service receiving Twenty Dollars (\$20.00) per pay period. (Motion by Will Raymond, second by Michael Hughes and unanimously approved.)

7. Will Raymond made a motion that qualified employees with six months of service to less than four years of service receive Twenty Dollars (\$20.00) per pay period contribution to their Deferred Compensation (457) Plan effective July 1, 2014. The motion was seconded by Michael Hughes and failed with a vote of 2 to 7 with Alan Rimer, John Young, Terri Buckner, Steve Dear, Quinton Harper, Heather Payne and Amy Witsil opposed.

8. Will Raymond made a motion to adopt the Resolution Authorizing a One-Time \$750 Deferred Compensation (457) Contribution for Employees with Six Months of Service on July 1, 2014; there was no second and the motion failed.

9. Will Raymond made a motion to elect John Young as Chair of the Board of Directors for corporate year 2014-2015; the motion was seconded by Michael Hughes and carried by unanimous vote.

10. Will Raymond made a motion to elect Michael Hughes as Vice Chair of the Board of Directors for corporate year 2014-2015; the motion was seconded by Heather Payne and carried by unanimous vote.

11. Will Raymond made a motion to elect Heather Payne as Secretary of the Board of Directors for corporate year 2014-2015; the motion was seconded by Michael Hughes and carried by unanimous vote.

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ITEM ONE: OATH OF OFFICE

Andrea Orbich administered the Oath of Office to Quinton A. Harper, Town of Carrboro appointee.

ITEM TWO: 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.

OWASA ORIENTATION

Alan Rimer said that an OWASA orientation will be held for Bethany Chaney, the new member of the Carrboro Board of Aldermen, Bethany Chaney, on Wednesday, June 18, 2014 at 4:00 PM in the OWASA Boardroom.

BOARD MEETINGS

Alan Rimer said that the June 26, 2014 OWASA Board of Directors Meeting is cancelled; the next regularly scheduled meeting will be Thursday, July 10, 2014 at 7:00 PM in the OWASA Community Room. Mr. Rimer also said that the Board's July 24, 2014 and August 14, 2014 Board meetings are cancelled.

COMMITTEE MEETINGS

Steve Dear said that the Community Engagement Committee met on May 29, 2014 to discuss responses to a survey of metropolitan water utilities regarding community engagement and affordability outreach. The Committee agreed that the survey did not indicate any consensus regarding best practices for affordability outreach or what the best form of social media is for the utilities responding to the survey. He said staff will prepare a report on examples of how other utilities are using different forms of social media including the use of Facebook with Geographic Information System links. This report will be discussed at the Committee's next meeting, which will be on Thursday, July 10, 2014 at 5:30 PM in the Boardroom.

Terri Buckner said that the Natural Resources and Technical Systems (NRTS) Committee met on June 4, 2014 to discuss the draft Charter for the Energy Management Plan. The draft Charter is Initiative #5 in the Strategic Plan and was supported by the NRTS Committee. Changes requested by the NRTS Committee are as follows: include information on how OWASA currently uses energy; include foundations as potential funding partners; clarify strategies that are and are not considered; and inform customers and stakeholders of this effort early in the process. The revised charter will be distributed to the NRTS Committee prior to Board approval. Ms. Buckner said the next NRTS Committee meeting will be held August 6, 2014 at 5:30 PM in the OWASA Boardroom.

Will Raymond said that the Human Resources (HR) Committee met prior to the Board meeting tonight to discuss the possibility of reclassifying three positions. This matter is endorsed by the HR Committee and is planned for the Board's agenda on July 10, 2014. The HR Committee also received a presentation by Capital Associated Industries on an employee survey regarding the performance review and compensation system process.

TASTE OF HOPE CUSTOMER ASSISTANCE PROGRAM

Terri Buckner said that about a year ago, an ad hoc working group of local elected officials and representatives from UNC and local nonprofit agencies began to discuss ways to generate more funding for the Taste of Hope program. The group has recommended changing the program name to "Care to Share." Ms. Buckner provided the Board three graphic header

options to replace the current Taste of Hope graphic. These options were developed by a graphics designer who donated her services. Ms. Buckner requested the Board's review and approval of one of the graphics, with the goal set to begin using the new graphic by early fall of 2014.

After discussion, the Board supported the first graphic but preferred a graphic depicting someone drinking water or water that was captured rather than a running faucet.

ITEM THREE: PETITIONS AND REQUESTS

Esther Miller petitioned the Board for clean drinking water and to stop adding fluoride to the drinking water. She recommended the Board review the book, "The Forgotten Plague, How the Battle against Tuberculosis was Won and Lost," by Frank Ryan, MD.

The Board received Ms. Miller's petition and took no action. The Board will stay abreast of scientific developments, changes in best management practices, and accepted public health practices and recommendations regarding drinking water.

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

John Young arrived at 7:20 PM.

ITEM FOUR: MINUTES

Will Raymond made a motion to approve the Minutes of the May 8, 2014 meeting of the Board of Directors; second by Steve Dear and unanimously approved. Please see Motion No. 1 above.

ITEM FIVE: APPROVAL OF SCHEDULE OF RATES, FEES AND CHARGES; ANNUAL BUDGET; AND FIVE-YEAR CAPITAL IMPROVEMENTS PROGRAM

Will Raymond made a motion to adopt the Resolution Adopting Schedule of Rates, Fees and Charges Applicable to All Customers on and after October 1, 2014. The motion was seconded by Heather Payne and unanimously approved. Please see Motion No. 2 above.

