

Orange Water and Sewer Authority

Meeting of the Board of Directors

March 28, 2019

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in a regular meeting on Thursday, March 28, 2019, at 7:00 p.m. in Chapel Hill Town Hall Council Chamber.

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

OWASA staff present: Mary Darr, Robert Epting, Esq., (Epting and Hackney), Vishnu Gangadharan, Stephanie Glasgow, Robin Jacobs (Epting and Hackney), Ed Kerwin, Simon Lobdell, Andrea Orbich, Kelly Satterfield, Todd Taylor, Mary Tiger, Stephen Winters and Richard Wyatt.

Others present: Meg Holton (UNC Water Resources Manager) and Ben Poulson (UNC Associate Director of Energy Services).

Motions

1. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Setting the Date of May 23, 2019 for a Public Hearing on OWASA's Fiscal Year 2020 Budget. (Motion by Ray DuBose, second by Bruce Boehm and unanimously approved.)
2. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Setting the Date of May 23, 2019 for a Public Hearing on Proposed Revisions to OWASA's Schedule of Rates, Fees and Charges. (Motion by Ray DuBose, second by Bruce Boehm and unanimously approved.)
3. Ray DuBose made a motion to approve the Minutes of the February 28, 2019 Meeting of the Board of Directors; second by Bruce Boehm and unanimously approved.
4. Ray DuBose made a motion to approve the Minutes of the March 14, 2019 Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter; second by Bruce Boehm and unanimously approved.
5. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Awarding a Construction Contract for the Mason Farm Wastewater Treatment Plant Solids Thickening Improvements and Headworks Rehabilitation Project. (Motion by Robert Morgan, second by John Morris and unanimously approved.)
6. Ray DuBose made a motion to approve the proposed 2019 Energy Management Plan Update and to authorize staff to proceed to implement the program in accordance with the approach described in the proposed plan; second by Robert Morgan and unanimously approved.

7. Robert Morgan made a motion to authorize staff to present the changes to OWASA's retiree health benefit (mandatory employee participation; employees contribute 2% each pay period up to \$1,000 per plan year; employer contributes \$35 per pay period (26 periods per year) with a maximum of \$910 per year; and total annual contribution not to exceed \$1,910) to employees for their input and feedback in anticipation of the Board making a final decision no later than June 2019; second by Ray DuBose and unanimously approved.

8. Robert Morgan made a motion that the Board of Directors authorize staff to present the deferred compensation plan described as Option C (an employer contribution of 3% of wages or \$1,300 per year, whichever is greater; employees may make contributions but are not required to; current employees may choose to stay with the current plan or move to the new plan; and the annual minimum contribution of \$1,300 would be adjusted annually by the percentage of the Board-approved cost of labor adjustment) to employees for their input and feedback in anticipation of the Board making a final decision no later than June 2019; second by Ray DuBose and unanimously approved.

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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 announced the Intergovernmental Parks Work Group will meet on April 10, 2019 at 5:30 p.m. in the Southern Human Services Center in Chapel Hill. The agenda for this meeting will be posted a week in advance.

Robert Morgan said the Human Resources Committee met on March 18, 2019, to continue discussing information and options for OWASA's deferred compensation plan (457) benefit which will be discussed in more detail under agenda item 10. Review Human Resources Committee Recommendation on Deferred Compensation (457) Plan.

Petitions and Requests

Yinka Ayankoya asked for petitions and requests from the public, Board and staff; there were none.

Item One: 12 Month Board Meeting Schedule

The Board accepted this as an information item.

Item Two: Resolution Setting the Date of May 23, 2019 for a Public Hearing on OWASA's Fiscal Year 2020 Budget

Ray DuBose made a motion to approve the resolution; second by Bruce Boehm and unanimously approved. Please see Motion 1 above.

Item Three: Resolution Setting the Date of May 23, 2019 for a Public Hearing on Proposed Revisions to OWASA's Schedule of Rates, Fees and Charges

Ray DuBose made a motion to approve the resolution; second by Bruce Boehm and unanimously approved. Please see Motion 2 above.

Item Four: Minutes

Ray DuBose made a motion to approve Minutes of the February 28, 2019 Meeting of the Board of Directors; second by Bruce Boehm and unanimously approved. Please see Motion 3. above.

Item Five: Minutes

Ray DuBose made a motion to approve Minutes of the March 14, 2019 Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter; second by Bruce Boehm and unanimously approved. Please see Motion 4. above.

