ORANGE WATER AND SEWER AUTHORITY

A public, non-profit agency providing water, sewer and reclaimed water services to the Carrboro-Chapel Hill community.

AGENDA
WORK SESSION OF THE OWASA BOARD OF DIRECTORS
THURSDAY, MARCH 12, 2015, 6:00 P.M.
OWASA COMMUNITY ROOM

The Board of Directors appreciates and invites the public to attend and observe its meetings. For the Board's Work Session, public comments are invited on only items appearing on this agenda. Speakers are invited to submit more detailed comments via written materials, ideally submitted at least three days in advance of the meeting to the Clerk to the Board via email or US Postal Service (aorbich@owasa.org/400 Jones Ferry Road, Carrboro, NC 27510).

Public speakers are encouraged to organize their remarks for delivery within the three-to-five minute time frame allowed each speaker. Additional time may be allowed at the discretion of the Board of Directors.

The Board may take action on any item on the agenda.

Announcements

a. Announcements by the Chair
   - 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.

b. Announcements by Board Members
   - Update on the February 23, 2015 Community Engagement Committee Meeting (Steve Dear)
   - Community Engagement Committee to meet on Wednesday, March 25, 2015 at 5:30 PM in the OWASA Board Room (Steve Dear)
   - Natural Resources and Technical Systems Committee to meet on Tuesday, March 17, 2015 at 5:30 PM in the OWASA Board Room (Terri Buckner)

c. Announcements by Staff

Discussion

1. Fiscal Year 2016 Preliminary Budgets and Rate Adjustment Recommendation (Stephen Winters)
2. Board of Director's Suggestions for the 2015 Lake Recreation (Kenneth Loflin)
3. Employee Total Compensation Study – Board and Staff Roles (Ed Kerwin/Stephanie Glasgow)
4. Review Board Work Schedule (John Young/Ed Kerwin)
   a. 12 Month Board Meeting Schedule
   b. March 26, 2015 Board Meeting
   c. April 9, 2015 Work Session
5. Request(s) by Board Committees, Board Members and Staff (John Young)

Summary of Work Session Items

6. Executive Director will summarize the key staff action items from the Work Session

CLOSED SESSION

7. Following the Board Meeting, the Board of Directors will convene in a Closed Session for the Purpose of Discussing a Personnel Matter (Michael Hughes)

Agenda Item 1

Fiscal Year (FY) 2016 Preliminary Budget and Rate Adjustment Recommendation

Purpose

To review the preliminary operating and capital improvements plan (CIP) budgets and staff's preliminary rate adjustment recommendation.

Overview

- The preliminary FY 2016 budget is consistent with projections in the financial plan we developed last year
- Based on the preliminary budget and projections for water sales, staff expects to recommend no rate increase for FY 2016. If the Board approves a budget with no rate increase, FY 2016 will be the fourth straight year OWASA has not increased rates

Action Requested

Review information, provide feedback, and identify any additional information the Board would like staff to provide.

Information:

- Background Information for Operating Budget and rate Adjustment Discussion (Attachment 1)
- Background information for Capital Improvements Program Discussion (Attachment 2)

Purpose

The purpose of this discussion is to provide the Board of Directors with:

- Information about the preliminary operating budget for Fiscal Year (FY) 2016.
- An overview of the expenditures included in the preliminary FY 2016 operating budget and comparisons with historical and forecasted results.
- Staff's preliminary recommendation of no rate increase.
- A summary of the next steps in the budget development process.

The Board of Directors will discuss these topics again in April and May, if necessary, in order to be prepared to hold public hearings on May 28, 2015 and make final budget and rates decisions at the Board meeting on June 11 or June 25.

Budget and rate adjustment status

Staff has developed preliminary drafts of the FY 2016 operating budget, the 5-year capital improvements program (CIP), and the capital equipment budget. Preliminary CIP budget information is included in Attachment 2. Preliminary operating and capital equipment expenditure budgets and staff's rate adjustment recommendation are presented in this attachment.

Budget preparation efforts to date

Our preliminary budget is based on the needs of the organization and our continued commitment to provide high value for our customers. We began the process of developing the FY 2016 budget in December 2014. We completed operating budget request worksheets for each department, compiled the information, performed various analyses, and held budget request review meetings. Through this process, we refined the preliminary budget.

Summary of the preliminary operating budget

The current draft FY 2016 budget includes the following.

- The operating budget is:
  - About 4.2% higher than the adopted FY 2015 budget,
  - 5.8% greater than the most recent FY 2015 forecast, and
  - About equal to the FY 2016 budget projection that was assumed in last year's financial plan.

Expenditures in the preliminary FY 2016 budget are summarized below.

Category	**Amount (in thousands)**
Operating Expenses	$20,634
Capital Improvements Program	12,756
Capital Equipment Expenditures	875
Debt Service on Outstanding Bonds	8,316
Total	$42,581

Approach to developing the preliminary FY 2016 budget

We have drafted the preliminary FY 2016 budget based on "normal operating conditions" without contingencies. This increases our risk of exceeding the budget if we incur higher than normal costs from, for example, chemical price increases, more instances of equipment failures, etc. However, OWASA has taken deliberate actions over the last several years to improve its financial condition and these efforts have been successful. Our improved financial condition has enhanced our ability to manage the finances of the organization with a leaner budget.

One of the intended outcomes of accumulating reserves and improving our financial condition is to be better prepared for contingencies that can adversely affect the organization and the customers we serve. Without adequate reserves, we might not be able to react timely and effectively to situations such as a critical asset failure, significant and sudden decrease in water demand, or the effects of a natural disaster. Having adequate reserves also helps us reduce the risk of needing to suddenly increase rates to address unbudgeted expenditures.

Rate Adjustment Recommendation

Based on the preliminary operating and CIP budgets, the expected debt service expenditures, and the projections for water sales, staff expects to recommend no increase in the rates we charge customers for services. If the Board approves a budget with no rate increase, FY 2016 will be the fourth straight year OWASA has not increased rates.

Assumptions and highlights

- We project that potable water sales for FY 2016 will be slightly higher than what was projected for FY 2015. In average million gallons per day (MGD), we estimate that potable water sales for FY 2016 will be about 6.2 MGD. The original projection for FY 2015 was 6.1 MGD.
- Authorized positions remain unchanged at 135.5. The budget includes funding for 127.5 positions: three fewer than FY 2015.
- Elimination of all (three) biosolids personnel positions, one of which is currently vacant. The two existing biosolids personnel will be reassigned. Overall filled positions will be reduced through attrition.
- 2.5% vacancy allowance – the personnel compensation budget has been reduced by approximately $180,000, to allow for position vacancies.
- 20% increase in health insurance. This will be adjusted once we receive information from our health insurance provider.
- No increase in the rates we are charged for electricity.
- 3% placeholder for merit and cost of labor increases. As discussed during the development of last year's budget, the Board plans to make a decision on employee raises as part of the budget process. In previous years, this decision was made in the fall.

Financial Management Policy Objectives

Based on the assumptions and projections underlying the preliminary FY 2016 budget described above, we expect to achieve all of our financial management measurements goals. As we have reported previously, reserve levels for FY 2016 are expected to remain above our minimum targets. Based on future years' projected revenues and expenditures, we expect reserve levels to decline to our minimum targets in FY 2017.

Comparative data

Attachment 1 – Table 1 shows how the preliminary FY 2016 budget compares to FY 2014 actual results, FY 2015 budget and current forecast, and the FY 2016 budget projection included in last year's financial plan.

Attachment 1 – Table 2 shows details of the preliminary operating budget.

Attachment 1 – Table 3 summarizes the more significant differences between the preliminary FY 2016 budget and the adopted FY 2015 budget.

Capital equipment budget

Attachment 1 – Table 4 lists the preliminary FY 2016 capital equipment budget.

