ORANGE WATER AND SEWER AUTHORITY

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

AGENDA
WORK SESSION OF THE OWASA BOARD OF DIRECTORS
THURSDAY, JUNE 9, 2016, 6:00 P.M.
OWASA COMMUNITY ROOM

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

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

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

Announcements

a. Announcements by the Chair
   - Any Board Member who knows of a conflict of interest or potential conflict of interest with respect to any item on the agenda tonight is asked to disclose the same at this time.

b. Announcements by Board Members
   - Update on June 8, 2016 Natural Resources and Technical Systems Committee Meeting (Dave Moreau)

c. Announcements by Staff

Discussion and Action

1. Approval of the Schedule of Rates, Fees and Charges; Annual Budget; and Five-Year Capital Improvements Program (CIP) (Stephen Winters)
   A. Resolution Adopting the Schedule of Rates, Fees and Charges Applicable to All Customers On and After October 1, 2016
   B. Resolution Adopting the Budget for Orange Water and Sewer Authority for Fiscal Year (FY) 2017
   C. Resolution Approving the CIP for FY 2017-2021 and the Accompanying FY 2017 Capital Project Resolution
2. Review Information and Options for Employee Merit/Cost of Labor Pay Increases for Fiscal Year 2017 (Stephanie Glasgow)

Discussion

3. Discuss Staff Proposed Update to Strategic Plan (Ed Kerwin)
4. Review Board Work Schedule (John Young/Ed Kerwin)
   a. Request(s) by Board Committees, Board Members and Staff
   b. June 23, 2016 Board Meeting
   c. July 14, 2016 Work Session
   d. 12 Month Board Meeting Schedule

Election of Officers (Effective July 1, 2016)

5. Report of the Nominating Committee and Election of Officers (Dave Moreau, Chair of the Nominating Committee)
   A. Chair of the Board
   B. Vice Chair of the Board
   C. Secretary of the Board

Summary of Work Session Items

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

Board Self-Assessment

7. Discuss the Results of the of 2016 Board Self-Assessment (John Young)

Agenda Item 1:

Approval of Schedule of Rates, Fees and Charges; Annual Budget; and Five-Year Capital Improvements Program (CIP):

- **A.** Resolution Adopting the Schedule of Rates, Fees and Charges Applicable to All Customers On or After October 1, 2016;
- **B.** Resolution Adopting the Budget for Orange Water and Sewer Authority for Fiscal Year (FY) 2017; And
- **C.** Resolution Approving the CIP for FY 2017-2021 and the Accompanying FY 2017 Capital Project Resolution

Background:

North Carolina General Statutes and OWASA's Bond Order require that on or before July 1 of each fiscal year, OWASA must adopt an Annual Budget for the ensuing year. Following consideration of comments received from the public, the Board of Directors directed staff to present for adoption an Annual Budget for FY 2017 that provides funding for $21 million in operating expenses, $6.9 million in debt service payments, and $14.8 million for capital improvements expenditures ($13.6 million for CIP and $1.2 million for capital equipment).

The attached Annual Budget is unchanged from the budget considered during the public hearings held on May 26, 2016.

The proposed Annual Budget includes projected operating revenues which are based on no increase in OWASA's monthly water, sewer, and reclaimed water rates. Certain other fees have been adjusted based on changes in the costs of providing the services. Staff has developed a proposed Schedule of Rates, Fees and Charges that would become effective October 1, 2016.

Board approval of the CIP formally indicates the Board's endorsement of the proposed projects and identified needs, and funding for the first year of the CIP is formally adopted as part of the annual budget ordinance.

Recommendation/Action Needed:

Approval of the resolutions adopting: (a) the Schedule of Rates, Fees and Charges applicable to all customers on or after October 1, 2016; (b) the Annual Budget for FY 2017; (c) the CIP for FY 2017-2021 and the accompanying capital project resolution.

Information:

- Staff Memorandum on the Rate Schedule, Budget and CIP
- Resolution Adopting the Schedule of Rates, Fees and Charges
- Resolution Adopting the Annual Budget for OWASA for FY 2017
- Resolution Approving the CIP and Budget for FY 2017 - 2021

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: June 3, 2016

SUBJECT: **Approval of the Schedule of Rates, Fees and Charges (Rate Schedule), Annual Budget, and Five-Year Capital Improvements Program (CIP) for Fiscal Year (FY) 2017**

Purpose

This memorandum and attachments are provided to the Board of Directors as a basis for discussion and approval of the Rate Schedule, the Annual Budget, and the CIP for FY 2017.

Background

The Board of Directors held public hearings on May 26, 2016 for the purpose of receiving stakeholder input on the FY 2017 budget and rate adjustment. After the close of the public hearings and subsequent discussion, the Board directed staff to present the budget and rates for adoption at the June 9, 2016 Board Meeting.

The Board plans to approve a Rate Schedule that will go into effect on October 1, 2016 that includes no increase in OWASA's monthly water, sewer, and reclaimed water rates. Certain other fees have been adjusted based on changes in the costs of providing the services.

The Board of Directors has previously discussed drafts of the FY 2017 Budget. No changes have been made to the budget information presented at the public hearings.

Annual Budget

The Annual Budget agenda package includes the resolution to adopt the Annual Budget and the budget ordinance and accompanying fund schedules.

Capital Improvements Program

The total Five-Year CIP for FY 2017-2021 is approximately $87.1 million and FY 2017 spending is budgeted to be about $13.6 million. The dollar amounts presented in the attached resolutions are consistent with previous discussions and direction of the Board of Directors.

STAFF RECOMMENDATIONS FOR BOARD ACTION

Staff requests the Board's approval of the attached resolutions.

Stephen Winters, CPA
Director of Finance and Customer Service

Attachments: Resolutions and supporting documents relating to approval of the Rates Schedule, Annual Budget and Five-Year CIP

RESOLUTION ADOPTING THE SCHEDULE OF RATES, FEES, AND CHARGES APPLICABLE TO ALL CUSTOMERS ON AND AFTER OCTOBER 1, 2016

WHEREAS, Orange Water and Sewer Authority has an adopted *Schedule of Rates, Fees, and Charges* as permitted under North Carolina General Statute 162A-9 and Section 7.04 of OWASA's Amended and Restated Bond Order (Bond Order); and

WHEREAS, General Statute 162A-6(9) and Section 7.04 of OWASA's Bond Order empower and direct the Authority to fix and revise from time to time and to collect rates, fees and other charges for the use of or for the services and facilities furnished by any system operated by the Authority; and

WHEREAS, during the preparation of the Fiscal Year (FY) 2017 budget, and after hearing citizen comments in the May 26, 2016 public hearings it held concerning the FY 2017 budget, the Board of Directors determined that it is not necessary to increase the rates OWASA's charges for monthly water, sewer, and reclaimed services in order to provide sufficient revenues to fund ongoing operations, debt service and the Capital Improvements Program. Certain other fees have been adjusted based on changes in the costs of providing the services.

NOW, THEREFORE, BE IT RESOLVED:

1. That the attached *Schedule of Rates, Fees, and Charges* is hereby adopted by the Board of Directors of Orange Water and Sewer Authority.

2. That the rates shown on the attached schedule shall become effective for all service billings rendered on and after October 1, 2016.

3. That the Executive Director is authorized in his discretion to make findings and determinations as necessary in the application of the *Schedule of Rates Fees and Charges*, and otherwise as necessary to resolve customer inquiries or appeals arising thereunder, subject to the customer's right of appeal to the Board of Directors.

4. That the Executive Director is hereby directed to give proper notice as required by the Sale and Purchase Agreements and to take the necessary steps to implement the *Schedule of Rates, Fees, and Charges*.

Adopted this 9th day of June 2016.

_____
John A. Young, Chair

ATTEST:

_____
Heather Payne, Secretary

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

APPLICABLE TO ALL BILLINGS AND SERVICES ON AND AFTER OCTOBER 1, 2016

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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 this 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 11, 2015, which became effective on October 1, 2015.

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

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

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
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.

(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.)

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

Multi-family, Master-metered and 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

WATER COMMODITY SURCHARGES APPLICABLE UNDER WATER SHORTAGE DECLARATION STAGES

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.

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.

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.

Property Description	Fee
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

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

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.

