

Orange Water and Sewer Authority

Public Hearings and Meeting of the Board of Directors

May 25, 2017

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held public hearings and a regular meeting on Thursday, May 25, 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, Robert Morgan, Heather Payne and Ruchir Vora.
Board Member absent: David Moreau.

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

Others present: Lyndsay Bahn, Bodie Bahn, Greg Ericson, Braxton Foushee, Micah Intrator, Adiel Mora, Sharon Reese, Claire Viadro, Lamont Wilkins, Curtis Williams and Ginger Yancy.

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

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Motions

1. Robert Morgan made a motion to close the Concurrent Public Hearings on the Preliminary Annual Operating and Capital Improvements Budgets for Fiscal Year 2018 beginning July 1, 2017 and Proposed Rates, Fees and Charges; the motion was seconded by Barbara Foushee and unanimously approved.

2. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Awarding Construction Contract for the Water Treatment Plant Filter Media and Backwash Improvements Project. (Motion by Terri Buckner, second by Ruchir Vora and unanimously approved.)

3. Terri Buckner made a Motion to approve the Minutes of the April 13, 2017 Work Session of the Board of Directors; second by Ruchir Vora and unanimously approved.

4. Terri Buckner made a Motion to approve the Minutes of the April 27, 2017 Meeting of the Board of Directors; second by Ruchir Vora and unanimously approved.

5. Terri Buckner made a motion to approve the Minutes of the May 11, 2017 Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter; second by Ruchir Vora and unanimously approved.

6. Terri Buckner made a motion that the Natural Resources and Technical Services Committee further review what analysis should be done, if any, to evaluate the long-term use of OWASA's

properties for a future recommendation to the Board; second by Ruchir Vora and unanimously approved.

7. Terri Buckner made a motion that staff develop a draft Community Engagement Plan on forestry management and a draft plan on the use of solar photovoltaic on OWASA property by June 2018; second by Heather Payne and unanimously approved.

8. Robert Morgan made a motion to: evaluate option(s) to provide live broadcast of OWASA Board meetings at Chapel Hill Town Hall to Carrboro residents; determine if Apple/Mac computer users can view live-streaming of OWASA Board meetings; and conduct a trial Skype web-based broadcast of the June 8, 2017 Board meeting. The motion was seconded by Jeff Danner and unanimously approved.

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Announcements

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.

Mr. Young said that on May 22, 2017, Ruchir Vora was reappointed and John Morris was appointed to the OWASA Board of Directors for a three-year term (July 1, 2017 to June 30, 2020). Mr. Morris will take the seat of Dave Moreau whose term will end on June 30, 2017.

Mr. Young also said that after discussion with regional mayors and others, Chapel Hill Mayor Pam Hemminger, initiated a Jordan Lake Watershed Summit on June 1, 2017, at the Triangle J Council of Governments to discuss integrated water management, the state of the legislative environment and the future of our watersheds. The purpose of the summit is to foster more integrated and innovative approaches to tackling issues associated with the regional growing population. Mr. Young said that Ed Kerwin will participate for OWASA.

Mr. Young said that without objection, the Board will reschedule Item Nine (Televising OWASA Board of Directors' Meetings) until June 8, 2017, because Braxton Foushee is unable to attend tonight's meeting.

Robert Morgan said that the Human Resources Committee will meet on Tuesday, June 6, 2017, at 7:00 p.m. in the OWASA Board Room to discuss and evaluate options for allowing employees to advance more quickly through their pay ranges based on performance as well as employee merit pay for Fiscal Year 2018.

Jeff Danner said that this morning, Heather, Ruchir, John Young and he met with Chapel Hill Town Council members George Cianciolo and Michael Parker to discuss items of mutual interest. Maria Palmer and Dave Moreau were unable to attend due to other commitments, however, newly appointed OWASA Board member John Morris attended as did OWASA staff. Topics included the recent taste and odor in the drinking water; update on Advanced Metering Infrastructure (AMI) project; OWASA's employee diversity and inclusion program; actions OWASA has taken in response to the February water emergency; and public communications.