Steve Dear made a motion to adopt the Resolution Adopting the Annual Budget for Orange Water and Sewer Authority for the Fiscal Year (FY) July 1, 2014 through June 30, 2015. The motion was seconded by Will Raymond and unanimously approved. Please see Motion No. 3 above.

Will Raymond made a motion to adopt the Resolution Approving Capital Improvements Program and Budget for Fiscal Years 2015-2019. The motion was seconded by Amy Witsil and unanimously approved. Please see Motion No. 4 above.

Will Raymond made a motion to adopt the resolution titled Capital Project Resolution for Fiscal Year 2015 Infrastructure Improvements. The motion was seconded by Amy Witsil and unanimously approved. Please see Motion No. 5 above.

For the third consecutive year, monthly rates for water, sewer and reclaimed water service will not. The FY 2015 Annual Budget includes \$19.8 million for operations; \$10 million for capital improvements; and \$8.3 million for repayment of bond debt.

ITEM SIX: DISCUSSION EMPLOYEE DEFERRED COMPENSATION (457) PLAN

Terri Buckner said she would prefer to defer a vote on this topic until information on total compensation for employees is more fully developed.

John Young said more development of total compensation is needed prior to changing this benefit for employees.

Michael Hughes said he strongly supports the first resolution regarding the loan provision but would agree to delay other actions until more work is completed on total compensation for employees.

After Board discussion, the Board supported a revised resolution that allows employees to borrow forty percent (40%) from their Deferred Compensation (457) Plan.

Will Raymond made a motion to amend Attachment 1, Resolution to Amend the Current Deferred Compensation (457) Plans Benefit for Employees, but omitting provisions in the draft resolution pertaining to Deferred Compensation (457) Plan contributions to qualified employees with six months of service to less than four years of service receiving Twenty Dollars (\$20.00) per pay period. The motion was seconded by Michael Hughes and unanimously approved. Please see Motion No. 6 above.

Will Raymond made a motion that qualified employees with six month of service to less than four years of service receive Twenty Dollars (\$20.00) per pay period contribution to their Deferred Compensation (457) Plan effective July 1, 2014. The motion was seconded by Michael Hughes and failed with a vote of 2 to 7 with Alan Rimer, John Young, Terri Buckner, Steve Dear, Quinton Harper, Heather Payne and Amy Witsil opposed. Please see Motion No. 7 above.

Quinton Harper said that the Board values the employees.

Will Raymond made a motion to adopt the Resolution Authorizing a One-Time \$750 Deferred Compensation (457) Contribution for Employees with Six Months of Service on July 1, 2014; there was no second and the motion failed. (Please see Motion No. 8 above)

ITEM SEVEN: UPDATE ON EVALUATIONS OF CUSTOMER BILLING AND FINANCIAL MANAGEMENT SYSTEMS

Dan Przybyl provided a presentation on staff's evaluation of three customer billing and financial management systems compared with OWASA's existing system. The evaluation is an initiative in OWASA's Strategic Plan. Staff concluded from its evaluation that there is not a sufficient cost/benefit justification for changing systems and recommended improvements to the existing Microsoft Dynamics GP and Cogsdale Corporation CSM software as the best option to meet OWASA's customer billing and financial management needs.

The Board supported staff's recommendation and requested updates as needed from staff.

ITEM EIGHT: REPORT FROM THE NOMINATING COMMITTEE AND ELECTION OF OFFICERS

Alan Rimer said that the Nominating Committee met on May 28, 2014 and June 3, 2014 to and recommends the following slate of officers for corporate year 2014-2015 beginning on July 1, 2014: John Young, Chair; Michael Hughes, P.E., Vice Chair; and Heather Payne, Secretary.

Mr. Rimer opened the floor for further discussion or nominations for Chair of the Board; there were none.

Will Raymond made a motion to elect John Young as Chair of the Board of Directors for corporate year 2014-2015; the motion was seconded by Michael Hughes and carried by unanimous vote. Please see Motion No. 9 above.

The floor was open to further discussion or nominations for Vice Chair of the Board; there were none.

Will Raymond made a motion to elect Michael Hughes as Vice Chair of the Board of Directors for corporate year 2014-2015; the motion was seconded by Heather Payne and carried by unanimous vote. Please see Motion No. 10 above.

The floor was open for further discussion or nominations for Secretary of the Board; there were none.

Will Raymond made a motion to elect Heather Payne as Secretary of the Board of Directors for corporate year 2014-2015; the motion was seconded by Michael Hughes and carried by unanimous vote. Please see Motion No. 11 above.

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:

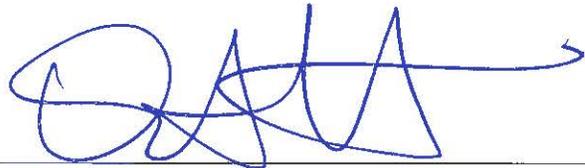
- The June 28, 2014 Board meeting has been canceled and the Board's July 10, 2014 meeting will include:
 - Possible administration of the oath of office for the new Chapel Hill appointee;
 - Awarding construction contracts for an aerial sewer crossing at Morgan Creek and for sanitary sewer rehabilitation;
 - Proposed staffing changes;
 - Announcing appointments to the Board's Standing Committees; and
 - Tentatively, discussion of Strategic Plan work plan.

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

Attachments

OATH OF OFFICE

I, Quinton A. Harper, do solemnly affirm that for so long as I may serve I will support and maintain the Constitution and laws of the United States, and the Constitution and laws of North Carolina not inconsistent therewith, and that I will diligently, faithfully and truly, perform the duties as a Member of the Orange Water and Sewer Authority to the best of my ability, skill and judgment.