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:

Service Description	Fee	
	Existing	Proposed
Complete Water Service Installation, 5/8” meter	$3,570	**No change**
Complete Water Service Installation, 3/4” Combination Fire and Domestic Service Meter	$3,695	**$3,650**
Complete Water Service Installation, 1” meter	$3,805	**$3,790**
Meter Only Installation, 5/8” meter	$280	**$260**
Meter Only Installation, 3/4” Combination Fire and Domestic Service Meter	$400	**$360**
Meter Only Installation, 1” Combination Fire and Domestic Service Meter	$420	**$360**

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

Service Description	Fee	
	Existing	**Proposed**
Meter Only Installation, 1" meter	$355	**$360**
Meter Only Installation, 1-1/2" meter	$600	**No change**
Meter Only Installation, 1-1/2" Combination Fire And Domestic Service Meter	$620	**$610**
Meter Only Installation, 2" meter	$790	**No change**
Meter Only Installation, 2" Combination Fire And Domestic Service Meter	$715	**$720**
Remote Read Box with 5/8" Detector Meter	$485	**$470**

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 $140.00 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 $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 $125.00 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.

$290 per test

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

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.

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

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.

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 $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 $125 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 excess of 6.5 mg/l

SECTION III: RECLAIMED WATER RATES AND CHARGES

MONTHLY RECLAIMED WATER RATES

Reclaimed water (RCW) 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	
Meter Size	**Per Month**
5/8"	$8.37
1"	$16.74
1.5"	$30.96
2"	$47.62

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.

Customer Type	Rate per 1,000 gallons
UNC Accounts	$0.60
Non-UNC Accounts	$2.18
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.

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

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

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.

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

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%.

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

BOAT RENTAL AND LAKE USE FEES

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	
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	
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
Private Boat Launching Fee	$7.00 per boat plus the applicable lake use fee for each person
Lake Use Fee, Under 12 years old	$2.50 per person
Lake Use Fee, 12-64 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 $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 $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.

Service	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.

RESOLUTION ADOPTING THE ANNUAL BUDGET FOR ORANGE WATER AND SEWER AUTHORITY FOR THE FISCAL YEAR JULY 1, 2016 THROUGH JUNE 30, 2017

WHEREAS, Section 7.05 of the Bond Order and North Carolina G.S. Chapter 159 require that on or before the first day of July in each fiscal year the Authority will adopt a Budget for the ensuing fiscal year; and

WHEREAS, such budget is to include estimates of revenues of the water, sewer and reclaimed water systems, current operations expenses, interest income, debt service costs, and disbursements from the general fund for capital improvements and equipment purchases.

NOW, THEREFORE, BE IT RESOLVED:

1. That pursuant to the provisions of North Carolina G.S. Chapter 159-13 the attached pages marked 2 through 6 be, and they hereby are, adopted as the official budget of Orange Water and Sewer Authority of the Fiscal Year beginning July 1, 2016 through June 30, 2017.

2. That the appropriations for departments, functions, and projects as shown in the attached budget for the respective purposes and in the respective amounts therein specified are hereby made.

3. That the Executive Director shall administer the budget, and is hereby authorized to expend the funds for the purposes set forth therein.

Adopted this 9th day of June 2016.

_____
John A. Young, Chair

ATTEST:

_____
Heather Payne, Secretary

ORANGE WATER AND SEWER AUTHORITY
STATEMENT OF INCOME, EXPENSE AND DEBT SERVICE
(OPERATING)

		FY 2017 Annual Budget
Operating Revenue		
Water	$17,923,072	
Sewer	16,578,878	
Reclaimed Water	439,110	
Service Initiation Fee	168,898	
Other	1,069,578	
Refunds and Adjustments	(325,766)	
Total Operating Revenue		$35,853,770
Operating Expense		
General and Administrative	6,924,545	
Operations	14,083,038	
Total Operating Expense		21,007,583
Net Operating Income		14,846,187
Non-operating Revenue		
Customer Fees		995,950
Interest		14,708
Total Net Income		$15,856,845
Debt Service		
Existing		$6,932,059
New		0
Total Debt Service		6,932,059
Net Income Less Debt Service		$8,924,786

ORANGE WATER AND SEWER AUTHORITY
STATEMENT OF INCOME AND EXPENSE
(CAPITAL/NON-OPERATING)

		FY 2017 Annual Budget
General Fund		
Resources		
Transfer From Revenue	$8,924,786	
Annual Income Available for Capital		$8,924,786
Transfer from Construction Fund (Bond Proceeds)		0
Total Available for Capital		8,924,786
Capital Expenditures		
Project ordinances		
General Fund Contribution	13,648,000	
Funded by Bond Proceeds	0	
Total Project Resolutions		13,648,000
Capital Equipment		1,227,000
Total Capital Outlay		14,875,000
Annual General Fund Balance		(5,950,214)
General Fund Beginning Balance		24,200,000
General Fund Ending Balance		18,249,786
Project Funding	1,927,786	
Reserves		
Rate/Revenue Stabilization	2,000,000	
Capital Improvements	3,200,000	
Working Capital	11,122,000	18,249,786
Unallocated General Fund Balance		$0

REVENUE FUND

	Water	Sewer	Total
Fund Balance July 1, 2016			$0
Receipts			
Operating Revenue			
Customer Billings	$17,923,072	$16,578,878	34,501,950
Reclaimed Water	439,110	-	439,110
Service Initiation Fee	84,449	84,449	168,898
Other	534,789	534,789	1,069,578
Refunds and Adjustments	(162,883)	(162,883)	(325,766)
Total Operating Revenue	18,818,537	17,035,233	35,853,770
Non-operating Revenue			
Customer Fees	429,980	565,970	995,950
Interest Income	7,354	7,354	14,708
Total Non-operating Revenue	437,334	573,324	1,010,658
Total Receipts	19,255,871	17,608,557	36,864,428
Expenditures			
Current Expense	(11,871,436)	(9,136,147)	(21,007,583)
Debt Service	(4,505,838)	(2,426,221)	(6,932,059)
Total Expenditures	(16,377,274)	(11,562,368)	(27,939,642)
Net Revenue			8,924,786
To General Fund			(8,924,786)
Fund Balance June 30, 2017			0
Change in Available Balance			$0

BOND SERVICE FUND

Fund Balance July 1, 2016		$0
Receipts		
Transfers from Revenue Fund	$6,932,059	
Interest		
Total Receipts		6,932,059
Expenditures		
Debt Service	6,932,059	
Total Expenditures		(6,932,059)
Fund Balance June 30, 2017		0
Change in Available Balance		$0

GENERAL FUND

Fund Balance July 1, 2016		$24,200,000
Receipts		
Transfer From Revenue fund	8,924,786	
Transfer From Construction Fund (Loan Proceeds)	0	
Interest	0	
Assessments	0	
Grants and contributions	0	
Total Receipts		8,924,786
Total Balance Before Expenditures		33,124,786
Expenditures		
Capital Equipment/Leases	1,227,000	
Project Resolutions	13,648,000	
Transfer to Revenue Fund	0	
Total Expenditures		(14,875,000)
Fund Balance June 30, 2017		$18,249,786
Allocation of Fund Balance June 30, 2017		
Project Funding	1,927,786	
Capital Reserves	16,322,000	
Total Allocation		$18,249,786
Unallocated General Fund Balance June 30, 2017		0
Change in Available Balance		($5,950,214)

RESOLUTION APPROVING THE CAPITAL IMPROVEMENTS PROGRAM AND BUDGET FOR FISCAL YEARS 2017-2021

WHEREAS, a Five-Year Capital Improvements Program and budget enables Orange Water and Sewer Authority to identify, assess, and project the water and sewer systems' capital projects in an orderly, coordinated, and fiscally sound manner, and to plan for the replacement and repair of existing facilities; and

WHEREAS, the Capital Improvements Program and budget for Fiscal Years 2017-2021 have been developed by the staff, reviewed by the Board of Directors, and revisions incorporated therein; and

WHEREAS, a Public Hearing on the Capital Improvements Program was held on May 26, 2016;

NOW, THEREFORE, BE IT RESOLVED:

1. The Board of Directors of Orange Water and Sewer Authority approves the Capital Improvements Program and budget for Fiscal Years 2017-2021 as required by the Financial Management Policy.

2. That the Executive Director be, and is hereby, authorized to administer the planning, studies, design, and financing, and make recommendations to the Board of Directors for award of contracts, as appropriate, for the projects in the Capital Improvements Budget.

3. The Five-Year Capital Improvements Program Budget for Fiscal years 2017-2021 is as follows:

Fiscal Year	Amount
2017	$13,648,000
2018	22,506,000
2019	15,643,000
2020	17,461,000
2021	17,852,000
Total	$87,110,000

Adopted this 9th day of June 2016.

