

Orange Water and Sewer Authority  
Meeting of the Board of Directors  
January 10, 2019

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in a work session on Thursday, January 10, 2019, at 6:00 p.m. in OWASA's Community Room, 400 Jones Ferry Road, Carrboro.

Board Members present: Yinka Ayankoya (Chair), Jeff Danner (Vice Chair), Ray DuBose (Secretary), Bruce Boehm, Jody Eimers, Robert Morgan, John N. Morris, Ruchir Vora and John A. Young.

OWASA staff present: Mary Darr, Robert Epting, Esq., (Epting and Hackney), Vishnu Gangadharan, Stephanie Glasgow, Ed Kerwin, Simon Lobdell, Linda Low, Andrea Orbich, Dan Przybyl, Johnny Riley, Ruth Rouse, Kelly Satterfield, Todd Taylor, Mary Tiger, Stephen Winters and Richard Wyatt.

Others present: Meg Holton (UNC Water Resources Manager), Ellen Tucker (Hill Chesson & Woody) and Jim Warren.

Motions

1. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Approving and 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. (Motion by Ruchir Vora, second by Ray DuBose and unanimously approved.)
2. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Amending the Fiscal Year 2019 Annual Budget for Capital Equipment. (Motion by John Young, second by Robert Morgan and unanimously approved.)
3. John Young made a motion to approve the additional operating expenses estimated to be \$609,700 with the understanding that staff will seek and consider opportunities to reduce costs and will request a budget amendment if it is determined that expense reductions in other budgeted items are not sufficient to offset the amount of the additional expenses; second by Robert Morgan and unanimously approved.

\* \* \* \* \*

Announcements

Yinka Ayankoya asked if any Board Member knows of a conflict of interest or potential conflict of interest with respect to any item on the agenda tonight to disclose the same at this time; none were disclosed.

Ms. Ayankoya said that on January 9, 2019, the Board held a session with the consultant regarding Diversity and Inclusion and that she would follow up with Ed Kerwin regarding action plans, new Board Member orientation and future updates to the Board.

Ray DuBose announced a meeting of Members of the Orange County Board of Commissioners (Penny Rich and Mark Marcoplos) and the Orange County Appointees to the OWASA Board on Wednesday, January 30, 2019 at 8:30 a.m. in the OWASA Boardroom to discuss items of mutual interest.

Mr. DuBose announced that Jody Eimers, Yinka Ayankoya and he will provide OWASA's Annual Update to the Orange County Board of County Commissioners on Tuesday, February 19, 2019, at 7:00 p.m. at Southern Human Services Center in Chapel Hill.

Jeff Danner said he is moving out of Chapel Hill and his last meeting Board meeting will February 28, 2019.

John Morris suggested developing a volunteer committee, made up of employees and/or Board Members, to help capture historical OWASA documents, materials, stories, etc.

Item One: Quarterly Report on Attendance at Board and Committee Meetings

The Board received the Quarterly Report on Attendance at Board and Committee Meetings as an information item.

Item Two: Purchase of Solids Thickening Equipment for the Mason Farm Wastewater Treatment Plant

The Board received the memorandum regarding the selection and procurement of solids thickening equipment for the Mason Farm Wastewater Treatment Plant as an information item.

Item Three: Appoint Audit Firm

Ruchir Vora made a motion to approve the Resolution Approving and 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; second by Ray DuBose and unanimously approved. Please see Motion 1 above.

Item Four: Update on Employee Health and Dental Insurance for Next Fiscal Year

The Board received and discussed a timeline, utilization data and other information related to renewing employee health and dental insurance effective July 1, 2019. OWASA has engaged a consultant (Hill Chesson & Woody) who will review the insurance cost proposal to be submitted later this year by Blue Cross and Blue Shield of North Carolina.

Item Five: Budget Amendment for Fiscal Year 2019

The Board discussed amending the Fiscal Year 2019 Annual Budget for the purchase of valve maintenance equipment as well as additional operating expenses related to communications, biosolids recycling, and OWASA's diversity and inclusion program consulting expenses.

The Board requested additional information about staff's proposed expenses related to communications as well as a breakdown by fiscal year of the diversity and inclusion expenses.

John Young made a motion to approve the Resolution Amending the Fiscal Year 2019 Annual Budget for Capital Equipment; second by Robert Morgan and unanimously approved. Please see Motion 2 above.

John Young made a motion to approve the additional operating expenses estimated to be \$609,700 with the understanding that staff will seek and consider opportunities to reduce costs and will request a budget amendment if it is determined that expense reductions in other budgeted items are not sufficient to offset the amount of the additional expenses; second by Robert Morgan and unanimously approved. Please see Motion 3 above.

Item Six: Discuss Consultant Analysis of November 5, 2018 Water Main Break and OWASA Response

The Board received and discussed the consultant's report of the November 5, 2018 Water Main Break Root Cause Analysis and After Action Review and requested progress reports on action items addressing opportunities for the improvements identified.

The Board also requested option(s) for consideration at a future Board meeting to significantly accelerate the valve exercising and maintenance program for the water distribution system.

Item Seven: Approach for Developing a Forestry Management Program

Jim Warren, neighbor in Cane Creek area, said the outlined process to develop a forestry management program is good and requested the Board also consider the risk of wildfires, use of fire mitigation, pine beetle infestations in Virginia pine, transparent communication and community involvement.

The Board reviewed and discussed the Natural Resources and Technical Services (NRTS) Committee's proposed approach to develop a forestry management program including draft Guiding Principles.

The Board agreed to support the NRTS Committee recommended approach to develop a forestry management program and will review a proposed approach to engage the community around the program on February 14, 2019 prior to moving forward with next steps. The Board also agreed that a January 2019 NRTS Committee meeting is not necessary.