Budget and rate setting process next steps

With the Board's approval, we plan to hold public hearings on budgets and rates on May 28, 2015 and present a final budget and proposed rate schedule for approval at the Board meeting on June 11.

1. Staff will incorporate feedback from the March 12 Board meeting into the budget, financial plan, and rate recommendation.
2. At its meeting on March 26, the Board will consider formally setting the dates of the public hearing and authorizing staff to publicize budget and rate adjustment information.
3. Staff anticipates presenting an updated draft of the FY 2016 budget and rate adjustment recommendation to the Board of Directors in late April in advance of the public hearings.
4. Staff will prepare revised (if necessary) drafts of the FY 2016 budget and rate adjustment recommendation for presentation at the May 28 public hearings.
5. At the public hearings, the Board will receive and consider comments from customers and other stakeholders.
6. After considering public input, the Board of Directors will discuss and provide guidance to staff on the final draft of the FY 2016 budget and rate adjustment recommendation.
7. Staff will finalize the FY 2016 budget and rate adjustment recommendation and present it for adoption by the Board of Directors at its meeting on June 11, 2015.

Action requested

Review the preliminary FY 2016 budget and rate adjustment information and provide feedback.

Orange Water and Sewer Authority
Preliminary FY 2016 Budget

Attachment 1, Table 1

	FY13 Actual	FY14 Actual	FY15 Budget	FY15 Forecast	FY16 Budget	FY16 Amounts in last year's model	FY16 Budget Compared FY15 Forecast	FY16 Budget Compared FY15 Budget	FY16 Budget compared to amount in last year's model
Operating Expenses	18,766,549	18,597,663	19,808,087	19,503,012	20,634,340	20,574,176	5.8%	4.2%	0.3%
CIP	11,076,000	15,990,000	9,203,000	10,842,000	12,756,000	15,613,000	17.7%	38.6%	-18.3%
Capital Equipment	225,000	525,000	1,165,000	1,165,000	875,000	750,000	-24.9%	-24.9%	16.7%
Total	30,067,549	35,112,663	30,176,087	31,510,012	34,265,340	36,937,176	8.7%	13.6%	-7.2%

Preliminary budget includes:

2.5% vacancy allowance
3% merit adjustment
20% increase in health insurance
No price increase in electricity
127.5 positions funded, 135.5 authorized
Biosolids positions not funded

	EXPENDITURE CLASSIFICATION	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Budget	FY 2015 Forecast	FY 2016 Request		Dollar variance FY16 v FY15 Budgets		Dollar variance FY16 Budget v FY15 Forecast
SALARIES											
5010	SALARIES AND WAGES, REGULAR	6,531,741	6,713,882	6,863,363	7,032,170	6,892,751	7,169,629		137,459		276,878
5020	SALARIES AND WAGES, OVERTIME	268,676	317,923	309,037	251,685	245,180	203,699		(47,985)		(41,480)
5040	SERVICE PAY	106,780	107,795	-	-	-	-		-		-
5050	STANDBY PAY	38,602	38,592	43,960	38,746	39,586	42,224		3,478		2,638
5060	PART-TIME	5,280	58,424	30,902	38,000	41,144	38,800		800		(2,344)
5070	PER DIEM	12,100	-	17,400	15,000	15,000	15,000		-		-
	Total Salaries	6,963,179	7,236,616	7,264,662	7,375,600	7,233,661	7,469,353		93,752		235,692
FRINGE BENEFITS											
5110	FICA	528,099	548,018	550,789	557,839	564,314	581,849		24,010		17,535
5120	RETIREMENT CONTRIBUTION	484,997	489,016	515,184	526,876	527,571	511,614		(15,262)		(15,957)
5121	DEFERRED COMPENSATION	273,431	257,994	279,454	169,680	171,320	166,400		(3,280)		(4,920)
5130	WORKERS COMPENSATION	96,588	94,465	161,226	97,000	96,637	97,000		-		363
5140	HEALTH INSURANCE	1,120,179	1,114,016	1,124,679	1,316,878	1,286,580	1,591,931		275,053		305,221
5141	DENTAL INSURANCE	57,703	52,209	53,046	60,868	57,268	70,829		9,961		13,560
5142	VISION INSURANCE	37,670	38,984	37,067	42,000	42,044	50,000		8,000		7,956
5143	WELLNESS PROFRA REIMBURSEMENT	1,598	2,009	1,893	2,300	2,300	2,300		-		-
5144	RETIREES & COBRA INSURANCE	122,797	134,959	157,124	185,000	184,382	176,744		(8,256)		(7,637)
5150	DISABILITY INSURANCE	30,898	30,805	32,426	35,264	31,207	32,833		(2,430)		1,626
5160	AUTOMOBILE ALLOWANCE	6,000	6,000	6,000	6,000	6,000	6,000		-		-
5161	UNEMPLOYMENT TAX	31,886	16,758	38,931	20,000	20,586	21,000		1,000		414
5170	UNIFORMS	57,258	59,659	67,814	56,200	52,625	54,200		(2,000)		1,575
5180	GROUP LIFE & A.D. & D.	42,186	42,339	40,580	47,250	38,012	39,366		(7,884)		1,354
5190	VACATION ACCRUED	17,951	16,421	1,264	-	-	-		-		-
5191	HEALTH INSURANCE DISCOUNT	-	-	-	-	-	-		-		321,221
	Total Fringe Benefits	2,909,241	2,903,652	3,067,477	3,123,155	3,080,846	3,402,067		278,912		15,870
UTILITIES											
5210	ELECTRICITY	1,318,692	1,377,124	1,345,378	1,380,765	1,098,268	1,090,332		(290,433)		(7,936)
5220	WATER	50	4,500	-	-	-	-		-		-
5231	TELEPHONE - LOCAL	78,741	90,310	93,535	101,270	108,009	106,960		5,690		(1,049)
5233	CELL PHONES	38,091	48,119	46,672	53,700	53,700	52,850		(850)		(850)
5240	FUEL	76,338	64,924	78,252	88,175	71,557	108,500		20,325		36,943
5250	WASTE DISPOSAL	290,416	282,464	242,410	244,890	213,261	646,371		401,481		433,110
	Total	1,802,329	1,867,441	1,806,247	1,868,800	1,544,795	2,005,013		136,213		460,218
MATERIALS AND SUPPLIES											
5310	CHEMICALS	2,064,376	1,942,505	1,606,193	1,928,023	1,876,755	1,931,608		3,584		54,853
5311	CHEMICALS - ODOR CONTROL	52,163	19,264	-	-	-	-		-		-
5315	LAND APPLICATION	43,182	22,615	102,625	60,000	219,605	60,000		-		(159,605)
5320	SMALL TOOLS	17,685	15,931	13,711	22,785	22,164	22,560		(225)		396
5330	SUBSCRIPTIONS	1,137	1,186	1,928	2,505	2,205	1,900		(605)		(305)
5340	LAKE SUPPLIES	22,230	15,765	17,353	25,000	24,051	20,200		(4,800)		(3,851)