_____
John A. Young, Chair

ATTEST:

_____
Heather Payne, Secretary

CAPITAL PROJECT RESOLUTION FOR
FISCAL YEAR 2017 INFRASTRUCTURE IMPROVEMENTS

WHEREAS, present infrastructure must be maintained and additional infrastructure developed to meet future needs; and

WHEREAS, Orange Water and Sewer Authority (OWASA) has determined that certain additional infrastructure improvements are needed, including improvements to the water supply system; water treatment and distribution system; wastewater collection, treatment and disposal system; reclaimed water system; and support services facilities; and

WHEREAS, adequate funds will be available for the completion of these improvements;

NOW, THEREFORE, BE IT RESOLVED:

1. A project fund of $13,648,000 is hereby established and expenditures therefrom authorized for the following improvements:

	Expenditures
Water Supply Improvements:	
Jordan Lake Raw Water Supply Allocation	$5,000
Stone Quarry Reservoir Development	15,000
Cane Creek and University Lake Sodium Permanganate Feed Systems	900,000
University Lake Pump Station Improvements	50,000
Subtotal	970,000
Water Treatment and Distribution Improvements:	
Water Main – Road Improvement Projects	110,000
Water Facility Security Upgrades	200,000
Water Treatment Plant Generator Building Louvers Replacement	80,000
Water Line Rehabilitation/Replacement Projects	531,000
Rosemary, Henderson and Hillsborough Streets Water Mains	2,110,000
Advanced Meter Infrastructure (AMI) System	1,005,000
Galvanized Water Main Replacements	300,000
Water Treatment Plant Recapitalization/Rehabilitation Projects	75,000
Water Treatment Plant Switchgear Upgrade	85,000
Water Treatment Plant Lighting Improvements	50,000
Water Treatment Plant Sedimentation Basis Rehabilitation	100,000
Water and Wastewater Facilities Concrete Condition Assessment	100,000
Water Treatment Plant Filter Media and Backwash Pump Replacement	250,000
Dobbins Drive Water Main	68,000
Water Distribution System Hydraulic Model	30,000
Hillsborough Street Water Main Replacement and MLK Blvd Abandonment	200,000
Subtotal	5,294,000
Wastewater Collection, Treatment and Disposal Improvements:	
Rogers Road Gravity Sanitary Sewer Extension	946,000
Rogers Road Gravity Sanitary Sewer Extension Reimbursement	(946,000)
Wastewater Treatment Plant (WWTP) Main Potable Water Line – Backflow Preventer Installation	80,000
Sanitary Sewer Condition Assessment	1,474,000
Sanitary Sewer Rehabilitation	1,324,000
Bolinwood Drive Interceptor	450,000
Little Creek Interceptor	550,000

Creek Crossing Access Improvements	50,000
Eastowne, Eubanks, Meadowmont 1 Pump Station Rehabilitation	125,000
Rogerson Drive Pump Station Rehabilitation	250,000
Knolls Pump Station Rehabilitation	80,000
Comprehensive Coatings Program	300,000
WWTP Digesters #1 & #2 Rehabilitation	400,000
WWTP Intermediate Pump Stations (IPS) Rehabilitation/Replacement	91,000
WWTP Stormwater Pump Station Electrical System Rehabilitation	50,000
WWTP Non Drinking Water Pump Replacements	275,000
WWTP Secondary Clarifier Rehabilitation and Chlorine Chamber Demo	50,000
Dobbins Drive Interceptor	200,000
Sanitary Sewer Hydraulic Model	150,000
Rogerson Drive Force Main Redundancy Evaluation	50,000
WWTP Gravity Belt Thickener Replacement	180,000
WWTP SCADA System Upgrade	150,000
WWTP Critical Spare Pumps	125,000
Water and Wastewater Facilities Building Envelope Rehabilitation	100,000
Subtotal	6,504,000
Support Services Facilities Improvements:	
Administration Building HVAC System Upgrade	880,000
Subtotal	880,000
Total Expenditures	$13,648,000
Revenues	
Transfers from the General Fund, Bond or Loan Proceeds, and Grants	$13,648,000

2. That supplementary funds will be appropriated in future years for completion of the projects.

3. That this Resolution shall take effect upon its passage.

4. That this Resolution shall be entered in the Minutes of OWASA and within five (5) days after its adoption copies thereof shall be filed with the Finance Officer, the Budget Officer, and the Clerk to the Board of Directors as required by General Statute 159-13.2(d).

Adopted this 9th day of June 2016.

_____
John A. Young, Chair

ATTEST:

_____
Heather Payne, Secretary

Agenda Item 2:

Review Information and Options for Employee Merit/Cost of Labor Pay Increases for Fiscal Year 2017

Purpose:

To provide the Board of Directors information to make a decision on employee pay adjustments, if any, for Fiscal Year 2017.

Background:

Staff has prepared the following information to assist the Board in its decision on employee compensation adjustments as part of the annual budget process. The Board is scheduled to make a decision about employee pay at the June 9th Work Session. If approved, pay range adjustments and pay increases normally go into effect the first pay period in November.

Information:

- Information for Employee Merit/Cost of Labor Pay Increases for Fiscal Year 2017
- World At Work Data for 2015-2016
- Information requested by Board at the May 12, 2016 Work Session (e-mailed on May 31, 2016)
- Draft resolution updating the Schedule of Employee Classification and Authorized Compensation; adjusting affected employees' compensation to the minimum of the pay range; and authorizing Cost of Labor and Merit Pay increases for eligible employees

Purpose

To provide the Board of Directors information to make a decision on employee pay adjustments, if any, for Fiscal Year (FY) 2017.

Background

Staff has prepared the following information to assist the Board in its decision on employee compensation adjustments as part of the annual budget process. The Board is scheduled to make a final decision about employee pay at the June 9th Work Session (when the rest of the budget is considered for approval). If approved, pay range adjustments and pay increases normally go into effect the first pay period in November.

Employee Pay Administration Guidelines

Following an Employee Classification and Pay Study, the OWASA Board adopted on January 10, 2013 the Pay Administration Guidelines which provide the following recommendations for 1) maintaining a market-based pay structure (Cost of Labor); and 2) implementing employee compensation increases (Merit Pay Adjustments).

Cost of Labor Adjustments to OWASA's Pay Structure

Pay structure should be adjusted annually in proportion to movements in the labor market.

"The percentage allocated for future adjustments to the pay structure will be based on movement of salaries in the market. For example, if salaries have increased on average by two percent (e.g., Cost of Labor equals two percent), the salary structure would need to be adjusted upward by two percent, to maintain OWASA's position relative to the market. This would be accomplished by moving the entire structure by two percent. If the pay structure moves, all employees' salaries in the structure should move a minimum of the same amount to avoid compression."

Pay Range adjustments should be the same percentage as the Cost of Labor per Pay Administration Guidelines.

Merit Pay Adjustments

Our performance management system provides four overall ratings:

- Exceptional (10% of employees maximum)
- Successful
- Needs Improvement
- Unsuccessful

Only employees with Exceptional or Successful performance ratings are to receive an increase in compensation. Regarding increases for employees receiving an Exceptional or Successful rating, the Pay Administration Guidelines state that the amount recommended for merit increases:

"Should be based on data collected through a market review. Data can be collected from benchmark organizations to determine the average budgets for merit pay increases or data

from World at Work can be used to determine the acceptable increases that should be allocated." It further states "It is recommended that employees receiving Exceptional ratings should receive a percent increase of at least twice the level of the increase for a Successful rating."

Market Analysis

Based on the most recent World at Work survey data available for the calendar year 2016, Cost of Labor increases are projected to be from 0.8% to 2.7% and the Merit Pay increases are projected to be from 0.9% to 3%. (See Attachment #1 for World at Work survey data.)

The following table shows planned compensation increases for local entities.

Entity	Merit	Cost of Labor
City of Durham	4% Average (Proposed)	N/A
Town of Cary	4% Average	N/A
Town of Hillsborough	3.25% Average (Proposed)	N/A
Cape Fear Public Utility	1.75%	N/A
Town of Chapel Hill	N/A	3.5% (Proposed 2% July 2016; plus 1.5% Jan. 2017)
Town of Carrboro	N/A	1.5% (Scheduled for approval on June 21)
Orange County	One-time $500, $750 or $1,000 Bonus Based on Performance (Proposed)	3% (Proposed 2% July 2016; plus 1% Jan. 2017)
Greenville Utilities	1.5%	2%

Additional Information

At the May 12, 2016 meeting, the Board requested additional information regarding employee health insurance and merit pay. (See Attachment #2.)

Preliminary Fiscal Year 2017 Budget

The preliminary Fiscal Year 2017 budget includes a placeholder for an increase of 3% of wages or about $220,000.

Staff Recommendation

Based on the market data and following our Pay Administration Guidelines, staff recommends the Board consider the following:

1. Approve 1.5% Cost of Labor increase for all eligible employees who earn a Successful or Exceptional rating on their October 2016 annual performance review and implement the same percentage increase to salary ranges in the Schedule of Employee Classification and Authorized Compensation effective October 31, 2016.