Item Eight: Review Board Work Schedule

The Board agreed to relocate the February 28, 2019 meeting to the OWASA Boardroom at 6:00 p.m. for a work session to discuss a draft Communications and Community Engagement Plan and brief presentation to award a construction contract for the Mason Farm Wastewater Treatment Plant Solids Thickening Improvements and Headworks Rehabilitation project.

The Board agreed to schedule a closed session on January 24, 2019 for the purpose of discussing a personnel matter; add a Resolution Accepting North Carolina Division of Water Infrastructure's Loan Offer and Acceptance Documents for Four Projects and Authorizing Executive Director to Execute and Administer Loan Offer and Acceptance Documents at the February 14, 2019 meeting; and schedule a Community Engagement Committee meeting in late February or early March to discuss Agua Vista web porta.

Item Nine: Executive Director Will Summarize the Key Staff Action Items from the Work Session

Ed Kerwin noted the following items for staff follow-up:

- Ed Kerwin will follow up with Yinka Ayankoya regarding the Board's January 9, 2019 diversity and inclusion session as it pertains to action plans and future updates.
- Provide via email information regarding proposed expenses related to communications and diversity and inclusion.
- Proactively look for and consider opportunities for savings in the Fiscal Year 2019 Operating budget.
- Provide progress reports on action items identified in the November 5, 2018 Water Main Break Root Cause Analysis and After Action Review.
- Provide option(s) for consideration to greatly accelerate valve exercising and maintenance program for water distribution system.

Item Ten: Closed Session

Without objection, the Board continued in Closed Session to discuss confidential information regarding security measures in place to protect OWASA customers, personnel and assets.

The Board meeting was adjourned at 9:09 p.m.

Respectfully submitted by:



Andrea Orbich  
Executive Assistant/Clerk to the Board

Attachments

**Resolution Approving and 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**

**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 November of 2017, 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 2018 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, 2019, 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 10th day of January 2019.

  
\_\_\_\_\_  
Yinka Ayankoya, Chair

ATTEST:

  
\_\_\_\_\_  
Raymond E. DuBose, Secretary

**Resolution Amending the Fiscal Year (FY) 2019 Annual Budget for Capital Equipment**

**Whereas**, the Board of Directors adopted the FY 2019 Annual Budget of Orange Water and Sewer Authority; and

**Whereas**, North Carolina General Statute 159-15 provides the authority for the Board of Directors to amend the adopted budget; and

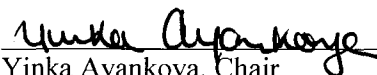
**Whereas**, staff has identified a need for capital equipment that was not included in the FY 2019 Annual Budget; and

**Whereas**, funds exist in reserves sufficient to cover the additional expenditures.

**Now, Therefore, Be It Resolved:**

1. That pursuant to the provisions of North Carolina G.S. 159-15, the Official Budget of Orange Water and Sewer Authority for the FY 2019 is amended as set forth in Attachment A.
2. That \$130,000 in reserves be transferred to capital equipment expenditures as set forth in Attachment A.
3. That the Executive Director is authorized and instructed to implement the revised budget as herein set forth.

Adopted this 10th day of January 2019.

  
Yinka Ayankoya, Chair

**ATTEST:**

  
Raymond E. DuBose, Secretary

**ORANGE WATER AND SEWER AUTHORITY  
FISCAL YEAR 2019 ANNUAL BUDGET  
STATEMENT OF INCOME, EXPENSE AND DEBT SERVICE**

	FY 2019 Annual Budget	Amendment	FY 2019 Amended Budget
Operating Revenue			
Water	\$ 18,224,334		\$ 18,224,334
Sewer	17,265,060		17,265,060
Reclaimed Water	454,440		454,440
Service Initiation Fee	154,345		154,345
Other	1,006,078		1,006,078
Refunds and Adjustments	(230,007)		(230,007)
Total Operating Revenue	<u>36,874,250</u>		<u>36,874,250</u>
Operating Expense			
General and Administrative	7,527,991		7,527,991
Operations	14,995,990		14,995,990
Total Operating Expense	<u>22,523,981</u>		<u>22,523,981</u>
Net Operating Income	14,350,269		14,350,269
Non-operating Revenue			
Customer Fees	1,194,353		1,194,353
Interest	23,678		23,678
Total Net Income	<u>15,568,300</u>		<u>15,568,300</u>
Debt Service			
Existing	7,155,554		7,155,554
New	0		0
Total Debt Service	<u>7,155,554</u>		<u>7,155,554</u>
Net Income Less Debt Service	<u>8,412,746</u>		<u>8,412,746</u>
General Fund			
Resources			
Transfer From Revenue	8,412,746		8,412,746
Transfer from Construction Fund (loan proceeds)	14,900,000		14,900,000
Grants and Contributions	0		0
Annual Income Available for Capital	<u>23,312,746</u>		<u>23,312,746</u>
Capital Expenditures			
Project Ordinances			
General Fund Contribution	6,052,000		6,052,000
Funded by Bond Proceeds	14,900,000		14,900,000
Total Project Resolutions	<u>20,952,000</u>		<u>20,952,000</u>
Capital Equipment	871,135	130,000	1,001,135
Total Capital Outlay	<u>21,823,135</u>		<u>21,953,135</u>
Annual General Fund Balance	1,489,611		1,359,611
General Fund Beginning Balance	<u>26,661,000</u>		<u>26,661,000</u>
General Fund Ending Balance	28,150,611		28,020,611
Project Funding	4,566,276		4,566,276
Reserves	16,955,000	(130,000)	<u>16,825,000</u>
Unallocated General Fund Balance	<u>6,629,335</u>		<u>6,629,335</u>