	EXPENDITURE CLASSIFICATION	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Budget	FY 2015 Forecast	FY 2016 Request		Dollar variance FY16 v FY15 Budgets		Dollar variance FY16 Budget v FY15 Forecast
5350	FUEL - VEHICLES	208,619	196,423	240,769	246,483	156,866	157,906		(88,578)		1,040
5360	OFFICE SUPPLIES	43,877	34,376	34,332	44,880	44,271	46,250		1,370		1,979
5365	COMPUTER EQUIPMENT & PARTS	141,532	113,601	99,344	77,200	66,503	72,180		(5,020)		5,677
5370	LABORATORY EXPENSES	162,535	182,284	187,188	185,938	171,429	186,100		162		14,671
5380	SAFETY SUPPLIES	36,467	45,671	43,557	42,320	41,051	48,257		5,936		7,206
5390	OTHER	23,394	23,193	43,354	26,850	28,266	28,650		1,800		384
	Total	2,817,196	2,612,814	2,390,354	2,661,986	2,653,165	2,575,610		(86,376)		(77,555)
MAINTENANCE											
5410	MAINTENANCE - EQUIPMENT	954,128	820,777	983,413	874,751	881,963	900,627		25,876		18,663
5413	MAINTENANCE - PUMPING EQUIPMENT	346,695	360,048	245,314	447,750	453,755	493,250		45,500		39,495
5415	MAINTENANCE - RESERVOIR & TANK	126,771	127,371	355,388	135,580	148,312	142,200		6,620		(6,112)
5420	FACILITIES	8,613	2,418	23,083	36,950	37,544	30,300		(6,650)		(7,244)
5421	BUILDINGS	280,689	509,473	238,695	382,650	372,302	364,150		(18,500)		(8,152)
5422	MAINTENANCE - MAINS	331,461	278,998	266,695	423,500	417,642	407,185		(16,315)		(10,457)
5423	MAINTENANCE - METERS	381,724	214,537	348,115	224,335	248,160	240,710		16,375		(7,450)
5424	MAINTENANCE - HYDRANTS	17,557	19,271	21,234	17,000	22,562	30,000		13,000		7,438
5425	MAINTENANCE - SERVICE LINES	29,393	48,385	43,906	39,500	32,343	39,500		-		7,157
5430	GROUNDS	68,233	48,128	68,944	91,000	88,088	94,000		3,000		5,912
5440	MOTOR VEHICLES	169,020	175,153	253,863	182,780	159,539	166,026		(16,754)		6,487
	Total	2,714,284	2,604,559	2,848,650	2,855,796	2,862,210	2,907,947		52,152		45,737
PROFESSIONAL SERVICES											
5500	LEGAL	212,750	233,155	243,925	240,000	242,300	240,000		-		(2,300)
5510	ACCOUNTING	36,060	29,000	29,875	30,000	30,000	40,000		10,000		10,000
5520	ENGINEERING	17,266	6,928	6,727	5,000	1,000	5,000		-		4,000
5521	ENGINEERING - MASTER PLAN	-	-	-	-	-	-		-		-
5530	INSURANCE	251,588	248,311	220,214	241,000	287,426	285,962		44,962		(1,464)
5560	COLLECTION SERVICES	37,103	42,206	44,070	45,000	44,405	45,000		-		595
5570	CONSULTANTS	534,661	504,881	320,403	671,100	723,429	877,600		206,500		154,171
5580	FINANCIAL SERVICES	239,030	227,738	216,435	226,400	225,795	241,600		15,200		15,805
5581	TRUSTEE SERVICES	23,671	23,275	20,800	25,275	25,275	29,350		4,075		4,075
5590	OTHER	66,934	80,947	46,291	52,000	52,815	72,000		20,000		19,185
	Total	1,419,062	1,396,441	1,148,740	1,535,775	1,632,447	1,836,512		300,737		204,066
COMMUNICATIONS											
5610	POSTAGE AND FREIGHT	101,542	77,551	111,256	110,880	113,182	108,455		(2,425)		(4,727)
5620	CUSTOMER INFORMATION	6,523	23,311	21,693	23,435	23,434	21,635		(1,800)		(1,799)
5630	ADVERTISING	12,019	23,373	19,228	23,582	23,754	23,630		48		(124)
5690	OTHER	1,760	3,855	-	-	7,000	5,280		5,280		(1,720)
	Total	121,845	128,090	152,177	157,897	167,370	159,000		1,103		(8,370)
PRINTING AND REPRODUCTION											
5700	PRINTING AND REPRODUCTION	5,054	4,596	4,984	8,700	8,686	8,900		200		214
	Total	5,054	4,596	4,984	8,700	8,686	8,900		200		214

	EXPENDITURE CLASSIFICATION	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Budget	FY 2015 Forecast	FY 2016 Request	Dollar variance FY16 v FY15 Budgets	Dollar variance FY16 Budget v FY15 Forecast
EDUCATION AND DEVELOPMENT									
5810	EDUCATION AND DEVELOPMENT	110,719	110,523	117,552	141,010	123,162	132,685	(8,325)	9,523
5840	BOARD TRAVEL	-	-	25	-	-	4,500	4,500	4,500
	Total	110,719	110,523	117,577	141,010	123,162	137,185	(3,825)	14,023
MISCELLANEOUS									
5910	DUES AND MEMBERSHIPS	39,056	49,803	49,194	45,947	45,782	46,560	613	778
5920	CONSERVATION	4,114	15,058	4,436	5,000	5,000	25,000	20,000	20,000
5930	OVERAGES AND SHORTAGES	1,095	(2,054)	(1,711)	-	1,056	-	-	(1,056)
5940	UNCOLLECTABLE ACCOUNTS	57,099	30,507	36,004	27,000	27,240	30,000	3,000	2,760
5950	RENT AND LEASES	37,231	38,588	43,987	43,720	57,873	59,300	15,580	1,427
5960	FOREST MANAGEMENT	3,538	14,207	6,062	10,000	77,335	10,000	-	(67,335)
5970	BOARD EXPENSES	1,893	1,676	2,251	4,000	4,002	4,500	500	498
5980	RECRUITMENT	3,000	1,047	1,872	3,000	3,000	4,000	1,000	1,000
5990	OTHER	33,374	20,395	31,689	41,700	42,225	48,050	6,350	5,825
	Total	180,401	169,227	173,784	180,367	263,512	227,410	47,043	(36,102)
Total Personnel Services		9,872,420	10,140,268	10,332,139	10,498,755	10,314,507	10,871,420	372,665	251,561
Total Operating Services		9,170,890	8,893,691	8,642,513	9,410,330	9,255,347	9,857,578	447,248	602,231
Total Operating and Maintenance		19,043,310	19,033,959	18,974,652	19,909,085	19,569,854	20,728,998	819,913	853,793
CONSTRUCTION CREDIT		(332,802)	(267,410)	(376,989)	(100,998)	(66,842)	(94,658)	6,340	(27,816)
Net		18,710,509	18,766,549	18,597,663	19,808,087	19,503,012	20,634,340	826,253	1,131,328

Orange Water and Sewer Authority
Preliminary FY 2016 Budget

Attachment 1 - Table 3

Expense			Select FY15 vs. FY16 Budget Incr (decr)
Wages	Merit increases net of eliminated biosolid positions	138,000	
	Reduction in overtime	(48,000)	90,000
Health Insurance			320,000
Utilities	Savings in electricity	(290,000)	
	Increase in fuel for boilers during CIP digester project	20,000	
	Increase in waste disposal for biosolids	400,000	130,000
Materials and supplies	Reduction in vehicle fuel related to biosolids		(88,000)
Maintenance	Distributions	50,000	
	WWTP	25,000	
	Collections	(25,000)	50,000
Insurance			40,000
Consultants	Energy Supply Plan	(40,000)	
	ERP Support for CS	(50,000)	
	Total Compensation Study	200,000	
	HR Consulting (HCW)	47,000	
	ADP	24,000	
	Anticipated increase in audit fees	10,000	
	Increase in various financial services fees	10,000	
	IT	30,000	
	WWTP SCADA	30,000	261,000
Video/web production related to conservation/affordability outreach			20,000
Miscellaneous smaller dollar items			3,253
			826,253

Orange Water and Sewer Authority **Attachment 1, Table 4**
FY 2016 Capital Equipment Budget

Department	Equipment Description	FY 2016 Request
IT Department 07		
	4 Edge Network Switches	27,000
	Laboratory Information Management System	80,000
	Connectivity to NCM Internet Service	50,000
	Storage Array (Dell EqualLogic SAN)	45,000
Department 07 total		202,000
WTP Department 11		
	Laboratory Autoclave	12,000
	Mower for University Lake	9,000
Department 11 total		21,000
Dist Department 12		
	2 meter-reader trucks	46,000
	Gooseneck Lowboy Trailer	44,000
	Utility Body Truck	80,000
Department 12 total		170,000
Coll Department 22		
	Combination Sewer Cleaner Truck	385,000
	3/4 ton pickup truck	30,000
	Pump	37,000
Department 22 total		452,000
Contingency		30,000
Grand total		875,000

Capital Improvements Program (CIP)

The preliminary Fiscal Year (FY) 2016-2020 CIP budget totals approximately $80 million which is about equal to projections we made last year.