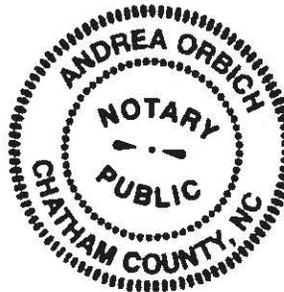
QUINTON A. HARPER

Sworn to and subscribed before me this 12th day of June, 2014.



ANDREA ORBICH, NOTARY PUBLIC

My commission expires October 4, 2016.



RESOLUTION ADOPTING SCHEDULE OF RATES, FEES, AND CHARGES APPLICABLE TO ALL CUSTOMERS ON AND AFTER OCTOBER 1, 2014

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 empower and direct the Authority to fix and revise from time to time and to collect rates, fees and other charges for the use of or for the services and facilities furnished by any system operated by the Authority; and

WHEREAS, during the preparation of the Fiscal Year (FY) 2015 budget, and after hearing citizen comments in the May 22, 2014 Public Hearings it held concerning the FY 2015 budget, the Board of Directors determined that it is not necessary to increase OWASA's rates, fees and charges in order to provide sufficient revenues to fund ongoing operations, debt service and the Capital Improvements Program.

NOW, THEREFORE, BE IT RESOLVED:

1. That the attached *Schedule of Rates, Fees, and Charges* is hereby adopted by the Board of Directors of Orange Water and Sewer Authority.

2. That the rates shown on the attached schedule shall become effective for all service billings rendered on and after October 1, 2014.

3. That the Executive Director is authorized in his discretion to make findings and determinations as necessary in the application of the *Schedule of Rates Fees and Charges*, and otherwise as necessary to resolve customer inquiries or appeals arising thereunder, subject to the customer's right of appeal to the Board of Directors.

4. That the Executive Director is hereby directed to give proper notice as required by the Sale and Purchase Agreements and to take the necessary steps to implement the *Schedule of Rates, Fees, and Charges*.

Adopted this 12th day of June 2014.

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

APPLICABLE TO ALL BILLINGS AND SERVICES ON AND AFTER OCTOBER 1, 2014

SECTION I: SCHEDULE OF WATER RATES AND FEES.....Pg. 2 to Pg. 8

SECTION II: SCHEDULE OF SEWER RATES AND FEES.....Pg. 9 to Pg. 13

SECTION III: SCHEDULE OF RECLAIMED WATER RATES AND FEES.....Pg. 14 to Pg. 15

SECTION IV: SCHEDULE OF MISCELLANEOUS CHARGES.....Pg. 16 to Pg. 22

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 non-profit 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 the provisions 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; (5) create additional facility capacity to stay abreast of water, reclaimed water and sewer service demand in a growing, dynamic community; and (6) maintain adequate reserves.

The attached Schedule of Rates, Fees, and Charges will replace the schedule adopted on June 13, 2013, which became effective on October 1, 2013.

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” | \$14.70 |
| 3/4" Combination Fire and Domestic Service Meter | \$15.20 |
| 1” | \$29.53 |
| 1" Combination Fire and Domestic Service Meter | \$30.03 |
| 1-1/2” | \$63.86 |
| 2” | \$96.38 |
| 3” | \$198.22 |
| 4” | \$323.58 |
| 6” | \$704.66 |
| 8” | \$1,002.06 |

Water Irrigation Service Charge

(NOTE: In accordance with State law, all new in-ground irrigation systems installed on lots platted and recorded in the office of the register of deeds in the county or counties in which the real property is located after July 1, 2009 and supplied by a public drinking water system are required to have a separate meter to measure the volume of water used through the irrigation system.)

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” | \$23.54 |
| 1” | \$47.05 |
| 1-1/2” | \$87.10 |
| 2” | \$133.96 |

| <u>Meter Size</u> | <u>Monthly Service Charge</u> |
|-------------------|-------------------------------|
| 3" | \$265.15 |
| 4" | \$407.02 |
| 6" | \$800.67 |
| 8" | \$1,273.30 |

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 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 when 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 | \$2.63 |
| Block 2 | 3,000 to 5,000 | \$6.39 |
| Block 3 | 6,000 to 10,000 | \$7.83 |
| Block 4 | 11,000 to 15,000 | \$10.94 |
| Block 5 | All use 16,000 and up | \$19.79 |

Conservation Water Commodity Charges Under Mandatory Water Use Restrictions

Water commodity charges 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 | |
| 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 | 1.15 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 | 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 | 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. 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) | \$4.16 |
| Peak seasonal rate per 1,000 gallons (May through September) | \$7.91 |
| Equivalent Uniform Water Commodity Charge | \$6.02 |

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.

\$8.51 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 using the cost-of-service rate-making approach and approved by OWASA.

