ORANGE WATER AND SEWER AUTHORITY

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

AGENDA
PUBLIC HEARINGS AND MEETING OF THE OWASA BOARD OF DIRECTORS
THURSDAY, MAY 28, 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 a four 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.
   - B. On May 19, 2015 the Orange County Board of Commissioners Reappointed Michael M. Hughes to the OWASA Board of Directors
2. Announcements by Board Members
   - A. OWASA Annual Update for the Carrboro Board of Aldermen on Tuesday, June 2, 2015 at 7:30 PM at Carrboro Town Hall (Steve Dear/Quinton Harper)
   - B. Nominating Committee Meeting on Monday, June 8, 2015 at 5:30 PM in the OWASA Board Room (Amy Witsil)
3. Announcements by Staff

Petitions and Requests

1. Public
2. Board
3. Staff

PUBLIC HEARINGS

1. Concurrent Public Hearings on the Preliminary Annual Operating and Capital Improvements Budget and Proposed Rates, Fees and Charges (Ed Kerwin/Stephen Winters)
   - A. Staff Presentation
   - B. Public Comments
   - C. Motion to Close Public Hearings
   - D. Board Discussion

CONSENT AGENDA

Action

2. Approval of the Minutes of the April 23, 2015 Meeting of the Board of Directors (Andrea Orbich)
3. Approval of the Minutes of the April 23, 2015 Closed Session of the Board of Directors for the Purpose of Discussing Two Personnel Matters (Michael Hughes)
4. Approval of the Minutes of the May 14, 2015 Work Session of the Board of Directors (Andrea Orbich)
5. Approval of the Minutes of the May 14, 2015 Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter (Michael Hughes)

REGULAR AGENDA

Discussion and Action

6. Resolution Authorizing the Executive Director to Execute Contracts with Blue Cross and Blue Shield of North Carolina for Health and Dental Insurance (Stephanie Glasgow)

Discussion

7. Community Engagement Concept for the Energy Management Plan (Terri Buckner/Patrick Davis)
8. Board Expectations for Employee Total Compensation Study (Ed Kerwin/John Anzivino, Springsted Incorporated)

Summary of Board Meeting Action Items

9. 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

AGENDA ITEM

- CONCURRENT PUBLIC HEARINGS ON THE PRELIMINARY ANNUAL OPERATING AND CAPITAL IMPROVEMENTS BUDGET AND PROPOSED RATES, FEES AND CHARGES

BACKGROUND

- On March 26, 2015, the Board of Directors adopted resolutions setting May 28, 2015 as the date for concurrent public hearings on OWASA's proposed budget and rates for Fiscal Year (FY) 2016.

- The Board of Directors is considering no increase in monthly water, sewer and reclaimed water charges for FY 2016. If approved, FY 2016 will be the fourth consecutive year in which there has been no increase in monthly water and sewer rates.

- Rates for service availability fees (for new service connections) have not been increased.

- Certain other fees are proposed to be adjusted based on changes in the costs of providing the services.

ACTION NEEDED

- Receive and discuss input provided by the public at, and prior to the May 28, 2015 concurrent public hearings.

- Provide direction to staff regarding the FY 2016 Operating and Capital Improvements Budget and the Schedule of Rates, Fees and Charges that will be considered for adoption by the Board at its June 11, 2015 meeting.

May 28, 2015

ORANGE WATER AND SEWER AUTHORITY

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

MEMORANDUM

TO: Board of Directors

THROUGH: Ed Kerwin

FROM: Stephen Winters, CPA

DATE: May 22, 2015

SUBJECT: Concurrent Public Hearings on the Preliminary Annual Operating and Capital Improvements Budget and Proposed Schedule of Rates, Fees and Charges

Purpose

This memorandum and attachments are provided to the Board of Directors as a basis for discussion of the Preliminary Annual Operating and Capital Improvements Budget and Proposed Schedule of Rates, Fees and Charges for Fiscal Year (FY) 2016. This information is the subject of the concurrent public hearings that will be held on May 28, 2015.

Background

The Board of Directors has previously discussed the FY 2016 Budget and is considering no increase in monthly water, sewer and reclaimed water rates.

Attached are two documents:

- Attachment 1 - Summary information about the Preliminary Budget for FY 2016
- Attachment 2 - Proposed Schedule of Rates, Fees and Charges

Preliminary Budget Information

The operating budget is about 5% higher than the adopted FY 2015 budget. Expenditures in the Preliminary FY 2016 Budget are summarized below.

Category	Amount (in thousands)
Operating Expenses	$20,788
Capital Improvements Program (CIP)	10,615
Capital Equipment Expenditures	875
Debt Service on Outstanding Bonds and Loans	8,316
Total	$40,594

Assumptions and highlights

- The volumes of water, reclaimed water, and wastewater treated, and the revenue associated with those volumes, will remain essentially the same as in FY 2015.

- The CIP includes funds for conducting a feasibility study regarding implementing an Advanced Metering Infrastructure (AMI) system which would provide customers with detailed water use information and improve OWASA's operating efficiency.
- We have reduced the overall personnel compensation budget by 2.5% to account for position vacancies.
- 27.6% increase in health insurance.
- 3% allowance for merit and cost of labor increases. The Board is scheduled to make a decision on merit and cost of labor adjustments at its meeting on June 11, 2015.
- Electricity cost savings of approximately $250,000 as a result of an energy efficiency project at the Mason Farm Wastewater Treatment Plant.
- We are evaluating alternatives to our current biosolids recycling program. We are committed to continuing to liquid-land-apply about 50% of our biosolids while dewatering and sending to compost the other 50%. Among other outcomes, we expect our evaluation to help us determine whether to continue with an in-house program or outsource all or part of the program's activities. As a result, the FY 2016 budget does not include funding for the four biosolids management personnel positions. Two of the positions are vacant and will not be filled. Personnel in the two filled positions will continue to support the biosolids program while options are evaluated. If the program is ultimately outsourced, existing personnel will be reassigned to other duties.

Proposed Schedule of Rates, Fees and Charges

The attached Proposed Schedule of Rates, Fees and Charges (Attachment 2) reflects no increase in monthly water, sewer and reclaimed water rates; service availability fees also remain unchanged. Certain other fees are proposed to be adjusted based on changes in the costs of providing the services. Revenues of about $37 million are projected to be generated under this schedule during FY 2016.

Key Elements in the Schedule

- The bill for a single-family, individually-metered customer using 4,000 gallons per month remains $70.66.

- Continuation of the block rate structure for individually-metered residential customers and seasonal rate structure for all others.

- Conservation Water Commodity Charges Under Declared Water Shortages.
  - Surcharges remain in place for both residential and nonresidential customers with no change in the surcharge structure.

- No changes in water and sewer availability fees.

- Irrigation accounts:
  - Retains a year-round uniform charge and monthly service charge for irrigation use that is higher than the peak rate under the seasonal structure.

- Reclaimed Water
  - No changes in the commodity rate or fixed monthly charge for reclaimed water as current rates are sufficient to cover costs.

- Lake fees are unchanged.

Next Steps

- The Board will consider input received during the public hearings and provide guidance to staff.

- Formal adoption of the Annual Budget and the Schedule of Rates, Fees and Charges is scheduled for June 11, 2015.

Stephen Winters, CPA
Director of Finance and Customer Service

Attachments: Summary information about the Preliminary Budget for FY 2016 (Attachment 1)
Proposed Schedule of Rates, Fees and Charges (Attachment 2)

ORANGE WATER AND SEWER AUTHORITY
PRELIMINARY FISCAL YEAR 2016 OPERATING BUDGET

Operating Revenue		
Water	$17,990,169	
Sewer	16,794,115	
Reclaimed Water	452,250	
Service Initiation Fee	158,421	
Other	1,048,487	
Refunds and Adjustments	(232,207)	
Total Operating Revenue		**$36,211,235**
Operating Expense		
General and Administrative	6,805,436	
Operations	13,983,022	
Total Operating Expense		**20,788,457**
Net Operating Income		**15,422,778**
Non-operating Revenue		
Customer Fees		**959,582**
Interest		**34,571**
Total Net Income		**$16,416,931**
Debt Service		
Existing		**$7,988,327**
New		**328,000**
Total Debt Service		**8,316,327**
Net Income Less Debt Service		**$8,100,604**

Fiscal Year 2016 Capital Improvements Program (CIP)

No.	Project Name	FY16 Budget	Comments
1	Jordan Lake Raw Water Supply Allocation	$ 5,000	Recurring annual fee
2	Stone Quarry Reservoir Development	15,000	Recurring annual fee (through 2030)
3	Cane Creek and University Lake Sodium Permanganate Feed Systems	64,000	Design underway and to be completed in Fiscal Year (FY) 16. Construction to be completed in FY17
4	Water Main - Road Improvement Projects	250,000	Reimbursements to North Carolina Dept. of Transportation (NCDOT) for certain utility improvements
5	Water Main Rehabilitation/Replacement Projects - ongoing	1,407,000	Design/construction for Valley Park, Hillview, Purefoy, Ridgewood water main replacement/rehabilitation projects
6	Evergreen and Ridge Lanes Water Mains	376,000	Design underway; design and construction to be completed in FY16
7	Advanced Meter Infrastructure (AMI) System	200,000	Complete a feasibility study FY16
8	Galvanized Water Main Replacements	324,000	FY16 design services for gravity sanitary sewer mains to serve the historic Rogers Road area; construction expected in FY17 and FY18
9	Sanitary Sewer Rehabilitation	1,057,000	Ongoing rehabilitation program of defective gravity sewer pipes that have been identified by evaluation program (includes visual inspection of mains)
10	Bolinwood Dr Interceptor (Bolin 1)	160,000	Design contract awarded; construction pending for FY17
11	Little Creek Interceptor (Little 1)	833,000	Constructiononstruction will be completed in FY16
12	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 FY16
13	Rogers Road Gravity Sanitary Sewer Extension	370,000	FY16 design services for gravity sanitary sewer mains to serve the historic Rogers Road area; construction expected in FY17 and FY18
	Credit for Rogers Road Sanitary Sewer Extension	(370,000)	OWASA will be fully reimbursed by Orange County
14	Easement Acquisition Program	30,000	Pilot project to obtain easements for OWASA sewer lines
15	Rogerson Drive Pump Station Rehabilitation	348,000	Preliminary engineering report will be completed in FY15; design is pending in FY16 with construction to follow in FY17
16	Comprehensive Coatings Program	300,000	Corrosion control of key facilities (WTP, WWTP, pump stations, etc.) components and structures (annual program)
17	Wastewater Treatment Plant (WWTP) Digesters #1 & #2 Rehabilitation	1,986,000	Structural rehabilitation of the tanks; design is nearly complete and will be followed by construction in FY16
18	WWTP Intermediate Pump Stations (IPS) Rehabilitation/Replacement	40,000	A study initiated in FY15 will carry over to FY16; 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 FY17 - 21 CIP budget
19	Administration Building HVAC System Upgrade	85,000	Comprehensive study planned for FY16; design planned to be complete in early FY17; construction planned to begin in FY17 and be completed in FY18
20	WWTP Administration Building Renovations	43,000	Restroom renovations pending for FY16
21	WWTP Filtrate Side Stream Treatment	194,000	Treatment process to reduce nutrient loading associated with dewatering process; design pending in FY16 with construction to follow in FY17
22	WWTP Solids Handling Biofilter Rehabilitation/Replacement	70,000	Study and preliminary design pending for FY16 to address odors associated with the existing biofilter; may lead to a different process to replace the existing biofilter
23	WWTP Biosolids Conveyance and Loading Improvements	91,000	Design pending in FY16 with construction to follow in FY17; project will improve operational efficiency and reliability and will enhance safety associated with conveying and loading dewatered biosolids
24	Water Treatment Plant (WTP) Generator Building Louvers Replacement	8,000	Selection and installation of new louvers in FY16 to replace the existing ones that do not work
25	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 FY16
26	WWTP Secondary Clarifier Algae Sweep System Upgrade	70,000	Specification and installation of new weir cleaners in FY16 to improve operation efficiency
27	Nunn Mountain Pump Station Evaluation	58,000	Study pending in FY16 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

Fiscal Year 2016 Capital Improvements Program (CIP)

No.	Project Name	FY16 Budget	Comments
28	Knolls Pump Station and Manning Drive Pump Station Sites Rehabilitation	139,000	Design and construction pending in FY16 to address site erosion that is beginning to negatively impact staff's ability to access these two pump stations
29	WTP Secondary Chemical Spill Containment	127,000	Design and construction pending in FY16 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
30	Barnes Street Water Main Valve Insertions	34,000	Specification and installation of additional valves in FY16 to minimize the number of customers out of service in the event of main breaks in this area
31	Eastowne Pump Station Rehabilitation	32,000	Pending design in FY16 with construction to follow in FY17
32	WWTP Stormwater Pump Station Electrical System Rehabilitation	292,000	Design and rehabilitation pending for FY16 to improve safety, operability, and control of the existing WWTP site stormwater pumping system
33	Piney Mountain Pump Station Rehabilitation	105,000	Design and rehabilitation pending for FY16 to improve operability, control, and reliability (adding a permanent generator)
34	WWTP Anoxic Zone Mixer Hyper-Pitch Blades Attachments	58,000	Installation pending for FY16 to improve operations and maintenance
35	16-inch Water Main along Dobbins Drive	66,000	Design to increase water main from 12" to 16" was 95% complete in 2007; updated design pending for FY16, design completion and permitting in FY17, and construction in FY18
36	Brandywine Road Water Main	47,000	Design in FY16 with construction to follow in FY17; replace or rehabilitate existing main due to several recent main breaks and problems with service lateral saddles
37	Emory Drive Water Main	249,000	Design in FY16 with construction to follow in FY17; replace or rehabilitate existing main due to several recent main breaks and problems with service lateral saddles
38	Foxcroft Drive 700 LF 12"	35,000	Design pending in FY16 with construction to follow in FY17; project identified in most recent water main replacement/rehabilitation prioritization model run
39	Cane Creek Reservoir Office HVAC Replacement	18,000	Replacement of 22 year-old unit pending in FY16
40	Stancell Dr 2070 LF 8"	119,000	Design pending in FY16 with construction to follow in FY17; project identified in most recent water main replacement/rehabilitation prioritization model run
41	WWTP Non Drinking Water Pump Replacements	109,000	Replacement in FY16 of three pumps at the end of their useful lives
42	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
43	Comprehensive Roof Systems Replacement Program	264,000	Design pending in FY16 with rehabilitation/replacement of roofs to begin in FY16 and continue as needed
44	WWTP Piping Heat Tracing and Insulation	35,000	Installation planned for FY16
45	WWTP and WW Pump Station LED Lighting Upgrades	74,000	Replacement of existing lighting planned to begin in FY16 and continue as needed
46	Heritage Hills Pump Station and Eubanks Road Pump Station Rehabilitation	31,000	Design pending for FY16 with construction to follow in FY17; installation of new pumps, VFDs, and pump controls at these two stations
47	WWTP Pavement Improvements	113,000	Specification and installation pending for FY16
48	Force Main Condition Evaluation	166,000	Evaluations of Countryside pump station and Manning Drive force mains scheduled for FY16 as part of ongoing sewer evaluation program
49	Water Treatment Plant and Adjacent OWASA Facilities Pavement Improvements	89,000	Specification and installation pending for FY16
	Total	**$ 10,615,000**	