The preliminary FY 2016-2020 CIP worksheet is in Table 1 of this attachment. Some of the projects began in FY 2015 and are already under contract; these are listed at the top of Table 1 and are highlighted in blue. In addition, Table 2 includes brief information of all the required and proposed FY 2016 projects.

This is the second year that we have applied the comprehensive asset management (CAMP) prioritization method to the 5-year CIP period. Similar to last year, for the FY 2016-2020 period, we applied the prioritization approach to our horizontal (water mains and sanitary sewer mains) and vertical (facilities) assets. This effort allows us to prioritize the proposed projects using a consistent methodology without respect to functional categories (e.g. raw water, waste water collection, etc.). With the implementation of the CAMP approach, OWASA's CIP is better informed than at any point in its history.

Approximately 77% of the preliminary FY 2016 CIP budget already is dedicated to be spent, including:

- Construction of raw water chemical feed systems at the reservoirs to optimize treatment and improve worker safety
- Design and construction of numerous water main rehabilitation projects (part of the ongoing water main replacement/rehabilitation projects and galvanized water main replacement line items) to improve distribution system reliability
- The ongoing sanitary sewer main and manhole rehabilitation project to fix deficiencies and reduce stormwater inflow and groundwater infiltration into our collection system
- Construction of the Little Creek sanitary sewer interceptor replacement project to improve collection system reliability and increase system capacity
- Design and construction of the Bolinwood sanitary sewer replacement project to improve collection system reliability and increase system capacity
- Design of improvements at the Rogerson Drive Pump Station to replace aging equipment, improve worker safety, and improve system reliability
- Rehabilitation of two digesters at the wastewater treatment plant (WWTP) to replace aging equipment and drain, clean and repair the tanks

The largest new projects proposed for the FY 2016-2020 CIP are the WWTP rotary press filtrate side stream treatment project and dewatered biosolids conveyance and loading system improvement project with estimated budgets of approximately $2.3 million and $1.1 million, respectively. Both of these projects will undergo further evaluation to determine the justification, scope and timing of these potential improvements. Staff will present its findings and recommendations to the Board before proceeding with either of these projects.

The preliminary FY 2016-2020 CIP includes the following assumptions:

- Current levels of service are maintained
- Service area growth remains within projections
- No expansion of the reclaimed water system
- Continuing production of Class A biosolids
- Planning for the transition to 100% dewatered biosolids
- Transitioning to an advanced meter infrastructure (AMI) system
- No funding for implementation of renewable energy projects
- Maintaining our Jordan Lake allocation, but no funding for a regional water intake/treatment facility at Jordan Lake
- No funding or investments that may be necessary to obtain improved (guaranteed) agreements with Durham and Cary for water purchases during extreme droughts or operational emergencies
- The regulatory environment for water treatment, wastewater treatment, reclaimed water and biosolids recycling will remain substantially as it is today

We are comfortable that the levels of investment presented in this CIP leaves OWASA well-postured to remain the sustainable, responsible and environmentally focused organization that this community deserves and has come to expect.

DRAFT FY 2016 - 2020 CIP (Escalated Dollars)

No.	CIP No.	Project Name	FY '16	FY '17	FY '18	FY '19	FY '20	1st 5-yr total
1	270-04	Jordan Lake Raw Water Supply Allocation	$5,000	$5,000	$5,000	$5,000	$5,000	$25,000
2	270-09	Stone Quarry Reservoir Development	$15,000	$15,000	$15,000	$15,000	$15,000	$75,000
3	270-26	Cane Creek and University Lake Sodium Permanganate Feed Systems	$1,079,000					$1,079,000
4	275-20-00	Water Main Rehabilitation/Replacement Projects - ONGOING	$1,065,000					$1,065,000
5	275-20-m	Evergreen Lane and Ridge Lane 6" CI	$376,000					$376,000
6	275-76	Advanced Meter Infrastructure (AMI) System	$200,000	$4,600,000	$2,300,000			$7,100,000
7	275-77	Galvanized Water Main Replacements	$324,000	$538,000	$343,000	$202,000		$1,407,000
8	276-18	Sanitary Sewer Rehabilitation (CIPP & MH)	$1,406,000	$572,000	$1,586,000	$2,519,000	$2,772,000	$8,855,000
9	276-45	Bolinwood Dr Interceptor (Bolin 1)	$1,740,000					$1,740,000
10	276-47	Little Creek Interceptor (Little 1)	$698,000					$698,000
11	276-53	Gravity Sanitary Sewer Creek Crossings Upgrades	$273,000	$318,000				$591,000
12	276-54	Rogers Road Gravity Sanitary Sewer Extension	$370,000	$3,564,000	$1,826,000			$5,760,000
		(Credit for Rogers Road Sanitary Sewer Extension)	($370,000)	($3,564,000)	($1,826,000)			($5,760,000)
13	276-55	Easement Acquisition Program	$40,000					$40,000
14	277-31	Rogerson Drive Pump Station Rehabilitation	$100,000	$1,104,000				$1,204,000
15	278-46	Comprehensive Coatings Program	$300,000	$300,000	$300,000	$300,000	$300,000	$1,500,000
16	278-52	WWTP Digesters #1 & #2 Rehabilitation	$2,148,000					$2,148,000
17	278-54	WWTP Intermediate Pump Stations (IPS) Rehabilitation/Replacement	$40,000					$40,000
18	280-06	Administration Building HVAC System Upgrade	$85,000	$735,000	$420,000			$1,240,000
19	278-62	WWTP Administration Building Renovations	$43,000					$43,000
20	278-71	WWTP Filtrate Side Stream Treatment	$194,000	$2,138,000				$2,332,000
21	278-64	WWTP Solids Handling Biofilter Rehabilitation/Replacement	$70,000					$70,000
22	278-69	WWTP Biosolids Conveyance and Loading Improvements	$91,000	$1,002,000				$1,093,000
23	272-34	WTP Generator Building Louvers Replacement	$8,000	$79,000				$87,000
24	272-33	WTP Pulsator Controls Electrical Upgrades	$70,000					$70,000
25	278-63	WWTP Secondary Clarifier Algae Sweep System Upgrade	$70,000					$70,000
26	274-13	Nunn Mountain Pump Station Evaluation	$58,000					$58,000
27	277-35	Knolls Pump Station and Manning Drive Pump Station Sites Rehabilitation	$139,000					$139,000
28	272-32	Water Treatment Plant Secondary Chemical Spill Containment	$127,000					$127,000
29	275-79	Barnes Street Water Main Valve Insertions	$34,000					$34,000
30	277-24	Eastowne Pump Station Rehabilitation	$32,000	$367,000				$399,000
31	278-57	WWTP Stormwater Pump Station Electrical System Rehabilitation	$292,000					$292,000
32	277-34	Piney Mountain Pump Station Rehabilitation	$105,000					$105,000
33	278-65	WWTP Anoxic Zone Mixer Hyper-Pitch Blades Attachments	$58,000					$58,000
34	275-46	16-inch Water Main along Dobbins Drive	$66,000	$68,000	$1,608,000			$1,742,000
35	275-80	Brandywine Road Water Main	$47,000	$521,000				$568,000
36	275-81	Emory Drive Water Main	$249,000					$249,000
37	275-20-a	Foxcroft Drive 700 LF 12" AC	$35,000	$174,000				$209,000
38	270-27	Cane Creek Reservoir Office HVAC Replacement	$18,000					$18,000
39	275-20-i	Stancell Dr 2070 LF 8" AC	$119,000	$625,000				$744,000
40	278-58	WWTP Non Drinking Water Pump Replacements	$109,000					$109,000
41	278-51	WWTP Polymer Feed System and Replacement Gravity Belt Thickeners	$56,000	$29,000	$339,000	$354,000	$340,000	$1,118,000
42	278-68	Comprehensive Roof Systems Replacement Program	$264,000	$213,000				$477,000
43	278-66	WWTP Piping Heat Tracing and Insulation	$35,000					$35,000
44	278-59	WWTP and WW PS LED Lighting Upgrades	$74,000	$38,000	$37,000			$149,000
45	277-36	Heritage Hills Pump Station and Eubanks Road Pump Station Rehabilitation	$31,000	$334,000				$365,000
46	278-61	WWTP Pavement Improvements	$113,000					$113,000
47	277-21	Force Main Condition Evaluation	$166,000			$451,000	$451,000	$1,068,000
48	272-31	Water Treatment Plant and Adjacent OWASA Facilities Pavement Improvements	$89,000					$89,000
49	278-67	WWTP Boilers Control Systems Upgrade		$36,000	$394,000			$430,000
50	278-70	WWTP Fermenter Tank and Pumps Rehabilitation		$39,000	$421,000			$460,000
51	272-21	Water Treatment Plant Switchgear Upgrade		$81,000				$81,000
52	276-01	Bolin Creek Interceptor (Bolin 2A, Bolin 2B, Bolin 2C, & Bolin 3)					$398,000	$398,000
53	276-52	Rocky Branch Interceptor Upgrade (Phase 1)				$62,000	$706,000	$768,000