TEMPORARY HYDRANT METER CHARGE

Subject to availability, a Customer may obtain a temporary hydrant meter from OWASA for a period of up to 60 days. A customer may submit a written request to use the hydrant meter for one additional 60 day period but granting said request will be subject to availability and is at OWASA's sole discretion. Service from a fire hydrant is subject to interruption when the hydrant is needed for fire protection, compliance with water conservation standards, and other applicable law. For situations where temporary water service is needed for a period longer than 120 days, the user can purchase a metering device of a size, make and model specified by OWASA. A \$300.00 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

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, the security deposit shall be applied to the final bill plus any damages. The Customer is responsible for paying OWASA for damages that exceed the amount of the Security Deposit. 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 or 3/4" Combination Fire and Domestic Service, Single-family Residential: | |
| <1300 square feet | \$1,265 |
| 1300-1700 square feet | \$1,545 |
| 1701-2400 square feet | \$1,956 |
| 2401-3100 square feet | \$3,344 |
| 3101-3800 square feet | \$4,546 |
| >3800 square feet | \$7,631 |
| 1" Meter, Single-Family Residential (all square footages) | \$9,260 |
| 5/8" Meter or 3/4" Combination Fire and Domestic Service Meter, Multi-family Residential | \$1,363 |
| 1" Meter, Multi-Family Residential (all square footages) | \$9,260 |
| 5/8" Meter or 3/4" Combination Fire and Domestic Service Meter, Non-residential* | \$3,704 |
| 1" Meter, Non-residential* | \$9,260 |
| 1-1/2" Meter, Non-residential* | \$18,519 |
| 2" Meter, Non-residential* | \$29,631 |
| 3" Meter, Non-residential* | \$59,262 |
| 4" Meter, Non-residential* | \$92,596 |
| 6" Meter, Non-residential* | \$185,192 |
| 8" Meter, Non-residential* | \$296,308 |

* Same fee for Irrigation-Only accounts.

A person or party completing a development or re-development project may be eligible to request and receive a credit on the Water Availability Fees due if their project directly results in the permanent abandonment of previously existing water meters which were connected to residences, buildings or facilities connected to and having a documented demand on the OWASA water system.

If OWASA determines that a credit is due, the amount of the credit shall be based on the current Water Availability Fees that would apply to the size of the water meters that are permanently abandoned as a direct result of the project. However, the credit due shall not exceed the amount of the Water Availability Fees that would otherwise apply to the development or re-development project.

If an existing water meter is removed from service and/or is replaced with a smaller meter, OWASA will not issue any credit or refund to the customer for any previously paid Availability Fees.

Availability Fee credits are not transferrable to any other project or property.

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 OWASA stub-out for service has been made and is available, the "meter-only" charge shall apply. Customer requested meter/water service relocations shall be performed on a time and materials basis. Complete new and/or additional water service installation and meter-only charges are as follows:

| | <u>Existing</u> |
|---|-----------------|
| Complete Water Service Installation, 5/8" meter | \$3,165 |
| Complete Water Service Installation, 3/4" | \$3,255 |
| Combination Fire and Domestic Service Meter | \$3,340 |
| Complete Water Service Installation, 1" meter | \$235 |
| Meter Only Installation, 5/8" meter | \$320 |
| Meter Only Installation, 3/4" Combination Fire and Domestic Service Meter | \$390 |
| Meter Only Installation, 1" Combination Fire and Domestic Service Meter | \$300 |
| Meter Only Installation, 1" meter | \$650 |
| Meter Only Installation, 1-1/2" meter | \$615 |
| Meter Only Installation, 1-1/2" Combination Fire And Domestic Service Meter | \$770 |
| Meter Only Installation, 2" meter | \$710 |
| Meter Only Installation, 2" Combination Fire And Domestic Service Meter | \$370 |
| Remote Read Box with 5/8" Detector Meter | |

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 \$135.00 delivery fee for 3-inch and larger meters shall also apply.

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 \$335.00.

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 \$120.00 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. The tap will not be performed until any applicable reinspection fees are paid in full.

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.

\$280.00 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 where sewer usage is measured as follows:

| <u>Meter Size</u> | <u>Monthly Service Charge</u> |
|--|-------------------------------|
| 5/8" or 3/4" Combination Fire and Domestic Service | \$12.00 |
| 1" | \$20.61 |
| 1-1/2" | \$35.53 |
| 2" | \$53.72 |
| 3" | \$101.58 |
| 4" | \$155.28 |
| 6" | \$284.70 |
| 8" | \$485.82 |

The monthly sewer service charge shall apply to any meter(s) used to directly or indirectly measure the volume of wastewater discharged from a customer's premises, regardless of whether the water source to the customer is from OWASA's drinking water and/or reclaimed water system, or a non-OWASA water source including but not limited to harvested rainwater or groundwater.

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 when 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.

The sewer commodity charge is applicable to all customers discharging wastewater into the OWASA sewer system, regardless of whether or not that discharge results from the customer's use of OWASA's drinking water or reclaimed water, or their use of a non-OWASA water source, including but not limited to harvested rainwater or groundwater.

\$6.48 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 agreements with other wastewater service providers. The specific rates to be charged will be negotiated with the other party based upon specific conditions using the cost-of-service rate-making approach and approved by OWASA.

MONTHLY RATES FOR SEWER-ONLY ACCOUNTS

For sewer-only accounts where there is no OWASA meter for directly or indirectly measuring the volume of wastewater discharged by the customer, the monthly sewer service and commodity charges shall be fixed and be the total of:

- (1) a monthly service charge which shall be determined by the water meter size which would be required to supply water service to the property,

plus

- (2) a sewer commodity charge of \$6.48 per 1,000 gallons times the estimated volume of wastewater expected to be discharged by the customer (using national engineering standards as the basis); provided however, that in no case shall the billable quantity be less than 6,000 gallons per month.

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.

If a customer that has a standard metered water and sewer service (sewer gallons billed are based on the water gallons billed) also discharges wastewater resulting from the use of OWASA reclaimed water, harvested rainwater, groundwater, or sources other than OWASA drinking water, that customer shall be billed a monthly service charge and commodity charges calculated in accordance the *OWASA Rainwater Harvesting Systems Requirements and Charges Policy* for said additional discharge; provided, however, that the minimum threshold for which the charges shall apply is 3,000 gallons per month. For this purpose, such systems serving

single-family residential customers are deemed to fall below this threshold, provided there is also a standard metered water and sewer service.