Fiscal Year 2016 - 2020 Capital Improvements Program

No.	CIP No.	Project Name	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	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***	64,000	702,000	-	-	-	766,000
4	275-15	Water Main - Road Improvement Projects	250,000	-	-	-	-	250,000
5	275-20-00	**Water Main Rehabilitation/Replacement Projects - ONGOING***	1,407,000	-	-	-	-	1,407,000
6	275-20-m	Evergreen and Ridge Lanes Water Mains	376,000	-	-	-	-	376,000
7	275-76	**Advanced Meter Infrastructure (AMI) System***	200,000	4,600,000	2,300,000	-	-	7,100,000
8	275-77	Galvanized Water Main Replacements	324,000	538,000	343,000	202,000	-	1,407,000
9	276-18	**Sanitary Sewer Rehabilitation (CIPP & MH)***	1,057,000	369,000	396,000	2,519,000	2,772,000	7,113,000
10	276-45	**Bolinwood Drive Interceptor (Bolin 1)***	160,000	1,748,000	-	-	-	1,908,000
11	276-47	**Little Creek Interceptor (Little 1)***	833,000	-	-	-	-	833,000
12	276-53	Gravity Sanitary Sewer Creek Crossings Upgrades	273,000	318,000	-	-	-	591,000
13	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)
14	276-55	Easement Acquisition Program	30,000	-	-	-	-	30,000
15	277-31	**Rogerson Drive Pump Station Rehabilitation***	348,000	3,741,000	-	-	-	4,089,000
16	278-46	Comprehensive Coatings Program	300,000	300,000	300,000	300,000	300,000	1,500,000
17	278-52	**WWTP Digesters #1 & #2 Rehabilitation***	1,986,000	-	-	-	-	1,986,000
18	278-54	WWTP Intermediate Pump Stations (IPS) Rehabilitation/Replacement	40,000	-	-	-	-	40,000
19	280-06	**Administration Building HVAC System Upgrade***	85,000	735,000	420,000	-	-	1,240,000
20	278-62	WWTP Administration Building Renovations	43,000	-	-	-	-	43,000
21	278-71	**WWTP Filtrate Side Stream Treatment ***	194,000	2,138,000	-	-	-	2,332,000
22	278-64	WWTP Solids Handling Biofilter Rehabilitation/Replacement	70,000	-	-	-	-	70,000
23	278-69	**WWTP Biosolids Conveyance and Loading Improvements***	91,000	1,002,000	-	-	-	1,093,000
24	272-34	WTP Generator Building Louvers Replacement	8,000	79,000	-	-	-	87,000
25	272-33	WTP Pulsator Controls Electrical Upgrades	70,000	-	-	-	-	70,000
26	278-63	WWTP Secondary Clarifier Algae Sweep System Upgrade	70,000	-	-	-	-	70,000
27	274-13	Nunn Mountain Pump Station Evaluation	58,000	-	-	-	-	58,000
28	277-35	Knolls Pump Station and Manning Drive Pump Station Sites Rehabilitation	139,000	-	-	-	-	139,000
29	272-32	Water Treatment Plant Secondary Chemical Spill Containment	127,000	-	-	-	-	127,000
30	275-79	Barnes Street Water Main Valve Insertions	34,000	-	-	-	-	34,000
31	277-24	Eastowne Pump Station Rehabilitation	32,000	367,000	-	-	-	399,000
32	278-57	WWTP Stormwater Pump Station Electrical System Rehabilitation	292,000	-	-	-	-	292,000
33	277-34	Piney Mountain Pump Station Rehabilitation	105,000	-	-	-	-	105,000
34	278-65	WWTP Anoxic Zone Mixer Hyper-Pitch Blades Attachments	58,000	-	-	-	-	58,000
35	275-46	**Dobbins Drive Water Main***	66,000	68,000	1,608,000	-	-	1,742,000
36	275-80	Brandywine Road Water Main	47,000	521,000	-	-	-	568,000
37	275-81	Emory Drive Water Main	249,000	-	-	-	-	249,000
38	275-20-a	Foxcroft Drive Water Main	35,000	174,000	-	-	-	209,000
39	270-27	Cane Creek Reservoir Office HVAC Replacement	18,000	-	-	-	-	18,000
40	275-20-i	**Stancell Drive Water Main***	119,000	625,000	-	-	-	744,000
41	278-58	WWTP Non Drinking Water Pump Replacements	109,000	-	-	-	-	109,000
42	278-51	WWTP Polymer Feed System and Replacement Gravity Belt Thickeners	56,000	29,000	339,000	354,000	340,000	1,118,000
43	278-68	Comprehensive Roof Systems Replacement Program	264,000	213,000	-	-	-	477,000
44	278-66	WWTP Piping Heat Tracing and Insulation	35,000	-	-	-	-	35,000
45	278-59	WWTP and WW PS LED Lighting Upgrades	74,000	38,000	37,000	-	-	149,000
46	277-36	Heritage Hills Pump Station and Eubanks Road Pump Station Rehabilitation	31,000	334,000	-	-	-	365,000
47	278-61	WWTP Pavement Improvements	113,000	-	-	-	-	113,000
48	277-21	Force Main Condition Evaluation	166,000	-	-	451,000	451,000	1,068,000
49	272-31	Water Treatment Plant and Adjacent OWASA Facilities Pavement Improvements	89,000	-	-	-	-	89,000
50	278-67	WWTP Boilers Control Systems Upgrade	-	36,000	394,000	-	-	430,000
51	278-70	WWTP Fermenter Tank and Pumps Rehabilitation	-	39,000	421,000	-	-	460,000
52	272-21	Water Treatment Plant Switchgear Upgrade	-	81,000	-	-	-	81,000
53	276-01	Bolin Creek Interceptor (Bolin 2A, Bolin 2B, Bolin 2C, & Bolin 3)	-	-	-	-	398,000	398,000
54	276-52	**Rocky Branch Interceptor Upgrade (Phase 1)***	-	-	-	62,000	706,000	768,000
55	275-20-j	**Purefoy Road Water Main***	part of 275-20-00	-	-	-	-	-
56	276-17	Sanitary Sewer Condition Evaluation	-	574,000	1,472,000	911,000	436,000	3,393,000
57	278-43	Mason Farm WWTP Biogas-to-Energy Combined Heat and Power	-	-	-	-	234,000	234,000
58	272-35	WTP Flash Mix Basins Isolation Valves Replacement	-	19,000	211,000	-	-	230,000
59	275-67	Operational Evaluation of Future 740-Foot Zone	-	-	-	-	46,000	46,000
60	272-10-f	WTP process turbidimeters	-	-	-	106,000	-	106,000

Fiscal Year 2016 - 2020 Capital Improvements Program

No.	CIP No.	Project Name	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	1st 5-yr total
61	275-74	South Road Water Main Water Main	-	-	-	186,000	173,000	359,000
62	275-75	**Manning Drive (West) 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	**Manning Drive (East) Water Main***	-	-	-	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 Water Main	-	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 Water Main	-	86,000	-	-	-	86,000
72	275-20-c	Valley Park Drive Water Main	part of 275-20-00	-	-	-	-	-
73	275-20-h	Rogerson Drive Water Main	-	98,000	513,000	-	-	611,000
74	275-72	Oakwood Drive Water Main	-	-	-	-	52,000	52,000
75	272-36	WTP Lighting Improvements	-	19,000	211,000	-	-	230,000
76	275-71	Rosemary, Henderson, and Hillsborough Streets Water Mains	-	-	-	-	53,000	53,000
77	275-20-f	Scarlett Drive and Cooper Street Water Mains	-	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-b	**University Lake Pump Station - Pump Nos. 1 – 3 Replacement***	-	-	64,000	697,000	-	761,000
80	272-38	WTP Sedimentation Basins Valves and Stems Replacement	-	-	26,000	294,000	-	320,000
81	275-20-b	Fordham Blvd Service Road Water Main	-	63,000	218,000	-	-	281,000
82	275-20-g	Plum Lane Water Main	-	-	-	30,000	160,000	190,000
83	272-10-d	WTP VFD #4	-	-	-	83,000	-	83,000
84	272-37	WTP Solids Conveyor System	-	12,000	141,000	-	-	153,000
85	275-52	**Cameron Avenue Water Main***	-	-	164,000	1,802,000	-	1,966,000
86	270-16	**Cane Creek Pump Station Rehabilitation/Replacement***	-	-	-	64,000	699,000	763,000
87	278-50	WWTP Warehouse	-	-	-	37,000	427,000	464,000
88	272-10-c	WTP Track Vac System Rehab	-	-	-	116,000	-	116,000
89	277-33	Chapel Hill North Pump Station Rehabilitation	-	-	11,000	122,000	-	133,000
90	272-10-e	WTP Basin and Pulsator Turbidimeters	-	-	-	65,000	-	65,000
91	271-05	Cane Creek Raw Water Transmission Main Capacity Study	-	-	-	28,000	-	28,000
92	272-10	Water Treatment Plant Recapitalization/Rehabilitation Projects	-	-	-	1,700,000	2,482,000	4,182,000
93	275-20	Water Main Rehabilitation/Replacement Projects	-	-	-	1,568,000	2,258,000	3,826,000
94	277-01	Pump Station Recapitalization	-	-	-	173,000	310,000	483,000
95	277-22	Force Main Rehabilitation	-	-	-	50,000	50,000	100,000
96	278-11	WWTP Recapitalization	-	-	-	3,594,000	3,081,000	6,675,000
97	278-48	WWTP Biosolids Facilities and Recycling Study/Rehabilitation	-	-	-	-	117,000	117,000
98	280-09	Administration Building Recapitalization	-	-	-	169,000	177,000	346,000
99	280-10	Operations Center Recapitalization	-	-	-	262,000	275,000	537,000
	Totals		**$ 10,615,000**	**$ 20,270,000**	**$ 13,807,000**	**$ 16,964,000**	**$ 18,038,000**	**$ 79,694,000**

ORANGE WATER AND SEWER AUTHORITY
SCHEDULE OF RATES, FEES, AND CHARGES

APPLICABLE TO ALL BILLINGS AND SERVICES ON AND AFTER OCTOBER 1, 2015

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Background and Authorization

In providing essential public water, sewer and reclaimed water services to Chapel Hill, Carrboro and portions of southern Orange County, Orange Water and Sewer Authority (OWASA) incurs substantial operating and capital expenses. As a community-owned non-profit public utility, OWASA has no authority to levy taxes, nor does it receive tax revenues from local governments for ongoing operations. OWASA finances its water, sewer and reclaimed water operations and extensive capital improvements almost entirely through customer paid fees and charges.

North Carolina G.S. 162A-9 requires that OWASA's "rates, fees and charges shall be fixed and revised so that the revenues of the Authority, together with any other available funds, will be sufficient at all times" to fund operating and maintenance expenses and to pay the principal and interest on all debt issued or assumed by OWASA. OWASA's rates are established under cost-of-service rate-making methodology. OWASA's customers pay for the cost of providing the services and/or facility capacity required to meet customer demand.

The OWASA Board of Directors has determined that the provisions in the attached Schedule of Rates, Fees, and Charges are necessary to adequately sustain OWASA's near-term and long-range utility operations. Revenues generated by these rate adjustments will provide OWASA with the financial resources necessary to: (1) fund operating costs; (2) adequately maintain existing water, sewer, and reclaimed water facilities; (3) fully comply with increasingly stringent environmental and public health standards; (4) meet debt service requirements; (5) create additional facility capacity to stay abreast of water, reclaimed water and sewer service demand in a growing, dynamic community; and (6) maintain adequate reserves.

The attached Schedule of Rates, Fees, and Charges will replace the schedule adopted on June 12, 2014, which became effective on October 1, 2014.

SECTION I: WATER RATES AND FEES

MONTHLY WATER RATES

Water charges are billed monthly at approximately 30-day intervals. Charges are due upon receipt of the bill, and become delinquent 21 days after the billing date. Monthly water rates consist of two components; a monthly service charge and a commodity (volume) charge.

Water Service Charge

This charge recovers costs related to certain direct and indirect customer service efforts, meter and lateral maintenance, and capital costs associated with supplying water to the customer's property. Applicable to all metered water accounts, independent of the quantity of water consumed, the monthly charge is based on meter size as follows:

Meter Size	Monthly Service Charge
5/8"	$14.70
3/4" Combination Fire and Domestic Service Meter	$15.20
1"	$29.53
1" Combination Fire and Domestic Service Meter	$30.03
1-1/2"	$63.86
2"	$96.38
3"	$198.22
4"	$323.58
6"	$704.66
8"	$1,002.06

Water Irrigation Service Charge

(NOTE: In accordance with State law, all new in-ground irrigation systems installed on lots platted and recorded in the office of the register of deeds in the county or counties in which the real property is located after July 1, 2009 and supplied by a public drinking water system are required to have a separate meter to measure the volume of water used through the irrigation system.**)**

This charge is calculated to recover certain direct and indirect customer service, meter and lateral maintenance, and capital costs associated with supplying water for irrigation through irrigation-only meters. Applicable to all metered irrigation water accounts, regardless of the quantity of water consumed, the monthly charge is based on meter size as follows:

Meter Size	Monthly Service Charge
5/8"	$23.54
1"	$47.05
1-1/2"	$87.10
2"	$133.96

Meter Size	Monthly Service Charge
3”	$265.15
4”	$407.02
6”	$800.67
8”	$1,273.30

Monthly service charges for compound meter arrangements are based on the largest meter in the grouping. In addition to the applicable charge for the primary meter, existing OWASA-owned sub-meters are billed according to the above schedule. OWASA-owned sub-meters are no longer available and no additional sub-meters will be installed.