DRAFT FY 2016 - 2020 CIP (Escalated Dollars)

No.	CIP No.	Project Name	FY '16	FY '17	FY '18	FY '19	FY '20	1st 5-yr total
54	275-20-j	Purefoy Road	part of 275-20-00					
55	276-17	Sanitary Sewer Condition Evaluation		$1,718,000	$1,718,000	$1,718,000		$5,154,000
56	278-43	Mason Farm WWTP Biogas-to-Energy Combined Heat and Power					$234,000	$234,000
57	272-35	WTP Flash Mix Basins Isolation Valves Replacement		$19,000	$211,000			$230,000
58	275-67	Operational Evaluation of Future 740-Foot Zone					$46,000	$46,000
59	272-10-f	WTP process turbidimeters				$106,000		$106,000
60	275-74	South Road Water Main				$186,000	$173,000	$359,000
61	273-09	Booster Pump Station at Barbee Chapel Road						
62	275-75	Manning Drive Water Main				$538,000	$499,000	$1,037,000
63	278-60	WWTP Scum and Dewatering Building Filtrate Pump Station Rehabilitation		$140,000				$140,000
64	276-46	Willow Drive Sewer Replacement (Booker 4)			$41,000	$322,000		$363,000
65	276-48	Dobbins Drive Interceptor (Booker 3A and Booker 3B)		$187,000	$2,380,000			$2,567,000
66	275-55	12-inch Water Main along Manning Drive				$132,000	$1,441,000	$1,573,000
67	275-78	Barclay Road Water Main		$45,000	$492,000			$537,000
68	275-82	Pritchard Drive Water Main		$23,000	$253,000			$276,000
69	275-20-e	Country Club Road 2150 LF 12" AC		$109,000	$383,000			$492,000
70	277-27	North Lakeshore Drive Pump Station Replacement		$32,000	$386,000			$418,000
71	275-20-d	Bartram Drive 470 LF 6" AC		$86,000				$86,000
72	275-20-c	Valley Park Drive	part of 275-20-00					
73	275-20-h	Rogerson Drive 2560 LF 6" AC		$98,000	$513,000			$611,000
74	275-72	Oakwood Drive					$52,000	$52,000
75	272-36	WTP Lighting Improvements		$19,000	$211,000			$230,000
76	275-71	Rosemary St, Henderson St, and Hillsborough St					$53,000	$53,000
77	275-20-f	Scarlett/Cooper 1050 LF 8" AC		$48,000	$255,000			$303,000
78	277-13	Lake Ellen Force Main Replacement (Booker 5)			$8,000	$7,000	$81,000	$96,000
79	270-11	University Lake Pump Station Rehabilitation/Replacement				$697,000		$697,000
80	270-11-b	Funds are included in FY 2017 to replace the pumps and motors for Pump Nos. 1 – 3.			$64,000			$64,000
81	272-38	WTP Sedimentation Basins Valves and Stems Replacement			$26,000	$294,000		$320,000
82	275-20-b	Fordham Blvd Service Rd 900 LF 8" AC		$63,000	$218,000			$281,000
83	275-20-g	Plum Lane 720 LF 6" AC				$30,000	$160,000	$190,000
84	272-10-d	WTP VFD #4				$83,000		$83,000
85	272-37	WTP Solids Conveyor System		$12,000	$141,000			$153,000
86	275-52	Water Main Replacement - Cameron Avenue			$164,000	$1,802,000		$1,966,000
87	270-16	Cane Creek Pump Station Rehabilitation/Replacement				$64,000	$699,000	$763,000
88	278-50	WWTP Warehouse				$37,000	$427,000	$464,000
89	272-10-c	WTP Track Vac System Rehab				$116,000		$116,000
90	277-33	Chapel Hill North Pump Station Rehabilitation			$11,000	$122,000		$133,000
91	272-10-e	WTP basin and pulsator turbidimeters				$65,000		$65,000
92	271-05	Cane Creek Raw Water Transmission Main Capacity Study				$28,000		$28,000
93	272-10	Water Treatment Plant Recapitalization/Rehabilitation Projects				$1,700,000	$2,482,000	$4,182,000
94	275-20	Water Main Rehabilitation/Replacement Projects				$1,568,000	$2,258,000	$3,826,000
95	277-01	Pump Station Recapitalization				$173,000	$310,000	$483,000
96	277-22	Force Main Rehabilitation				$50,000	$50,000	$100,000
97	278-11	WWTP Recapitalization				$3,594,000	$3,081,000	$6,675,000
98	278-48	WWTP Biosolids Facilities and Recycling Study/Rehabilitation					$117,000	$117,000
99	280-09	Administration Building Recapitalization				$169,000	$177,000	$346,000
100	280-10	Operations Center Recapitalization				$262,000	$275,000	$537,000
	Totals		**$12,756,000**	**$16,530,000**	**$15,243,000**	**$17,771,000**	**$17,602,000**	**$79,902,000**

