Orange Water and Sewer Authority

Meeting of the Board of Directors

May 9, 2019

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in a work session on Thursday, May 9, 2019, at 6:00 p.m. in OWASA's Community Room, 400 Jones Ferry Road, Carrboro.

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

OWASA staff present: Mary Darr, Patrick Davis, Monica Dodson, Jesse DuClau, Robert Epting, Esq., (Epting and Hackney), Vishnu Gangadharan, Stephanie Glasgow, Tyrus Johnson, Ed Kerwin, Kenneth Loflin, Andrea Orbich, Dan Przybyl, Allison Spinelli, Ruth Rouse, Todd Taylor, Mary Tiger, Stephen Winters and Richard Wyatt.

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

Motions

1. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Amending the Fiscal Year (FY) 2019 Annual Budget. (Motion by Robert Morgan, second by Ruchir Vora and unanimously approved.)

2. Robert Morgan made a motion to approve the Minutes of the March 28, 2019 Meeting of the Board of Directors; second by Ruchir Vora and unanimously approved.

3. Robert Morgan made a motion to approve the Minutes of the April 25, 2019 Closed Session of the Board of Directors for the purpose of updating the Board regarding the settlement of existing litigation; second by Ruchir Vora and unanimously approved.

4. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Honoring the Service of Willie A. Strowd to the Orange Water and Sewer Authority and the Carrboro-Chapel Hill Community. (Motion by Robert Morgan, second by Ruchir Vora and unanimously approved.)

5. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Authorizing the Executive Director to Execute Contracts with Blue Cross and Blue Shield of North Carolina for Employee Health and Dental Insurance Plans. (Motion by Robert Morgan, second by Ray DuBose and unanimously approved.)

6. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Finding Emergency Circumstances Requiring Purchase of Material and Services Without Formal Bidding Process. (Motion by Bruce Boehm, second by Ray DuBose and unanimously approved.)

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Announcements

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

Ms. Ayankoya announced OWASA's Annual Update to the Carrboro Board of Aldermen will be Tuesday, June 4, 2019 at 7:00 p.m. at Carrboro Town Hall.

Ms. Ayankoya said that without objection, there is a Change in the Order of Agenda Items: Item 5, Resolution Honoring the Service of Willie A. Strowd to the Orange Water and Sewer Authority and the Carrboro-Chapel Hill Community, will move under the Consent Agenda because Mr. Strowd is not in attendance tonight; and Item 6, Resolution Authorizing the Executive Director to Execute Contracts with Blue Cross and Blue Shield of North Carolina for Employee Health and Dental Insurance Plans, will be the first item on the Regular Agenda.

John Young said that Ed Kerwin, John Morris and he attended the May 9, 2019 Chatham-Orange Joint Planning Task Force Meeting. The group discussed Jordan Lake Regional Issues, Stormwater Management Best Practices, and the 2045 Metropolitan Transportation Plan Employment and Population Projections.

Todd Taylor introduced Jesse DuClau, OWASA's new Distribution and Collection Manager.

Item One: Fiscal Year 2019 Budget Amendment

Robert Morgan made a motion to adopt the Resolution Amending the Fiscal Year 2019 Annual Budget; second by Ruchir Vora and unanimously approved. Please see Motion 1 above.

Item Two: Minutes

Robert Morgan made a motion to approve the Minutes of the March 28, 2019 Meeting of the Board of Directors; second by Ruchir Vora and unanimously approved. Please see Motion 2 above.

Item Three: Minutes

Robert Morgan made a motion to approve the Minutes of the April 25, 2019 Closed Session of the Board of Directors for the purpose of updating the Board regarding the settlement of existing litigation; second by Ruchir Vora and unanimously approved. Please see Motion 3 above.

Item Four: Update on the Emergency Repair of the Rogerson Drive Wastewater Force Main and Resolution Finding Emergency Circumstances Requiring Purchase of Materials and Services without Formal Bidding

The Board received and discussed a construction update for the Rogerson Drive Wastewater Force Main repair. As the construction progresses, staff will continue to keep the Board,

neighbors and stakeholders informed of the construction impacts.