Meter readings and service charges for first and final bills are prorated based on days of service.

Water Commodity Charge

This charge recovers the direct and indirect costs of water supply and treatment, water distribution, general administration and capital costs not recovered by the monthly service charge. This charge is applicable to all water accounts based on meter readings of water consumed. When a billing period includes a change in commodity rates, the charges are prorated based on the ratio of days in the billing period at the old and new rates. Metered monthly consumption will be billed in thousand gallon increments rounded down to the nearest thousand gallons. Unbilled consumption due to rounding will be carried forward and billed in the month when the next thousand gallon increment is registered by the meter.

When no meter reading is available due to an inoperative, damaged or inaccessible meter, consumption will be estimated based on prior usage at the location.

Individually Metered Residential Accounts Except Irrigation-Only Accounts

Individually metered residential accounts will be billed under an increasing block rate structure designed to encourage efficient water use by applying increasing commodity charges (rate per thousand gallons) to incremental increases in water use.

	Volume of Use (Gallons)	Commodity Rate per 1,000 Gallons
Block 1	1,000 to 2,000	$2.63
Block 2	3,000 to 5,000	$6.39
Block 3	6,000 to 10,000	$7.83
Block 4	11,000 to 15,000	$10.94
Block 5	All use 16,000 and up	$19.79

Conservation Water Commodity Charges Under Mandatory Water Use Restrictions

Water commodity charges will be temporarily increased during periods of declared Water Shortages and mandatory water use restrictions regardless of the time of year. These applicable surcharges are summarized in the following table.

WATER COMMODITY SURCHARGES
APPLICABLE UNDER WATER SHORTAGE DECLARATION STAGES

Individually-Metered Residential Accounts						Non-Residential and Irrigation-Only
Block:	Res. Block 1	Res. Block 2	Res. Block 3	Res. Block 4	Res. Block 5	
Use Level: (gallons)	1,000 to 2,000	3,000 to 5,000	6,000 to 10,000	11,000 to 15,000	16,000 and up	
Stage 1	No surcharge	No surcharge	1.25 times normal Block 3 rate	1.5 times normal Block 4 rate	2 times normal Block 5 rate	1.15 times seasonal and irrigation-only rate.
Stage 2	No surcharge	1.25 times normal Block 2 rate	1.5 times normal Block 3 rate	2 times normal Block 4 rate	3 times normal Block 5 rate	1.25 times seasonal and irrigation-only rate.
Stage 3 and Emergency	No surcharge	1.5 times normal Block 2 rate	2 times normal Block 3 rate	3 times normal Block 4 rate	4 times normal Block 5 rate	1.5 times seasonal and irrigation-only rate.

Non-residential Accounts Except Irrigation-Only Accounts

To achieve demand reduction during peak water use periods, a seasonal conservation rate structure will be applied to all non-residential accounts other than irrigation-only accounts. A reduced water commodity charge is in effect during lower demand months (October through April), and a higher commodity charge is in effect during high demand months (May through September).

Off-peak seasonal rate per 1,000 gallons (October through April)	$4.16
Peak seasonal rate per 1,000 gallons (May through September)	$7.91
Equivalent Uniform Water Commodity Charge	$6.02

Irrigation-Only Accounts

To promote conservation of water used for irrigation and to achieve greater equity between rates for irrigation-only use and irrigation use through a domestic meter, irrigation-only accounts shall be charged the following year-round commodity rate.

$8.51 per thousand gallons

INTERLOCAL WATER TRANSFER CHARGES

The purpose of this charge is to recover costs associated with the provision of supplemental water supply under contractual agreement with other water purveyors. The specific rates to be charged will be negotiated with the other party based upon specific conditions using the cost-of-service rate-making approach and approved by OWASA.

TEMPORARY HYDRANT METER CHARGE

Subject to availability, a Customer may obtain a temporary hydrant meter from OWASA for a period of up to 60 days. A customer may submit a written request to use the hydrant meter for one additional 60 day period but granting said request will be subject to availability and is at OWASA's sole discretion. Service from a fire hydrant is subject to interruption when the hydrant is needed for fire protection, compliance with water conservation standards, and other applicable law. For situations where temporary water service is needed for a period longer than 120 days, the user can purchase a metering device of a size, make and model specified by OWASA. A $300.00 service charge, payable in advance, shall be collected for setting and removing the meter. In addition, a security deposit shall be required in accordance with the following schedule:

Security Deposit
$1,000

Monthly billings for temporary hydrant meters consist of two charges: (1) a service charge for that size meter, and (2) the seasonal commodity charge, including surcharges where applicable, based on monthly readings of the meter. When the hydrant meter is returned, the security deposit shall be applied to the final bill plus any damages. The Customer is responsible for paying OWASA for damages that exceed the amount of the Security Deposit. Any credit balance will be refunded within thirty (30) days.

WATER AVAILABILITY FEE

Water availability fees are calculated to recover a portion of the capital costs of providing water system facility capacity. The availability fee is applicable to each new connection to a water main, regardless of who may have paid for the installation of the water main to which the connection is to be made. For the purpose of availability fees, customer accounts are divided into three categories: (1) Single-family Residential, (2) Multi-family Residential, Individually-metered; and (3) Non-residential. The Non-residential category includes master-metered multi-family customers and all commercial, University, and other institutional accounts. The use of these categories is justified by distinctive patterns of water and sewer consumption.

5/8” Meter or 3/4" Combination Fire and Domestic Service, Single-family Residential:	
<1300 square feet	$1,265
1300-1700 square feet	$1,545
1701-2400 square feet	$1,956
2401-3100 square feet	$3,344
3101-3800 square feet	$4,546
>3800 square feet	$7,631
1” Meter, Single-Family Residential (all square footages)	$9,260
5/8” Meter or 3/4" Combination Fire and Domestic Service Meter, Multi-family Residential	$1,363
1” Meter, Multi-Family Residential (all square footages)	$9,260
5/8” Meter or 3/4" Combination Fire and Domestic Service Meter, Non-residential*	$3,704
1” Meter, Non-residential*	$9,260
1-1/2” Meter, Non-residential*	$18,519
2” Meter, Non-residential*	$29,631
3” Meter, Non-residential*	$59,262
4” Meter, Non-residential*	$92,596
6” Meter, Non-residential*	$185,192
8” Meter, Non-residential*	$296,308

* Same fee for Irrigation-Only accounts.

A person or party completing a development or re-development project may be eligible to request and receive a credit on the Water Availability Fees due if their project directly results in the permanent abandonment of previously existing water meters which were connected to residences, buildings or facilities connected to and having a documented demand on the OWASA water system.

If OWASA determines that a credit is due, the amount of the credit shall be based on the current Water Availability Fees that would apply to the size of the water meters that are permanently abandoned as a direct result of the project. However, the credit due shall not exceed the amount of the Water Availability Fees that would otherwise apply to the development or re-development project.

If an existing water meter is removed from service and/or is replaced with a smaller meter, OWASA will not issue any credit or refund to the customer for any previously paid Availability Fees.

Availability Fee credits are not transferrable to any other project or property.

WATER SERVICE AND METER INSTALLATION CHARGE

This charge is to recover costs of extending service from the OWASA distribution system to individual properties, and includes the installation of a service connection from the water main to the meter and the setting of the meter to serve the customer's premises, subject to satisfactory easement or license being provided by the applicant. Where a suitable OWASA stub-out for service has been made and is available, the "meter-only" charge shall apply. Customer requested meter/water service relocations shall be performed on a time and materials basis. Complete new and/or additional water service installation and meter-only charges are as follows:

	Existing	**Proposed**
Complete Water Service Installation, 5/8" meter	$3,165	**$3,570**
Complete Water Service Installation, 3/4" Combination Fire and Domestic Service Meter	$3,255	**$3,695**
Complete Water Service Installation, 1" meter	$3,340	**$3,805**
Meter Only Installation, 5/8" meter	$235	**$280**
Meter Only Installation, 3/4" Combination Fire and Domestic Service Meter	$320	**$400**
Meter Only Installation, 1" Combination Fire and Domestic Service Meter	$390	**$420**
Meter Only Installation, 1" meter	$300	**$355**
Meter Only Installation, 1-1/2" meter	$650	**$600**
Meter Only Installation, 1-1/2" Combination Fire And Domestic Service Meter	$615	**$620**
Meter Only Installation, 2" meter	$770	**$790**
Meter Only Installation, 2" Combination Fire And Domestic Service Meter	$710	**$715**
Remote Read Box with 5/8" Detector Meter	$370	**$485**

Complete installation costs are determined on a time and materials basis for 1-1/2 inch and 2- inch meters. For 3-inch and larger meters, the applicant shall be responsible for providing a meter box or vault constructed to OWASA standards. All meters, regardless of size, shall be purchased from OWASA at cost plus 10%. A $135.00 (**Proposed $140**) delivery fee for 3-inch and larger meters shall also apply.

A remote read box and 5/8" detector meter shall be required on all private fire protection service connections. The remote read box shall be purchased from OWASA and installed by the applicant. OWASA shall install the 5/8" detector meter at the applicant's expense.

WATER MAIN TAPPING FEE

This charge is for making a tap into an OWASA water main. The tap fee shall be paid in advance of OWASA performing the work, with a minimum of 48 hours advance notice given to OWASA.

The applicant shall be responsible for opening the ditch, providing adequate working clearance at the point of tap, adequately shoring the trench sidewalls, dewatering and such other associated activities as may be needed to provide a suitable and safe condition for OWASA personnel to complete the tap. Additionally, the applicant shall be responsible for providing an appropriate size tapping sleeve and tapping valve, and a backhoe or similar device shall be available on-site for lowering the tapping unit into the ditch line. All permits, bonds and paving shall be the responsibility of the applicant. The charge shall be for time and equipment plus an allowance for overhead, but not less than $335 (**Proposed $340**).

The base fee noted above includes one (1) site visit by OWASA to determine if the applicant is ready for OWASA to perform the tap. A re-inspection fee of $120.00 will be charged for each additional site visit required to determine if the water main is accessible and all required material and safety measures are in place. The tap will not be performed until any applicable reinspection fees are paid in full.

HYDRAULIC FIRE FLOW TESTING

This charge is calculated to recover the cost of hydrant 'fire flow' testing of the water distribution system. Test results provide data to developers and engineers to determine available flows and pressures in the systems they are designing for new developments.

$280 per test (**Proposed $290**)

SECTION II: SEWER RATES AND FEES

MONTHLY SEWER RATES

Sewer charges are billed monthly at approximately 30-day intervals. Charges are due upon receipt of the bill, and become delinquent 21 days after the billing date. Monthly sewer rates consist of two components: a monthly service charge and a sewer commodity (volume) charge.

Sewer Service Charge

This charge is calculated to recover the direct and indirect customer service, service and inspection maintenance, and capital costs associated with providing sewer service to the customer's property. Meter readings and service charges for first and final bills are prorated based on days of service**.** Applicable to all sewer accounts, regardless of whether or not there is a commodity charge, the monthly service charge is based on the size of the meter where sewer usage is measured as follows:

Meter Size	Monthly Service Charge
5/8" or 3/4" Combination Fire and Domestic Service	$12.00
1"	$20.61
1-1/2"	$35.53
2"	$53.72
3"	$101.58
4"	$155.28
6"	$284.70
8"	$485.82

The monthly sewer service charge shall apply to any meter(s) used to directly or indirectly measure the volume of wastewater discharged from a customer's premises, regardless of whether the water source to the customer is from OWASA's drinking water and/or reclaimed water system, or a non-OWASA water source including but not limited to harvested rainwater or groundwater.

Sewer Commodity Charge

This charge is calculated to recover the remaining direct and indirect costs of wastewater treatment and collection, maintenance, inspection, customer service and administration and sewer capital costs not recovered by the monthly service charge. When a billing period includes a change in commodity rates, the charges are prorated based on the ratio of days in the billing period at the old and new rates. Metered monthly consumption will be billed in thousand gallon increments rounded down to the nearest thousand gallons. Unbilled consumption due to rounding will be carried forward and billed in the month when the next thousand gallon increment is registered by the meter**.** This charge is applicable to all accounts receiving sewer service based on the water meter reading, sewer meter reading if applicable, or estimated volume of discharge as determined by OWASA.

The sewer commodity charge is applicable to all customers discharging wastewater into the OWASA sewer system, regardless of whether or not that discharge results from the customer's use of OWASA's drinking water or reclaimed water, or their use of a non-OWASA water source, including but not limited to harvested rainwater or groundwater.

$6.48 per thousand gallons

Individually-metered residential customers will not be charged for monthly sewer use in excess of 15,000 gallons.

INTERLOCAL WASTEWATER COLLECTION, TREATMENT AND DISPOSAL CHARGES

The purpose of this charge is to recover costs associated with the provision of wastewater collection, treatment and disposal services under contractual agreements with other wastewater service providers. The specific rates to be charged will be negotiated with the other party based upon specific conditions using the cost-of-service rate-making approach and approved by OWASA.

MONTHLY RATES FOR SEWER-ONLY ACCOUNTS

For sewer-only accounts where there is no OWASA meter for directly or indirectly measuring the volume of wastewater discharged by the customer, the monthly sewer service and commodity charges shall be fixed and be the total of:

(1) a monthly service charge which shall be determined by the water meter size which would be required to supply water service to the property,

plus

(2) a sewer commodity charge of $6.48 per 1,000 gallons times the estimated volume of wastewater expected to be discharged by the customer (using national engineering standards as the basis); provided however, that in no case shall the billable quantity be less than 6,000 gallons per month.

For special commercial and industrial customer classifications where the proportion of water consumed to wastewater discharged is extremely large, a metered sewer account may be approved. Metered sewer accounts must also pay the appropriate monthly sewer service charge based on the sewer meter size.

If a customer that has a standard metered water and sewer service (sewer gallons billed are based on the water gallons billed) also discharges wastewater resulting from the use of OWASA reclaimed water, harvested rainwater, groundwater, or sources other than OWASA drinking water, that customer shall be billed a monthly service charge and commodity charges calculated in accordance the *OWASA Rainwater Harvesting Systems Requirements and Charges Policy* for said additional discharge; provided, however, that the minimum threshold for which the charges shall apply is 3,000 gallons per month. For this purpose, such systems serving single-family residential

customers are deemed to fall below this threshold, provided there is also a standard metered water and sewer service.