Denotes contractual obligations

FY '16 CIP Project Priorities

No.	Project Name	FY '16 Budget	Comments
1	Jordan Lake Raw Water Supply Allocation	$5,000	must pay annual bill; recurring
2	Stone Quarry Reservoir Development	$15,000	must pay annual bill; recurring through 2030
3	Cane Creek and University Lake Sodium Permanganate Feed Systems	$1,079,000	design underway; design and construction to be completed in FY '16
4	Water Main Rehabilitation/Replacement Projects - ONGOING	$1,065,000	design/construction for Valley Park, Hillview, Purefoy, Ridgewood water main replacement/rehabilitation projects
5	Evergreen Lane and Ridge Lane 6" CI	$376,000	design underway; design and construction to be completed in FY '16
6	Advanced Meter Infrastructure (AMI) System	$200,000	complete a feasibility study for this system-wide project in FY '16
7	Galvanized Water Main Replacements	$324,000	ongoing system wide program to replace small diameter galvanized mains because they experience relatively high water main break frequency levels; we expect it will take at least 4 more years to replace all the mains marked for replacement
8	Sanitary Sewer Rehabilitation (CIPP & MH)	$1,406,000	ongoing rehabilitation program of defective gravity sewer pipes that have been identified by sanitary sewer eval program (includes visual inspection of mains)
9	Bolinwood Dr Interceptor (Bolin 1)	$1,740,000	design contract awarded; construction pending for FY '16
10	Little Creek Interceptor (Little 1)	$698,000	construction contract award expected in April 2015; construction will be completed in FY '16
11	Gravity Sanitary Sewer Creek Crossings Upgrades	$273,000	staff identified needed vehicular creek crossing improvements at several different locations; design underway; construction to begin in FY '16
12	Rogers Road Gravity Sanitary Sewer Extension	$370,000	FY '16 design services for gravity sanitary sewer mains to serve the historic Rogers Road area; construction expected in FY '17 and FY '18
	(Credit for Rogers Road Sanitary Sewer Extension)	($370,000)	OWASA will be fully reimbursed by Orange County
13	Easement Acquisition Program	$40,000	pilot project to obtain easements for OWASA sewer lines
14	Rogerson Drive Pump Station Rehabilitation	$100,000	preliminary engineering report will be completed in FY '15; design is pending in FY '16 with construction to follow in FY '17
15	Comprehensive Coatings Program	$300,000	corrosion control of key facilities (WTP, WWTP, pump stations, etc.) components and structures (annual program)
16	WWTP Digesters #1 & #2 Rehabilitation	$2,148,000	structural rehabilitation of the tanks; design is nearly complete and will be followed by construction in FY '16
17	WWTP Intermediate Pump Stations (IPS) Rehabilitation/Replacement	$40,000	a study initiated in FY '15 will carry over to FY '16; the study likely will recommend one or more future CIP projects; any CIP projects proposed for approval by the Board will be included in next year's draft FY '17 - '21 CIP budget
	SUBTOTAL ($ and % of Total FY '16 Budget)	**$9,809,000**	**77%**
18	Administration Building HVAC System Upgrade	$85,000	comprehensive study planned for FY '16; design planned to be complete in early FY '17; construction planned to begin in FY '17 and be completed in FY '18
19	WWTP Administration Building Renovations	$43,000	locker room and bathroom renovations pending for FY '16
20	WWTP Filtrate Side Stream Treatment	$194,000	treatment process to reduce nutrient loading associated with dewatering process; design pending in FY '16 with construction to follow in FY '17
21	WWTP Solids Handling Biofilter Rehabilitation/Replacement	$70,000	study and preliminary design pending for FY '16 to address odors associated with the existing biofilter; may lead to a different process to replace the existing biofilter
22	WWTP Biosolids Conveyance and Loading Improvements	$91,000	design pending in FY '16 with construction to follow in FY '17; project will improve operational efficiency and reliability and will enhance safety associated with conveying and loading dewatered biosolids
23	WTP Generator Building Louvers Replacement	$8,000	selection and installation of new louvers in FY '16 to replace the existing ones that do not work
24	WTP Pulsator Controls Electrical Upgrades	$70,000	install new control wiring between the control panel and equipment to make the wiring safer, easier to troubleshoot and repair; design and installation pending for FY '16
25	WWTP Secondary Clarifier Algae Sweep System Upgrade	$70,000	specification and installation of new weir cleaners in FY '16 to improve operation efficiency
26	Nunn Mountain Pump Station Evaluation	$58,000	study pending in FY '16 to determine if the pump station can support fire flows; if so, it will eliminate the need to rent additional pumps whenever the Nunn Mountain Elevated Tank is off-line
27	Knolls Pump Station and Manning Drive Pump Station Sites Rehabilitation	$139,000	design and construction pending in FY '16 to address site erosion that is beginning to negatively impact staff's ability to access these two pump stations
28	Water Treatment Plant Secondary Chemical Spill Containment	$127,000	design and construction pending in FY '16 to retrofit portions of the existing storm water collection/conveyance system so that it may be used to contain chemical spillage that may occur during delivery
29	Barnes Street Water Main Valve Insertions	$34,000	specification and installation of additional valves in FY '16 to minimize the number of customers out of service in the event of main breaks in this area
30	Eastowne Pump Station Rehabilitation	$32,000	pending design in FY '16 with construction to follow in FY '17

FY '16 CIP Project Priorities

No.	Project Name	FY '16 Budget	Comments
31	WWTP Stormwater Pump Station Electrical System Rehabilitation	$292,000	design and rehabilitation pending for FY '16 to improve safety, operability, and control of the existing WWTP site stormwater pumping system
32	Piney Mountain Pump Station Rehabilitation	$105,000	design and rehabilitation pending for FY '16 to improve operability, control, and reliability (adding a permanent generator)
33	WWTP Anoxic Zone Mixer Hyper-Pitch Blades Attachments	$58,000	installation pending for FY '16 to improve operations and maintenance
34	16-inch Water Main along Dobbins Drive	$66,000	design to increase water main from 12" to 16" was 95% complete in 2007; "dusting off" the design pending for FY '16, design completion and permitting in FY '17, and construction in FY '18
35	Brandywine Road Water Main	$47,000	design in FY '16 with construction to follow in FY '17; replace or rehabilitate existing AC main due to several recent main breaks and problems with service lateral saddles
36	Emory Drive Water Main	$249,000	design in FY '16 with construction to follow in FY '17; replace or rehabilitate existing AC main due to several recent main breaks and problems with service lateral saddles
37	Foxcroft Drive 700 LF 12" AC	$35,000	design pending in FY '16 with construction to follow in FY '17; project identified in most recent water main replacement/rehabilitation prioritization model run
38	Cane Creek Reservoir Office HVAC Replacement	$18,000	replacement of 22 year-old unit pending in FY '16
39	Stancell Dr 2070 LF 8" AC	$119,000	design pending in FY '16 with construction to follow in FY '17; project identified in most recent water main replacement/rehabilitation prioritization model run
40	WWTP Non Drinking Water Pump Replacements	$109,000	replacement in FY '16 of three pumps at the end of their useful lives
41	WWTP Polymer Feed System and Replacement Gravity Belt Thickeners	$56,000	installation of a new polymer batching and dosing system for the gravity belt thickeners
42	Comprehensive Roof Systems Replacement Program	$264,000	design pending in FY '16 with rehabilitation/replacement of roofs to begin in FY '16 and continue as needed
43	WWTP Piping Heat Tracing and Insulation	$35,000	installation planned for FY '16
44	WWTP and WW PS LED Lighting Upgrades	$74,000	replacement of existing lighting planned to begin in FY '16 and continue as needed
45	Heritage Hills Pump Station and Eubanks Road Pump Station Rehabilitation	$31,000	design pending for FY '16 with construction to follow in FY '17; installation of new pumps, VFDs, and pump controls at these two stations
46	WWTP Pavement Improvements	$113,000	specification and installation pending for FY '16
47	Force Main Condition Evaluation	$166,000	evaluations of Countryside PS and Manning Drive force mains scheduled for FY '16 as part of ongoing SS evaluation program
48	Water Treatment Plant and Adjacent OWASA Facilities Pavement Improvements	$89,000	specification and installation pending for FY '16
	SUBTOTAL ($ and % of Total FY '16 Budget)	**$2,947,000**	**23%**
	FY '16 TOTAL	**$12,756,000**	**100%**

Agenda Item 2:

Board of Director's Suggestions for the 2015 Lake Recreation

Purpose:

To provide Staff's response to the Board of Director's suggestions for the 2015 Lake Recreation Season

Background:

At the February 12, 2015 Board work session, staff presented the annual Lake Recreation Report and received some suggestions from several Board members to be implemented during or prior to the 2015 Lake Recreation Season.