Bruce Boehm made a motion to approve the Resolution Finding Emergency Circumstances Requiring Purchase of Material and Services Without Formal Bidding Process; second by Ray Dubose and unanimously approved. Please see Motion 6 above.

Item Five: Resolution Honoring the Service of Willie A. Strowd to the Orange Water and Sewer Authority and the Carrboro-Chapel Hill Community

Motion by Robert Morgan; second by Ruchir Vora and unanimously approved. Please see Motion 4 above.

Item Six: Resolution Authorizing the Executive Director to Execute Contracts with Blue Cross and Blue Shield of North Carolina for Employee Health and Dental Insurance Plans

The Board received and discussed an update on discussions with Blue Cross Blue Shield of North Carolina regarding renewal of employee health insurance. The proposed renewal includes an 18% decrease in premiums.

Robert Morgan made a motion to approve the resolution; second by Ray DuBose and unanimously approved. Please see Motion 5 above.

Item Seven: Employee Merit Pay for Fiscal Year 2020

The Board received and discussed employee merit pay for Fiscal Year 2020 including additional information provided on May 8, 2019.

After discussion, the Board agreed to consider an additional option outlined by John Young (1.3 percent cost of labor and 2.9 percent "average" merit) at the May 23, 2019 meeting.

Item Eight: Potential Western Intake Partnership to Access Jordan Lake Water Supply

The Board received and discussed a draft agreement to form a potential Western Intake Partnership to perform preliminary studies regarding a potential intake and water treatment plant on the west side of Jordan Lake.

After discussion, the Board agreed that staff will summarize questions raised and provided responses as well as share the responses with the Partners to ensure a common understanding of the intentions of the Agreement. This item will be scheduled for the consent agenda on the Board's June 13, 2019 meeting.

Item Nine: Review Board Work Schedule

The Board agreed to add the following items on the May 23, 2019 agenda: make nominations for election of officers for Chair, Vice Chair and Secretary (Board Members will notify staff if they

do not wish to serve as an officer); merit pay for Fiscal Year 2020 including a new option 4; and a possible construction update on Rogerson Drive.

The Board agreed to rename the June 13, 2019 item on Unregulated Compounds in Water Resources Including Per-Fluorinated Substances to Monitoring Compounds Of Emerging Concern.

The Long-Range Water Supply Plan Final Water Supply and Demand Management Alternatives was rescheduled to the July 11, 2019 Board meeting.

Item Ten: Executive Director's Summary of Key Staff Action Items from the Work Session

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

- May 23, 2019 agenda will include a discussion on employee merit pay for Fiscal Year 2020 including new option #4 (1.3% cost of labor and 2.9% "average" merit).
- Respond to Board member questions on draft Jordan Lake Western Intake Partnership agreement.

The Board meeting was adjourned at 8:35 p.m.

Respectfully submitted by:

Andrea Orbich

Andrea Orbich
Executive Assistant/Clerk to the Board

Attachments

Resolution Amending the Fiscal Year (FY) 2019 Annual Budget

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

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

Whereas, staff is forecasting that operating revenue will be under budget, and operating expenses will be over budget for a total shortfall in the operating budget of about $794,000; and

Whereas, staff is projecting that capital improvements program expenditures will be about $6 million less than budgeted;

Now, Therefore, Be It Resolved:

1. That pursuant to the provisions of North Carolina G.S. 159-15, the Official Budget of Orange Water and Sewer Authority for the FY 2019 is amended as set forth in Attachment A.

2. That $1,000,000 in the capital improvements program budget be transferred to the operating budget as set forth in Attachment A.

3. That the Executive Director is authorized and instructed to implement the revised budget as herein set forth.

Adopted this 9th day of May 2019.