2. Employees who earn a Successful rating in their October 2016 annual performance review shall receive a Merit pay increase of 1.5% effective October 31, 2016.

3. Employees who earn an Exceptional rating in their October 2016 annual performance review shall receive a Merit pay increase of 3.0% effective October 31, 2016.

Implementing the recommendation above would result in the following:

- Employees receiving a Successful performance rating would receive a total wage increase of 3.0%.
- Employees receiving an Exceptional performance rating would receive a total wage increase of 4.5%.

	Components of Employee Pay Adjustments	World at Work	Recommended Adjustment for Successful Rating	Recommended Adjustment for Exceptional Rating
	Cost of Labor	0.8 – 2.7%	1.5%	1.5%
+	Merit Pay	0.9 – 3.0%	1.5%	3.0%
=	Total Pay Increase		3.0%	4.5%
	Approximate Budget Impact		$190,000	$30,000

The total budget impact of the recommended wage adjustment is approximately 220,000. The calculations above are based on current employee wage rates and assume no more than 10% of the workforce will earn a rating of Exceptional.

Attachment #1: World at Work Survey Data
Attachment #2: Information requested by Board at the May 12, 2016 Work Session (e-mailed on May 31, 2016)

WORLD AT WORK SALARY SURVEY DATA

	2015				2016 projected			
	COLA	**Merit**	**Other**	**Total [4]**	**COLA**	**Merit**	**Other**	**Total [4]**
	(Percent)				(Percent)			
1-499 Employees, $30M-$100M revenue								
All Industries								
National	1.0	3.0	0.8	3.2	1.5	3.0	0.6	3.2
Southern [1]	0.9	2.8	0.7	3.0	1.3	2.8	0.7	3.0
NC	1.2	2.4	0.1	2.9	1.2	2.4	0.6	3.1
Public Administration [2]								
National	*	1.8	*	2.7	*	0.9	*	1.8
Southern [1]	*	1.5	*	3.0	*	1.5	*	3.0
NC	*	*	*	*	*	*	*	*
Utilities [3]								
National	1.9	2.0	2.0	3.8	2.7	1.9	*	3.3
Southern [1]	*	*	*	*	*	*	*	*
NC	*	*	*	*	*	*	*	*
All Size Employees, All Size Revenue								
All Industries								
National	1.3	2.8	0.7	3.0	1.4	2.9	0.7	3.1
Southern [1]	1.2	2.8	0.7	3.0	1.2	2.9	0.8	3.1
NC	1.2	2.8	0.6	3.0	1.1	2.9	0.9	3.1
Public Administration [2]								
National	1.5	2.2	0.7	2.7	1.5	2.5	0.7	2.7
Southern [1]	2.0	2.5	0.8	3.2	1.8	2.8	0.7	3.0
NC	*	2.4	*	2.4	*	2.1	*	1.9
Utilities [3]								
National	1.3	2.8	0.7	3.0	1.7	2.9	0.7	3.0
Southern [1]	0.5	2.7	0.5	2.9	0.8	2.8	0.8	3.0
NC	1.1	2.4	0.6	2.7	1.3	2.6	1.7	3.1

* Not enough responses for World at Work to report on this category

[1] Southern includes these states: AL, AR, FL, GA, LA, MS, NC, OK, SC, TN, TX

[2] Public Administration includes cities, states, port authorities, retirement systems, airport authorities, etc.

[3] Utilities include organizations such as Alliant Energy, American Water Works, Black Hills Corp, City Utilities of Springfield, MO, Denver Water Dept, Entergy, NY Power Authority, Southern California Edison, TN Valley Authority, Vermont Gas Systems, Westinghouse Electric

[4] The "Total Increase" is the increase for each year but it includes all types of increases. Therefore, it is not a straight average of the three "Types of Increase." The Total Increase will be an average of all increases across the three options listed (COLA, Merit, Other). When a Total Increase indicates an average that is higher than any of the three options, it means there are organizations that are giving multiple increases and the Total Increase is calculated using all increases provided by that organization.

5 Year Pay Increase History (including current) for OWASA and Benchmark Organizations

Year	OWASA	Town of Carrboro	Town of Chapel Hill	City of Durham	Orange County	Town of Cary	City of Raleigh	Town of Hillsborough	Cape Fear Public Utility	Greenville Utilities	State of NC (reported on SEANC website)
2017	TBD	1.5% COLA ***Proposed***	3.5% COLA (2% in July & 1.5% in January) ***Proposed***	4% (average) Merit ***Proposed***	3% COLA (2% in July & 1% in January) plus Merit is $500 to $1,000 Bonus ***Proposed***	4% Merit	Information Not Provided	3.25% Merit (average) ***Proposed***	1.75% Merit	1.5% Merit plus 2% COLA	Information not Available
2016	3% for Successful and 6% for Exceptional Performance	2% COLA	4% COLA (2% in July & 2% in January)	3-3.5% Merit	2% COLA plus Merit is $500 to $1,000 Bonus	4% Merit	Information Not Provided	3.25% Merit (average)	1.5% COLA plus 2.5% Merit	2% Merit	2% plus $500 Bonus; Budget approved on 5/20/16 to be determined when increase is effective
2015	2% for Successful and 3% for Exceptional Performance	2% COLA plus Merit is $500 to $1,500 salary increase	3% COLA	2.75-3.5% Merit	1.5% COLA plus Merit is $500 to $1,000 Bonus	4% Merit	Information Not Provided	3.25% Merit (average)	Up to 2.166% Merit	Information not Provided	$750 Bonus
2014	2.5% for Successful (1% COLA and 1.5% Merit) and 4% for Exceptional Performance (1% COLA and 3% Merit)	1.9% COLA	2% COLA	2% Merit	2% COLA	3% Merit	3% Merit	Information Not Provided	1% COLA plus 2% Merit	None	$1,000 plus 40 Hours of Leave
2013	2.5% (average) Merit	2% COLA	2% COLA	2% Merit	2% COLA	3% Merit	$1,000 Merit	Information Not Provided	1% COLA plus 2% Merit	2.5% Merit	40 Hours of Leave
2012	2.5% (average) Merit	$750-$1250 Lump Sum depending on performance	3% COLA	2% Merit	None	3% Merit	$500 Bonus one-time payment	Information Not Provided	None	1.5% Merit	1.2%

Impact on Annual Employee Net Pay
of FY 2017 Proposed Salary and Anticipated Health Insurance Cost Increases

Salary Grade	Effect of 3% Increase to Salary	Health Insurance Coverage Tier	Effect of 15% Increase to Employee Portion of Health Insurance Cost	Increase in Employee Net Pay	Percent Increase to Pay After Health Insurance Cost
610 - 613 ($33,124 Salary Used)	$993.72	Employee and Child	$177.72	$816.00	2.5%
	$993.72	Employee and Spouse	$559.44	$434.28	1.3%
	$993.72	Family	$857.28	$136.44	0.4%
614 - 616 ($40,263 Salary Used)	$1,207.89	Employee and Child	$177.72	$1,030.17	2.6%
	$1,207.89	Employee and Spouse	$559.44	$648.45	1.6%
	$1,207.89	Family	$857.28	$350.61	0.9%
617 - 619 ($48,406 Salary Used)	$1,452.18	Employee and Child	$177.72	$1,274.46	2.6%
	$1,452.18	Employee and Spouse	$559.44	$892.74	1.8%
	$1,452.18	Family	$857.28	$594.90	1.2%
620 - 622 ($62,682 Salary Used)	$1,880.46	Employee and Child	$177.72	$1,702.74	2.7%
	$1,880.46	Employee and Spouse	$559.44	$1,321.02	2.1%
	$1,880.46	Family	$857.28	$1,023.18	1.6%
623 - 625 ($88,032 Salary Used)	$2,640.96	Employee and Child	$177.72	$2,463.24	2.8%
	$2,640.96	Employee and Spouse	$559.44	$2,081.52	2.4%
	$2,640.96	Family	$857.28	$1,783.68	2.0%

Employee Health Insurance Coverage Levels By Salary Grade

Salary Grade	Coverage Tier	Number Employees Enrolled	Percentage of Salary Grade Range
610 - 613	Employee Only	27	61%
	Employee and Child	5	12%
	Employee and Spouse	4	9%
	Family	8	18%
614 - 616	Employee Only	16	47%
	Employee and Child	3	9%
	Employee and Spouse	7	21%
	Family	8	23%
617 - 619	Employee Only	14	50%
	Employee and Child	5	18%
	Employee and Spouse	2	7%
	Family	7	25%
620 - 622	Employee Only	4	33%
	Employee and Child	1	9%
	Employee and Spouse	3	25%
	Family	4	33%
623 - 625	Employee Only	1	20%
	Employee and Child	2	40%
	Employee and Spouse	0	0
	Family	2	40%