Yinka Ayankoya reminded Board Members that on June 8, 2017, the Board will vote for new Board Officers and if Board Members plan to be absent, they should send proxy votes to the Clerk to the Board prior to the June 8th meeting.

Todd Taylor reported on recent taste and odor problems with OWASA drinking water. He said that OWASA's drinking water has had an "earthy" or "musty" taste and/or odor; and stated that the drinking water is safe to drink and use for all purposes. He noted that under certain conditions, algae in lakes can release compounds into the water that may cause taste and odor changes that are noticeable at the customers' taps. Although OWASA's treatment process removes algae, some organic compounds may remain in the drinking water that cause taste and odor issues. Although staff cannot be certain as to why the algae bloom is earlier and more sudden this year, several factors may contribute: a mild winter, influx of nutrients from heavy rain events, and total organics being are higher than normal.

Mr. Taylor said it is OWASA's goal to produce high quality drinking water that is not only safe to drink but is aesthetically pleasing. Staff closely monitors our source water for algae and utilizes treatment techniques to minimize the unpleasant taste and odors. Recent adjustments have improved the water's taste and odor, and most continuing taste and odor issues are expected to be resolved in a week or so as the water stored in our distribution system is used and replaced.

The Board requested an updated report via e-mail on the potential opportunities to improve monitoring and corrective actions in when conditions cause taste and odor events.

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) 2018.

Ed Kerwin noted 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 2018 budget and rates on June 8, 2017, it will be the sixth 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 said that the proposed Capital Improvements Program (CIP) 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 and safety, help identify leaks, reduce vehicle use, and conserve water and save money. Implementing this project will take about two years to complete. Other key investments include: implementing improvements in response to the February 2017 water emergency; health insurance and pay increases for employees; and consultant assistance for OWASA's new Employee Diversity and Inclusion Program.

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 2018. Projected total revenue is about \$35.9 million. The budget includes \$21.9 million for operating expenses and \$6.9 million for debt service payments. The CIP budget is projected to be \$15.1 million. Over the next five years, total CIP spending is expected to be about \$96.3 million with about 74% to be spent on rehabilitation and replacement, about 8% on expanding the system's capacity, and approximately 18% for system enhancement.

Mr. Winters reiterated that the Board is considering approving a budget that, for the sixth 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 13 years.

Mr. Young opened the concurrent Public Hearings for public comments.

Micah Intrator said that OWASA is doing a good job on the budgets and rates but that the fluoride feed system is an unnecessary cost to the budget.

Robert Morgan made a motion to close the Concurrent Public Hearings on the Preliminary Annual Operating and Capital Improvements Budgets for Fiscal Year 2018 beginning July 1, 2017 and Proposed Rates, Fees and Charges; the motion was seconded by Barbara Foushee and unanimously approved. Please see Motion No. 1 above.

Mr. Young opened the discussion for Board comments.

Terri Buckner reiterated that no OWASA employees' jobs would be lost because of the AMI Project.

Mr. Young said that it is important that OWASA is investing in rehabilitating our infrastructure and thanked the community for conserving water.

The Board expressed appreciation to the staff for their hard work to keep customer rates stable and for a job well done.

Item Two: Petitions and Requests

Ginger Yancey opposed fluoridation of drinking water.

Claire Viadro opposed fluoridation of drinking water and she would also like an “opt out” option for the Advanced Metering Infrastructure (AMI) project.

Mr. Young noted that staff is working on an “opt out” option for the AMI project and that Ms. Viadro would be added to OWASA’s AMI stakeholders list.

Micah Intrator would also like an “opt out” option for AMI, and he opposes fluoridation of drinking water.

Lyndsay and Bodie Bahn opposed fluoridation of drinking water and would like a discounted rate because of fluoride in the drinking water.