Yinka Ayankoya, Chair

ATTEST:

Raymond E. DuBose, Secretary

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

	FY 2019 Annual Budget	Amendment	FY 2019 Amended Budget
Operating Revenue			
Water	$ 18,224,334	(700,000)	$ 17,524,334
Sewer	17,265,060		17,265,060
Reclaimed Water	454,440		454,440
Service Initiation Fee	154,345		154,345
Other	1,006,078		1,006,078
Refunds and Adjustments	(230,007)		(230,007)
Total Operating Revenue	36,874,250	(700,000)	36,174,250
Operating Expense			
General and Administrative	7,527,991		7,527,991
Operations	14,995,990	300,000	15,295,990
Total Operating Expense	22,523,981	300,000	22,823,981
Net Operating Income	14,350,269	(1,000,000)	13,350,269
Non-operating Revenue			
Customer Fees	1,194,353		1,194,353
Interest	23,678		23,678
Total Net Income	15,568,300	(1,000,000)	14,568,300
Debt Service			
Existing	7,155,554		7,155,554
New	0		0
Total Debt Service	7,155,554		7,155,554
Net Income Less Debt Service	8,412,746	(1,000,000)	7,412,746
General Fund			
Resources			
Transfer From Revenue	8,412,746	(1,000,000)	7,412,746
Transfer from Construction Fund (loan proceeds)	14,900,000		14,900,000
Grants and Contributions	0		0
Annual Income Available for Capital	23,312,746	(1,000,000)	22,312,746
Capital Expenditures			
Project Ordinances			
General Fund Contribution	6,052,000	(1,000,000)	5,052,000
Funded by Bond Proceeds	14,900,000		14,900,000
Total Project Resolutions	20,952,000	(1,000,000)	19,952,000
Capital Equipment	1,001,135		1,001,135
Total Capital Outlay	21,953,135	(1,000,000)	20,953,135
Annual General Fund Balance	1,359,611		1,359,611
General Fund Beginning Balance	17,018,861		17,018,861
General Fund Ending Balance	18,378,472		18,378,472
Project Funding	(119,798)		(119,798)
Reserves	18,498,270		18,498,270
Unallocated General Fund Balance	-	-	-

Resolution Honoring the Service of Willie A. Strowd to the Orange Water and Sewer Authority and the Carrboro-Chapel Hill Community

Whereas, Mr. Willie A. Strowd has served the Orange Water and Sewer Authority (OWASA) and the people of the Carrboro-Chapel Hill community for 30 years, from May 1989 until June 2019; and

Whereas, throughout Mr. Strowd's 30-year career, he capably served as Custodian/ Courier for the Human Resources and Safety Department; as a Utility Mechanic I for the Distribution and Collection Departments; and as Assistant Lake Warden for the Water Supply and Treatment Department; and

Whereas, through all his work at OWASA, Mr. Strowd has demonstrated his commitment to hard work and quality service to the public, Board of Directors and OWASA staff; and

Whereas, Mr. Strowd is well liked for his good cheer, sense of humor and helping hand; and

Whereas, Mr. Strowd will retire from OWASA on June 1, 2019;

Now, Therefore, Be It Resolved:

That the Board of Directors of the Orange Water and Sewer Authority (OWASA) hereby honors the distinguished public service of Mr. Willie Strowd to OWASA and the people of Chapel Hill, Carrboro and Orange County; and the Board of Directors expresses its appreciation and best wishes to Mr. Strowd for success in all his future endeavors.

Adopted this 9th day of May 2019.