SEWER AVAILABILITY FEE

The purpose of this fee is to recover a portion of the capital costs of providing sewer system facility capacity. The availability fee is applicable to each new connection to a sewer main, regardless of who may have paid for the installation of the main to which the connection is to be made. For the purpose of the availability fee, customer accounts are divided into three categories: (1) Single-family Residential; (2) Multi-family Residential, Individually-metered; and (3) Non-residential. The Non-residential category includes master-metered Multi-family customers plus all other commercial, University, and other institutional accounts. The use of these categories is justified by distinctive patterns of water and sewer consumption.

5/8” Meter or 3/4" Combination Fire and Domestic Service, Single-family Residential:	
<1300 square feet	$2,938
1301-1700 square feet	$3,549
1701-2400 square feet	$3,611
2401-3100 square feet	$4,425
3101-3800 square feet	$4,781
>3800 square feet	$5,431
1” Meter, Single-Family Residential (all square footages)	$12,301
5/8” Meter or 3/4" Combination Fire and Domestic Service, Multi-family Residential	$3,183
1” Meter, Multi-Family Residential (all square footages)	$12,301
5/8” Meter or 3/4" Combination Fire and Domestic Service, Nonresidential	$6,317
1” Meter, Nonresidential	$15,792
1-1/2” Meter, Nonresidential	$31,584
2” Meter, Nonresidential	$50,535
3” Meter, Nonresidential	$101,070
4” Meter, Nonresidential	$157,922
6” Meter, Nonresidential	$315,844
8” Meter, Nonresidential	$505,350

In addition to the sewer availability fee, an excess sewer capacity fee of four percent (4%) of the applicable sewer availability fee shall be charged to recover the costs of excess sewer capacity installed in an area covered by an agreement between OWASA and a developer for credit payments to the constructing developer. This fee shall apply to residential and non-residential customers.

A person or party completing a development or re-development project may be eligible to request and receive a credit on the Sewer Availability Fees due if their project directly results in

the permanent abandonment of previously existing water meters and sewer services which were connected to residences, buildings or facilities connected to and having a documented demand on the OWASA sanitary sewer system.

If OWASA determines that a credit is due, the amount of the credit shall be based on the current Sewer Availability Fees that would apply to the size water meters that are permanently abandoned as a direct result of the project. However, the credit due shall not exceed the amount of the Sewer Availability Fees that would otherwise apply to the development or re-development project.

If an existing water or sewer meter upon which consumption is based is removed from service and/or is replaced with a smaller meter, OWASA will not issue any credit or refund to the customer for any previously paid Availability Fees.

Availability Fee credits are not transferrable to any other project or property.

SEWER TAP CHARGE

This charge is for making a tap of the applicant's private sewer lateral into the main sewer line or sewer manhole of OWASA. The tap fee must be paid in advance of OWASA performing the work, with a minimum of 48 hours advance notice given to OWASA.

The applicant shall be responsible for opening the ditch, providing adequate working clearance at the point of tap, adequately shoring the trench sidewalls, dewatering and such other associated activities as may be needed to provide a suitable and safe condition for OWASA to connect the service lateral of the applicant into the facilities of OWASA. The minimum charge is based on a standard 4" service tap to the OWASA sewer line. All lines 6" in diameter and larger must be tapped into a manhole. All permits, bonds and pavement repairs are the responsibility of the applicant.

The charge shall be for time and equipment plus an allowance for overhead, but not less than $325 (**Proposed $340**).

The base fee noted above includes one (1) site visit by OWASA to determine if the applicant is ready for OWASA to perform the tap. A re-inspection fee of $120 will be charged for each additional site visit required to determine if the sewer main is accessible and all required material and safety measures are in place. The tap will not be performed until any applicable reinspection fees are paid in full.

HIGH STRENGTH WASTE SURCHARGE

The purpose of this charge is to recover operation and maintenance costs from customers whose wastewater discharge into the system is in excess of certain parameters for normal strength domestic wastewater as determined by OWASA. Based on local sampling and analysis, normal strength domestic wastewater has been determined to have the following pollutant characteristics.

Normal Strength Domestic Wastewater	
Carbonaceous Biochemical Oxygen Demand (CBOD)	205 mg/l
Suspended Solids (SS)	235 mg/l
Ammonia Nitrogen (NH_3-N)	25 mg/l
Phosphorus (P)	6.5 mg/l

High Strength Waste Surcharges shall apply at the following rates to all wastes exceeding the above concentrations:

Carbonaceous Biochemical Oxygen Demand (CBOD)	$0.43 per pound for all CBOD in excess of 205 mg/l
Suspended Solids (SS)	$0.52 per pound for all SS in excess of 235 mg/l
Ammonia Nitrogen (NH_3-N)	$3.04 per pound for all NH_3-N in excess of 25 mg/l
Phosphorus (P)	$12.26 per pound for all P in excess of 6.5 mg/l

SECTION III: RECLAIMED WATER RATES AND CHARGES

MONTHLY RECLAIMED WATER RATES

Reclaimed water charges will be billed monthly at approximately 30-day intervals. Charges are due upon receipt of the bill, and become delinquent 21 days after the original billing date. Monthly reclaimed water rates consist of two components: a monthly service charge and a commodity (volume) charge.

The University of North Carolina at Chapel Hill (UNC) funded the construction of the first phase of the reclaimed water system, and the methodology for determining reclaimed water charges applicable to UNC is stipulated by a contract between OWASA and UNC. For this reason, reclaimed water charges have been established for two major customer classes: UNC uses and non-UNC uses. As determined necessary by OWASA, and in accord with OWASA's contractual obligations to UNC, reclaimed water service to non-UNC customers may be temporarily interrupted to ensure the UNC's reclaimed water demand can be met from the facilities and capacity paid for by UNC.

Reclaimed Water Service Charge

This fixed monthly charge is calculated to recover direct and indirect costs including but not limited to customer service and billing, meter and lateral maintenance, general and administrative services, and fixed costs associated with supplying reclaimed water to the customer's property. The Reclaimed Water service charge is applicable to all metered reclaimed water accounts, independent of the quantity of reclaimed water consumed. Meter readings and service charges for first and final bills are prorated based on days of service.

UNC Reclaimed Water Use (covers all UNC reclaimed water uses served by the facilities paid for by UNC) $24,000 per month

Non-UNC RCW Customers	5/8" meter	$8.37 per month
	1-inch meter	$16.74 per month
	1.5-inch meter	$30.96 per month
	2-inch meter	$47.62 per month

Service charges for non-UNC reclaimed water meters larger than 2" will be determined on a case-by-case basis following an evaluation of the reclaimed water demands of the customer.

Reclaimed Water Commodity Charge

This charge is calculated to recover the direct costs for reclaimed water treatment and distribution and all other direct and indirect costs not recovered by fixed monthly service charges. This charge is applicable to all reclaimed water accounts based on meter readings of reclaimed water consumed.

When a billing period includes a change in commodity rates, the charges are prorated based on the ratio of days in the billing period at the old and new rates. Metered monthly consumption will be billed in thousand gallon increments rounded down to the nearest thousand gallons. Unbilled consumption due to rounding will be carried forward and billed in the month when the next thousand gallon increment is registered by the meter.

UNC Accounts	$0.60 per 1,000 gallons
Non-UNC RCW Customers	$2.18 per 1,000 gallons
Bulk (Tanker) Sales	$0.00

RECLAIMED WATER SERVICE AVAILABILITY AND CONNECTION FEES

Reclaimed Water Availability Fees

The purpose of this fee is to recover the capital costs of providing reclaimed water system facility capacity and to fund future expansion of that capacity. Since the University (UNC) has paid to construct the reclaimed water system, UNC will not be required to pay a reclaimed water availability fee for UNC facilities that are connected to and can be served by capacity available in the reclaimed water facilities paid for by the UNC.

Reclaimed water availability fees are applicable to each non-UNC connection to the reclaimed water system, regardless of who may have paid for the installation of the main to which the connection is to be made. Reclaimed water availability fees for non-UNC customers are as follows:

Meter Size	Fee
5/8”	$1,229
1”	$3,073
1-1/2”	$6,146
2”	$9,833

Reclaimed water availability fees for connections to be served by meters larger than 2 inches shall be determined on a case-by-case basis following an evaluation of the reclaimed water demands of the customer.

Reclaimed Water Service Connection Fees

Reclaimed water service connection fees, including meter installation and meter fees, shall be the same as the fees applicable to potable water system service connections, as specified in Section I of this schedule.

SECTION IV: MISCELLANEOUS CHARGES

SERVICE INITIATION FEE

The purpose of this charge is to defray the labor and administrative costs associated with the establishment of a water and/or sewer account. This includes establishing service and account records for billing and is applicable to all accounts.

$45 per event
$80 per event, outside of normal business hours of OWASA

RETURNED CHECK CHARGE

Checks or automatic bank drafts made payable to OWASA are accepted as payment on account subject to collection. When a check or bank draft is not honored for payment by the bank or other institution on which it is drawn, a Returned Check Charge will be applied to the customer's account as follows:

Returned Check:	$25
Dishonored Draft:	$25

The customer will be notified of the returned check charge and instructed to pay the amount due immediately. Failure to respond within the time allowed will result in disconnection of water service and an additional charge for reconnection. The customer may also be required to pay a security deposit or an additional security deposit.

CHARGE FOR DELINQUENT ACCOUNTS

Disconnection of water, sewer and/or reclaimed water service for nonpayment may occur at the option of OWASA no sooner than 21 calendar days after the date of initial billing. The purpose of this charge is to offset the costs of special handling of delinquent accounts, which may include, but is not limited to, the disconnection and reconnection of service due to nonpayment of the customer's bill. This charge applies to all accounts scheduled for disconnection for nonpayment and is applicable on or after the specified disconnect date, regardless of whether the service was disconnected or not. Reconnection resulting from disconnection due to nonpayment will be made within 24 hours of receipt of full payment of the balance due plus the delinquency charge and applicable security deposit.

$45 per event, during OWASA’s normal business hours
$80 per event, outside OWASA’s normal business hours

CHARGE FOR TEMPORARY DISCONNECTION/SUBSEQUENT RECONNECTION AT CUSTOMER'S REQUEST

OWASA customers may request to have their service temporarily disconnected and subsequently reconnected. In emergency conditions, there will be no charge to the customer for this service. Additionally, no more than once in any twelve month period, a customer may request to have their service temporarily disconnected and subsequently reconnected at no charge for routine plumbing system maintenance. For requests to temporarily disconnect and subsequently reconnect service in any situation other than those listed above, the charges listed below will apply.

The purpose of this charge is to recover the cost to temporarily disconnect and subsequently reconnect water service at the request of a customer. In situations where charges apply, the charge may be waived if the customer provides documentation that a master cutoff valve has been installed within thirty (30) days of the date of the temporary service disconnection.

$45 per event, during OWASA's normal business hours
$80 per event, outside OWASA's normal business hours

LATE PAYMENT FEE

This fee is designed to recover a portion of the cost of delinquent payment collection efforts that arise prior to service termination and are not recovered by charges for reconnection of delinquent accounts, and to encourage customers to make timely payments, thereby reducing the overall cost of a delinquent account to the customer base. The late payment fee applies when a customer's account is delinquent as defined above.

Late Payment Fee: For past due balances of $10.00 or more, $2.40 plus 0.42% a month (5% APR) of the outstanding balance.

SECURITY DEPOSITS

OWASA requires security deposits from customers to ensure payment of the final bill. To offset administrative costs in handling these monies, no interest is paid on security deposits.

Security deposits shall be required on all accounts other than those of (1) residential customers, whether detached or attached units, who have a satisfactory credit history as determined by a credit check, and (2) local, State and Federal governments or agencies thereof. Security deposits shall be required for accounts other than those in (1) and (2) above and shall be $50 or $100 depending on credit worthiness for residential customers. All security deposits must be paid at the time application for service is made and in advance of service initiation.

Any residential customer whose service has been disconnected for non-payment of billing charges twice within a six month period and for whom OWASA does not have a security deposit will be required to pay a $50 or $100 deposit depending on credit worthiness prior to reconnection of service.

Non-residential security deposits are required based on credit worthiness and will be computed as one or two times the average monthly bill of the previous customer at the same location over the past calendar year. If there is no previous customer at the service location, the security deposit will be determined by OWASA based on the best information available, such as OWASA's experience with similar types, sizes, etc. of businesses.

Repeated disconnections will require additional security deposits until the customer has accumulated a security deposit balance, which will cover an average of three months' billing charges.

Security deposits may be refunded upon written request after the customer has established a satisfactory payment history for twelve (12) consecutive months. Otherwise, security deposits will be applied to the final bill when a customer's account is terminated with any remaining balance refunded to the customer.

BULK WASTEWATER CHARGES

Normal Domestic Septage

The purpose of these charges is to recover the costs associated with the service rendered by OWASA to those customers who discharge normal domestic septic tank wastes into the wastewater treatment facilities of OWASA. Applicable to those customers who have an account established at OWASA's Customer Service Office, charges for handling normal domestic septage will be billed to the customer on a monthly basis. The monthly bill will include two components: (1) an administrative charge for special services required to receive this type waste and rendering the monthly bill; and (2) a charge for the treatment of the septage as determined by OWASA. This charge is calculated as follows:

Administrative Charge	$30/ trip, plus
Volume Charge and High Strength Surcharge	$140/ thousand gallons

Other High Strength Waste

Other wastes may be discharged to OWASA's septage facilities only with prior approval by OWASA and upon OWASA's direct inspection of the actual discharge. The costs associated with these services will be as follows:

NH_3-N = Ammonia Nitrogen
CBOD = Carbonaceous Biochemical Oxygen Demand
TSS = Total Suspended Solids
P = Phosphorus

Administrative Charge of $30 / trip, plus Volume and High Strength Surcharge calculated as follows:

A + B + C + D + E = Calculated Dollars per Thousand Gallons, where:

A = pounds of NH_3-N/thousand gallons in waste x $3.04/pound

B = pounds of CBOD/thousand gallons in waste x $0.43/pound

C = pounds of TSS/thousand gallons in waste x $0.52/pound

D = $6.48/per 1,000 gallons Sewer Commodity Charge

E = pounds of P/thousand gallons in waste x $12.26/pound

Waste concentrations shall be determined by OWASA.

TANK SALES OR BULK WATER SALES

The purpose of this charge is to recover the labor and administrative costs associated with the supply of bulk quantities of water to tank trucks or trailers from a metering point on the premises of OWASA. Applicable to all tank or bulk water sales, the following charges apply for each loading.

