

ORANGE WATER AND SEWER AUTHORITY  
MEETING OF THE BOARD OF DIRECTORS  
MARCH 24, 2016

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a regular business meeting on Thursday, March 24, 2016, at 7:00 PM in Council Chamber at the Chapel Hill Town Hall, 405 Martin Luther King Jr. Boulevard.

Board Members present: John A. Young, Chair; Robert Morgan, Vice Chair; Heather Payne, Secretary; Terri Buckner; Jeff Danner; Barbara Foushee; Quinton Harper; David (Dave) Moreau; and Ruchir Vora.

OWASA staff present: Ed Kerwin; Travis Best; Sherman Betts; Mary Darr; Greg Feller; Randy Horton; Stephanie Glasgow; Andrea Orbich; Dan Przybyl; Nicholas Rogers; Ruth Rouse; Kelly Satterfield; Todd Taylor; Mary Tiger; Stephen Winters; Robin Jacobs and Robert Epting, Epting and Hackney.

Others present: Linda Vaughn, Don Schlenger and Associates; Braxton Foushee, Carrboro resident; Ross Cook, Brandon Hunziker, Jan Schochet and Carol Troutner, Chapel Hill residents; Rossie Manning, Wilmington resident; Bryan Jones, Bayboro resident; Tyler Moore, Cary resident; and Larry Mitchell, Dewberry.

There being a quorum present, Chair John Young called the meeting to order.

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MOTIONS ACTED UPON

1. BE IT RESOLVED THAT the Orange Water and Sewer Authority Board of Directors adopts the Resolution Authorizing Staff to Proceed with the Advanced Metering Infrastructure (AMI) Project. Resolution so titled attached hereto and made a part of these minutes. Heather Payne made a motion to amend the resolution as follows:

*~~WHEREAS, the OWASA Board of Directors has determined that adoption and full implementation of the AMI Project is in the best interests of its customers, and has therefore determined to proceed with implementation of the AMI Project;~~*

***NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE WATER AND SEWER AUTHORITY BOARD OF DIRECTORS:***

*1. That the OWASA Board of Directors has determined that adoption and full implementation of the AMI Project is in the best interests of its customers, and has therefore determined to proceed with implementation of the AMI Project.*

12. That the Board of Directors authorizes staff to proceed with the AMI project, including planning, implementation and procurement phases, as well as investigation of options that could allow customers to opt-out of using AMI services to report water use; and staff shall inform customers and stakeholders of this decision.

The motion was seconded by Robert Morgan and unanimously approved.

2. BE IT RESOLVED THAT the Orange Water and Sewer Authority Board of Directors adopts the Resolution Setting the Date of May 26, 2016 for a Public Hearing on Proposed Revisions to OWASA's Schedule of Rates, Fees and Charges. Resolution so titled attached hereto and made a part of these minutes. Motion by Terri Buckner, second by Dave Moreau and unanimously approved.

3. Dave Moreau made a motion to approve the Minutes of the February 25, 2016 Meeting of the Board of Directors; second by Quinton Harper and unanimously approved.

4. Dave Moreau made a motion to approve the Minutes of the March 10, 2016 Closed Session of the Board of Directors; second by Quinton Harper and unanimously approved.

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## ANNOUNCEMENTS

### Conflict Of Interest

John Young 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. None were disclosed.

### Chapel Hill Town Council's OWASA Committee and Chapel Hill Appointees to the OWASA Board of Directors

John Young said that the next meeting between Chapel Hill Town Council's OWASA Committee and the Chapel Hill Appointees to the OWASA Board of Directors will be on Thursday, April 21, 2016 at 8:30 AM in the OWASA Board Room.

### Board Self-Assessment

John Young noted that for the past few years, the Board of Directors has conducted self-assessments and he inquired if there is interest in conducting one. The Board agreed to discuss this topic further in the April 14, 2016 work session.

Opening of OWASA's Lake Recreation Season

Todd Taylor announced that that the reservoirs will reopen for recreation on Saturday, March 26, 2016. University Lake will be open Fridays through Sundays from 6:30 AM until 6:00 PM and the Cane Creek Reservoir will be open on Fridays and Saturdays from 6:30 AM until 6:00 PM.

Stuart Carson

Ed Kerwin announced that Stuart Carson, former OWASA Engineering Manager - Capital Improvements, passed away on March 21, 2016. Staff and the Board of Directors expressed deepest sympathies to Mr. Carson's family and friends.

