

ORANGE WATER AND SEWER AUTHORITY
PUBLIC HEARINGS AND MEETING OF THE BOARD OF DIRECTORS
MAY 26, 2016

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held public hearings and a regular business meeting on Thursday, May 26, 2016, at 7:00 P.M. in the Council Chamber, Chapel Hill Town Hall, 405 Martin Luther King Jr. Boulevard.

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

OWASA staff present: Ed Kerwin, Mary Darr, Monica Dodson, Greg Feller, Vishnu Gangadharan, Simon Lobdell, Andrea Orbich, Kelly Satterfield, Todd Taylor, Mary Tiger, Stephen Winters and Robin Jacobs of Epting and Hackney.

Public present: none.

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

* * * * *

MOTIONS ACTED UPON

1. Dave Moreau made a motion to close the Public Hearings on the Preliminary Annual Operating and Capital Improvements Budget and the proposed adjustments to Rates, Fees and Charges; the motion was seconded by Quinton Harper, and unanimously approved.
2. Terri Buckner made a motion to approve the Minutes of the April 14, 2015 Work Session of the Board of Directors, second by Barbara Foushee and unanimously approved.
3. Terri Buckner made a motion to approve the Minutes of the April 23, 2015 Meeting of the Board of Directors, second by Barbara Foushee and unanimously approved.
4. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the Resolution Awarding a Construction Contract for the Cane Creek Permanganate Facility Project. (Motion by Terri Buckner, second by Barbara Foushee and unanimously approved.)
5. Terri Buckner made a motion that the Board of Directors approve the Revised Charter for the Energy Management Plan and authorize staff to proceed with this project in accordance with the approach described therein; second by Dave Moreau and unanimously approved.

* * * * *

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.

Natural Resources and Technical Services (NRTS) Committee

Dave Moreau said that the NRTS Committee will meet on June 8, 2016, at 5:30 P.M. in the OWASA Board Room to discuss chloramines and related drinking water considerations important to customers.

Nominating Committee

Dave Moreau said that the Nominating Committee meet on May 23, 2016, to consider nominations for officers for Fiscal Year 2017. He noted that while nominations are incomplete, it is likely that multiple nominations will be considered for each officer position.

Request to Service on Town of Chapel Hill Advisory Board

Andrea Orbich announced that the Town of Chapel Hill boards and commissions are looking for new members. Interested residents are encouraged to apply immediately. For additional information and to apply online, please visit www.townofchapelhill.org/boards or contact Town staff in the Communications and Public Affairs office.

ITEM ONE: CONCURRENT PUBLIC HEARINGS ON THE PRELIMINARY ANNUAL OPERATING AND CAPITAL IMPROVEMENTS BUDGET AND PROPOSED RATES, FEES AND CHARGES

John Young opened the concurrent Public Hearings on the Preliminary Annual Operating and Capital Improvements Budget and the proposed Rates, Fees and Charges for Fiscal Year (FY) 2017.

Ed Kerwin began the presentation by noting that after receiving customers' feedback, the Board will close the public hearings and continue deliberations on next year's budget and rates. If the Board approves the proposed FY 2017 budget and rates on June 9, 2016, it will be the fifth year in a row with no increase in monthly water, wastewater and reclaimed water rates. This accomplishment was achieved through proactive measures and investments to improve efficiencies in operations while ensuring consistent high quality and reliable services.

Mr. Kerwin mentioned that the proposed capital improvements program includes a project to install Advanced Metering Infrastructure (AMI). AMI will enable water meters to be read remotely, provide detailed information about water use to customers, improve OWASA staff's ability to provide excellent customer service, help identify leaks, reduce vehicle use, and save

water and money. He said that OWASA continues to look for ways to reduce costs and we are working to achieve our goal to reduce purchased electricity by 35% by 2020. We are also updating OWASA's 50-year water supply plan in order to help ensure a reliable and high quality water supply for the community.

Stephen Winters said a key objective of OWASA's strategic plan is to secure financial stability for the long-term sustainability of the community's water and wastewater systems. Budget and rate-setting assumptions must meet requirements of OWASA's founding documents and agreements, Bond Order, Financial Management Policy and State law. The organization's revenue comes solely from customer fees; OWASA is required to charge customers the full cost of providing water and wastewater services.

Mr. Winters noted that OWASA does not expect an increase in the volume of drinking water sales for FY 2017. Projected total revenue is about \$37.9 million. The budget includes \$21 million for operating expenses and \$6.9 million for debt service payments. The CIP budget is projected to be \$13.6 million. Over the next five years, total CIP spending is expected to be about \$87 million with over 80% to be spent on rehabilitation and replacement, about 8% on expanding the system's capacity, and approximately 12% for system enhancement.

Mr. Winters reiterated that the Board is considering approving a budget that, for the fifth consecutive year, includes no increase in monthly water, wastewater and reclaimed water rates. Long-term planning indicates that OWASA is sustainable and water resources will meet expected demand for the next 50 years under most circumstances. Current planning also indicates that the water and wastewater treatment plants will not have to be expanded for at least 15 years.

Mr. Young opened the concurrent Public Hearings for public comments; none were received.

