

Orange Water and Sewer Authority

Meeting of the Board of Directors

April 27, 2017

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a regular meeting on Thursday, April 27, 2017 at 7:00 p.m. in the Council Chamber in the Chapel Hill Town Hall, 405 Martin Luther King Jr. Boulevard, Chapel Hill.

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

OWASA staff present: Ed Kerwin, Mary Darr, Greg Feller, Vishnu Gangadharan, Stephanie Glasgow, Robin Jacobs (Epting and Hackney), Andrea Orbich, Ruth Rouse, Mary Tiger, Todd Taylor, Stephen Winters and Robert Epting (Epting and Hackney).

Others present: Elijah Ayankoya, Alice Boyle, Zachary Davidson, Eleanor Dillon, Parker Emmerson, Braxton Foushee, Margaret Holton (Water, Sewer and Reclaimed Water Coordinator, University of North Carolina at Chapel Hill), Micah Intrator, Sharon Reese, Lisa Stauffer, Corey Sturmer, Claire Viadro and Lamont Wilkins.

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

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Motions

1. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Awarding Audit Contract to Martin Starnes & Associates, CPAs, P.A. and Authorizing Chair of the Board of Directors and the Finance Officer to Execute Said Contract. Resolution so titled attached hereto and made a part of these minutes. (Motion by Dave Moreau, second by Barbara Foushee and unanimously approved.)
2. Dave Moreau made a Motion to approve the Minutes of the February 17, 2017 Special Work Session of the Board of Directors; second by Barbara Foushee and unanimously approved.
3. Dave Moreau made a Motion to approve the Minutes of the April 13, 2017 Closed Session of the Board of Directors; second by Barbara Foushee and unanimously approved.
4. Terri Buckner made a motion to approve in advance of public hearings scheduled for May 25, 2017, the Board of Directors hereby authorizes staff of the Orange Water and Sewer Authority to publish information about the FY 2018 proposed Budget and Schedule of Rates, Fees and Charges; second by Jeff Danner and unanimously approved.
5. Terri Buckner made a motion to support staff's proposal to accept the low-interest loans from the State of North Carolina; second by Barbara Foushee 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 at this time; none were disclosed.

Wastewater Management Video

Ed Kerwin said OWASA has developed with Digital P Media in Cary a video which explains wastewater collection, treatment and recycling in simple terms. The video will be posted on the OWASA website and publicized to customers.

Petitions and Requests

John Young reminded the public that on March 9, 2017, the OWASA Board of Directors decided to continue the current policy of fluoridating drinking water and that on April 13, 2017, the Board approved the Action Plan for improvements to the safety and reliability of the fluoride feed system at the Jones Ferry Road Water Treatment Plant.

Corey Sturmer opposed fluoridation of drinking water.

Micah Intrator opposed fluoridation of drinking water.

Lamont Wilkins opposed fluoridation of drinking water.

Parker Emmerson opposed fluoridation of drinking water.

Zachary Davidson opposed fluoridation of drinking water.

Eleanor Dillon opposed fluoridation of drinking water.

Claire Viadro opposed fluoridation of drinking water.

The Board heard the petitions and took no action.

Item One: 12 Month Board Meeting Schedule

The Board received this as an information item.

Item Two: Resolution Awarding Audit Contract to Martin Starnes & Associates, CPAs, P.A. and Authorizing Chair of the Board of Directors and the Finance Officer to Execute Said Contract

Dave Moreau made a motion to approve the resolution, second by Barbara Foushee and unanimously approved. Please see Motion No. 1 above.

Item Three: Minutes

Dave Moreau made a motion to approve the Minutes of the February 17, 2017 Special Work Session of the Board of Directors; second by Barbara Foushee and unanimously approved. Please see Motion No. 2 above.

Item Four: Minutes

Dave Moreau made a motion to approve the Minutes of the April 13, 2017 Closed Session of the Board of Directors; second by Barbara Foushee and unanimously approved. Please see Motion No. 3 above.

Item Five: Review Draft Fiscal Year 2018 Budget, Rates, and Reserves and Authorize Staff to Publish Draft Fiscal 2018 Budget and Rates Information

Stephen Winters, Director of Finance and Customer Service, provided a presentation on the draft Fiscal Year (FY) 2018 budget and proposed rate changes, and information related to OWASA's financial reserve policy and the opportunity to receive low-interest loans from the State.