Administrative Charge	$25 per trip, plus
Commodity Charge	$6.02 per thousand gallons or portion thereof.

Bulk sales are subject to administrative regulations and controls for protection of the wastewater system and efficient operation. Water tank trucks or trailers are only authorized to withdraw water from locations approved by OWASA and for which adequate usage monitoring measures are provided. Charges for bulk sales are not subject to seasonal adjustments.

DIRECT SALES OF SUPPLIES

Applicable to the direct sale of supplies from inventory to municipalities or contractors, the supplies will be billed at the most recent cost plus a handling charge of 10%.

BOAT RENTAL AND LAKE USE FEES

General Public

Fees are applicable to all persons using row boats and canoes on University Lake and Cane Creek Reservoir during scheduled hours of operation as established by OWASA. Boat rental and lake user charges are:

OWASA CUSTOMERS AND ORANGE COUNTY RESIDENTS

Day Use

Charge for each flat-bottomed boat or canoe rental	$4.50 for one-half day plus the applicable lake use fee for each person
Trolling motor rental	$15.00 for one-half day
Kayak rental	$15.00 for one-half day plus the applicable lake use fee for each person
Private Boat Launching Fee	$3.50 per boat plus the applicable lake use fee for each person
Lake Use Fee, Under 12 Years Old	$2.00 per person
Lake Use Fee, 12-64 Years	$4.50 per person
Lake Use Fee, 65 Years and over	No charge
INDIVIDUAL SEASON PASS Boat or canoe rental	$82.00 per person. Each additional person pays appropriate lake use fee.
Lake Use Pass – Adult	$46.00
Boat with trolling motor rental	$163.00 per person. Each additional person pays appropriate lake use fee.

GROUP SEASON PASS

Boat or canoe rental	$163.00 (maximum of 3 people per pass.) Each additional person pays appropriate lake use fee.
Boat with trolling motor rental	$245.00 (maximum of 3 people per pass.) Each additional person pays appropriate lake use fee.

FOR VISITORS WHO ARE NOT OWASA CUSTOMERS OR ORANGE COUNTY RESIDENTS

Day Use

Charge for each flat-bottomed boat or canoe rental	$8.00 for one-half day plus the applicable lake use fee for each person
Trolling motor rental	$22.00 for one-half day
Kayak rental	$20.00 for one-half day plus the applicable lake use fee for each person

Day Use	
Private Boat Launching Fee	$7.00 per boat plus the applicable lake use fee for each person
Lake Use Fee, Under 13 years old	$2.50 per person
Lake Use Fee, 13-64 Years	$5.50 per person
Lake Use Fee, 65 Years and over	$2.50 per person
UNC Men's Crew Club and Women's Rowing Team	By agreement between UNC-Chapel Hill and OWASA.

FIELD TEST OF 5/8" METER OR 3/4" COMBINATION FIRE AND DOMESTIC SERVICE METER

Upon a customer's written request, OWASA will conduct a special field test of the customer's 5/8" water meter or 3/4" combination fire and domestic service meter. There will be no charge for testing meters (1) which have not been tested during the past five years, or (2) which are found to be over-registering. Over-registering meters will be replaced by OWASA at no charge to the customer.

If, however, the meter has been tested within the past five years and the results of the meter test indicate proper or under-registering, the customer will be charged $100 for the meter test.

SHOP TESTING OF METER

Upon a customer's written request, OWASA will conduct a special shop test of water meters that are larger than 3/4 inches. There will be no charge for testing meters (1) which have not been tested during the past five years, or (2) which are found to be over-registering. Over-registering meters will be replaced by OWASA at no charge to the customer.

If, however, the meter has been tested within the past five years and the results of the meter test indicate proper or under-registering, the customer will be charged $155 (**Proposed $160**) for the shop meter test.

FIELD TEST OF LARGE METERS

Upon a customer's written request, OWASA will conduct a special field test of water meters that are larger than 5/8 inches. There will be no charge for testing meters (1) which have not been tested during the past five years, or (2) which are found to be over-registering. Over-registering meters will be replaced by OWASA at no charge to the customer.

If, however, the meter has been tested within the past five years and the results of the meter test indicate proper or under-registering, the customer will be charged a meter test fee based on the actual time and equipment required to complete the field test. This charge shall not be less than $260.

REINSPECTION FEE

OWASA will initially inspect grease traps, cross connections and water and sewer taps at no cost to the customer. Should a subsequent reinspection be required for any of these fixtures, a $120 (**Proposed $125**) fee will apply to each reinspection.

PLAN REVIEW AND CONSTRUCTION OBSERVATION FEES

The purpose of this charge is to recover the operating cost for providing review of construction plans for the extension of water and sewer facilities. The charge also recovers the operating cost for providing field observation, water sampling, laboratory testing, video inspection, pressure testing, etc. associated with the installation of these facilities. The plan review and construction observation fees are applicable to all extensions of the public water and/or sewer system regardless of the party which may be undertaking the improvements. The fees will be applied separately to water main and sewer main extensions, but in no case shall the fee be less than $100.

	WATER	SEWER
Plan Review:	$3.63/lf	$3.63/lf
Construction Observation:	$3.69/lf	$3.69/lf

CHARGES FOR MISCELLANEOUS SERVICES

Charges for miscellaneous services provided by OWASA shall be on a time and materials basis and include out-of-pocket expenses, cost of materials and services supplied by third parties, and overhead. Typical applications would be for repair of damages to water and sewer lines by outside parties, relocation of mains, services and meters, special services for billing information, expenses related to spill containment responses, etc.

TRANSFER OF CHARGES

Any unpaid balance from past due charges for water and/or sewer services of terminated accounts or Charges for Miscellaneous Services will be transferred to any available active account(s) through which the customer is receiving services. The payment status of the active account through which the customer is receiving service will be determined by the payment status of transferred accounts.

OWASA may temporarily withhold service from a customer, or refuse service to a customer when such a customer (including but not limited to individuals, corporations, or partnerships), owes OWASA any past due balance.

Accounts or portions of accounts, including charges for material or damaged property that are disputed and delinquent fees and delinquent assessment charges, may be submitted to the courts by the Executive Director, upon approval by General Counsel, for collection if such amounts do not exceed $1,500. For amounts exceeding $1,500, approval of the Board of Directors shall also be required prior to filing an action for collection.

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

APRIL 23, 2015

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a regular business meeting on Thursday, April 23, 2015, at 7:00 PM in Council Chambers at the Chapel Hill Town Hall, 405 Martin Luther King Jr. Boulevard.

Board Members present: John A. Young, Chair; Michael M. Hughes, P.E., Vice Chair; Heather Payne, Secretary; Terri Buckner; Stephen (Steve) Dear; Quinton Harper; David (Dave) Moreau; Ruchir Vora; and Amy Witsil.

OWASA staff present: Ed Kerwin; Stuart Carson; Mary Darr; Patrick Davis; Greg Feller; Vishnu Gangadharan; Stephanie Glasgow; Andrea Orbich; Kevin Ray; Ruth Rouse; Todd Taylor; Stephen Winters; and Robert Epting, Epting and Hackney.

Others present: Ben Poulson, Associate Director of Energy Services and Meg Holton, Water, Wastewater, and Stormwater Manager, University of North Carolina at Chapel Hill; Michael Harvey, Planning Supervisor for Orange County; Randy Foulke and Joe Langston of URS Corporation.

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

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MOTIONS ACTED UPON

1. Dave Moreau made a motion to approve the Minutes of the March 26, 2015 Meeting of the Board of Directors, second by Quinton Harper and unanimously approved.

2. Dave Moreau made a motion to approve the Minutes of the April 9, 2015 Work Session of the Board of Directors, second by Quinton Harper and unanimously approved.

3. Dave Moreau made a motion to approve the Minutes of the April 9, 2015 Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter, second by Quinton Harper and unanimously approved.

4. Michael Hughes made a motion that the Board of Directors Authorizes the Chair of the OWASA Board of Directors to execute the Interlocal Agreement Relating to Design of a Sewer Main Extension Project in the Rogers Road Area between Orange County and OWASA; second by Terri Buckner and unanimously approved.

5. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the Resolution Awarding a Construction Contract for the Little Creek Interceptor Replacement Project. (Resolution so titled attached hereto and made a part of these minutes. Motion by Terri Buckner, second by Amy Witsil and unanimously approved.)

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6. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt 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 the Contract. (Resolution so titled attached hereto and made a part of these minutes. Motion by Terri Buckner, second by Dave Moreau and unanimously approved.)

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ANNOUNCEMENTS

Conflict Of Interest

John Young said any Board Member who knows of a conflict of interest or potential conflict of interest with respect to any item on the agenda tonight is asked to disclose the same at this time. There were none.

Closed Session

Mr. Young announced that tonight's Closed Session for the purpose of discussing a personnel matter will include two items instead of one.

Reflections: the OWASA Community and a California Water Crisis

Mr. Young commented on the severe drought in California. He noted that a key reason our community's water supply is in excellent shape is customers' conservation in the last 15 years. Water use locally has returned to the levels of the early 1990's although the number of OWASA customers has grown significantly. Mr. Young expressed appreciation to OWASA customers for their conservation efforts, and noted that while it is uncertain when the next drought will begin, we can learn from California's experiences.

Chapel Hill's OWASA Committee Meeting

Amy Witsil said that the Chapel Hill Town Council's OWASA Committee and Chapel Hill appointees to the OWASA Board met earlier today. Ms. Witsil provided a brief update on the following items: the Town's recruitment/selection process for OWASA Board Members; draft Fiscal Year 2016 budgets and rates; OWASA's work to support the County/Towns in extending sewer for the Historic Rogers Road Area; Affordability Outreach Pilot Project; Long-Range Water Supply Plan-Jordan Lake Allocation status and the Town's population projections; and Biosolids Management.

Committees

Terri Buckner said that the Natural Resources and Technical Systems Committee will meet on Tuesday, April 28, 2015 at 5:30 PM in the OWASA Board Room to continue a discussion on energy management.

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Steve Dear said that the Community Engagement Committee will meet on Thursday, May 14, 2015 at 5:00 PM in the OWASA Board Room to discuss a staff report on the Affordability Outreach Pilot Program.

Board Terms

Amy Witsil and Steve Dear said they would not see seek reappointment to the OWASA Board of Directors.

Water in Our World Event at UNC: Past Is Present, Future Is Fragile, But We Can Make a Difference

Dave Moreau said that he and Ed Kerwin attended this event before the Board meeting sponsored by the University of North Carolina at Chapel Hill which featured Chancellor Carol Folt.

PETITIONS AND REQUESTS

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

ITEM ONE: QUARTERLY REPORT ON ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The Board received this report as an information item.

ITEM TWO: AUTHORIZE STAFF TO PUBLICIZE THE FISCAL YEAR (FY) 2016 BUDGET AND RATE INFORMATION IN NOTICES AND ADVERTISEMENTS ABOUT THE MAY 28, 2015 PUBLIC HEARING

The Board concurred that staff should proceed to publicize the FY 2016 budget and rate information in advance of the May 28, 2015 public hearing.

ITEM THREE: MINUTES

Dave Moreau made a motion to approve the Minutes of the March 26, 2015 Meeting of the Board of Directors, second by Quinton Harper and unanimously approved. Please see Motion No. 1 above.

ITEM FOUR: MINUTES

Dave Moreau made a motion to approve the Minutes of the April 9, 2015 Work Session of the Board of Directors, second by Quinton Harper and unanimously approved. Please see Motion No. 2 above.

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ITEM FIVE: MINUTES

Dave Moreau made a motion to approve the Minutes of the April 9, 2015 Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter, second by Quinton Harper and unanimously approved. Please see Motion No. 3 above.

ITEM SIX: ORANGE COUNTY'S REQUEST FOR OWASA COMMENTS ON DRAFT CHANGES TO THE UNIFIED DEVELOPMENT ORDINANCE REGARDING IMPERVIOUS SURFACE LIMITS IN WATER SUPPLY WATERSHEDS

Ruth Rouse, OWASA's Planning and Development Manager, introduced Michael Harvey, Orange County's Planning Supervisor, who gave a summary of the County's proposed changes to the Unified Development Ordinance regarding impervious surface limits for water supply watersheds including those for University Lake and the Cane Creek Reservoir.

After discussion, the Board concurred with staff's recommendations and requested a formal comment letter be prepared for the OWASA Board Chair to submit to the Board of County Commissioners regarding same.

ITEM SEVEN: OVERVIEW OF THE PRELIMINARY ENGINEERING STUDY FOR ROGERS ROAD SEWER EXTENSION PROJECT

Mary Darr, Director of Engineering and Planning, provided an overview of the preliminary engineering study for extending sewers in the Historic Rogers Road Area (HRRA).

John Young provided comments received from Alan Rimer, Chapel Hill resident and former OWASA Board Member, suggesting staff include cost estimates for a pump station alternative to assist the Board in determining all available sewer system options for HRRA.

After discussion, the Board agreed that staff will develop a draft scope of work for design of sewer system for HRRA that reflects tonight's discussion, including a pump station alternative, for review at a future Board meeting. Staff will also inform the Towns/County staff of the Board's discussion.

ITEM EIGHT: RESOLUTION AUTHORIZING BOARD APPROVAL FOR OWASA TO ENTER INTO AN INTERLOCAL AGREEMENT WITH ORANGE COUNTY RELATING TO DESIGN OF A SEWER MAIN EXTENSION PROJECT IN THE ROGERS ROAD AREA

Robert Epting, OWASA's General Counsel, provided a summary of the draft Interlocal Agreement between OWASA and Orange County.

Michael Hughes made a motion that the Board of Directors Authorizes the Chair of the OWASA Board of Directors to execute the Interlocal Agreement Relating to Design of a Sewer Main Extension Project in the Rogers Road Area between Orange County and OWASA; second by Terri Buckner and unanimously approved. Please see Motion No. 4 above.

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ITEM NINE: RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR THE LITTLE CREEK INTERCEPTOR REPLACEMENT PROJECT

John Young inquired about the history and background of the Little Creek Sewer Interceptor and sewer basin to understand why a capacity increase is needed. Staff will follow up.

Terri Buckner made a motion to approve the resolution; second by Amy Witsil, and unanimously approved. Please see Motion No. 5 above.

ITEM TEN: RESOLUTION AWARDING AUDIT CONTRACT TO MARTIN STARNES & ASSOCIATES, CPAS, PA AND AUTHORIZING CHAIR OF THE BOARD OF DIRECTORS AND THE FINANCE OFFICER TO EXECUTE SAID CONTRACT

Heather Payne, Finance Committee Chair, said that after a selection process that included competitive bids and panel interviews of firms, it is recommended that the Board appoint Martin Starnes & Associates, CPAs, PA, as OWASA's auditor.