Sharon Reese opposed fluoridation of drinking water.

Lamont Wilkins opposed fluoridation of drinking water.

Adiel Mora opposed fluoridation of drinking water.

Greg Ericson opposed fluoridation of drinking water.

Curtis Williams opposed fluoridation of drinking water.

The Board heard the petitions and took no action. Mr. Young thanked the public for their time and passion on the fluoridation of drinking water topic. He also 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.

Yinka Ayankoya suggested providing information about where customers can find fluoride-free water.

After discussion, the Board requested staff provide information on OWASA’s website where the community where can get fluoride-free water.

Mr. Young asked for petitions and requests from the Board and staff; there were none.

Item Three: 12 Month Board Meeting Schedule

The Board received this as an information item.

Item Four: Rogers Road Sewer Operating Agreement with Orange County

Without objection, the Board unanimously agreed to approve the Rogers Road Sewer Operating Agreement with Orange County.

Item Five: Resolution Awarding Construction Contract for the Water Treatment Plant Filter Media and Backwash Improvements Project

Terri Buckner made a motion to approve the resolution, second by Ruchir Vora and unanimously approved. Please see Motion No. 2 above.

Item Six: Minutes

Terri Buckner made a motion to approve the Minutes of the April 13, 2017 Work Session of the Board of Directors; second by Ruchir Vora and unanimously approved. Please see Motion No. 3 above.

Item Seven: Minutes

Terri Buckner made a motion to approve the Minutes of the April 27, 2017 Meeting of the Board of Directors; second by Ruchir Vora and unanimously approved. Please see Motion No. 4 above.

Item Eight: Minutes

Terri Buckner made a motion to approve the Minutes of the May 11, 2017 Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter; second by Ruchir Vora and unanimously approved. Please see Motion No. 5 above.

Item Nine: Televising OWASA Board of Directors' Meetings

The Board agreed to defer this item to the June 8, 2017 Work Session because Braxton Foushee was unable to attend tonight's meeting.

Item Ten: Overview of OWASA's Land Holdings and Past Management Discussions and Actions

Ruth Rouse provided a presentation on OWASA's land holdings and management discussions and actions as they pertain to OWASA's Strategic Plan item to develop a plan and policy framework for long-term management and disposition of OWASA lands. The staff recommendations are:

1. Retain our watershed protection land, biosolids management land and sites for future infrastructure.
2. Continue implementing forest management activities on the Cane Creek Mitigation Tract as recommended by the NC Wildlife Resources Commission and our forest management consultant. Staff recommends moving forward with a planned prescribed burn in spring 2018, following a public information meeting.
3. Move forward with forestry stewardship on our lands with active public engagement beginning in 2019. The following are proposed steps:

- a. Draft a Community Engagement Plan for forestry management which would guide the other activities listed here.
 - b. Issue a document responding to questions and comments received from the public in response to OWASA's prior draft Forest Stewardship Plans.
 - c. Revise the draft Forest Stewardship Plans based on consideration of the comments received and responses to the public.
 - d. Issue revised draft Forest Stewardship Plans for public review and comment and conduct at least one public meeting at which questions and comments will be received.
 - e. For areas for which plans are approved, hold smaller meetings with neighboring land owners on specific sites prior to managing forests on those lands. This would enable staff to tailor information to the specific site and receive feedback on a specific site, with the opportunity to further refine a plan as needed before implementation.
4. Implement the following steps to seek proposals for third-party development of renewable energy projects on our land:
- a. In the context of current and future land uses, as well as stakeholder feedback, identify one or more potential OWASA sites for a large scale (1-5 megawatt) solar photovoltaic development.
 - b. Seek qualifications from private solar photovoltaic developers to evaluate the technical and economic feasibility of solar photovoltaic development on the identified site(s).
 - c. If feasible, engage stakeholders (including neighboring landowners) in a site development plan and agreement with the solar developer.
5. Seek grant funds in 2019 to develop educational materials for a self-guided walking tour of the Cane Creek Mitigation Tract.