RESOLUTION UPDATING THE SCHEDULE OF EMPLOYEE CLASSIFICATION AND AUTHORIZED COMPENSATION; ADJUSTING AFFECTED EMPLOYEES' COMPENSATION TO THE MINIMUM OF THE PAY RANGE; AND AUTHORIZING COST OF LABOR AND MERIT PAY INCREASES FOR ELIGIBLE EMPLOYEES

WHEREAS, the Orange Water and Sewer Authority maintains a Schedule of Employee Classification and Authorized Compensation which provides the appropriate number of properly classified and compensated employees to efficiently and effectively fulfill the organization's duties and responsibilities; and

WHEREAS, the Board of Directors has determined that it is reasonable and prudent in achieving and maintaining competitiveness in the market to increase the pay ranges in the Schedule of Employee Classification and Authorized Compensation; and

WHEREAS, the Board of Directors has determined that it is reasonable and prudent to provide Merit Increases to provide fair and equitable compensation so that qualified employees may be retained to do the work necessary for the operation of the OWASA service system:

NOW THEREFORE, BE IT RESOLVED:

1. That the Board of Directors hereby approves a _____% Cost of Labor increase for eligible employees who have earned a Successful or Exceptional Performance review during the October 2016 annual review process and the Executive Director is directed to adjust and implement the same percentage increase in salary ranges in the Schedule of Employee Classification and Authorized Compensation.

2. That the Board of Directors hereby approves a Merit increase to employees earning a performance review rating of "Successful" during the October 2016 annual review process by increasing base pay _____.

3. That the Board of Directors hereby approves a Merit increase to employees earning a performance review rating of "Exceptional" during the October 2016 annual review process by increasing base pay _____.

4. That employees whose salaries fall below the minimum amount of the new pay ranges shall be brought up to the minimum of the respective pay range regardless of the performance rating earned.

5. That the pay adjustments will be effective October 31, 2016.

Adopted this 9th day of June 2016.

_____
John A. Young, Chair

ATTEST:

_____
Heather Payne
Secretary

Agenda Item 3:

Discuss Staff Proposed Update to Strategic Plan

Purpose:

Seek feedback from the Board of Directors on staff's proposed update to the Strategic Plan.

Background:

OWASA's Strategic Plan (Plan) identifies the strategic initiatives and corresponding actions we will take to address the key themes and opportunities we believe are important for the Carrboro-Chapel Hill community we serve.

The Plan was originally adopted by the OWASA Board of Directors on March 13, 2014 following a public engagement process to solicit and carefully consider feedback from customers and stakeholders.

The most recent update on the Plan's progress was provided to the Board and public on February 25, 2016.

On April 14, 2016, the Board agreed to consider a staff proposed update to the Plan in light of new information to include feedback from the 2015 Customer Survey.

Board approval of the updated Plan is currently scheduled for the June 23, 2016 Board Meeting.

Action Requested:

Discuss staff's proposed update to the Strategic Plan and provide direction to staff, if desired.

Information:

Attachment – Updated Strategic Plan dated May 20, 2016



Strategic Plan

Orange Water and Sewer Authority
Carrboro, North Carolina



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

Adopted March 13, 2014 / Updated May 20, 2016

Our Mission

We are a community-owned utility providing our customers high quality and reliable water, wastewater, and reclaimed water services through responsible and creative stewardship of the resources we manage.

Our Vision

We provide excellent service so that if our customers could choose their water utility, they would always select OWASA. We are a trusted steward of the community, environmental, and financial resources we manage.

Our Values

- ***Quality Drinking Water***

  We provide high quality drinking water through effective management and operation of our water supply, treatment, and distribution system.

- ***Environmental Responsibility***

  We protect the environment through effective management and operation of our wastewater collection, treatment, water reuse, and resource recovery systems. We manage our resources in an environmentally responsible manner.

- ***Excellence in Serving Customers***

  We provide excellent service to our customers. We are leaders in engaging our customers and stakeholders and provide them meaningful opportunities to participate in decisions that are important to them.

- ***Employees***

  We value our employees as our most important resource and we provide them competitive compensation and a safe and rewarding work environment which promotes diversity and equal opportunity for all.

- ***Affordability and Value***

  We provide affordable and high-value services and we are committed to continuous improvement.

- ***Sustainability***

  We embrace the principles of environmental, social, and economic sustainability. We strive to make the highest and best use of our local water resources and to promote conservation of water, energy, and other natural resources.

- ***Support for the Communities We Serve***

  We provide services consistent with the growth management and land use plans of the Town of Carrboro, the Town of Chapel Hill, and Orange County. We maintain open and positive communications with our governments and neighboring water utilities and cooperate in regional initiatives where appropriate and consistent with OWASA's commitment to our member governments.

- ***Innovation and Creativity***

  We seek innovation and creativity in accomplishing our mission and enhancing our services.

Introduction

OWASA's Strategic Plan (Plan) identifies the strategic initiatives and corresponding actions we will take to address the key themes and opportunities we believe are important for the Carrboro-Chapel Hill community we serve.

The Plan was originally adopted by the OWASA Board of Directors (Board) on March 13, 2014 following a public engagement process to solicit and carefully consider feedback from customers and stakeholders.

On April 14, 2016, the Board agreed to consider a staff proposed update to the Plan in light of new information to include feedback from the 2015 Customer Survey.

The Board discussed staff's proposed update to the Plan at its May 26, 2016 meeting and formally adopted the revised Plan at its < TBD > meeting.

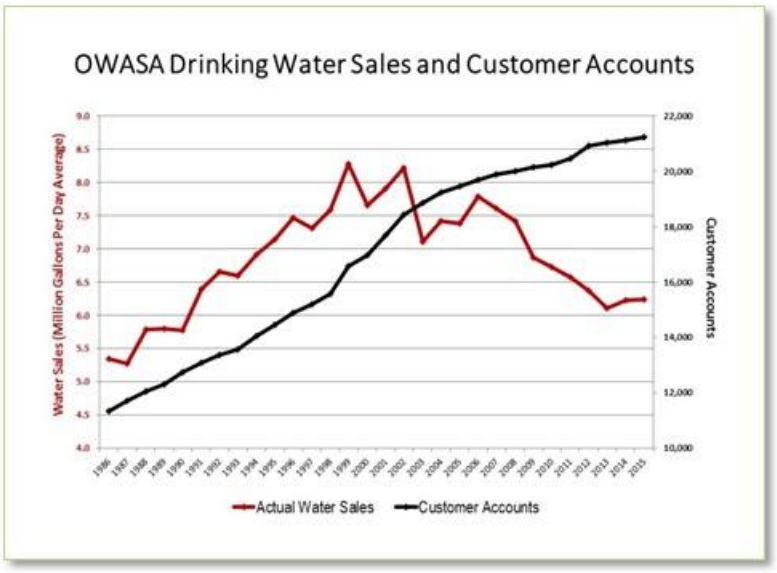
Strategic Themes

An early task in our planning process was to identify the key strategic themes we want addressed by future strategic initiatives. Our Strategic Themes are:

- ✓ Affordability and Cost Management
- ✓ Environmental Stewardship and Conservation
- ✓ Role in the Community
- ✓ Infrastructure Sustainability and Resource Management
- ✓ Technology