PETITIONS AND REQUESTS:

Brandon Hunziker, Chapel Hill resident, asked the Board of Directors to grant an exception to the policy on Extension of Service in the University Lake Watershed and extend water and sewer service to 603 and 607 NC Highway 54 West, Carrboro, NC. Mr. Hunziker would like to build a warehouse on one of the properties.

Ruth Rouse, Planning and Development Manager, said that the properties Mr. Hunziker requests an exception for water and sewer service fall outside of OWASA's service area and the Water and Sewer Management, Planning and Boundary Agreement (WSMPBA) boundary. Water and sewer had been extended to other properties where there was a public health issue.

Robert Epting, General Counsel, added that the WSMPBA also reflects protection of the University Lake watershed by affirming that OWASA would not extend service within the University Lake watershed. Over the years, individuals have requested service extension to develop the lots and the OWASA Board of Directors have been consistent in denying those requests.

The Board concurred with General Counsel and staff's comments, and denied Mr. Hunziker's request.

John Young asked for petitions and requests from the Board and staff; none were received.

ITEM ONE: RECEIVE AND DISCUSS PUBLIC COMMENTS AND DECIDE WHETHER TO PROCEED WITH ADVANCED METERING INFRASTRUCTURE

Todd Taylor, General Manager of Operations, thanked the public for all the comments and feedback received to date on Advanced Metering Infrastructure (AMI). From February 10 through March 24, 2016, 71 public comments and questions were received.

Jan Schochet, Chapel Hill resident, said that she is sensitive to electromagnetic fields (EMF) and EMF is a real sensitivity that people suffer from. She does not support the AMI technology and emailed the Board information on Smart Meters and EMF sensitivity.

Carol Trountr, Chapel Hill resident, said she would like to be able to opt-out of AMI technology because she is sensitive to wireless technology.

Braxton Foushee, Carrboro resident, said he is against AMI. Mr. Foushee expressed concern about the cost of AMI and the loss of OWASA jobs. He said that only OWASA would benefit from AMI.

Ruchir Vora said he supports AMI and that EMF from AMI is no worse than an individual using a cell phone.

Heather Payne said that she is pleased that most of the community supports AMI.

Jeff Danner said that he supports AMI and that the cost is neutral over the long term.

Robert Morgan said that he supports AMI and also supports reviewing an opt-out alternative due to health reasons. The system will benefit customers by detecting leaks quickly and save money in the long run.

Barbara Foushee said that she is concerned that some customers may be unable to access the portal for AMI and that AMI may not be beneficial for everyone. Ms. Foushee said that opting out should be available for customers.

Terri Buckner said she supports moving forward with AMI and would like the Board to commit publicly to explore allowing customers to opt-out.

John Young said that he feels AMI will benefit all customers. Mr. Young said he supports a commitment to an investigation of an AMI opt-out but not a commitment to implement an AMI opt-out.

Ms. Foushee said she would like the Board to make a commitment to implement an AMI opt-out choice.

Ms. Payne said she would commit to investigating opt-out option but did not want to make a commitment providing such an option.

Ms. Buckner said we should investigate AMI opt-out but that the Board should also commit to the option especially if customers are willing to pay for the option.

Quinton Harper said the Board should investigate and make a commitment to opt-out, but that he would defer an endorsement of AMI to the majority of the Board. Mr. Harper said his biggest concern is the rollout and community engagement about AMI.

Mr. Vora said he supports AMI and investigating an opt-out option.

Mr. Danner said he supports an investigation of an opt-out option.

Dave Moreau said he supports the AMI technology and that the Board would do OWASA customers a disservice by investing in older technology. Mr. Moreau supports investigating an opt-out option.

Ed Kerwin said that staff agrees with Mr. Harper's comments on community engagement and that the community engagement process will be essential for the project's success.

Ms. Buckner requested information on how OWASA would implement AMI.

Mr. Taylor said that the Board will receive the detailed draft scope of work from the consultant on implementation and procurement of AMI at the Board's April 14<sup>th</sup> work session.

Ms. Foushee said she does support AMI technology but that the Board should be cautious in engaging the community and stay true to commitments.

Ms. Buckner suggested that the resolution be edited to include consideration of an opt-out option.