Terri Buckner made a motion to approve the resolution; second by Dave Moreau, and unanimously approved. Please see Motion No. 6 above.

ITEM ELEVEN: FINANCIAL REPORT FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2015

The Board received this report as an information item.

ITEM TWELVE: CONTINUE DISCUSSION OF OWASA BOARD OF DIRECTORS' ELECTION OF OFFICERS PROCESS

The Board received this item and concurred that either scenario for selecting the Nominating Committee is suitable. Further discussion and a final decision will be made at the May 14, 2015 Work Session.

ITEM THIRTEEN: 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 BOARD MEETING

Ed Kerwin summarized the meeting as follows:

- Staff will draft a letter for the Chair's signature regarding OWASA's comments on the draft changes to Orange County's Unified Development Ordinance on Impervious Surface Limits in Water Supply Watersheds;
- Staff will prepare a draft scope of work for design of the sewer system for the Rogers Road area that reflects the Board's discussion, and which will be reviewed by the Board at a future meeting;

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- Staff will inform the Towns/County staff of the Board's Rogers Road discussions from tonight's meeting;
- Staff will consider methods for tracking and reporting on customer and stakeholder feedback in all areas of our operations;
- Staff will provide the Board additional information via email regarding the history and background of the Little Creek Sewer Interceptor; and
- May 14, 2015 Work Session will include the following:
  - Review employee health and dental insurance renewals:
  - Review the consultant Scope of Work for the Advanced Meter Infrastructure Feasibility Study;
  - Review employee pay for Fiscal Year 2016;
  - Appointment of the Nominating Committee;
  - Tentative review of Board expectations on the employee total compensation study.

ITEM FOURTEEN: CLOSED SESSION

Without objection, the Board convened into a Closed Session for the purpose of discussing a personnel matter.

The meeting was adjourned at 10:20 PM.

Respectfully submitted,

Andrea Orbich
Executive Assistant/Clerk to the Board

Attachments

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ORANGE WATER AND SEWER AUTHORITY

CLOSED SESSION OF THE BOARD OF DIRECTORS

APRIL 23, 2015

The Board of Directors of Orange Water and Sewer Authority met in Closed Session on Thursday, April 23, 2015, following the Board meeting.

Board Members present: John A. Young, Chair; Michael M. Hughes, P.E., Vice Chair, and Heather Payne, Secretary; Terri Buckner; Stephen Dear; Quinton Harper; Dave Moreau; Ruchir Vora; and Amy Witsil.

Staff present: Robert Epting, General Counsel; Ed Kerwin, Executive Director; Stephanie Glasgow, Director of Human Resources and Safety; and Todd Taylor, General Manager of Operations.

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ITEM ONE

The Board of Directors and staff met in Closed Session and discussed a personnel matter.

ITEM TWO

The Board of Directors met in Closed Session without staff to evaluate the interim performance review of OWASA's Executive Director.

No official action was taken at the meeting.

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Michael M. Hughes, P.E.
Vice Chair

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ORANGE WATER AND SEWER AUTHORITY

WORK SESSION OF THE BOARD OF DIRECTORS

MAY 14, 2015

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in a Work Session on Thursday, May 14, 2015, at 6:00 PM in OWASA's Community Room at 400 Jones Ferry Road, Carrboro.

Board Members present: John A. Young, Chair; Michael M. Hughes, P.E., Vice Chair; Terri Buckner; Stephen (Steve) Dear; Quinton Harper and Amy Witsil. Board Members excused: Heather Payne, Secretary; David (Dave) Moreau; and Ruchir Vora.

OWASA staff present: Ed Kerwin; Denise Battle; Patrick Davis; Greg Feller; Stephanie Glasgow; Randy Horton; Andrea Orbich; Ruth Rouse; Todd Taylor; Stephen Winters; and Robert Epting, Epting and Hackney.

Others present: Ellen Tucker, Hill Chesson & Woody; Dr. Don Schlenger, Don Schlenger and Associates; and Meg Holton, Water, Wastewater, and Stormwater Manager, University of North Carolina at Chapel Hill

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

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 the same at this time. There were none.

Terri Buckner said the Natural Resources and Technical Systems (NRTS) Committee met on April 28th at 5:30 PM to discuss information and potential goals and objectives for the energy management plan. The Committee requested that staff present the information to the full Board on June 25th and proposed that on May 28th, the Board discuss next steps for community engagement for this project. The next major technical task will be for staff to evaluate alternative energy management strategies and present those to the NRTS Committee at a future meeting.

Steve Dear said the Community Engagement Committee met on May 14th at 5:00 PM to discuss the 12-month progress report on OWASA's Affordability Outreach Pilot Program. The Committee will meet on June 23rd at 5:30 PM to discuss future strategies for this program.

Mr. Young proposed, and the Board agreed, that the normal time limit for citizens' comments in Board meetings will be 4 minutes per speaker.

Ruth Rouse provided information about draft NC House Bill 760, which as proposed would overturn certain local government regulations which are more stringent than State requirements,

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including the existing local government stormwater controls and riparian buffer requirements designed to protect water quality in University Lake and the Cane Creek Reservoir. The Board agreed that staff should prepare for the Board's review a letter to legislators and several local governments in NC.

ITEM ONE: EMPLOYEE HEALTH AND DENTAL INSURANCE RENEWAL FOR FISCAL YEAR 2016

The Board reviewed options and costs presented by Ellen Tucker and asked for information on two additional alternatives when the Board discusses this matter on May 28th.

ITEM TWO: REVIEW DRAFT CONSULTANT SCOPE OF WORK FOR THE ADVANCED METER INFRASTRUCTURE (AMI) FEASIBILITY STUDY

The Board received and discussed information from Todd Taylor and Dr. Don Schlenger, and concurred that staff and Dr. Schlenger proceed with the AMI Feasibility Study.

ITEM THREE: REVIEW INFORMATION AND OPTIONS FOR EMPLOYEE MERIT PAY FOR FISCAL YEAR 2016

The Board received information about pay increases under consideration by other local entities, and national data. Terri Buckner requested that a flat rate option be included for discussion at the Board's June 11th meeting.

ITEM FOUR: APPOINTMENT OF THE NOMINATING COMMITTEE

Amy Witsil said that she, Terri Buckner, Steve Dear and Quinton Harper will serve as the Nominating Committee, which will propose a slate of nominations when officers are elected at the June 11, 2015 meeting.

ITEM FIVE: BOARD SELF-ASSESSMENT

The Board agreed to do a self-assessment this spring.

ITEM SIX: REQUEST(S) BY BOARD COMMITTEES, BOARD MEMBERS AND STAFF

There was none.

ITEM SEVEN: REVIEW BOARD WORK SCHEDULE

Ed Kerwin reviewed the draft agendas for May 28 and June 11, 2015 as well as the 12-Month Board Meeting Schedule of items. Mr. Kerwin said that the May 28, 2015 Board meeting will include the following items:

- Public Hearings on Fiscal Year 2016 draft budget and rates;
- Approval of health and dental insurance contracts for Fiscal Year 2016;

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- Discuss public engagement for the Energy Management Plan; and
- Board expectations for the employee total compensation study.

ITEM EIGHT: SUMMARY OF BOARD WORK SESSION ACTION ITEMS

Ed Kerwin summarized the key action items for staff as follows:

- Board Clerk will contact Towns/County Clerks regarding the recording of Board Member attendance;
- Staff will closely track House Bill 760, notify the Board of any changes and draft a comment letter from the Board on the proposed Bill;
- Staff will email the Board two new health insurance options;
- Staff will proceed with AMI Feasibility Study; and
- Staff will include a flat rate option for Fiscal Year 2016 employee pay for the June 11th agenda item.

ITEM NINE: CLOSED SESSION

Without objection, the Board convened into a Closed Session for the purpose of discussing a personnel matter.

The meeting was adjourned at 9:10 PM.

Respectfully submitted by:

Andrea Orbich
Executive Assistant/Clerk to the Board

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ORANGE WATER AND SEWER AUTHORITY

CLOSED SESSION OF THE BOARD OF DIRECTORS

MAY 14, 2015

The Board of Directors of Orange Water and Sewer Authority met in Closed Session on Thursday, May 14, 2015, following the Board meeting.

Board Members present: John A. Young, Chair; Michael M. Hughes, P.E., Vice Chair, Terri Buckner; Stephen Dear; Quinton Harper; and Amy Witsil.

Board Members excused: Heather Payne, Secretary; Dave Moreau; and Ruchir Vora.

Staff present: Ed Kerwin, Executive Director.

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ITEM ONE

The Board of Directors met in Closed Session with OWASA's Executive Director to evaluate his interim performance review.

No official action was taken at the meeting.

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Michael M. Hughes, P.E.
Vice Chair

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AGENDA ITEM

- RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE CONTRACTS WITH BLUE CROSS BLUE SHIELD OF NORTH CAROLINA (BCBSNC) FOR HEALTH AND DENTAL INSURANCE

PURPOSE

- Authorize the Executive Director to execute contracts with BCBSNC for employee Health and Dental Insurance for Fiscal Year 2016.

BACKGROUND

- The current contracts for Employee Health and Dental Insurance expire on June 30, 2015.
- The Board began receiving information and working on the upcoming renewals with OWASA staff and the consulting firm of Hill, Chesson & Woody in January 2015.
- At the May 14, 2015 meeting, the Board requested additional Health Insurance options for consideration at the May 28, 2015 meeting.
- Depending on which option is chosen, Health Insurance premiums will increase by approximately 20% to 28%.
- Dental insurance premiums will decrease by 10%.

STAFF RECOMMENDATION

- Staff recommends the Board of Directors determine which health insurance option is preferred and adopt a resolution authorizing the Executive Director to execute Health and Dental Insurance contracts with BCBSNC.

May 28, 2015

ORANGE WATER AND SEWER AUTHORITY

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

MEMORANDUM

TO: Board of Directors

THROUGH: Ed Kerwin

FROM: Stephanie S. Glasgow

DATE: May 22, 2015

SUBJECT: Health and Dental Insurance Renewal for Fiscal Year 2016

Purpose

Authorize the Executive Director to execute contracts with Blue Cross and Blue Shield of North Carolina (BCBSNC) for employee Health and Dental Insurance for Fiscal Year 2016.

Background

In January 2015, the Board began receiving information and working with staff and the consulting firm of Hill, Chesson & Woody on the Employee Health and Dental Insurance renewal for Fiscal Year 2016.

At the May 14, 2015 Board Work Session, the Board received four plan design options. The Board eliminated one and requested two additional options to be brought forth on May 28, 2015. Although the two specific options the Board requested are not offered by BCBSNC, close matches are provided for comparison in Attachment #1. Depending on which option is chosen, Health Insurance premiums will increase by approximately 20% to 28%.

BCBSNC has quoted a renewal for Dental premiums that is 10% lower than Fiscal Year 2015 (see Attachment #2).

Employees value the health and dental coverage and are pleased with the services provided by BCBSNC. One hundred percent of OWASA employees successfully completed the Healthy Outcomes Wellness Initiatives with BCBSNC which is a great indicator that employees understand the value of their health insurance benefits. As a result of our employees' efforts, the cost of Health Insurance is about $115,000 less than it would have been otherwise.

Action Requested

Staff recommends the Board of Directors determine which health insurance option is preferred and adopt a resolution authorizing the Executive Director to execute Health and Dental Insurance contracts with BCBSNC (Attachment #3).

Stephanie S. Glasgow, MESH, MPM, PHR
Director of Human Resources and Safety

Attachments

OWASA
2015 Medical Renewal
Plan Design Options as of 5/20/15

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OWASA - Medical Plan Designs

	Current / Renewal	Option 1	Option 2	Option 3	Option 4	Option 5
Office Visit	$10/$20 Copay	$20/$40 Copay	$10/$20 Copay	$10/$20 Copay	$15/$30 Copay	$15/$30 Copay
Prescription Drugs (Tier 1/Tier 2/Tier 3/Tier 4)	Retail: $4/$35/$50/25%[1] Mail: 3 x Copay	Retail: $10/$35/$50/25%[1] Mail: 3 x Copay	Retail: $4/$35/$50/25%[1] Mail: 3 x Copay	Retail: $4/$35/$50/25%[1] Mail: 3 x Copay	Retail: $10/$35/$50/25%[1] Mail: 3 x Copay	Retail: $10/$35/$50/25%[1] Mail: 3 x Copay
Emergency Room	$150 Copay	$150 Copay	$150 Copay	$150 Copay	$150 Copay	$150 Copay
Urgent Care	$20 Copay	$40 Copay	$20 Copay	$20 Copay	$30 Copay	$30 Copay
Annual Deductible	$500/$1,000	$500/$1,500	$750/$1,500	$750/$1,500	$750/$1,500	$750/$1,500
Out of Pocket Maximum	$1,500/$3,000 (includes deductible, coinsurance & medical/Rx copays)	$1,500/$4,500 (includes deductible, coinsurance & medical/Rx copays)	$1,750/$3,500 (includes deductible, coinsurance & medical/Rx copays)	$1,750/$3,500 (includes deductible, coinsurance & medical/Rx copays)	$1,750/$3,500 (includes deductible, coinsurance & medical/Rx copays)	$1,750/$3,500 (includes deductible, coinsurance & medical/Rx copays)
Inpatient Care	100%	100%	100%	90%*	90%*	100%*
Outpatient Care	100%	100%	100%	90%*	90%*	100%*

		Renewal	Option 1	Option 2	Option 3	Option 4	Option 5
Employee Only	76	$930.43	$897.44	$909.70	$888.71	$886.06	$893.29
Employee + Spouse	19	$1,593.57	$1,522.49	$1,548.90	$1,503.69	$1,497.98	$1,513.55
Employee + Child	16	$1,144.34	$1,096.37	$1,114.20	$1,083.69	$1,079.83	$1,090.36
Family	28	$1,962.52	$1,856.95	$1,896.14	$1,828.96	$1,820.52	$1,843.67
Total Annual Cost	139	$2,091,006	$2,000,031	$2,033,825	$1,975,944	$1,968,648	$1,988,592
Change from Current		27.6%	22.1%	24.1%	20.6%	20.2%	21.4%