Item Six: Award the Mason Farm Wastewater Treatment Plant Solids Thickening Improvements and Headworks Rehabilitation Construction Contract

Simon Lobdell, Utilities Engineer, provided a presentation on this item which will replace aging equipment with more efficient equipment and repair a critical concrete structure identified by our asset management process to maintain system reliability.

Robert Morgan made a motion to approve the Resolution Awarding a Construction Contract for the Mason Farm Wastewater Treatment Plant Solids Thickening Improvements and Headworks Rehabilitation Project; second by John Morris and unanimously approved. Please see Motion 5 above.

Item Seven: Energy Management Plan Update

Mary Tiger, Sustainability Manager, provided an update on OWASA's Energy Management Plan. Projects highlighted include reduced greenhouse gas emissions from electricity and natural gas use by 40%. This reduction saved over \$400,000 annually in electricity and natural gas expenses. Another project proposes the issuance of a request of proposals for a solar lease agreement, as well as the pursuit and evaluation of other energy savings initiatives, with the goal of reducing purchased electricity by 35% by 2020.

The Board suggested including an energy conservation component for Agua Vista; financial and efficiency metrics for all capital improvement projects; and consider including roofs and other larger scale projects for solar photovoltaic request for proposals.

Ray DuBose made a motion to approve the proposed 2019 Energy Management Plan Update and to authorize staff to proceed to implement the program in accordance with the approach

described in the proposed plan; second by Robert Morgan and unanimously approved. Please see Motion 6 above.

Item Eight: Review Fiscal Year 2020 Draft Budget and Rate Adjustment Information

The Board discussed the draft budget and rate adjustment information for July 2019 through June 2020 (FY 2020). Stephen Winters, Director of Finance and Customer Service, said that staff's preliminary work on the draft 2020 budget indicates a possibility of a six percent rate increase for monthly water and sewer service in the FY 2020 budget.

The Board requested staff evaluate alternative rate adjustment options including the impact those options could have on the organization's infrastructure and service levels.

Item Nine: Review Human Resources (HR) Committee Recommendation on Retiree Health Insurance Benefit

Robert Morgan, Chair of the HR Committee, provided an overview of the Committee's work on OWASA's retiree health insurance benefit. The Committee recommends changes to the benefit and requests that staff present the proposal to employees and obtain their input and feedback prior to a final decision by the Board. The Board is expecting to make a decision no later than June 2019.

Robert Morgan made a motion to authorize staff to present the changes to OWASA's retiree health benefit (mandatory employee participation; employees contribute 2% each pay period up to \$1,000 per plan year; employer contributes \$35 per pay period (26 periods per year) with a maximum of \$910 per year; and total annual contribution not to exceed \$1,910) to employees for their input and feedback in anticipation of the Board making a final decision no later than June 2019; second by Ray DuBose and unanimously approved. Please see motion No. 7 above.

Item Ten: Review Human Resources Committee Recommendation on Deferred Compensation (457) Plan Benefit

Robert Morgan, Chair of the HR Committee, provided an overview of the Committee's work on OWASA's deferred compensation (457) plan benefit. The Committee recommends changes to the benefit and requests that staff present the proposal to employees and obtain their input and feedback prior to a final decision by the Board. The Board expects to make a decision no later than June 2019.

Robert Morgan made a motion that the Board of Directors authorize staff to present the deferred compensation plan described as Option C (an employer contribution of 3% of wages or \$1,300 per year, whichever is greater; employees may make contributions but are not required to; current employees may choose to stay with the current plan or move to the new plan; and the annual minimum contribution of \$1,300 would be adjusted annually by the percentage of the Board-approved cost of labor adjustment) to employees for their input and feedback in anticipation of the Board making a final decision no later than June 2019; second by Ray DuBose and unanimously approved. Please see Motion No. 8 above.

Item Eleven: Executive Director Summarized Key Staff Action Items from the Meeting

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

- Address feedback on the Energy Management Plan;
- Provide additional information for discussion at the April 11, 2019 Work Session regarding the Fiscal Year 2020 budgets and proposed rate adjustment;
- The Board's April 11, 2019 agenda item will include:
 - Review draft Fiscal Year 2020 budget and rate adjustment options information
 - Long-Range Water Supply Plan: discuss water supply and demand management alternatives
 - Review employee health and dental insurance renewals
 - Draft community engagement plan for forest management
 - Consider awarding Manning Drive and Country Club water main replacement contract

Item Twelve: Closed Session

Without objection, the Board continued in Closed Session for the purpose of discussing a personnel matter.