After considerable discussion, Heather Payne made a motion to amend the draft resolution as follows:

~~*WHEREAS, the OWASA Board of Directors has determined that adoption and full implementation of the AMI Project is in the best interests of its customers, and has therefore determined to proceed with implementation of the AMI Project;*~~

***NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE WATER AND SEWER AUTHORITY BOARD OF DIRECTORS:***

*1. That the OWASA Board of Directors has determined that adoption and full implementation of the AMI Project is in the best interests of its customers, and has therefore determined to proceed with implementation of the AMI Project.*

*2. That the Board of Directors authorizes staff to proceed with the AMI project, including planning, implementation and procurement phases, as well as investigation of options that could allow customers to opt-out of using AMI services to report water use; and staff shall inform customers and stakeholders of this decision.*

The motion was seconded by Robert Morgan and unanimously approved. Please see Motion No. 1 above.

**ITEM TWO: EASEMENT ACQUISITION AND FINDINGS OF PILOT STUDY**

The Board received a staff presentation on easement acquisition and the findings from a pilot study as an informational item. Presenters included Ruth Rouse, Planning and Development Manager; Nicholas Rogers, Assistant Distribution and Collection System Manager; and Sherman Betts, Crew Leader.

The Board supported staff's recommendation that: OWASA not develop a program to obtain easements on private property with sewer lines and no recorded easement; staff continue to obtain easements on these properties when opportunities arise; staff will follow up with local surveyors to remind them of their obligation to look for utility lines on property they are surveying; staff will follow our standard operating procedures for obtaining easements; and staff will develop a value to compensate property owners for easements that will be similar to how the County plans to compensate landowners in the Rogers Road area based on tax value.

ITEM THREE: FISCAL YEAR (FY) 2017 DRAFT BUDGET REVIEW AND STAFF RATE ADJUSTMENT RECOMMENDATION

The Board discussed the draft budget and rate adjustment recommendation for the budget year July 2016 through June 2017 (FY 2017). Stephen Winters, Director of Finance and Customer Service, said that based on the draft budget, an increase in the rates for monthly water and sewer service is not necessary for the Fiscal Year 2017 budget.

Jeff Danner requested that the FY 2017 budget presentation tables include projection of year-end reserves and that the updated tables be emailed to the Board.

The Board requested that the history of consulting spending since 2014, including other relevant data to support staff's recommended funding for consultants in FY 2017, be emailed to the Board.

ITEM FOUR: REVIEW OF ALTERNATIVE RATE STRUCTURES FOR THE MULTI-FAMILY, MASTER-METERED CUSTOMER RATE CLASS

The Board considered alternative approaches for charging multi-family, master-metered customers for water and sewer services. After considerable discussion, the Board agreed to continue the discussion about the analysis needed for potential rate change for the multi-family, master-metered rate class on a date to be determined.

ITEM FIVE: RESOLUTION SETTING THE DATE OF MAY 26, 2016 FOR A PUBLIC HEARING ON PROPOSED REVISIONS TO OWASA'S SCHEDULE OF RATES, FEES AND CHARGES

Terri Buckner made a motion to approve the resolution; second by Dave Moreau and unanimously approved. Please see Motion No. 2 above.

ITEM SIX: MINUTES

Dave Moreau made a motion to approve the Minutes of the February 25, 2016 Meeting of the Board of Directors; second by Quinton Harper and unanimously approved. Please see Motion No. 3 above.

ITEM SEVEN: MINUTES

Dave Moreau made a motion to approve the Minutes of the March 10, 2016 Closed Session of the Board of Directors; second by Quinton Harper and unanimously approved. Please see Motion No. 4 above.

ITEM EIGHT: 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 staff action items as follows:

- April 14, 2016 Work Session will include the following agenda items:
  - o Review consultant's draft scope of work for AMI
  - o Review Employee Health, Dental Life, Dependent Life, Accidental Death and Dismemberment and Long Term Disability Insurance
  - o Review of Draft Fiscal Year (FY) 17 Budget and Rates
  - o Authorize staff to publish Draft FY 2017 Budget and Rates information
  - o Review proposed process to complete new strategic plan
- Move forward with AMI as provided in the Board's approved resolution.
- Staff will email the Board the FY 2017 budget presentation tables to include projection of year-end reserves.
- Staff will email the Board the history of spending on consultants since 2014 and include other relevant data to support staff's recommended funding for consultants in FY 2017.
- Staff will work with the Board to schedule a discussion about the analysis needed for potential rate change for the multi-family, master-metered rate class.

ITEM TEN: CLOSED SESSION

Without objection, the Board agreed to reschedule the Closed Session for the purpose of discussing a personnel matter to the April 14, 2016 meeting.