Yinka Ayankoya, Chair

ATTEST:

Raymond E. DuBose, Secretary

Resolution Authorizing the Executive Director to Execute Contracts with Blue Cross Blue Shield of North Carolina (BCBSNC) for Employee Health and Dental Insurance

Whereas, OWASA employees are provided health and dental insurance coverage, through OWASA's contract with Blue Cross Blue Shield of North Carolina (BCBSNC), which will expire on June 30, 2019; and

Whereas, OWASA employees have expressed their satisfaction with their present coverage through BCBSNC, and the Board of Directors has determined that continuing the contract for such coverage with BCBSNC is desirable and in OWASA's best interests; and

Whereas, with the capable assistance of its insurance consultant Hill, Chesson & Woody, OWASA has obtained proposals from BCBSNC for continuing the health coverage for a decrease in annual premiums of 18%, and renewal of Dental coverage with a 10% increase in rates for the period of July 1, 2019 through June 30, 2020; and

Whereas, with the capable assistance Hill, Chesson & Woody the Board of Directors has determined that the rates proposed by BCBSNC are reasonable and appropriate, and that it is in best interests of OWASA to accept the proposals;

Now, Therefore, Be It Resolved:

1. That the Board of Directors has determined to accept the BCBSNC proposals for Health and Dental insurance coverage for the term and on the conditions proposed; and,

2. That the Executive Director is hereby authorized and directed to execute the contracts.

Adopted this 9th day of May 2019.

Yinka Ayankoya

Yinka Ayankoya, Chair

ATTEST:

Raymond C. DuBose

Raymond E. DuBose, Secretary

Resolution Finding Emergency Circumstances Requiring Purchase of Materials and Services Without Formal Bidding Process

Whereas, in accordance with State law, OWASA's Purchasing Procedures permit the immediate purchase of materials and services necessary to meet unanticipated emergencies, where the public health and welfare are endangered by the emergency circumstances; and

Whereas, the Rogerson Drive sewer main break on April 12, 2019, required the immediate acquisition of materials and contractor services in order to stop the flow from the ruptured line, and to provide a temporary bypass and to permanently repair and replace approximately 520 feet of sewer line, along Rogerson Drive north of Raleigh Road; and

Whereas, staff properly determined to contract for the necessary materials and services immediately, without compliance with formal bidding procedures, and that initial project was concluded on April 23, 2019; and

Whereas, in the course of finalizing the replacement of the initial 520 feet of the Rogerson Drive Force Main, another wastewater leak has been discovered in the area where the newly replaced pipe joins the older, existing pipe; and

Whereas, wastewater from the newly discovered leak is being captured and diverted into a lower manhole, but its cause and source must be determined and remedied immediately to protect the public health and safety, as this part of the force main carries a large percentage of the total wastewater coming to the treatment plant, and during storm events, heavy stormwater infiltration; further, the flow through the pipe where the new leak has been discovered runs through facilities located beneath the heavily traveled Raleigh Road, proximate to a densely developed residential and commercial area, past schools, and to facilities owned and operated by the University of North Carolina, all of which require immediate attention to avoid further hazard to public and private property, to the public health and safety, and to the natural environment; and

Whereas, all necessary actions must be taken immediately to prevent further damage to the system or to the environment downstream; and

Whereas, to this end, the Board of Directors finds that an emergency existed to justify the purchasing of materials and services without use of the formal bidding process in order to remedy the initial line break on April 12, 2019 and that the emergency continues to exist and justifies the immediate purchase of goods and services as necessary to accomplish the work necessary to analyze and remedy the newly discovered line break downstream of the initial 520 foot replacement project, and that staff is authorized to enter into such agreements and purchases on behalf of OWASA without compliance with formal bidding procedures;

Now, Therefore, Be It Resolved:

1. That the Board of Directors of OWASA hereby adopts the foregoing finding, affirms the staff's action in purchasing, without formal bidding, materials and services necessary to remedy the April 12, 2019 line break, and authorizes the Executive Director to contract for the acquisition of goods and services as necessary to determine the cause(s), to take necessary remedial actions, and to contract for those materials and services on an emergency basis, without formal bidding procedures, all as necessary to restore and assure the proper and safe operation of the Rogerson Drive Force Main.

Adopted this 9th day of May 2019.

Yinka Ayankoya, Chair

ATTEST:

Raymond E. DuBose, Secretary