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, University, and other institutional accounts. The use of these categories is justified by distinctive patterns of water and sewer consumption.

| | |
|--|-----------|
| 5/8" Meter or 3/4" Combination Fire and Domestic Service, Single-family Residential: | |
| <1300 square feet | \$2,938 |
| 1301-1700 square feet | \$3,549 |
| 1701-2400 square feet | \$3,611 |
| 2401-3100 square feet | \$4,425 |
| 3101-3800 square feet | \$4,781 |
| >3800 square feet | \$5,431 |
| 1" Meter, Single-Family Residential (all square footages) | \$12,301 |
| 5/8" Meter or 3/4" Combination Fire and Domestic Service, Multi-family Residential | \$3,183 |
| 1" Meter, Multi-Family Residential (all square footages) | \$12,301 |
| 5/8" Meter or 3/4" Combination Fire and Domestic Service, Nonresidential | \$6,317 |
| 1" Meter, Nonresidential | \$15,792 |
| 1-1/2" Meter, Nonresidential | \$31,584 |
| 2" Meter, Nonresidential | \$50,535 |
| 3" Meter, Nonresidential | \$101,070 |
| 4" Meter, Nonresidential | \$157,922 |
| 6" Meter, Nonresidential | \$315,844 |
| 8" Meter, Nonresidential | \$505,350 |

In addition to the sewer availability fee, an excess sewer capacity fee of four percent (4%) of the applicable sewer availability fee shall be charged to recover the costs of excess sewer capacity installed in an area covered by an agreement between OWASA and a developer for credit payments to the constructing developer. This fee shall apply to residential and non-residential customers.

A person or party completing a development or re-development project may be eligible to request and receive a credit on the Sewer Availability Fees due if their project directly results in the permanent abandonment of previously existing water meters and sewer services which were

connected to residences, buildings or facilities connected to and having a documented demand on the OWASA sanitary sewer system.

If OWASA determines that a credit is due, the amount of the credit shall be based on the current Sewer Availability Fees that would apply to the size water meters that are permanently abandoned as a direct result of the project. However, the credit due shall not exceed the amount of the Sewer Availability Fees that would otherwise apply to the development or re-development project.

If an existing water or sewer meter upon which consumption is based is removed from service and/or is replaced with a smaller meter, OWASA will not issue any credit or refund to the customer for any previously paid Availability Fees.

Availability Fee credits are not transferrable to any other project or property.

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 OWASA 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 \$325.00.

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 \$120.00 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. The tap will not be performed until any applicable reinspection fees are paid in full.

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) | \$0.43 per pound for all CBOD in excess of 205 mg/l |
| Suspended Solids (SS) | \$0.52 per pound for all SS in excess of 235 mg/l |
| Ammonia Nitrogen (NH ₃ -N) | \$3.04 per pound for all NH ₃ -N in excess of 25 mg/l |
| Phosphorus (P) | \$12.26 per pound for all P excess of 6.5 mg/l |

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) funded the construction of the first phase of the reclaimed water system, and the methodology for determining reclaimed water charges applicable to UNC is stipulated by a contract between OWASA and UNC. For this reason, reclaimed water charges have been established for two major customer classes: UNC uses and non-UNC uses. As determined necessary by OWASA, and in accord with OWASA's contractual obligations to UNC, reclaimed water service to non-UNC customers may be temporarily interrupted to ensure the UNC's reclaimed water demand can be met from the facilities and capacity paid for by 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. The Reclaimed Water service charge is 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.

UNC Reclaimed Water Use (covers all UNC reclaimed water uses served by the facilities paid for by UNC) \$24,000 per month

| | | |
|-----------------------|----------------|-------------------|
| Non-UNC RCW Customers | 5/8" meter | \$8.37 per month |
| | 1-inch meter | \$16.74 per month |
| | 1.5-inch meter | \$30.96 per month |
| | 2-inch meter | \$47.62 per month |

Service charges for non-UNC reclaimed water meters larger than 2" will be determined on a case-by-case basis following an evaluation of the reclaimed water demands of the customer.

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 when the next thousand gallon increment is registered by the meter.

| | |
|-----------------------|--------------------------|
| UNC Accounts | \$0.60 per 1,000 gallons |
| Non-UNC RCW Customers | \$2.18 per 1,000 gallons |
| Bulk (Tanker) Sales | \$0.00 |

RECLAIMED WATER SERVICE AVAILABILITY AND CONNECTION FEES

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.

Reclaimed water availability fees are applicable to each non-UNC connection to the reclaimed water system, regardless of who may have paid for the installation of the main to which the connection is to be made. Reclaimed water availability fees for non-UNC customers are as follows:

| <u>Meter Size</u> | <u>Fee</u> |
|-------------------|------------|
| 5/8" | \$1,229 |
| 1" | \$3,073 |
| 1-1/2" | \$6,146 |
| 2" | \$9,833 |

Reclaimed water availability fees for connections to be served by meters larger than 2 inches shall be determined on a case-by-case basis following an evaluation of the reclaimed water demands of the customer.

Reclaimed Water Service Connection Fees

Reclaimed water service connection fees, including meter installation and meter fees, shall be the same as the fees applicable to potable water system service connections, as specified in Section I of this schedule.

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 and is applicable to all accounts.