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Cost to OWASA

CURRENT	100% of Employee Premium	50% Dependent Contribution	Total Cost to OWASA
Annual Cost	$1,215,955	$211,174	$1,427,129
RENEWAL			
Annual Cost	$1,551,957	$269,526	$1,821,483
Option 1($20/$40 OV, $10 Gen)			
Annual Cost	$1,496,930	$251,552	$1,748,482
Option 2 ($750 ded/100%)			
Annual Cost	$1,517,380	$258,224	$1,775,604
Option 3 ($750 ded/90%)			
Annual Cost	$1,482,368	$246,789	$1,729,157
Option 4 ($15/$30, $750/ 90%)			
Annual Cost	$1,477,948	$245,352	$1,723,300
Option 5 ($15/$30, $750/100%)			
Annual Cost	$1,490,008	$249,293	$1,739,301

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50% Dependent Contribution

	Current	Renewal	Option 1	Option 2	Option 3	Option 4	Option 5
Employee Only	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Employee + Spouse	$259.78	$331.56	$312.52	$319.59	$307.48	$305.95	$310.12
Employee + Child	$83.80	$106.96	$99.46	$102.25	$97.49	$96.89	$98.53
Family	$404.32	$516.05	$479.76	$493.22	$470.13	$467.23	$475.19

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Orange Water & Sewer Authority

Dental Benefit/Cost Analysis

July 2015

PURCHASED

	Current / Renewal	
Carrier	**BCBSNC**	
	In-Network	**Out-of-Network**
Calendar / Contract Year	**Contract**	
Preventive Care	**100%**	
Basic Care	**80%***	
Major Care	**50%***	
Orthodontia	**50% (Child Only)**	
Endodontics	**Basic**	
Periodontics	**Basic**	
Deductible	**$50/$150**	
Annual Maximum	**$1,000**	
Annual Maximum Rollover	**N/A**	
Orthodontia Lifetime Maximum	**$1,000**	
Deferral of Benefits	**Timely - Major & Ortho: 12 months Late - Basic: 12 months Major & Ortho: 24 months**	
Enrollment	**When 1st Eligible or Upon a Qualifying Event**	
UCR Level	**Negotiated Fee**	**90th**
Dependent Age Limit	**To Age 26**	
Eligibility	**30 Hours / Week, Domestic Partners (same & opposite sex)**	
Participation Requirement	**50%**	
Rate Guarantee	**12 months**	

***Coverage provided after deductible.**

		Current	Renewal
Employee Only	**61**	**$28.99**	**$26.09**
Employee + Spouse	**23**	**$57.99**	**$52.17**
Employee + Child	**13**	**$54.74**	**$49.25**
Family	**28**	**$103.62**	**$93.21**
Total Annual Cost	**125**	**$80,582**	**$72,498**
Change from Current			**-10.0%**

Note: Benefits illustrated above are high level benefits only. The plan document supersedes this exhibit if there are any discrepancies.

Orange Water & Sewer Authority

Dental Employer Contribution Strategy
July 1, 2015

Input Monthly Employee Costs in Yellow

Number of Pay Periods 24

		Total Subs	Rates	Total Employer Costs				Total Employee Costs				
				Monthly Cost	Contribution (%)	$ Change from Current	% Change from Current	Monthly Cost	Contribution (%)	$ Change from Current	% Change from Current	Per Pay Period Cost
Current	**BCBSNC**											
	Employee	61	$28.99	$28.99	100.0%	-	-	$0.00	0.0%	-	-	$0.00
	Employee + Spouse	23	$57.99	$40.59	70.0%	-	-	$17.40	30.0%	-	-	$8.70
	Employee + Child	13	$54.74	$39.29	71.8%	-	-	$15.45	28.2%	-	-	$7.72
	Family	28	$103.62	$58.84	56.8%	-	-	$44.78	43.2%	-	-	$22.39
	Total (Annual)	125	$80,582	$58,326	72.4%	-	-	$22,256	27.6%	-	-	
	Total (PEPM)		$53.72	$38.88	72.4%	-	-	$14.84	27.6%	-	-	
Renewal	**BCBSNC**											
	Employee	61	$26.09	$26.09	100.0%	($2.90)	-10.0%	$0.00	0.0%	$0.00	-	$0.00
	Employee + Spouse	23	$52.17	$36.52	70.0%	($4.07)	-10.0%	$15.65	30.0%	($1.75)	-10.0%	$7.83
	Employee + Child	13	$49.25	$35.35	71.8%	($3.94)	-10.0%	$13.90	28.2%	($1.55)	-10.0%	$6.95
	Family	28	$93.21	$52.93	56.8%	($5.91)	-10.0%	$40.28	43.2%	($4.50)	-10.0%	$20.14
	Total (Annual)	125	$72,498	$52,477	72.4%	($5,848)	-10.0%	$20,021	27.6%	($2,235)	-10.0%	
	Total (PEPM)		$48.33	$34.98	72.4%	($3.90)	-10.0%	$13.35	27.6%	($1.49)	-10.0%	

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE CONTRACTS WITH BLUE CROSS BLUE SHIELD OF NORTH CAROLINA (BCBSNC) FOR EMPLOYEE HEALTH AND DENTAL INSURANCE

WHEREAS, to adequately and appropriately provide Health and Dental coverage for Orange Water and Sewer Authority (OWASA) employees, it is desirable to continue coverage with BCBSNC; and

WHEREAS, it is determined that BCBSNC offers excellent health care coverage; and

WHEREAS, the existing Health and Dental insurance contracts with BCBSNC will expire on June 30, 2015; and

WHEREAS, the Board of Directors has reviewed Health and Dental Insurance renewal options and supports continuing with coverage from BCBSNC; and

WHEREAS, BCBSNC has offered to renew the health coverage with an increase in premiums of _____%; and

WHEREAS, BCBSNC has offered to renew the dental coverage with a decrease in premiums of 10%; and

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors reviewed the plans proposed by BCBSNC and supports providing Health and Dental coverage for full-time OWASA employees, and has determined to approve continuation of those coverages and plans.

2. That the term of the Health and Dental insurance plans shall be for a period of twelve months beginning July 1, 2015.

3. That the Executive Director is hereby authorized and directed to execute the contract with BCBSNC.

Adopted this 28th day of May 2015.

_____
John A. Young, Chair

ATTEST:

_____
Heather Payne, Secretary

AGENDA ITEM

- COMMUNITY ENGAGEMENT CONCEPT FOR ENERGY MANAGEMENT PLAN

PURPOSE

- To obtain the Board of Directors' feedback and guidance regarding the possibility of establishing an "Energy Council" as a key strategy for engaging local governments, partners agencies, and stakeholders in energy management planning.

BACKGROUND

- At its March 17 and April 28, 2015 meetings, the Natural Resources and Technical Systems (NRTS) Committee received and discussed a 10-year assessment of energy use at OWASA, a summary of our energy management efforts to date, and potential goals and objectives for our energy management plan. The Committee also discussed potential next steps for engaging the community in our energy management planning efforts, and agreed that early on in our work, we should begin to "tell our story" and engage the community through multiple channels.

- NRTS Committee Chair Terri Buckner volunteered to write a guest newspaper article about our energy management planning efforts and the opportunity for customers and other stakeholders to stay informed and participate throughout the process.

- Another engagement strategy the Committee discussed is the possibility to establish an "Energy Council" or other forum to engage local governments, the schools system, University, and other stakeholders in discussions about energy management. The Committee did not develop specific details regarding this concept, but agreed that an inclusive approach early on in our work would demonstrate that we: (a) welcome and proactively seek the community's feedback and assistance; (b) want to work in partnership with the community; and (c) are committed to sustainable energy management.

- NRTS Chair Terri Bucker will verbally present this concept to the Board.

- As background information, attached is the *Proposed Community Engagement Plan for Energy Management Plan Project* (CEP), which was included as an attachment to the *Energy Management Plan Project Charter* approved by the Board on January 22, 2015.

ACTION NEEDED

- Board of Directors discussion of this concept, and guidance to staff.

May 28, 2015

Proposed Community Engagement Plan for Energy Management Plan Project

Purpose

The Orange Water and Sewer Authority (OWASA) is developing an Energy Management Plan (EMP) to provide strategic direction for OWASA's energy management, energy efficiency, and renewable energy decisions, actions, and investments. The EMP will document our goals and objectives (including targets), and ongoing strategies for: managing and conserving energy and related costs; increasing energy security and reliability; using renewable energy; and reducing our greenhouse gas emissions (GHGs).

Our customers and the community we serve will be affected by and interested in our energy management efforts, decisions, and investments. Therefore, it is important that we provide stakeholders (a) timely information about the project, our efforts, and the strategies and investments we are considering, and (b) meaningful opportunities for them to have input in and provide feedback regarding this effort. The intent of this Community Engagement Plan is to describe our planned approach to achieve that.

The format and content of this plan follow the Community Engagement Guidelines approved by the OWASA Board of Directors in November 2014.

Outcomes/Objectives

1. ***Provide timely and clear information to stakeholders*** about our energy use and energy management efforts; what is proposed; how they might be affected; costs and benefits of strategies we are considering; how they might be affected; how they can participate in and provide comments on this effort; etc.
2. ***Seek stakeholder feedback and questions*** so that we can better understand their interest in, perspectives, and expectations regarding our energy management efforts.
3. ***Engage stakeholders in a dialogue*** by receiving and responding to their comments and questions, and providing additional information as needed.
4. ***Encourage action by our customers and other stakeholders*** where applicable, by empowering them with information about topics such as how their water conserving actions can help us reduce the amount of energy we use to meet their water demands.
5. ***Raise the awareness level of employees and gain their support for the plan***, as well-informed and supportive employees will be key to the success of the program. Involving employees will show that their opinions count, that they have a say in how things work, and that they are valued members of our team.
6. ***Gain support and buy-in for our efforts***, and gain the trust of stakeholders, including public officials.
7. ***Evaluate the effectiveness of our engagement efforts for this project*** through informal surveys of stakeholders, and through Board and staff reviews.

Stakeholders

Stakeholder groups that we want to inform and engage include the following. Additional stakeholders may be identified and included once the project is underway.

- Interested OWASA customers
- System users that may not be OWASA accountholders
- Community organizations
    - Local government elected officials and staff
    - UNC and UNC Healthcare
    - Chamber of Commerce, including the Foundation for a Sustainable Community
    - Conservation/environmental organizations
    - Civic groups
- Energy-related companies serving our community, including our energy utilities and fuel suppliers (Duke Energy; PSNC/Scana Energy; Piedmont Electric Membership Cooperative)
- Energy and sustainability program staff from Carrboro, Chapel Hill, Orange County, Chapel Hill – Carrboro City Schools, and UNC/UNC Healthcare
- Other organizations with expertise in/support for sustainable energy management (NC Energy Office; Advanced Energy; Alternative Energy Corporation; Piedmont Biofuels; Strata Solar; YES Solar; etc.)
- Our employees, who will be key to the success of our energy management efforts

Core Messages

The engagement effort shall clearly convey the following messages to stakeholders:

- OWASA desires to increase the sustainability of its energy use through cost-effective investments, operational changes, policies, etc.
- OWASA believes that enhancing energy use sustainability and reducing our GHG emissions is beneficial to our community, State and nation, and an important priority in our community.
- Water conservation is a key means of reducing GHGs, because saving water means less fossil-fuel derived energy will be needed to pump and treat water and wastewater to meet the needs of our customers. Conversely, because a substantial amount of water is used for energy production, saving energy also enables better management of water resources.
- OWASA seeks to proactively inform and engage stakeholders as we develop of the Energy Management Plan, and we welcome and appreciate questions, comments, and suggestions regarding our energy management planning efforts, and our community engagement efforts.
- OWASA desires to inform the community on an ongoing basis in the future about its energy management initiatives and their results.

Key Information

The following information will be provided to stakeholders as part of this engagement effort:

a. ***What is proposed?*** Development of an Energy Management Plan to increase the sustainability of our facilities and operations and reduce GHGs.
b. ***Who would be affected?*** OWASA customers may be affected depending on the cost to implement the future recommendations and the associated savings OWASA may achieve. There would be broad societal benefits associated with long-term reductions in GHGs.
c. ***What are the expected advantages and disadvantages (non-financial and financial) of alternative courses of action?*** This will be developed as the technical work proceeds.
d. ***What is the timetable for the project and stakeholder participation?*** The draft Plan is scheduled to be completed in Fiscal Year 2016.
e. ***What opportunities will stakeholders have to participate and let us know what they are thinking?*** They will be able to offer comments, questions, and suggestions throughout all phases of the project.
f. ***How can stakeholders get more information and be placed on the list to receive project updates, information and draft reports, meeting notices, etc.?*** Interested stakeholders can contact us by phone or e-mail to be placed on our distribution list. They can also visit our project webpage (to be developed)

Approach

Our communications approach includes multiple activities to inform and engage stakeholders throughout the project, and to evaluate the success of our engagement effort. We believe the proposed activities described below will be cost-effective and appropriate considering the level of staff effort required to support this engagement effort and the scope and importance of the Energy Management Plan project.

Four core strategies that will be common to our information, engagement, and evaluation efforts are:

1. Establish and publicize ***an energy management plan project webpage*** to convey information about the project; enable interested stakeholders to submit their questions, comments, and suggestions on-line.
2. Establish ***an e-mail distribution list*** that helps us convey project information and public participation opportunities to stakeholders in a timely and efficient way (through our Constant Contacts service).
3. Include ***informal surveys and feedback opportunities*** as a feature of our project website, public meetings on the project, presentations to stakeholder groups; etc.
4. Establish ***an informal technical advisory committee*** (TAC) to provide high-level technical input throughout the project. This will enable other professionals to share best practices in energy management as well as resources and successful methods they have used. The committee will include, but not be limited to, energy and sustainability managers from local public agencies (several local staff have agreed to participate on the proposed TAC).

The ***information process*** will include a variety of methods for conveying project information to stakeholders, such as:

- a dedicated project webpage;
- e-mails to stakeholders on our distribution list;
- paper mailing(s) to stakeholders (such as newsletters);
- news releases, guest articles in local papers; etc.;
- outreach presentations to interested community groups, including elected officials;
- social media (Twitter; any other social media that OWASA may decide to use in the future); and
- announcements and presentations during televised Board meetings and other community meeting(s).

The ***engagement/dialogue process*** will include opportunities to ask questions, seek information, and provide comments and feedback via a variety of methods, such as:

- participation at meeting(s) of the Board of Directors or its Committee(s);
- e-mail, letter, or fax at any time to the staff and/or Board;
- participation at project-related community outreach meetings;
- face-to-face meetings (either one-on-one or small groups) upon request; and
- feedback forms on the project webpage.