The meeting was adjourned at 10:52 PM.

Respectfully submitted,



Andrea Orbich  
Executive Assistant/Clerk to the Board

Attachments

## **RESOLUTION AUTHORIZING STAFF TO PROCEED WITH THE ADVANCED METERING INFRASTRUCTURE (AMI) PROJECT**

**WHEREAS**, the Board of Directors' Strategic Plan, adopted in 2014, included as a key strategic initiative consideration of the costs and benefits of implementing an AMI Project to replace OWASA's present processes for collecting customers' water consumption data; and

**WHEREAS**, in light of the technical complexity of alternative meter reading technologies, OWASA hired a leading, nationally-known consultant to evaluate numerous aspects of AMI and other meter reading technologies; and

**WHEREAS**, the consultant's study showed that AMI would be a sound investment and would likely pay for itself in avoided planned investments in our current meter reading system and in reduced operating costs; that it would reduce the safety risks involved to employees engaged in traditional meter reading tasks; that would increase customers' access to real time consumption information; that it would provide a method for early leak detection, and thus reduce unintended water use; and that it would reduce emissions caused by vehicle use required to transport meter readers to or by OWASA's existing meters; and

**WHEREAS**, OWASA has engaged the community in accordance with an on-going Community Engagement Plan to inform and empower customers with information about AMI through numerous methods (paper and electronic mailings, website information, notices on bills, a news release, contacts with major customers and local governments, guest columns in local media, Twitter, and including providing access to this information in Spanish); and by providing a number of opportunities for customers to comment and ask questions of OWASA from early February through tonight's Board meeting; and more than 60 citizens have participated in that engagement process; and

**WHEREAS**, the feedback from citizens, and community engagement has been very informative and helpful to the Board of Directors, and has indicated that the AMI proposal is well understood and supported by a majority of those providing feedback;

### **NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE WATER AND SEWER AUTHORITY BOARD OF DIRECTORS:**

1. That the OWASA Board of Directors has determined that adoption and full implementation of the AMI Project is in the best interests of its customers, and has therefore determined to proceed with implementation of the AMI Project.
2. That the Board of Directors authorizes staff to proceed with the AMI project, including planning, implementation and procurement phases, as well as investigation of

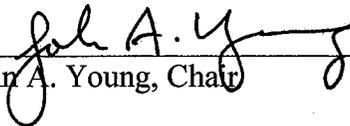
Resolution Authorizing Staff to Proceed with the Procurement Phase of the AMI Project

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options that could allow customers to opt out of using AMI services to report water use; and staff shall inform customers and stakeholders of this decision.

Adopted and presented this the 24<sup>th</sup> day of March, 2016.

  
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John A. Young, Chair

ATTEST:

  
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Heather Payne, Secretary

**RESOLUTION SETTING MAY 26, 2016 AS THE DATE FOR A  
PUBLIC HEARING ON PROPOSED REVISIONS TO  
OWASA'S SCHEDULE OF RATES, FEES AND CHARGES**

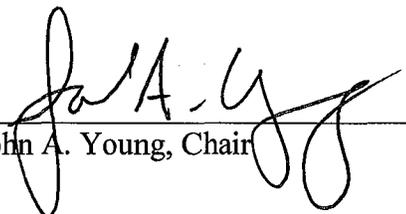
**WHEREAS**, the Orange Water and Sewer Authority must charge fees sufficient to provide financial resources to recover the cost of ongoing operations, pay for capital improvements, and provide sufficient financial resources to ensure sustainable fiscal strength and stability; and

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

**NOW, THEREFORE, BE IT RESOLVED:**

1. That a Public Hearing is hereby set for Thursday, May 26, 2016 at 7:00 P.M., in Chapel Hill Town Hall, for the purpose of receiving public comment on any proposed adjustments to Orange Water and Sewer Authority's rates, fees and charges.
2. That any interested persons may appear in person, or by agent or attorney, to present comments on the proposed modifications to the current schedule of rates, fees and charges.
3. That notice of the time and place of the Public Hearing shall be advertised and shall be mailed at least ten days prior to the date fixed above for the Public Hearing to the University of North Carolina at Chapel Hill, Town of Carrboro, Town of Chapel Hill, and Orange County.

Adopted this 24th day of March, 2016.

  
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John A. Young, Chair

ATTEST:

  
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Heather Payne, Secretary