After discussion, the Board requested follow-up responses via e-mail regarding residential sewer only customers and the low-interest State loans; authorized staff to publicize proposed budget and rate information; and agreed to schedule a discussion of the reserves policy later this year.

Terri Buckner made a motion to approve in advance of public hearings scheduled for May 25, 2017, the Board of Directors hereby authorizes staff of the Orange Water and Sewer Authority to publish information about the FY 2018 proposed Budget and Schedule of Rates, Fees and Charges; second by Jeff Danner and unanimously approved. Please see Motion No. 4 above.

The proposed FY 2018 Budget includes no increase in monthly water, sewer and reclaimed water rates. If approved, FY 2018 will be sixth consecutive year for which the monthly rates remain unchanged.

Adjustments are proposed for service availability fees. The proposed changes are based on cost of service principles and an updated calculation of those costs. Reductions are proposed for all water service availability fees. Reductions are also proposed for most residential sewer availability fees and increases are proposed for all non-residential customers and multi-family properties that are served by large meters.

Adjustments are also proposed for charges for miscellaneous services; the adjustments are based on changes in the costs of providing the services.

Terri Buckner made a motion to support staff's proposal to accept the low-interest loans from the State of North Carolina; second by Barbara Foushee and unanimously approved. Please see Motion No. 5 above.

Item Six: Approach to Advance Employee Compensation Based on Performance

Stephanie Glasgow, Director of Human Resources and Safety, presented a proposed approach to move employees' compensation more quickly within pay ranges based on performance.

After discussion, the Board agreed that additional discussion is needed and that as the next step, the Human Resources Committee will meet to discuss long-term approach to employee compensation.

Item Seven: Opportunities to Improve Strategic Communications During OWASA-Related Emergencies

The Board accepted staff's Action Plan to improve strategic communications and agreed that staff will provide a status report in the fall of 2017.

Item Eight: Financial Report for the Nine Month Period Ended March 31, 2017

The Board received this as an information item.

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 Meeting

Ed Kerwin summarized the meeting as follows:

- May 11, 2017 Work Session will include the following items:
 - o Review Advanced Metering Infrastructure System Procurement Contract;
 - o Discuss employee health and dental insurance renewal;
 - o Discuss employee merit pay for Fiscal Year 2018;
 - o Award the Rogerson Drive Pump Station Rehabilitation Contract;
 - o Schedule a discussion of the reserves policy later this year;
- Provide answers to questions regarding the low-interest loans and sewer only customers via e-mail;
- Schedule Human Resources Committee to discuss long-term approach to employee compensation; and
- Schedule status report on action items to improve strategic communication during OWASA-related emergencies in the fall.

The meeting was adjourned at 9:33 p.m.

Respectfully submitted,



Andrea Orbich
Executive Assistant/Clerk to the Board

Attachment

**RESOLUTION APPROVING AND AWARDDING AUDIT CONTRACT TO
MARTIN STARNES & ASSOCIATES, CPAS, P.A. AND AUTHORIZING CHAIR OF
THE BOARD OF DIRECTORS AND THE FINANCE OFFICER
TO EXECUTE THE CONTRACT**

WHEREAS, Orange Water and Sewer Authority is required by the General Statutes of the State of North Carolina and the Series 2001 Bond Order to have its financial records audited at the termination of each fiscal year; and

WHEREAS, in January of 2015, the Authority solicited audit proposals based upon the established criteria recommended by the North Carolina Local Government Commission; and

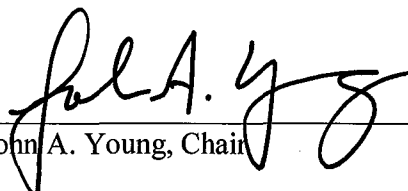
WHEREAS, Martin Starnes & Associates, CPAs, P.A. provided satisfactory service related to the Fiscal Years 2011 through 2016 financial audits;

NOW, THEREFORE, BE IT RESOLVED:

1. That the contract between Orange Water and Sewer Authority and Martin Starnes & Associates, CPAs, P.A. for financial audit of the Fiscal Year Ending June 30, 2017, for charges not to exceed \$33,000 is hereby approved subject to approval by the North Carolina Local Government Commission.


2. That the Chair of the OWASA Board of Directors and the Finance Officer are hereby authorized to execute such contract.

Adopted this 27th day of April 2017.



John A. Young, Chair

ATTEST:



Barbara M. Foushee, Secretary