Orange Water and Sewer Authority

Public Hearings and Meeting of the Board of Directors

May 23, 2019

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a regular meeting, including public hearings on the annual budgets and schedule of rates, fees and charges, on Thursday, May 23, 2019, at 7:00 p.m. in Chapel Hill Town Hall Council Chamber.

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

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

Others present: Alexandria Cooley and Meg Holton (UNC Water Resources Manager).

Motions

1. Robert Morgan made a motion to close the Concurrent Public Hearings on the Preliminary Annual Operating and Capital Improvements Budgets and Proposed Rates, Fees and Charges for Fiscal Year 2020 that begins on July 1, 2019; the motion was seconded by Bruce Boehm and unanimously approved.

2. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Awarding a Construction Contract for the Mason Farm Wastewater Treatment Plant Secondary Clarifier Rehabilitation Project. (Motion by Ray DuBose, second by Bruce Boehm and unanimously approved.)

3. Ray DuBose made a motion to approve the Minutes of the April 11, 2019 Meeting of the Board of Directors; second by Bruce Boehm and unanimously approved.

4. Ray DuBose made a motion to close the nominations for the Election of Board Officers for Fiscal Year 2020; second by Robert Morgan 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 has been rescheduled to Tuesday, September 17, 2019, at 7:00 P.M. at Carrboro Town Hall.

Ms. Ayankoya said on May 22, 2019, the Chapel Hill Town Council took three actions: they reappointed Bruce Boehm to the OWASA Board of Directors; appointed Bruce Runberg to fill the seat John Young will vacate the end of June 2019; and appointed John Cooley to complete the two years remaining of former Board Member, Jeff Danner.

Mary Darr announced that the Forest Management Community Meeting will be held on Thursday, June 20, 2019 at 6:00 p.m. at the Maple View Agricultural Education Center.

Oath of Office

Andrea Orbich administered the Oath of Office to John Cooley, Chapel Hill Appointee to the OWASA Board of Directors.

Petitions and Requests

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

Item One: Concurrent Public Hearings on the Preliminary Annual Operating and Capital Improvements Budget and Proposed Rates, Fees and Charges

Yinka Ayankoya opened the concurrent Public Hearings on the Preliminary Annual Operating and Capital Improvements Budget and proposed Rates, Fees and Charges for Fiscal Year (FY) 2020 that begins July 1, 2019. The Board is considering a 5% increase in monthly water and sewer charges for FY 2020 which is necessary to meet the community's water and wastewater needs.

Todd Taylor, General Manager of Operations, said OWASA is a public, non-profit agency providing water, sewer and reclaimed water services to the community. The organization's revenue comes solely from customer fees; OWASA is required to charge customers the full cost of providing water and wastewater services. He said it is OWASA's responsibility to operate at the lowest rates possible while providing high quality, reliable and sustainable services. Mr. Taylor noted primary drivers of the 5% rate increase are: new projects and initiatives to improve reliability and resiliency of the system; significant increases in construction costs; and increases in costs of operating the system.

Mary Darr, Director of Engineering and Planning, said the proposed Capital Improvements Program (CIP) budget is used to rehabilitate/replace the infrastructure used to maintain the day-to-day high-quality services OWASA provides. Staff uses an asset management program to prioritize CIP projects that are planned years in advance. The CIP investment for FY 2020 is $26.4 million and over the next five years, total CIP spending is expected to be about $112.7 million. About 78% of the 5-year CIP will be spent on infrastructure rehabilitation and replacement, about 4% on expanding system capacity, and approximately 18% for system

enhancement. Ms. Darr provided information on a few recent CIP projects including: University Lake Dam flashboard replacement; Jones Ferry Road Water Treatment Plant settling basin rehabilitation; Pritchard Avenue water main replacement; and 5.6 miles of sewer rehabilitation.

Stephen Winters presented the Preliminary Annual Operating and Capital Improvements Budget and Proposed Rates, Fees and Charges and said tonight's public hearing is another opportunity for customers and stakeholders to provide input on the proposed budget and rates. He also said the Board is scheduled to make a decision on the FY 2020 budget and rates on June 13, 2019.

Mr. Winters said the 5% increase in monthly water and sewer rates will add $3.60 to the average monthly bill of households in OWASA's service area. If approved, the rate increase will become effective October 1, 2019. Other miscellaneous fees have been adjusted based on the cost of providing the services. He noted there would be no changes to fees for system development, reclaimed water or lake recreation.

Mr. Winters said projected total revenue under the proposed FY 2020 Budget is about $40.2 million. The proposed Budget includes expenditures of $23.6 million in operating expenses; $26.4 million in capital improvements expenditures; $1 million for capital equipment; and $8.1 million for debt service payments.