Suggestions and Staff Recommendations:

1) Lake Recreation Promotions – Staff will develop a promotional flyer to be distributed in outdoor stores within the OWASA service area during the 2015 Lake Recreation Season. We also plan to promote the 2015 Lake Recreation Season in the Blue Thumb customer newsletter, on our website, thru Twitter, news releases, etc. In addition, we will work with our local government partners to provide information on their websites.

2) Trailer Use Policy – After careful consideration, we do not recommend permitting trailer use at University Lake due to parking constraints. We recommend reevaluating this suggestion for Cane Creek Reservoir after we have had time to assess the effectiveness of the new parking and loading/unloading improvements. These are expected to be completed prior to the season opener on March 21, 2015. In the meantime, our staff will continue to provide assistance in the loading and unloading of boats into and out of patrons' vehicles.

3) Increase Boat Rental Fees – This item will require additional research and discussion to determine the appropriate fee levels. In addition, while we could ask for a waiver, our agreement with the University requires that we provide 90-days' notice for any rate changes. More importantly, we typically advertise changes to the fee schedule in advance and provide ample opportunity for public comment. Given the limited time available for these activities, we recommend considering this suggestion for the 2016 Lake Recreation Season.

4) Reduced Lake Recreation Fees for Financially Disadvantaged Patrons - This item will require additional research and discussions to determine the appropriate fee levels, eligibility requirements, best practices for determining eligibility, whether or not this is a discriminatory practice, etc. In addition, we typically advertise changes to the fee schedule in advance and provide ample opportunity for public comment. Given the limited time available for these activities, we recommend considering this suggestion for the 2016 Lake Recreation Season.

Actions Needed:

1) Direct staff to assess the effectiveness of the new parking and loading/unloading improvements at Cane Creek Reservoir and evaluate the impact of allowing trailers.

2) Determine an appropriate time to continue discussion of:
    - trailer use policy;
    - increase boat rental fees;
    - reduced lake recreation fees for financially disadvantaged patrons;
    - winter bird watching opportunities; and
    - nighttime boating opportunities.

Agenda Item 3:

Employee Total Compensation Study – Board and Staff Roles

Purpose:

Successful completion of the Employee Total Compensation Study (Study) will be accomplished by a well-qualified consultant through active involvement and close coordination between the Board of Directors and staff. Staff will serve its traditional role as project manager. Key tasks throughout the Study will require discussion, review and approval by the Board to include:

- Consultant's Scope of Work to complete the Study.
- Study Objectives.
- Authorization to Executive Director to execute contract with consultant.
- Pay and compensation philosophy.
- Compensation and reward strategies to be evaluated.
- Benchmark organizations.
- Relevant survey, market, and statistical information to be considered.

It is understood that additional tasks requiring Board review and approval will be established once the Study Objectives and consultant's Scope of Work are approved.

Consultant Selection:

Task	Staff's Role	Board's Role
Review the five proposals received in response to our RFQ and identify the top firm(s) for in-person interviews.	Assemble selection panel to include staff members, an outside peer expert, and a Board Member. Staff will check references/background of all five firms. Seek consensus of which firm(s) will be invited for in-person interviews.	If desired, assign a Board Member to serve on the selection panel. If desired, Board Members may review the five consultant proposals and provide feedback to the staff.

Task	Staff's Role	Board's Role
Conduct in-person interviews and select the best qualified consultant.	Schedule and conduct interviews. Selection Panel will seek consensus on best qualified consultant.	Board Member's participation on selection panel.

<u>Study Objectives; Consultant's Scope of Work; and Execute Contract</u>:

Task	Staff's Role	Board's Role
Develop draft Study Objectives and Scope of Work to complete the objectives.	Work with consultant to develop draft Study Objectives and Scope of Work.	N/A
Review draft Study Objectives and scope of work in a Board Work Session.	Receive feedback and direction from the Board.	Review draft Study Objectives and Scope of Work. Provide specific direction to consultant and staff for what changes are desired by full Board.
Prepare final draft Study Objectives and Scope of Work.	Work with consultant to address Board's direction and prepare final draft Study Objectives and Scope of Work.	N/A
Approval of Study Objectives and Scope of Work in a Work Session or Regular Board Meeting.	Present Study Objectives and Scope of Work to Board for approval.	Approval of Study Objectives and Scope of Work. Authorize Executive Director to enter a contract with best qualified consultant.
Enter contract with consultant.	Complete negotiations and execute contract with consultant.	N/A

Additional Items for Board Discussion/Direction:

1. Additional details about tasks and roles for successfully completing the Study will be developed once the Study Objectives and Scope of Work have been finalized.

2. It may be desirable to have the consultant's assistance as the Board considers employee compensation later this calendar year.

3. The Board may decide to use the selected consultant to assist them with evaluation of Executive Director compensation. If so, this could be included in the consultant's Scope of Work with the understanding that the Board or the Board's designee will work directly with the consultant on this specific task.

4. The Board may wish to discuss the Board's expectations and/or role for the Human Resources Committee in the successful completion of the Study.

Action Requested:

Staff seeks the Board's feedback and support for this approach to successfully completing the Study. As noted, additional Board and staff tasks/roles will be developed as the Study moves forward to include a proposal to keep our employees informed and involved in the Study.

Agenda Item 4:

Review Board Work Schedule

Purpose:

a) Review and update the 12 Month Board Meeting Schedule
b) Review the draft agenda and discuss expectations for the March 26, 2015 business meeting
c) Review the draft agenda and discuss expectations for the April 9, 2015 work session

Information:

- Draft 12 Month Board Meeting Schedule
- Draft agenda for the March 26, 2015 business meeting
- Draft agenda for the April 9, 2015 work session

OWASA Board of Directors – 12 Month Board Meeting Schedule

(March 12, 2015)

Month	Board Meetings		Committee Meetings (dates to be determined)
	Work Session	**Business Meeting**	
March 2015	FY 16 Draft Budgets and Rates ( ) 2015 Lake Recreation Plan for Total Compensation Study CS - General Counsel Interim Review ( ) *3/12/2015*	Approve dates for Public Hearing on FY16 Budget and Rates ( ) FY 16 Draft Budgets and Rates & authorize publicizing FY 16 Budgets and Rates ( ) Approve Lake Rules Enforcement CS – ED Interim Review ( ) *3/26/2015*	**NRTS -** *Energy Plan – Baseline & Goals (March 17th)* **Community Engagement** – discuss community engagement programs *(March 25th)*
April 2015	FY 16 Draft Budgets and Rates (*if needed*) ( ) Review Employee Health Insurance Renewal ( ) Biosolids Management Scope of Work Review Scope of Customer Survey CS – ED Interim Review ( ) *4/9/2015*	Little Creek Sewer Contract Award Energy Plan – Baseline & Goals Q3 Financial Report ( ) Approve Audit Firm Selection *4/23/2015*	**Community Engagement** *Affordability Pilot Report (TBD)*
May 2015	AMI – Consultant Scope Total Compensation Study Expectations Appointment of Nominating Committee ( ) Review Employee Health Insurance Renewal ( ) *5/14/2015*	Affordability Pilot – Report FY 16 Rates and Budget Public Hearing ( ) Approve Employee Health Insurance ( ) *5/28/2015*	
June 2015	Digester Rehab Contract Award Review Total Compensation Scope of Work AMI – Consultant Scope Approve Budgets and Rates ( ) Annual Merit/COLA for FY 2016 ( ) Election of Officers ( ) *6/11/2015*	Approve Total Compensation Scope of Work *6/25/2015*	**NRTS -** *Energy Plan – Strategy Evaluation (TBD)*
July 2015	*To Be Determined* *7/9/2015*	*To Be Determined* *7/23/2015*	
August 2015	Review Long Term Rate Structure CS - General Counsel Review ( ) *8/13/2015*	12 Month Preliminary Financial Report ( ) CIP Semiannual Report CS - General Counsel Review ( ) *8/27/2015* ( )	
September 2015	Biosolids Management Plan Energy Plan – Strategy Evaluation CS – ED Review ( ) *9/10/2015*	Annual Report and Financial Audit ( ) General Counsel Engagement ( ) CS – ED Review ( ) *9/24/2015*	
October 2015	LRWSP – Goals and Metrics *10/8/2015*	Approve Biosolids Management Report Q1 Financial Report Strategic Trends Report ( ) *10/22/2015* ( )	
November 2015	*To Be Determined* *11/12/2015*	*Holiday - no meeting*	
December 2015	*To Be Determined* *12/10/2015*	*Holiday - no meeting*	
January 2016	*To Be Determined* *1/14/2016*	Q2 Financial Report ( ) CIP Semiannual Report ( ) *1/28/2016*	
February 2016	CS - General Counsel Interim Review ( ) *2/11/2016*	CS - General Counsel Interim Review ( ) *2/25/2016*	