\$45.00 per event
\$80.00 per event, outside of normal business hours of OWASA

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 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 is not limited to, the disconnection and reconnection of service due to nonpayment of the customer's bill. This charge applies 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 the balance due plus the delinquency 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

OWASA customers may request to have their service temporarily disconnected and subsequently reconnected. In emergency conditions, there will be no charge to the customer for this service. Additionally, no more than once in any twelve month period, a customer may request to have their service temporarily disconnected and subsequently reconnected at no charge for routine plumbing system maintenance. For requests to temporarily disconnect and subsequently reconnect service in any situation other than those listed above, the charges listed below will apply.

The purpose of this charge is to recover the cost to temporarily disconnect and subsequently reconnect water service at the request of a customer. In situations where charges apply, 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.

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

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: For past due balances of \$10.00 or more, \$2.40 plus 0.42% a month (5% APR) of the outstanding balance.

SECURITY DEPOSITS

OWASA requires 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 of (1) residential customers, whether detached or attached units, who have a satisfactory credit history as determined by a credit check, 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 or \$100 depending on credit worthiness for residential customers. 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 non-payment of billing charges twice within a six month period and for whom OWASA does not have a security deposit will be required to pay a \$50.00 or \$100 deposit depending on credit worthiness prior to reconnection of service.

Non-residential security deposits are required based on credit worthiness and will be computed as one or 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 upon written request 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 with any remaining balance refunded to the customer.

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 | \$140.00/ 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:
- A = pounds of NH₃-N/thousand gallons in waste x \$3.04/pound
- B = pounds of CBOD/thousand gallons in waste x \$0.43/pound

C = pounds of TSS/thousand gallons in waste x \$0.52/pound

D = \$6.48/per 1,000 gallons Sewer Commodity Charge

E = pounds of P/thousand gallons in waste x \$12.26/pound

Waste concentrations shall be 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 \$25.00 per trip, plus

Commodity Charge \$6.02 per thousand gallons or portion thereof.

Bulk sales are subject to administrative regulations and controls for protection of the wastewater 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 (changes effective March 1, 2014)

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 are:

OWASA CUSTOMERS AND ORANGE COUNTY RESIDENTS

Day Use

Charge for each flat-bottomed boat or canoe rental \$4.50 for one-half day plus the applicable lake use fee for each person

Trolling motor rental \$15.00 for one-half day

Kayak rental \$15.00 for one-half day plus the applicable lake use fee for each person

| | |
|--|--|
| Private Boat Launching Fee | \$3.50 per boat plus the applicable lake use fee for each person |
| Lake Use Fee, Under 12 Years Old | \$2.00 per person |
| Lake Use Fee, 12-64 Years | \$4.50 per person |
| Lake Use Fee, 65 Years and over | No charge |
| INDIVIDUAL SEASON PASS Boat or canoe rental | \$82.00 per person. Each additional person pays appropriate lake use fee. |
| Lake Use Pass – Adult | \$46.00 |
| Boat with trolling motor rental | \$163.00 per person. Each additional person pays appropriate lake use fee. |
| GROUP SEASON PASS | |
| Boat or canoe rental | \$163.00 (maximum of 3 people per pass.) Each additional person pays appropriate lake use fee. |
| Boat with trolling motor rental | \$245.00 (maximum of 3 people per pass.) Each additional person pays appropriate lake use fee. |

FOR VISITORS WHO ARE NOT OWASA CUSTOMERS OR ORANGE COUNTY RESIDENTS

Day Use

| | |
|--|---|
| Charge for each flat-bottomed boat or canoe rental | \$8.00 for one-half day plus the applicable lake use fee for each person |
| Trolling motor rental | \$22.00 for one-half day |
| Kayak rental | \$20.00 for one-half day plus the applicable lake use fee for each person |
| Private Boat Launching Fee | \$7.00 per boat plus the applicable lake use fee for each person |
| Lake Use Fee, Under 13 years old | \$2.50 per person |
| Lake Use Fee, 13-64 Years | \$5.50 per person |
| Lake Use Fee, 65 Years and over | \$2.50 per person |
| UNC Men’s Crew Club and Women’s Rowing Team | By agreement between UNC-Chapel Hill and OWASA. |

FIELD TEST OF 5/8" METER OR 3/4" COMBINATION FIRE AND DOMESTIC SERVICE METER

Upon a customer's written request, OWASA will conduct a special field test of the

customer's 5/8" water meter or 3/4" combination fire and domestic service 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 \$100.00 for the meter test.

SHOP TESTING OF METER

Upon a customer's written request, OWASA will conduct a special shop test of water meters that are larger than 3/4 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 \$155.00 for the shop meter test.

FIELD TEST OF LARGE METERS

Upon a customer's written request, OWASA will conduct a special field test of water meters that are 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 \$260.00.

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 \$120.00 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 | \$3.69/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, relocation of mains, services and meters, 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 past due balance.

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, 2014 THROUGH JUNE 30, 2015**

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 2 through 6 be, and they hereby are, adopted as the official Budget of Orange Water and Sewer Authority of the Fiscal Year beginning July 1, 2014 through June 30, 2015.

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 12th day of June 2014.