The Board meeting was adjourned at 9:03 p.m.

Respectfully submitted by:



Andrea Orbich
Executive Assistant/Clerk to the Board

Attachments

Resolution Setting the Date of May 23, 2019 for a Public Hearing on OWASA's Fiscal Year 2020 Budget

Whereas, Section 159-12 of the General Statutes of North Carolina requires a Public Hearing on the budget for the ensuing fiscal year; and

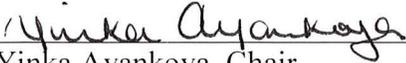
Whereas, in accordance with Section 7.05 of the Bond Order, and Section 159-13 of the General Statutes of North Carolina, the Board of Directors of Orange Water and Sewer Authority shall adopt an Annual Budget for the Fiscal Year 2020 on or before the first day of July 2019; and

Whereas, said proposed Budget will be placed with the Clerk to the Board and will be available for public inspection;

Now, Therefore, Be It Resolved:

1. That a Public Hearing is hereby set for Thursday, May 23, 2019, at 7:00 P.M., in Chapel Hill Town Hall, for the purpose of receiving public comment on the proposed Fiscal Year 2020 budget.
2. That any interested persons may appear in-person, or by agent or attorney, and present any comments they may have regarding the proposed budget.
3. That notice of the time and place of the Public Hearing shall be advertised and provided at least ten days prior to the date fixed above for the Public Hearing to The University of North Carolina at Chapel Hill, and to the Towns of Chapel Hill and Carrboro and to Orange County.

Adopted this 28th day of March 2019.


Yinka Ayankoya, Chair

ATTEST:


Raymond E. DuBose, Secretary

**Resolution Setting May 23, 2019 as the Date for a Public Hearing on Proposed Revisions to
OWASA's Schedule of Rates, Fees and Charges**

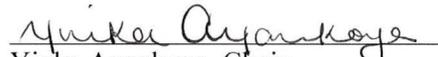
Whereas, the Orange Water and Sewer Authority must charge fees sufficient to provide financial resources to recover the cost of ongoing operations, pay for capital improvements, and provide sufficient financial resources to ensure sustainable fiscal strength and stability; and

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 23, 2019 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 provided 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 28th day of March 2019.


Yinka Ayankoya, Chair

ATTEST:


Raymond E. DuBose, Secretary

Resolution Awarding a Construction Contract for the Mason Farm Wastewater Treatment Plant Solids Thickening Improvements and Headworks Rehabilitation Project

Whereas, there is a need to rehabilitate the solids thickening equipment at the Mason Farm Wastewater Treatment Plant solids handling facility; and

Whereas, there is a need to rehabilitate the concrete in the headworks facility; and

Whereas, plans and specifications for the construction of this project have been prepared by CDM Smith and Brown and Caldwell; 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 on June 21, 2018, and nine contractors were qualified to bid at the time of the bid; and

Whereas, on December 18, 2018, the prequalified contractors were formally invited to submit construction bids for the project, and after receiving only two bids on the first bid opening date of February 5th, 2019 the project was re-bid; and

Whereas, three bids were subsequently received on February 15, 2019; and

Whereas, the low responsible bidder was challenged by a second bidder as being non-responsive; and

Whereas, because the challenge could not be resolved without adjudication, the project was subsequently revised and the Project was bid on February 25, 2019; and

Whereas, three bids were received on March 5, 2019; and

Whereas, Haren Construction Company of Etowah, Tennessee has been determined to be the low responsive, responsible bidder for the project; and

Whereas, on June 14th, 2018 the Board of Directors approved a resolution authorizing funds for the Capital Improvements Projects, including funds for this project;

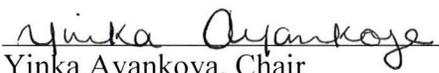
Now, Therefore, Be It Resolved:

1. That the Orange Water and Sewer Authority Board of Directors awards the construction contract to Haren Construction Company, the low responsive, responsible bidder for the Mason Farm WWTP Solids Thickening Improvements and Headworks Rehabilitation Project, in accordance with the approved plans and specifications, in the amount of \$6,522,000.00, 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.

Resolution Awarding a Construction Contract for the Mason Farm Wastewater Treatment Plant
Solids Thickening Improvements and Headworks Rehabilitation Project
Page 2

Adopted this 28th day of March, 2019.



Yinka Ayankoya, Chair

ATTEST:



Raymond E. DuBose, Secretary