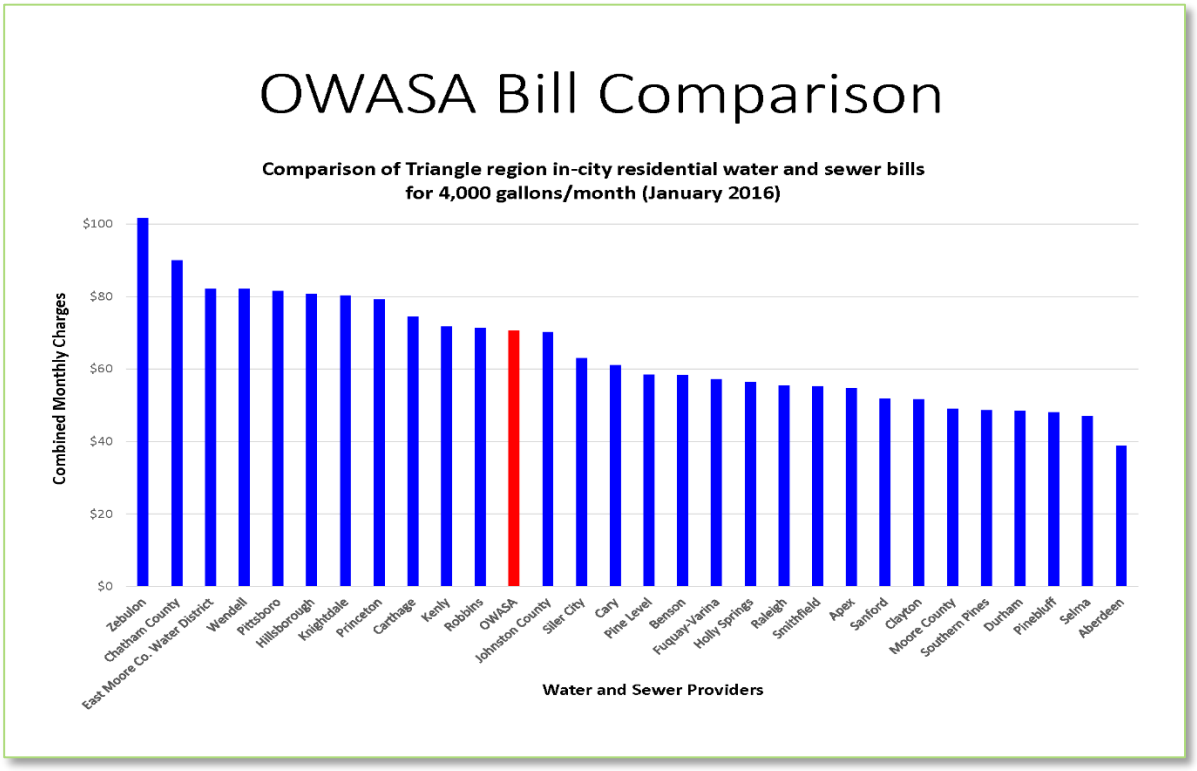
A summary of the current status, challenges, and opportunities for continuous improvement regarding each Strategic Theme is provided.

Affordability and Cost Management – Together, OWASA and our customers have reduced drinking water sales by about 24 percent since 2002, despite a 16 percent increase in the number of customer accounts over the same period. As a result of this significant reduction in drinking water demand by our customers, we are especially well-positioned to reliably and cost-effectively meet the near and long-term drinking water needs of our community for the next 50 years under most circumstances.



The large reduction in water sales over the past decade or so, coupled with the need to replace, renew and improve aging water and wastewater facilities, required substantial rate increases. As a result, many of our customers have told us that our rates are high. Policy, planning and decision-making at all levels of the organization reflect our commitment to operate our utility at the lowest rates consistent with our responsibility to provide proper and efficient services, now and in the future. We are very pleased that due to efficiency and cost control actions, the Board has approved five consecutive annual budgets without an increase in monthly rates.

From our 2012 and 2015 customer surveys, we understand that there is growing interest among our conservation-minded customers in being billed in smaller increments than the current 1,000 gallons, and we are actively considering this possibility.



How OWASA's monthly water and sewer bills for individually-metered residences compare to others in the region.

Environmental Stewardship and Conservation – OWASA is a community–owned utility that embodies our community's commitment to environmental protection and sustainable management of our natural resources. We protect the environment through effective management and operation of our wastewater collection system, treatment, water reuse and resource recovery systems at our Mason Farm Wastewater Treatment Plant (WWTP). Since 2009, OWASA has provided the University of North Carolina at Chapel Hill (University) highly treated reclaimed water (RCW) instead of drinking water to meet certain non-drinking water demands on campus (cooling tower water at chilled water plants, irrigation of landscaping and athletic fields, toilet flushing in new facilities, etc.). RCW is the clean water produced from the advanced treatment of wastewater at OWASA's WWTP. Water conservation by all customers and the University's continued use of RCW are key strategies to sustain an adequate water supply. Partnerships with local governments and other communities are significant factors in fulfilling our responsibilities.



OWASA Operator checks RCW Pumps at the WWTP

We use a significant amount of energy to operate our utility, and we are aware of the important relationships between water consumption, energy consumption, and greenhouse gas (GHG) emissions. We are committed to seeking cost-effective and practical ways to reduce our use of energy and use renewable energy sources in order to reduce our energy costs and lower our GHG emissions. In September 2014, work was completed to install more energy efficient treatment equipment, which helped to reduce electricity use at the WWTP by about 35 percent.

Role in the Community – Engaging the community (customers and other stakeholders) is strategically important to accomplishing our mission. We will continue to engage stakeholders to understand their perceptions and expectations so that we maintain their trust and make well-informed decisions about our services. We want to empower our stakeholders with information so they continue to use our water wisely and protect water quality through the proper use of our wastewater system.

We believe it is very important to assist our customers with water conservation information to help them reduce their water consumption to lower their bills.

Infrastructure Sustainability and Resource Management – OWASA is responsible for large and complex systems of infrastructure, assets and resources including over 800 miles of pipe, three reservoirs, two treatment plants and support systems and equipment, along with land holdings in excess of 3,700 acres. Over the last decade, we invested about $118 million to renew or replace aging infrastructure and to improve the quality and reliability of our services. Our continuing challenge is to develop, operate, maintain, and manage our infrastructure and resources to meet current and future customers' demands for high quality, reliable, and cost-effective services under a range of future conditions – including natural and man-made disasters – while protecting the environment, meeting or surpassing all regulatory requirements, and making efficient use of our natural resources. To meet this challenge, we apply asset management best practices and implement solutions that appropriately balance our triple bottom line of environmental, social, and economic performance.



OWASA Employees replacing old water line

Our 3,700 acres of land help protect our watersheds and support other parts of our operations. We manage our landholdings to ensure they meet our long-term goals and objectives. In 2010 and 2014, we implemented a Forest Management Plan for our 490-acre Cane Creek Mitigation Tract in accordance with federal requirements for the Cane Creek Reservoir. We need to develop a plan for sustainable management of our remaining forest lands. To ensure cost-effective management of our land assets, we will periodically evaluate the need for and benefit of alternative management strategies for those assets.

Technology – OWASA will continue to use cost-effective and proven technology to improve services and save our customers' money. We will seek to incorporate best practices in all that we do – from construction technology, to water and wastewater treatment technologies, to information management and processing technologies.

For example, advancement in technology has made available Advanced Metering Infrastructure (AMI) systems that can be used to provide customers detailed information about their water use including apparent leaks. Procurement and implementation planning for AMI are underway in accord with action by the Board of Directors on March 24, 2016.

Strategic Initiatives

We identified six strategic initiatives with accompanying goals, actions, and measures of success. We believe that these initiatives and actions address each of our strategic themes and will result in positive change.



Strategic Initiative 1

Provide reliable and high quality supply of water for the next 50 years

GOALS	ACTIONS	MEASURES OF SUCCESS
Optimum mix of technically, environmentally, economically, and socially feasible water supply and demand management alternatives that meet projected demands and level-of-service objectives under a range of future conditions and uncertainties.	Update Long-Range Water Supply Plan to include: > desired level of service and water supply resiliency. > supply and demand projections to incorporate best information from land use /growth management plans, University plans, climate change impact information, etc. > evaluation of potential supply and demand management alternatives, including but not limited to: Jordan Lake as emergency supply; conservation and water use efficiency; expanded use of reclaimed water (including direct and indirect); quarry reservoir; etc. > preferred mix of supply and demand management alternatives required to meet level-of-service objectives.	Updated plan provides a clear and responsible path forward to ensure a reliable and high quality supply of water for the next 50 years that is supported by stakeholders.
	Adopt Long-Range Water Supply Plan and begin implementation.	Adequate supply of high-quality water which meets customer needs for next 50 years across the range of assumptions and scenarios included in the Plan.
Enhanced water supply reliability, reduced energy use, and reduced long-term life-cycle costs of water and sewer service through cost-effective water use efficiency (WUE), conservation, and RCW strategies.	Prepare Water Conservation Plan that includes a program to educate customers on the value and importance of water, best practices for reducing water use and monthly bills through conservation, WUE practices, and collaboration with Towns, County and others on conservation and WUE standards.	Reduce residential water use by X% (currently 4,000 gallons/month for individually-metered single-family residential accounts). (Target to be established) Establish targets for other customer classes.
Maintain our Jordan Lake water supply allocation.	Application for Jordan Lake water supply allocation (Round 4) was submitted in November 2014.	Allocation request granted to OWASA by Environmental Management Commission (EMC). (*Note*: Latest information from NC Division of Water Resources indicates the EMC may make decisions in January 2017.)
New or amended water transfer agreements with Town of Cary and City of Durham for OWASA to access our Jordan Lake water supply allocation through those entities when needed.	Coordinate with staff from the Town of Cary and City of Durham to determine terms and conditions for ensuring cost-effective access to our Jordan Lake allocation.	Successful adoption of new or amended water transfer agreements for OWASA to reliably and cost-effectively access our Jordan Lake water supply allocation when needed.