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

| | FY 2015 Annual Budget |
|-------------------------------------|----------------------------------|
| Operating Revenue | |
| Water | \$17,487,472 |
| Sewer | 16,602,656 |
| Reclaimed Water | 466,955 |
| Service Initiation Fee | 193,240 |
| Other | 1,204,568 |
| Refunds and Adjustments | (228,716) |
| Total Operating Revenue | \$35,726,175 |
| Operating Expense | |
| General and Administrative | 6,261,846 |
| Operations | 13,546,241 |
| Total Operating Expense | 19,808,087 |
| Net Operating Income | 15,918,088 |
| Non-operating Revenue | |
| Customer Fees | 782,373 |
| Interest | 54,590 |
| Total Net Income | \$16,755,051 |
| Debt Service | |
| Existing | 7,988,875 |
| New | 328,000 |
| Total Debt Service | 8,316,875 |
| Net Income Less Debt Service | \$8,438,176 |
| Debt Coverage Ratio | 2.01 |

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

| | <u>FY 2015 Annual Budget</u> |
|---|---|
| General Fund | |
| Resources | |
| Transfer From Revenue | <u>\$8,438,176</u> |
| Annual Income Available for Capital | 8,438,176 |
| Transfer from Construction Fund (Bond Proceeds) | <u>6,560,000</u> |
| Total Available for Capital | <u>14,998,176</u> |
| Capital Expenditures | |
| Project ordinances | |
| General Fund Contribution | 4,282,000 |
| Funded by Bond Proceeds | <u>6,560,000</u> |
| Total Project Resolutions | 10,842,000 |
| Capital Equipment | <u>1,165,000</u> |
| Total Capital Outlay | <u>12,007,000</u> |
| Annual General Fund Balance | 2,991,176 |
| General Fund Beginning Balance | <u>19,552,236</u> |
| General Fund Ending Balance | 22,543,412 |
| Project Funding | 10,000,812 |
| Reserves | |
| Rate/Revenue Stabilization | 1,500,000 |
| Capital Improvements | 2,400,000 |
| Working Capital | <u>8,642,600</u> |
| Unallocated General Fund Balance | <u><u>\$0</u></u> |

REVENUE FUND

| | <u>Water</u> | <u>Sewer</u> | <u>Total</u> |
|------------------------------------|--------------|--------------|-------------------|
| Fund Balance July 1, 2014 | | | \$0 |
| Receipts | | | |
| Operating Revenue | | | |
| Customer Billings | 17,487,472 | 16,602,656 | 34,090,128 |
| Reclaimed Water | 466,955 | - | 466,955 |
| Service Initiation Fee | 96,620 | 96,620 | 193,240 |
| Other | 602,284 | 602,284 | 1,204,568 |
| Refunds and Adjustments | (114,358) | (114,358) | (228,716) |
| Total Operating Revenue | 18,538,973 | 17,187,202 | 35,726,175 |
| Non-operating Revenue | | | |
| Customer Fees | 337,053 | 445,320 | 782,373 |
| Interest Income | 27,295 | 27,295 | 54,590 |
| Total Non-operating Revenue | 364,348 | 472,615 | 836,963 |
| Total Receipts | 18,903,321 | 17,659,817 | 36,563,138 |
| Expenditures | | | |
| Current Expense | (10,377,457) | (9,430,630) | (19,808,087) |
| Debt Service | (5,405,969) | (2,910,906) | (8,316,875) |
| Total Expenditures | (15,783,426) | (12,341,536) | (28,124,962) |
| Net Revenue | | | 8,438,176 |
| To General Fund | | | (8,438,176) |
| Fund Balance June 30, 2015 | | | <u>0</u> |
| Change in Available Balance | | | <u><u>\$0</u></u> |

BOND SERVICE FUND

| | | |
|------------------------------------|-----------------------------|--------------------|
| Fund Balance July 1, 2014 | | \$0 |
| Receipts | | |
| Transfers from Revenue Fund | 8,316,875 | |
| Interest | <u> </u> | |
| Total Receipts | | 8,316,875 |
| Expenditures | | |
| Debt Service | <u>8,316,875</u> | |
| Total Expenditures | | <u>(8,316,875)</u> |
| Fund Balance June 30, 2015 | | <u>0</u> |
| Change in Available Balance | | <u><u>\$0</u></u> |

GENERAL FUND

| | | |
|---|------------|--------------------------|
| Fund Balance July 1, 2014 | | \$19,552,236 |
| Receipts | | |
| Transfer From Revenue fund | 8,438,176 | |
| Transfer From Construction Fund (Loan Proceeds) | 6,560,000 | |
| Interest | 0 | |
| Assessments | 0 | |
| Grants and contributions | 0 | |
| | <hr/> | |
| Total Receipts | | <hr/> 14,998,176 |
| Total Balance Before Expenditures | | 34,550,412 |
| Expenditures | | |
| Capital Equipment/Leases | 1,165,000 | |
| Project Resolutions | 10,842,000 | |
| Transfer to Revenue Fund | 0 | |
| | <hr/> | |
| Total Expenditures | | <hr/> (12,007,000) |
| Fund Balance June 30, 2015 | | <hr/> <hr/> \$22,543,412 |
| Allocation of Fund Balance June 30, 2015 | | |
| Project Funding | 10,000,812 | |
| Capital Reserves | 12,542,600 | |
| | <hr/> | |
| Total Allocation | | <hr/> <hr/> \$22,543,412 |
| Unallocated General Fund Balance June 30, 2015 | | <hr/> 0 |
| Change in Available Balance | | <hr/> <hr/> \$2,991,176 |

**RESOLUTION APPROVING CAPITAL IMPROVEMENTS PROGRAM AND BUDGET FOR
FISCAL YEARS 2015-2019**

WHEREAS, a Five-Year Capital Improvements Program and 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 Capital Improvements Program and Budget for Fiscal Years 2015-2019 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 May 22, 2014;

NOW, THEREFORE, BE IT RESOLVED:

1. The Board of Directors of Orange Water and Sewer Authority approves the Capital Improvements Program and Budget for Fiscal Years 2015-2019 as required by the Financial Management Policy.