Dave Moreau made a motion to close the Public Hearings on the Preliminary Annual Operating and Capital Improvements Budget and the proposed adjustments to Rates, Fees and Charges; the motion was seconded by Quinton Harper, and unanimously approved. Please see Motion No. 1 above.

Mr. Young opened the discussion for Board comments.

Dave Moreau commented that OWASA has a capital intensive program.

Terri Buckner thanked staff for helping the Board keep customer rates low.

Mr. Young agreed with Ms. Buckner and Mr. Moreau's comments and noted that the Board may want to review the possibility of a longer horizon with no rate increase and what that would look like for OWASA customers. Mr. Young concluded that the Board will make a final decision on the budget and rates on June 9, 2016.

ITEM TWO: PETITIONS AND REQUESTS:

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

ITEM THREE: MINUTES

Terri Buckner made a motion to approve the Minutes of the April 14, 2016 Work Session of the Board of Directors; second by Barbara Foushee and unanimously approved. Please see Motion No. 2 above.

ITEM FOUR: MINUTES

Terri Buckner made a motion to approve the Minutes of the April 28, 2016 Meeting of the Board of Directors; second by Barbara Foushee and unanimously approved. Please see Motion No. 3 above.

ITEM FIVE: RESOLUTION AWARDED A CONSTRUCTION CONTRACT FOR THE CANE CREEK PERMANGANATE FACILITY PROJECT

Simon Lobdell, Utilities Engineer, provided a PowerPoint presentation on this item.

John Young inquired as to the other bidders' information on participation by minority and women owned business enterprises in the Cane Creek Permanganate Facility Project. Staff will provide this information.

Terri Buckner made a motion to approve the resolution; second by Barbara Foushee and unanimously approved. Please see Motion No. 4 above.

ITEM SIX: REVIEW THE REVISED CHARTER FOR THE ENERGY MANAGEMENT PLAN

Mary Tiger, Sustainability Manager, provided a PowerPoint presentation on this item, including an update on OWASA's historical energy use.

The Board requested to be updated on energy management activities that have been completed recently or are underway.

Terri Buckner made a motion that the Board of Directors approve the Revised Charter for the Energy Management Plan and authorize staff to proceed with this project in accordance with the approach described therein; second by Dave Moreau and unanimously approved. Please see motion No. 5 above.

ITEM SEVEN: DISCUSS STAFF PROPOSED UPDATE TO STRATEGIC PLAN

The Board agreed to reschedule discussion on this item to the June 9, 2016 meeting.

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:

- June 9, 2016 Work Session will include the following agenda items:
 - o Approval of the Schedule of Rates, Fees and Charges; Annual Budget; and Five-Year Capital Improvements Program
 - o Discussion of Employee Merit Pay for Fiscal Year 2017
 - o Discuss Staff's Proposed Update to Strategic Plan
 - o Election of Officers
 - o Discussion of 2016 Board Self-Assessment
- Staff will follow up on minority and women owned business enterprise participation information from other bidders for the Cane Creek Permanganate Facility Project.
- Staff will follow up with an update on energy management strategies that have been completed recently or are underway.

ITEM NINE: CLOSED SESSION

Without objection, the Board convened in the First Floor Conference Room in a closed session for the purpose of discussing a personnel matter.

The meeting was adjourned at 9:15 PM.

Respectfully submitted,



Andrea Orbich
Executive Assistant/Clerk to the Board

Attachments

**RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR THE CANE
CREEK PERMANGANATE FACILITY PROJECT**

WHEREAS, there is a need to build a permanent permanganate storage and feed facility at Cane Creek Reservoir; and

WHEREAS, plans and specifications for the construction of this project have been prepared by Hazen and Sawyer PC; and

WHEREAS, advertisement for contractor qualifications was published on the websites of the North Carolina Institute of Minority Economic Development, North Carolina Department of Administration, and OWASA in December 2015, and five contractors were qualified to bid; and

WHEREAS, on March 17, 2016, the prequalified contractors were formally invited to submit construction bids for the project, and two bids were received; and

WHEREAS, on March 29, 2016, the prequalified contractors were formally invited to re-submit construction bids for the project and three bids were received; and

WHEREAS, Water and Waste Systems, Inc. of Garner, North Carolina has been determined to be the low responsive, responsible bidder for the project; and

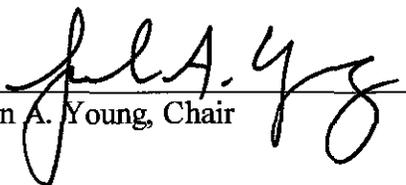
WHEREAS, on June 11, 2015 the Board approved a resolution authorizing funds for Capital Improvement Projects, including funds for this project;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Orange Water and Sewer Authority Board of Directors awards the construction contract to Water and Waste Systems, Inc., the low responsive, responsible bidder for the Raw Water Permanganate Feed Facility, in accordance with the approved plans and specifications, in the amount of \$759,000.00, subject to such change orders as may apply.

2. That the Executive Director be, and hereby is, authorized to execute said contract, subject to prior approval of legal counsel, and to approve and execute change orders and such documents as may be required in connection with the construction contract.

Adopted this 26th day of May, 2016.



John A. Young, Chair

ATTEST:



Andrea Orbich, Assistant-Secretary