Strategic Initiative 2

Engage the Community

GOALS	ACTIONS	MEASURES OF SUCCESS
Engage stakeholders to understand their perceptions and expectations so that we make well-informed decisions about our services and so that we maintain their trust; and empower stakeholders with information so they use water wisely and protect water quality through proper use of our wastewater system; and provide stakeholders with timely information about projects, programs, and policies that are important to them and offer them meaningful opportunities to give their feedback so that we can continue to improve.	Prepare and implement Community Engagement Plans (CEPs) for all capital improvement projects and key initiatives.	Stakeholders trust OWASA to make informed decisions about our services. Positive feedback from customers and stakeholders about effectiveness of engagement work. Stakeholders have the information they need regarding projects, programs and policies and they have opportunities to provide feedback on matters of importance to them.



Strategic Initiative 3

Adopt financial management policies and budget decision processes to ensure affordable services and fiscal sustainability

GOALS	ACTIONS	MEASURES OF SUCCESS
Financial reserve funds set at appropriate level.	Review reserve policies during the annual budget development process to determine the desired level of reserve funds.	New or revised policies adopted, if appropriate.
Efficient process which provides opportunities for stakeholder input and allows the Board of Directors to make well-informed budget and rate decisions.	During the annual budget development process, review Capital Improvement Program (CIP) investment practices.	New or revised CIP investment practices are adopted, if appropriate.
The right investments at the right time to sustain the community's essential water, wastewater and reclaimed water assets.	Comprehensive asset management report was completed in March 2016.	Service levels are part of the asset management program report.
Rates, fees and charges that meet objectives.	Evaluate possible rate structure changes for customer classes to include possible update to Service Availability Fees.	A rate structure that fairly and fully recovers revenues, promotes water conservation, promotes affordability, and is understood by customers.



Strategic Initiative 4

Implement an Energy Management Program

GOALS	ACTIONS	MEASURES OF SUCCESS
Cost-effective measures to reduce our use of energy, related energy costs, and associated greenhouse gas (GHG) emissions.	Develop an Energy Management Program that includes: > Goals for energy reduction by 2030 against a 2010 baseline. > Ongoing assessment of energy use, costs, and GHGs. > Assessment of the energy performance of our equipment, operations, and buildings and identification of opportunities for energy savings and the associated return on investment. > Prioritized energy savings opportunities. > Implementation of selected energy management and energy efficiency projects as part of CIP and annual budget. > Evaluation and prioritization of potential renewable energy strategies. > Feedback from community stakeholders.	Program provides a clear and responsible path forward for effective energy management. Energy cost savings (costs avoided) achieved from energy management, energy efficiency measures and renewable energy measures. Amount of grants, rebates, incentives, etc. received to fund energy management efforts. Percent reduction in our GHGs compared to baseline year.
	Adopt Energy Management Plan and begin implementation of Energy Management Program.	Continued reduction in electricity use (kilowatt-hours) and natural gas use (therms).



Strategic Initiative 5

Implement Advanced Metering Infrastructure

GOALS	ACTIONS	MEASURES OF SUCCESS
Cost-effective, accurate, reliable and timely water metering information for enhanced customer service.	System procurement and implementation planning. Develop and implement Community Engagement Plan.	Procure a system within budget constraints that meets OWASA's needs. Develop implementation plans that will effectively mitigate risks identified in the AMI Feasibility Study and will fully inform and engage customers.
	System deployment.	Ensure the system delivers accurate, reliable and timely water use information for billing purposes. Processes are in place to ensure customers are provided accurate and timely information about their water use and prompt notifications about potential leaks. Reduce energy use and carbon footprint associated with meter reading and field service functions.



Strategic Initiative 6

Develop a plan and policy framework for long-term management and disposition of OWASA lands

GOALS	ACTIONS	MEASURES OF SUCCESS
Land assets provide the expected value to fulfill OWASA's mission and the assets are effectively managed.	Develop a long-term plan for sustainable management of OWASA forest lands (not including Cane Creek Mitigation Tract, which is already being managed). Management options range from "no active management" to comprehensive management that includes a variety of activities such as thinning, small seed tree cuts, small area clear-cuts, etc.	Forest lands are effectively managed to meet the goals provided in the Forest Stewardship Plan.
	Evaluate land assets to determine if the asset is needed, what degree of ownership is needed, and if the asset should be sold.	Land assets provide expected value to meet OWASA's current and future needs.

Administering Our Strategic Plan

We will provide regular updates on our progress towards achieving our Strategic Plan goals, including measures of success, which can be found on our website. We welcome your questions or comments about our Strategic Plan or any of our services and programs. You may contact us by:

- Phone: 919-968-4421
- E-mail: info@owasa.org
- Fax: 919-968-4464
- Address: 400 Jones Ferry, Carrboro, NC 27510

There are other high priority tasks that we will address over the next couple of years that are not included in our Strategic Plan because they do not require strategic action at this time. However, these tasks may require action by the Board in the future.

1. Continue to increase community awareness of options to manage and reduce OWASA bills and empower low-income customers and the local agencies that serve them with information and tools to manage and reduce OWASA bills through the Affordability Outreach Program.
2. Evaluate alternative employee compensation strategies to encourage and reward high performance as part of a Total Compensation Study.
3. Develop and implement an Inclusion and Diversity Plan for the organization.

We provide an Annual Review and Update of Strategic Trends and Utility Planning Issues to the Board each October. This report will be modified as a companion document to this Strategic Plan for the Board's consideration in October 2016.

We will routinely update and amend our Strategic Plan as necessary, and we will keep our customers and stakeholders informed of significant changes.

Summary

As your community-owned water utility, we are committed to providing reliable, high quality water, wastewater and reclaimed water services for our customers, now and into the future. Our Strategic Plan is one of many tools we use to effectively manage our essential responsibilities to the Carrboro-Chapel Hill community. We will continue to work hard to provide excellent service so that if our customers could choose their water utility, they would always select OWASA.

Agenda Item 4:

Review Board Work Schedule

Purpose:

a) Request(s) by Board Committees, Board Members and Staff
b) Review the draft agenda and discuss expectations for the June 23, 2016 meeting
c) Review the draft agenda and discuss expectations for the July 14, 2016 work session
d) Review and update the 12 Month Board Meeting Schedule

Information:

- Draft agenda for the June 23, 2016 meeting
- Draft agenda for the July 14, 2016 work session
- Draft 12 Month Board Meeting Schedule
- Pending Key Staff Action Items from Board Meetings and Work Sessions

June 9, 2016

AGENDA
MEETING OF THE OWASA BOARD OF DIRECTORS
THURSDAY, JUNE 23, 2016, 7:00 P.M.
CHAPEL HILL TOWN HALL

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

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

Public speakers are encouraged to organize their remarks for delivery within the 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.
2. Announcements by Board Members
3. Announcements by Staff
   A. Stewardship Forest Certification for OWASA's Cane Creek Reservoir Mitigation Tract (Ruth Rouse/John Howard, NC Forest Service)

Petitions and Requests

1. Public
2. Board
3. Staff

CONSENT AGENDA

Action

1. Resolution Adopting a New Records Retention and Disposition Schedule for Water and Sewer Authorities and Sanitary Districts (Andrea Orbich)
2. Approval of the Minutes of the May 12, 2016 Work Session of the Board of Directors (Andrea Orbich)
3. Approval of the Minutes of the May 26, 2016 Meeting of the Board of Directors (Andrea Orbich)

REGULAR AGENDA

Discussion

4. Overview of the Mountains-to-Sea Trail and Discuss Staff Proposed Conditions for the Trail to be located on OWASA Property (Ruth Rouse, Dave Stancil of Orange County and Kate Dixon of Friends of the Mountains-to-Sea Trail)

DRAFT

Discussion and Action

5. Resolution Honoring the Service of Quinton Harper to the Chapel Hill-Carrboro-Orange County Community as a Member of the Orange Water and Sewer Authority's Board of Directors (John Young)
6. (Tentative) Approve Update to the Strategic Plan (John Young and Ed Kerwin)

Summary of Board Meeting Action Items

7. 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

DRAFT

AGENDA
WORK SESSION OF THE OWASA BOARD OF DIRECTORS
THURSDAY, JULY 14, 2016, 6:00 P.M.
OWASA COMMUNITY ROOM

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

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

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

Announcements

a. Announcements by the Chair
   - Any Board Member who knows of a conflict of interest or potential conflict of interest with respect to any item on the agenda tonight is asked to disclose the same at this time.

b. Announcements by Board Members

c. Announcements by Staff

Discussion and Action

1. Review and Approve New and Reclassified Positions (Todd Taylor)

Discussion

2. Draft Inclusion and Diversity Plan (Ed Kerwin)
3. Board Work Schedule (John Young/Ed Kerwin)
   a. Request(s) by Board Committees, Board Members and Staff
   b. July 28, 2016 and August 11, 2016 meetings have been canceled
   c. August 25, 2016 Board Meeting
   d. 12 Month Board Meeting Schedule