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, as appropriate, for the projects in the Capital Improvements Budget.

3. The Five-Year Capital Improvements Program Budget for Fiscal years 2015-2019 is as follows:

| <u>Fiscal Year</u> | <u>Amount</u> |
|--------------------|---------------------|
| 2015 | \$10,842,000 |
| 2016 | 15,613,000 |
| 2017 | 8,780,000 |
| 2018 | 19,481,000 |
| 2019 | <u>17,395,000</u> |
| Total | <u>\$72,111,000</u> |

Adopted this 12th day of June 2014.

**CAPITAL PROJECT RESOLUTION
FOR
FISCAL YEAR 2015 INFRASTRUCTURE IMPROVEMENTS**

WHEREAS, present infrastructure must be maintained and additional infrastructure developed to meet future needs; and

WHEREAS, Orange Water and Sewer Authority (OWASA) has determined that certain additional infrastructure improvements are needed, including improvements to the water supply system; water treatment and distribution system; wastewater collection, treatment and disposal system; reclaimed water system; and support services facilities; and

WHEREAS, adequate funds will be available for the completion of these improvements;

NOW, THEREFORE, BE IT RESOLVED:

1. A project fund of \$10,842,000 is hereby established and expenditures therefrom authorized for the following improvements:

Expenditures:

Water Supply Improvements:

| | |
|---|---------------|
| Jordan Lake Raw Water Supply Allocation | \$5,000 |
| Stone Quarry Reservoir Development | 15,000 |
| Cane Creek Reservoir Dock Replacement | 101,000 |
| Cane Creek Reservoir Dam Repairs | 68,000 |
| Cane Creek Reservoir and University Lake Sodium Permanganate Feed Systems | 87,000 |
| Subtotal | <hr/> 276,000 |

Water Treatment and Distribution Improvements:

| | |
|---|-----------------|
| Water Main Road Improvement Projects | 357,000 |
| Water Line Rehabilitation/Replacement Projects | 771,000 |
| Water Main Replacement – South Estes Drive and Willow Drive | 1,383,000 |
| Distribution System Pressure Monitors | 32,000 |
| Advanced Meter Infrastructure (AMI) System | 1,225,000 |
| Galvanized Water Main Replacements | 63,000 |
| Subtotal | <hr/> 3,831,000 |

Wastewater Collection, Treatment and Disposal Improvements:

| | |
|--|-----------|
| Sanitary Sewer Condition Evaluation | 107,000 |
| Sanitary Sewer Rehabilitation | 1,517,000 |
| Sewer Main Replacement – Bolinwood Interceptor Replacement | 30,000 |
| Sewer Main Replacement – Little Creek Interceptor Replacement | 1,056,000 |
| Aerial Stream Crossing Replacements – Tom’s Creek and Morgan Creek | 1,030,000 |
| Gravity Sanitary Sewer Creek Crossings Upgrades | 278,000 |
| Rogers Road Gravity Sanitary Sewer Extension | 130,000 |
| Easement Acquisition Program | 69,000 |
| Rogerson Drive Pump Station Rehabilitation | 96,000 |
| WWTP Generator Building Louvers and Hypochlorite Facility | 618,000 |
| WWTP Aeration System/Odor Improvements | 655,000 |
| WWTP Nitrified Recycling | 73,000 |
| Comprehensive Coatings Program | 290,000 |
| WWTP Biosolids Facilities and Recycling Study/Rehabilitation | 100,000 |
| WWTP Digesters #1 & #2 Rehabilitation | 243,000 |

Capital Project Resolution for Fiscal Year 2015 Infrastructure Improvements

June 12, 2014

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| | |
|--|---------|
| WWTP Intermediate Pump Stations (IPS) Rehabilitation/Replacement | 100,000 |
| WWTP SCADA System Upgrade | 209,000 |

| | |
|----------|-----------------|
| Subtotal | <hr/> 6,601,000 |
|----------|-----------------|

Support Services Facilities Improvements:

| | |
|--|--------|
| Administration Building Chiller Replacement | 84,000 |
| Development of the Comprehensive Asset Management Plan | 50,000 |

| | |
|----------|---------------|
| Subtotal | <hr/> 134,000 |
|----------|---------------|

| | |
|--------------------|--------------------------|
| Total Expenditures | <hr/> <hr/> \$10,842,000 |
|--------------------|--------------------------|

Revenues:

| | |
|--|--------------------|
| Transfers from the General Fund, Bond or Loan Proceeds, and Grants | <hr/> \$10,842,000 |
|--|--------------------|

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 12th day of June 2014.

**RESOLUTION TO AMEND THE CURRENT DEFERRED COMPENSATION (457)
PLANS BENEFIT FOR EMPLOYEES**

WHEREAS, the Orange Water and Sewer Authority currently makes biweekly contributions to the Deferred Compensation (457) Plans of employees who have been employed by OWASA for at least four years;

WHEREAS, OWASA's current Deferred Compensation (457) Plan does not allow employees to borrow from their accounts;

WHEREAS, the HR Committee has recommended that OWASA's current Deferred Compensation (457) Plans be amended to include a provision that will allow each employee to borrow up to forty percent (40%) of his or her account balance:

NOW, THEREFORE, BE IT RESOLVED:

1. That OWASA's current Employee Deferred Compensation (457) Plan provisions shall be and are amended to include a provision allowing each employee to borrow not more than forty percent (40%) of his or her account balance.

Adopted this 12th day of June 2014.