OWASA Board of Directors – 12 Month Board Meeting Schedule

(March 12, 2015)

The 12 Month Board Meeting Schedule shows Strategic Plan initiatives and other priority efforts that the Board and staff plan to give greatest consideration to during the next twelve months. The schedule also shows major recurring agenda items that require Board action, or items that have been scheduled in response to the Board's prior standing request. This schedule does not show all the items the Board may consider in a work session or business meeting.

The 12 Month Board Meeting Schedule will be reviewed and updated at each monthly work session and may also be discussed and updated at the Board's business meetings.

In addition to the initiatives shown in this schedule, staff will be working on other Strategic Plan and organizational priorities that are not expected to require major additional discussion with the Board except as part of budget deliberations (e.g., continuing our comprehensive asset management work, evaluating our CIP investment practices).

The schedule implies that the following Strategic Plan initiatives would be addressed beyond the 12 month period. The Board may conclude that one or more of the following initiatives are higher priority. The schedule will be revised as needed to reflect the Board's priorities, and any additional initiatives that the Board may decide to address.

- Findings and policy recommendations from the sewer easements pilot project will be presented in a Board work session in FY 2016.
- Development of a plan and policy framework for OWASA lands is considered a longer-term priority.
- Improve effectiveness as a learning organization is considered a longer-term priority.
- Water Conservation Plan will be prepared concurrent with update of the Long-Range Water Supply Plan.

The OWASA Board determines which topics it wants to explore as a full Board (potentially in a work session format) and which topics it wants to assign to Board committees or committee chairs for further analysis and development of recommendations. Board also determines priorities and desired timeframes for addressing topics. Committee meetings will be updated on the schedule routinely.

Abbreviations Used in Draft Schedule:

↻	Recurring agenda item (generally these are "required" items)
AMI	Advanced Metering Infrastructure
CIP	Capital Improvements Program
COLA	Cost of Labor Adjustment
CS	Closed Session of the Board
CY	Calendar Year
ED	Executive Director
FY	Fiscal Year
JLP	Jordan Lake Partnership
LRWSP	Long-Range Water Supply Plan
Q	Quarter
WTP	Water Treatment Plant
WWTP	Wastewater Treatment Plant

AGENDA
MEETING OF THE OWASA BOARD OF DIRECTORS
THURSDAY, MARCH 26, 2015, 7:00 P.M.
CHAPEL HILL TOWN HALL

In compliance with the "Americans with Disabilities Act," interpreter services are available with five days prior notice. If you need this assistance, please contact the Clerk to the Board at 919-537-4217 or aorbich@owasa.org.

The Board of Directors appreciates and invites the public to attend and observe its meetings. Public comment is invited either by petition upon topics not on the Board's agenda, or by comments upon items appearing on the Board's agenda. Speakers are invited to submit more detailed comments via written materials, ideally submitted at least three days in advance of the meeting to the Clerk to the Board via email or US Postal Service (aorbich@owasa.org/400 Jones Ferry Road, Carrboro, NC 27510).

Public speakers are encouraged to organize their remarks for delivery within the three-to-five minute time frame allowed each speaker. Additional time may be allowed at the discretion of the Board of Directors.

Announcements

1. Announcements by the Chair
   A. 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.
2. Announcements by Board Members
   A. Update on the March 17, 2015 Natural Resources and Technical Systems Committee Meeting (Terri Buckner)
   B. Update on the March 25, 2015 Community Engagement Committee Meeting (Steve Dear)
3. Announcements by Staff

Petitions and Requests

1. Public
2. Board
3. Staff

CONSENT AGENDA

Action

1. Approval of the Minutes of the January 22, 2015 Meeting of the Board of Directors (Andrea Orbich)
2. Approval of the Minutes of the January 22, 2015 Work Session of the Board of Directors (Ed Kerwin)
3. Approval of the Minutes of the February 12, 2015 Work Session of the Board of Directors (Andrea Orbich)
4. Approval of the Minutes of the February 12, 2015 Closed Session of the Board of Directors for the Purpose of Discussing Personnel Matters (Michael Hughes)
5. Approval of the Minutes of the March 12, 2015 Work Session of the Board of Directors (Andrea Orbich)
6. Approval of the Minutes of the March 12, 2015 Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter (Micheal Hughes)

DRAFT

7. Resolution Setting the Date of May 28, 2015 for a Public Hearing on the Proposed OWASA Budgets for Fiscal Year 2016 (Stephen Winters)
8. Resolution Setting the Date of May 28, 2015 for a Public Hearing on Proposed Revisions to OWASA's Schedule of Rates, Fees and Charges (Stephen Winters)

REGULAR AGENDA

Discussion

9. Discussion of Fiscal Year (FY) 2016 Budget and Rates and Authorizing Staff to Publicize Information about the Proposed Draft FY 2016 Budgets and Rates (Stephen Winters)

Discussion and Action

10. Approval of Lake Rules Enforcement for Cane Creek Reservoir and University Lake (Todd Taylor/Kenneth Loflin)

Summary of Board Meeting Action Items

11. Executive Director will summarize the key action items from the Board meeting/work session and note significant items for discussion and/or action expected at the next Board meeting

CLOSED SESSION

12. Following the Board Meeting, the Board of Directors will convene in a Closed Session for the Purpose of Discussing a Personnel Matter (Michael Hughes)

AGENDA
WORK SESSION OF THE OWASA BOARD OF DIRECTORS
THURSDAY, APRIL 9, 2015, 6:00 P.M.
OWASA COMMUNITY ROOM

The Board of Directors appreciates and invites the public to attend and observe its meetings. For the Board's Work Session, public comments are invited on only items appearing on this agenda. Speakers are invited to submit more detailed comments via written materials, ideally submitted at least three days in advance of the meeting to the Clerk to the Board via email or US Postal Service (aorbich@owasa.org/400 Jones Ferry Road, Carrboro, NC 27510).

Public speakers are encouraged to organize their remarks for delivery within the three-to-five minute time frame allowed each speaker. Additional time may be allowed at the discretion of the Board of Directors.

The Board may take action on any item on the agenda.

Announcements

a. Announcements by the Chair
b. Announcements by Board Members
c. Announcements by Staff

Discussion

1. (*If Needed*) Draft Budgets and Rates for Fiscal Year 2016 (Stephen Winters)
2. Review Employee Health Insurance Renewal (Stephanie Glasgow)
3. Review Scope of Work for Biosolids Management (John Kiviniemi)
4. Review Scope of Customer Survey (Ed Kerwin)
5. Review Board Work Schedule (John Young/Ed Kerwin)
   a. 12 Month Board Meeting Schedule
   b. April 23, 2015 Board Meeting
   c. May 14, 2015 Work Session
6. Request(s) by Board Committees, Board Members and Staff (John Young)

Summary of Work Session Items

7. Executive Director will summarize the key staff action items from the Work Session

CLOSED SESSION

8. Following the Board Meeting, the Board of Directors will convene in a Closed Session for the Purpose of Discussing a Personnel Matter (Michael Hughes)

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