Summary of Work Session Items

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

DRAFT

OWASA Board of Directors – 12 Month Board Meeting Schedule (June 9, 2016)

Month	Board Meetings		Committee & Other Meetings
	Work Session	Business Meeting	
June 2016	Approve FY 17 Budget and Rates (↻) Approve Employee Merit/Cost of Labor Pay Increases for FY 17 (↻) Election of Officers Board Self-Assessment Discuss Update to Strategic Plan *6/9/2016*	Overview of Mountains-to-Sea and Discuss Staff Proposed Conditions for the Trail to be located on OWASA Property (Tentative) Approve Update to Strategic Plan *6/23/2016*	*NRTS Meeting to discuss issues raised about water quality & private plumbing systems (6-8-2016)*
July 2016	Review and Approve New Positions Discuss Draft Inclusion and Diversity Plan *7/14/2016*	Meeting Canceled *7/28/2016*	
August 2016	Meeting Canceled (↻) *8/11/2016*	12 Month Financial Report (↻) CIP Semiannual Report (↻) CS – General Counsel Review (↻) *8/25/2016*	*NRTS Meeting to discuss energy management program: evaluation criteria and stakeholder engagement plan (TBD)*
September 2016	***Discuss LRWSP – Goals and Metrics*** ***Discuss Energy Management Program Evaluation Criteria and Stakeholder Engagement Plan*** Review FY 2017 Budget Process Discuss Update to Cross Connection Control Ordinance CS – General Counsel Review (↻) CS – ED Review (↻) *9/8/2016*	***Approve LRWSP – Goals and Metrics*** Annual Report and Financial Audit (↻) Approve General Counsel Engagement (↻) CS – ED Review (↻) *9/22/2016*	*HR Meeting to discuss compensation alternatives to encourage and reward employee performance (TBD)*
October 2016	***Discuss Alternative Compensation Strategies*** *10/13/2016*	Q1 Financial Report (↻) Strategic Trends Report (↻) *10/27/2016*	
November 2016	***Review Draft AMI System Community Engagement Plan*** ***Discuss LRWSP - Demands and Yield*** ***Update on the Affordability Plan & Year 2*** *11/10/2016*	*Holiday - no meeting*	
December 2016	***Approve AMI System Community Engagement Plan*** ***Approve Energy Management Program Evaluation Criteria*** *12/8/2016*	*Holiday - no meeting*	
January 2017	FY 18 Budget Calendar and Assumptions (↻) Employee Health and Dental Insurance Update (↻) CY 16 Biosolids Report *1/12/2017*	Annual Lakes Recreation Report (regular agenda) (↻) Q2 Financial Report (↻) CIP Semiannual Report (↻) *1/26/2017*	*NRTS Meeting to discuss energy project evaluation (TBD)*
February 2017	***Discus Draft Energy Management Plan*** Award the Administration Building HVAC Contract CS - General Counsel Interim Review (↻) *2/9/2017*	***Approve Energy Management Plan*** CS - General Counsel Interim Review (↻) *2/23/2017*	
March 2017	***Review AMI System Procurement Contract*** FY 18 Draft Budget & Rates (↻) Set date for Public Hearings – FY 18 Budget & Rates (↻) CS – ED Interim Review (↻) *3/9/2017*	***Approve AMI System Procurement Contract*** Award the Gravity Sewer Rehabilitation Contract FY 18 Draft Budget & Rates and Discussion of Reserves (↻) CS – ED Interim Review (↻) *3/23/2017*	

Current and Pending Key Projects and Stages – in ***bold italics***

OWASA Board of Directors – 12 Month Board Meeting Schedule (June 9, 2016)

Month	Board Meetings		Committee & Other Meetings
	Work Session	Business Meeting	
April 2017	FY 18 Draft Budget and Rates ↻ Authorize staff to publish proposed rates ↻ Appointment of the Nominating Committee ↻ *4/13/2017*	Q3 Financial Report ↻ Appoint Audit Firm ↻ *4/27/2017*	
May 2017	Discuss Employee Health and Dental Insurance Renewal ↻ Discuss Employee Merit Pay for FY 18 ↻ *5/11/2017*	Public Hearings – FY 18 Budget and Rates ↻ Approve Employee Health and Dental Insurance Renewal (if needed) ↻ *5/25/2017*	

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

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

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

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

- Development of a plan and policy framework for OWASA lands is considered a longer-term priority.
- Improve effectiveness as a learning organization is considered a longer-term priority.
- Water Conservation Plan will be prepared concurrent with update of the Long-Range Water Supply Plan.

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

Abbreviations Used in Draft Schedule:

↻	Recurring agenda item (generally these are "required" items)
AMI	Advanced Metering Infrastructure
CE	Community Engagement
CEP	Community Engagement Plan
CIP	Capital Improvements Program
COLA	Cost of Labor Adjustment
CS	Closed Session of the Board
CY	Calendar Year
ED	Executive Director
FY	Fiscal Year
JLP	Jordan Lake Partnership
LRWSP	Long-Range Water Supply Plan
NRTS	Natural Resources/Technical Systems
Q	Quarter
SOW	Scope of Work
TBD	To Be Determined
WTP	Water Treatment Plant
WWTP	Wastewater Treatment Plant

Current and Pending Key Projects and Stages

Project	Strategic Initiative	Project Lead	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May -17
AMI	6	Taylor		Positions				CEP	CEP			Contract		
Total Compensation Study		Glasgow				**HR**		*Schedule To Be Determined*						
Rate Structure Study	4	Winters	*Schedule To Be Determined*											
LRWSP	1	Rouse				Goals & Metrics		**Demand & Yields**			*Schedule To Be Determined*			
Energy Plan	5	Tiger			**NRTS**									

Stages	Committee Discussion	Feasibility Study	Board Review	Community Engagement	Action	Procurement	Implementation

Pending Key Staff Action Items from Board Meetings and Work Sessions:

May 26, 2016

- Update the Board (later this calendar year) on initiatives underway or planned in the near-term that will help us reach our energy goals.

May 12, 2016

- Work with HR Committee to design a full Board Work Session in the fall of 2016 focused on a range of compensation alternatives to encourage and reward employee performance. The Employee Total Compensation Study is on hold.

- Prepare for the Board's discussion of staff's proposed approach, content and vision for an Inclusion and Diversity Plan at the July 14, 2016 Work Session.

- Provide Board a future report on staff's work with UNC to ensure protection of OWASA's wastewater management system.

April 28, 2016

- Consider educational and public access opportunities at the Cane Creek mitigation tract.

April 14, 2016

- Consider a couple new financial Key Performance Indicators (such as cost per account).

- Plan to evaluate consultant services more closely in the preparation of the Fiscal Year (FY) 2018 budget.

March 24, 2016

- Work with the Board to schedule discussion about analysis needed for potential rate change for the Multi-Family, Master Metered rate class.

January 28, 2016

- Provide additional detail about our continuous improvement measures as it pertains to our 2015 Customer Survey.

- The Board liked the format and content of our Semiannual Status Report for Various Capital Improvement Projects to include the supplemental detail which Vishnu provided on January 28th as attachment B.1. We will also consider adding links in this report to our Capital Improvements Program document to allow readers to find more detail about specific projects.

Updated: June 3, 2016

Pending Key Staff Action Items from Board Meetings and Work Sessions:

September 24, 2015

- Work with Martin, Starnes & Associates (our auditor) and provide the Board additional information about how OWASA's funding for post-employment benefits compares with peers and best-practices.

Updated: June 3, 2016

Agenda Item 5:

Report of the Nominating Committee and Election of Officers

Background:

The Bylaws of Orange and Sewer Authority state that officers shall be elected annually at the Board's first regular meeting in June and shall hold office for one year or until their successors are elected and qualified.

At the May 12, 2016 Board meeting, the Chair of the Board appointed a Nominating Committee consisting of the following Board Members:

- Dave Moreau, Chair
- Barbara Foushee
- Quinton Harper
- Robert Morgan

The purpose of the Nominating Committee is to propose a slate of officers for election. The Nominating Committee held a meeting on May 23, 2016, to discuss the nominations received for Chair, Vice Chair and Secretary.

The Nominating Committee provided the following recommendations which was communicated to the Board of Directors on May 31, 2016:

- Chair of the Board: John A. Young
- Vice Chair of the Board: Terri Buckner; Jeff Danner
- Secretary of the Board: Barbara M. Foushee; Heather Payne

Nominations made by the Nominating Committee shall not preclude other nominations from the floor on June 9, 2016.

Action Needed:

Election of Officers by the Board of Directors.