After discussion, the Board requested additional information on the 2010 Draft Forestry Management Plan and decided to schedule a meeting of the Board's Natural Resources and Technical Services Committee in the fall to discuss staff's recommendation for the long-term use of OWASA land and determine what analysis, if any, is recommended to inform further decision making.

Terri Buckner made a motion that the Natural Resources and Technical Services Committee further review what analysis should be done, if any, to evaluate the long-term use of OWASA's properties for a future recommendation to the Board; second by Ruchir Vora and unanimously approved. Please see Motion No. 6 above.

Terri Buckner made a motion that staff develop a draft Community Engagement Plan on forestry management and a draft plan on the use of solar photovoltaic technology on OWASA property by June 2018; second by Heather Payne and unanimously approved. Please see Motion No. 7 above.

Item Nine: Televising OWASA Board of Directors' Meetings

Mr. Braxton Foushee arrived at the meeting around 8:45 p.m., and without objection, the Board agreed to discuss the item tonight instead of June 8, 2017.

Mr. Foushee said he would like the Board to consider having all Board meetings televised to residents in Carrboro and Chapel Hill.

Robert Morgan made a motion to: evaluate option(s) to provide live broadcast of OWASA Board meetings at Chapel Hill Town Hall to Carrboro residents; determine if Apple/Mac computer users can view live-streaming of OWASA Board meetings; and conduct a trial Skype web-based broadcast of the June 8, 2017 Board meeting. The motion was seconded by Jeff Danner and unanimously approved. Please see Motion No. 8 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 Meeting

Ed Kerwin summarized the meeting as follows:

- June 8, 2017 Work Session will include the following items:
 - o Review and approve the Fiscal Year 2018 budgets and rates
 - o Receive a Progress Report on Diversity and Inclusion with our consultant
 - o Approve Minor Changes to Water and Sewer Management, Planning and Boundary Agreement
 - o Award the Hillsborough Street Water Main Replacement Project contract
 - o Election of Officers
- Provide a report on the potential opportunities to improve the monitoring and response to drinking water taste and odor events;
- Provide information on our website about where the community can get fluoride-free water;
- Provide the Board information on the 2010 Draft Forestry Management Plans.
- Schedule Natural Resources and Technical Services Committee meeting in the fall to discuss staff's recommendation on the long-term use of OWASA land and determine what analysis, if any, is recommended to inform further decision making.
- Prepare a draft Community Engagement Plan for Forestry Management by June 2018; and
- Prepare a draft plan for solar photovoltaic technology on OWASA land by June 2018.

The meeting was adjourned at 9:50 p.m.

Respectfully submitted,



Andrea Orbich
Executive Assistant/Clerk to the Board

Attachments

**RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR THE FILTER
MEDIA AND BACKWASH IMPROVEMENTS PROJECT**

WHEREAS, there is a need to replace the filter media and improve the filter backwash system at the Jones Ferry Road Water Treatment Plant; and

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

WHEREAS, advertisement for contractor qualifications was published in February 2017 on the websites of McGraw-Hill/Dodge, Construction Connect, the North Carolina Institute of Minority Economic Development, North Carolina Department of Administration, Greater Diversity News, and OWASA, and eight contractors were qualified to bid; and

WHEREAS, on April 20, 2017, the prequalified contractors were formally invited to submit construction bids for the project, and five bids were received; and

WHEREAS, Dellinger, Inc. of Monroe, North Carolina has been determined to be the low responsive, responsible bidder for the project; and

WHEREAS, on June 9, 2016 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 Dellinger, Inc., the low responsive, responsible bidder for the Filter Media and Backwash Improvements Project, in accordance with the approved plans and specifications, in the amount of \$770,180.00, 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 25th day of May 2017.



John A. Young, Chair

ATTEST:



Barbara M. Foushee, Secretary