We will strive to provide at least two to four weeks for distribution and review of applicable information before engagement/feedback opportunities at Board and Committee meetings when the project is discussed.

The ***evaluation process*** will include:

- informal surveys of stakeholders (offered on the webpage, at outreach meetings, etc.) to seek their feedback on the information and engagement opportunities we have provided;
- After Action Review by staff; and
- Board of Directors evaluation of the value of the engagement process for the project.

A summary table showing community engagement activities, target audiences, communication methods, etc. is provided on the following page.

SUMMARY TABLE OF COMMUNITY ENGAGEMENT ACTIVITIES, TARGET AUDIENCES, AND METHODS FOR ENERGY PLAN PROJECT

ID	Description	Activity Type	Responsibility	Schedule	Target Audience	Communication Methods/Channels	Resources
1A	Project webpage established to support engagement process	Support	Staff	Feb 2015	Stakeholders	Project webpage on OWASA's website; includes automated features for accessing and downloading project information, submitting comments, questions and suggestions, and providing feedback regarding the engagement process	TBD
1B	Project stakeholder e-mail list established to support engagement process	Support	Staff	Feb 2015	Stakeholders	E-mail distribution through Constant Contacts *(this is proposed to be our primary method for notifying interested stakeholders of the availability of information about the project and opportunities for public input)*	TBD
1C	Technical Advisory Committee established to provide support	Engagement	Staff	Feb 2015	Local Agency Energy and Sustainability Managers	Staff-to-staff invitations to participate; TAC provides initial peer review of project information, technical analysis and recommendations, etc. prior to public release, where practical	TBD
1D	Outreach and engagement through at least two general project meetings with public; meetings with civic groups and other organizations, and presentations to local governing boards	Engagement	Board and Staff	TBD	Stakeholders Including Local Governing Boards	Letter requests to make presentations to local governing boards; presentations by the Board and staff (with consultant support if needed), followed by Q&A; feedback; evaluation	TBD
2	Project introduction - purpose, timetable, opportunities and methods for participation and feedback, etc.	Information	Staff	Mar 2015	Stakeholders	Project webpage; project e-mail distribution; letters to local governments; announcements and invitations at Board meetings, community meetings, and via local media outlets; Twitter messages; local media outlets	TBD
3	Baseline assessment of energy use; information about our energy management accomplishments; consideration of potential goals and objectives	Information	Staff	Mar 2015	Board and Stakeholders	Project webpage; project e-mail distribution; letters to local governments; announcements and invitations at Board meetings, community meetings, and via local media outlets; Twitter messages; local media outlets	TBD
		Engagement	Board and Staff	Mar - May 2015	Stakeholders	NRTS Committee and Board Work Session presentations and discussions; project webpage; project e-mail distribution; social media; electronic and paper mailings; Blue Thumb newsletter; local media outlets; opportunity for public to comment prior to Committee/Board giving direction to staff	TBD
4	Evaluation of alternative management strategies	Information	Staff	Summer 2015	Board and Stakeholders	Project webpage; project e-mail distribution; letters to local governments; announcements and invitations at Board meetings and community meetings, and via Blue Thumb and local media outlets; Twitter messages	TBD
		Engagement	Board and Staff	Summer 2015	Stakeholders	NRTS Committee and Board Work Session presentations and discussions; project webpage; project e-mail distribution; social media; electronic and paper mailings; Blue Thumb newsletter; local media outlets	TBD

SUMMARY TABLE OF COMMUNITY ENGAGEMENT ACTIVITIES, TARGET AUDIENCES, AND METHODS FOR ENERGY PLAN PROJECT

ID	Description	Activity Type	Responsibility	Schedule	Target Audience	Communication Methods/Channels	Resources
5	Draft Plan	Information	Staff	TBD	Board and Stakeholders	Project webpage; project e-mail distribution; letters to local governments; announcements and invitations at Board meetings and community meetings, and via Blue Thumb and local media outlets; Twitter messages	TBD
		Engagement	Board and Staff	TBD	Stakeholders	NRTS Committee and Board Work Session presentations and discussions; project webpage; project e-mail distribution; social media; electronic and paper mailings; Blue Thumb newsletter; local media outlets; opportunity for public to comment prior to Committee/Board giving direction to staff	TBD
6	Release of Final Plan	Information	Staff	TBD	Board and Stakeholders	Project webpage; project e-mail distribution; letters to local governments; announcements and invitations at Board meetings and community meetings, and via Blue Thumb and local media outlets; Twitter messages	TBD
		Engagement	Board and Staff	TBD	Stakeholders	NRTS Committee and Board Work Session presentations and discussions; project webpage; project e-mail distribution; social media; electronic and paper mailings; Blue Thumb newsletter; local media outlets; opportunity for public to comment prior to Committee/Board giving direction to staff	TBD
7	Seek and evaluate feedback regarding the effectiveness of the community engagement process	Measure Effectiveness	Staff	Through-out Project and at Completion	Stakeholders	Informal survey of stakeholders - survey instruments available through the project webpage, distributed through the project e-mail list, or distributed in paper form at public meetings or in-person meetings with staff; publication of the results on project webpage, with distribution through project e-mail list, and report to the Board	TBD
		Measure Effectiveness	Staff and Board	End of Project	Board	Informal survey of Board via e-mail (using Survey Monkey, or paper copy)	TBD
		Measure Effectiveness	Staff	End of Project	Staff and Board	Document findings from staff's After Action Review; communication of results to Board via e-mail; discussion of results with Board if requested	TBD

AGENDA ITEM

- **BOARD EXPECTATIONS FOR EMPLOYEE TOTAL COMPENSATION STUDY**

PURPOSE

- To seek the Board of Directors' guidance regarding expectations and outcomes for the Employee Total Compensation Study (Study).

BACKGROUND

- OWASA staff issued a Request for Qualifications (RFQ) on January 16, 2015 to seek proposals from qualified consultants to conduct the Study. Five proposals were received and reviewed by the Executive Director's consultant selection panel and two consultants were interviewed on April 30, 2015.

- The Panel selected Springsted Incorporated as best qualified to conduct the Study.

ACTION NEEDED

- Board discussion and guidance regarding expectations and outcomes for the Study.

May 28, 2015

ORANGE WATER AND SEWER AUTHORITY

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

MEMORANDUM

TO: Board of Directors

FROM: Ed Kerwin

DATE: May 22, 2015

SUBJECT: **BOARD EXPECTATIONS FOR EMPLOYEE TOTAL COMPENSATION STUDY**

Purpose

To seek the Board of Directors' guidance regarding expectations and outcomes for the Employee Total Compensation Study (Study). The Board's input will assist the consultant and staff develop the Study's detailed scope of work for the Board's review at its June 25, 2015 meeting.

Background

OWASA staff issued a Request for Qualifications (RFQ) on January 16, 2015 to seek proposals from qualified consultants to conduct the Study. Five proposals were received and were reviewed by the Executive Director's consultant selection panel (Panel) which included the following individuals: Brenda Bartholomew, Orange County Human Resources Director (outside peer); Christian Garcia Arvizu, OWASA Utility Mechanic II; Michael Hughes and Amy Witsil, OWASA Board Members; Stephanie Glasgow, OWASA Director of Human Resources and Safety; and Stephen Winters, OWASA Director of Finance and Customer Service. The Panel invited two consultants to be interviewed on April 30, 2015. Following the interviews and after carefully considering each consultant's qualifications and reference checks, the Panel unanimously selected Springsted Incorporated as the best qualified to conduct the Study.

Springsted Incorporated (Springsted)

Springsted is one of the largest and most established independent public sector advisory firms in the United States. Springsted is a privately held corporation and a women-owned business headquartered in Saint Paul, Minnesota. Our Study will be managed by John Anzivino, Senior Vice President out of their Richmond, Virginia office. Other key members of Springsted's team include Joel Davis, Vice President and Rebecca Dayton, Analyst.

Local Springsted clients include the Town of Carrboro, Chatham and Roberson County, Water and Sewer Authority of Cabarrus County, and the North Carolina League of Municipalities.

Study Work Elements

The Work Elements expected to be included in the Study were provided in the RFQ (see excerpt in Attachment 1).

Board Action Requested

To assist Springsted and staff develop the Study's detailed scope of work, we seek the Board of Directors' guidance regarding expectations and outcomes for the Study. In addition to reviewing the Study's Work Elements (Attachment 1), please consider the following questions posed by Mr. Anzivino (memorandum is Attachment 2):

1. *What, in your mind, constitutes a "world class" organization from an employee compensation and benefits perspective?*
2. *As we approach developing the Authority's scope of services, are there particular issues beyond what the Authority's RFQ states that we should address?*
3. *What are key issues and questions concerning compensation and benefits you would like addressed?*
4. *What policy level guidance would the Board wish to provide? Are there issues which are "off the table" in regard to compensation, performance evaluations and benefits?*

Next Steps

Following Board discussion and guidance on May 28, 2015, Springsted and staff will develop the Study's detailed scope of work for review at the Board's June 25, 2015 meeting. At that time, the Board may decide to authorize staff to proceed with the Study or seek changes to the draft scope of work for consideration at the July 9, 2015 meeting.



Ed Kerwin
Executive Director

Attachments:
1 Excerpt from the RFQ – Work Elements
2 Memorandum from John Anzivino, Springsted

Excerpt from the Request for Qualifications
for Employee Total Compensation Study

Work Elements

The following work elements are expected to be included in the Study:

A. Analyze the present employee pay plan (salaries only). Conduct salary surveys for similar positions with comparable municipal and local government entities and private sector businesses. Develop externally competitive and internally equitable salary recommendations for each job classification.

B. Classify all positions giving consideration to knowledge, skills, abilities, education, experience, and hierarchical consistency as well as special requirements including licensing and certification. Study should include consideration of job descriptions, distinguishing characteristics, supervision received and exercised, physical demands, and conformity with the Americans with Disabilities Act (ADA) relative to essential job functions. Review Fair Labor Standards Act (FLSA) exemption status for each position.

C. Evaluate the total compensation package (salary plus benefits) to determine whether it is competitive with comparable municipal and local government entities and private sector businesses. Recommend initiatives to attract and retain a high performing and diverse workforce to ensure that OWASA is an "Employer-of-Choice."

D. Below is a list of benefits and incentives to be included for comparison in the Total Compensation Study.

- Retirement
- Holidays
- Health and Dental Insurance
- Vision Care Reimbursement
- 457 Deferred Compensation
- Annual, Sick, Personal and other Leave
- Long Term Disability
- Life, Dependent Life and Accidental Death and Dismemberment Insurance
- Education Reimbursement
- New Employee Referral Fee
- Safety Shoe Reimbursement
- Bonus Pay for Additional Certification
- Bonus Pay for Additional Education
- Spot Bonus Program
- Wellness Reimbursement
- Attendance Award Program
- Employee Achievement Award

E. Review the current performance evaluation system and reward programs and recommend enhancements to improve the effectiveness of incentives for high performance.

F. OWASA not only wants to ensure that the total compensation for all employees across all of the positions is balanced and consistent with similar organizations, we are also interested in:

- Pay for Performance tools and/or programs that may be non-traditional in nature and/or provide emphasis on rewarding excellence;
- How other organizations establish expectations for employee contributions to retirement plans and health, life and other insurance offerings;
- Recommendations concerning evolving industry practices for annual performance reviews, and how to best identify and motivate staff to excel at job performance and customer service;
- Detailed approach to addressing executive compensation (Executive Director and other senior positions) including benchmarking tools reflecting organizational size, scope of position, and other variables;
- Advice and approach on funding and transitioning the organization from current compensation policy to desired policy; and
- Advice and comparison regarding performance bonus approach and recommendation on Cost of Living and/or Merit based pay adjustments.

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MEMORANDUM

TO: Mr. Ed Kerwin, Executive Director
Orange Water and Sewer Authority (OWASA)

FROM: John A. Anzivino, Senior Vice President

DATE: May 18, 2015

SUBJECT: Appearance at May 28, 2015 Board Meeting

Joel Davis and I welcome the opportunity to appear at OWASA's May 28 Board meeting to meet the Board and to begin to examine OWASA's total compensation package for employees and build a scope of work which will assess the Authority's current position and future direction in regard to compensation, benefits and employee evaluations and rewards. To assist in our discussion we will present a brief Power Point, which will provide information on Springsted and our approach to total compensation studies and some issues we have identified in regard to current benefits provided by the Authority. More importantly, we hope that the PowerPoint will prompt discussion concerning the direction of our final scope of services so that we may best understand the needs of the Board as we begin our work.

OWASA's request for qualifications offers a focused approach to developing a total compensation program that will make OWASA an "Employer of Choice". The components are:

- An analysis of the Authority's pay plan to determine if OWASA remains competitive in the market place,
- Classification of all positions to determine if internal equity and market competitiveness is achieved and all federal regulations (FLSA, ADA, etc.) are being met,
- Evaluation of the Authority's total compensation package to assess the value of wages and benefits and their cumulative competitiveness in the market place,
- A review of the Authority's current performance evaluation and reward system to determine its effectiveness and to recommend enhancements; and finally,
- To evaluate a wide range of additional questions concerning employee participation in benefits programs from both a participation and cost share basis, establishing new directions for annual employee performance reviews, providing an examination of non-traditional employee reward mechanisms, and a variety of other approaches to recognizing and rewarding performance.

To prepare the Board for that discussion and in advance of the meeting, we would offer a few questions to prompt discussion about the Authority's current position and the outcomes OWASA hopes achieve. As we consider items to

be included in our scope of work we would ask that the Board engage in a brief discussion so that we may have a sense of the direction we should take in developing a scope that fully meets OWASA's objectives. Questions we would ask the Board to consider in advance of our meeting include:

1. What, in your mind, constitutes a "world class" organization from an employee compensation and benefits perspective?
2. As we approach developing the Authority's scope of services, are there particular issues beyond what the Authority's RFQ states that we should address?
3. What are key issues and questions concerning compensation and benefits you would like addressed?
4. What policy level guidance would the Board wish to provide? Are there issues which are "off the table" in regard to compensation, performance evaluations and benefits?

The discussion related to the questions above will allow us to develop a realistic scope of work and appropriate pricing that will be returned to the Board for your review at your June 25 meeting.

We look forward to meeting with you on May 28 and working with OWASA as we better define what constitutes a competitive total compensation package for the agency's employees.