Mr. Winters mentioned two programs aimed at assisting customers who have difficulty paying their monthly water and sewer bill: OWASA's Affordability Outreach Program and Care to Share Customer Assistance Program.

Mr. Winters said that long-term planning indicates OWASA is sustainable and water resources will meet expected demand for the next 50 years under most circumstances. Current planning also indicates that water and wastewater treatment plant capacity is expected to meet projected needs through 2030. Staff will continue to work to reduce costs and improve efficiencies without compromising services.

Ms. Ayankoya opened the floor of the concurrent Public Hearings for public comments. No person offered any comments at the meeting. The Board received one comment via e-mail in advance of the meeting.

Robert Morgan made a motion to close the Concurrent Public Hearings on the Preliminary Annual Operating and Capital Improvements Budgets and Proposed Rates, Fees and Charges for Fiscal Year 2020 that begins on July 1, 2019; the motion was seconded by Bruce Boehm and unanimously approved. Please see Motion No. 1 above.

Ms. Ayankoya opened the discussion for Board comments.

John Young commented the presentation reflects events happening at OWASA and the rates reflect the organization's cost of service. Mr. Young recommended highlighting savings achieved from investments OWASA has made in various programs (such as energy management and Agua Vista) as part of budget assumptions in the future.

The Board expressed appreciation to the staff for their hard work to keep customer rates affordable and for a job well done.

Item Two: 12 Month Board Meeting Schedule

The Board accepted this as an information item.

Item Three: Award the Mason Farm Wastewater Treatment Plant Secondary Clarifier Rehabilitation Construction Contract

Ray DuBose made a motion to approve the Resolution Awarding a Construction Contract for the Mason Farm Wastewater Treatment Plant Secondary Clarifier Rehabilitation Project; second by Bruce Boehm and unanimously approved. Please see Motion 2 above.

Item Four: Minutes

Ray DuBose made a motion to approve the Minutes of the April 11, 2019 Meeting of the Board of Directors; second by Bruce Boehm and unanimously approved. Please see Motion 3 above.

Item Five: Employee Merit Pay for Fiscal Year 2020

The Board discussed employee merit pay for Fiscal Year 2020 and will consider action on this topic at the June 13, 2019 meeting.

Item Six: Report on Members Eligible for Nominations to Election as Board Officers

Yinka Ayankoya said that Jody Eimers and John Morris indicated they do not wish to seek a Board Officer position. Ms. Ayankoya said the Board would begin nominations in sequence for the Office of Chair, Vice Chair and Secretary.

Yinka Ayankoya self-nominated as Chair of the Board and the nomination was seconded by John Young.

John Morris nominated Ray DuBose as Chair of the Board and the nomination was seconded by John Young.

John Young nominated Ruchir Vora as Chair of the Board the nomination was seconded by Yinka Ayankoya.

The Board agreed the nominees for the Election of Chair of the Board for Fiscal Year 2020 will be Yinka Ayankoya, Ray DuBose and Ruchir Vora.

Yinka Ayankoya self-nominated as Vice Chair of the Board and the nomination was seconded by John Young.

John Young nominated Ruchir Vora as Vice Chair of the Board and the nomination was seconded by Robert Morgan.

John Morris nominated Robert Morgan as Vice Chair of the Board and the nomination was seconded by Bruce Boehm.

The Board agreed the nominees for the Election of Vice Chair of the Board for Fiscal Year 2020 will be Yinka Ayankoya, Robert Morgan and Ruchir Vora.

Bruce Boehm self-nominated as Secretary of the Board and the nomination was seconded by John Young.

John Young nominated Ruchir Vora as Secretary of the Board and the nomination was seconded by Yinka Ayankoya.

Bruce Boehm nominated Robert Morgan as Secretary of the Board and the nomination was seconded by Yinka Ayankoya.

The Board agreed the nominees for the Election of Secretary of the Board for Fiscal Year 2020 will be Bruce Boehm, Robert Morgan and Ruchir Vora.

Ray DuBose made a motion to close the nominations for the Election of Board Officers for Fiscal Year 2020; second by Robert Morgan and unanimously approved. Please see Motion 4 above.

Robert Epting reminded the Board that Board Member(s) who must be absent from the June 13, 2019 meeting may vote by proxy in the Election of Officers by submitting a written, dated and signed statement of his or her vote for each office, to the Clerk to the Board prior to beginning of the meeting.

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

Ed Kerwin said there were no items for staff follow-up and appreciated John Young's suggestion to highlight savings achieved from investments OWASA has made in various programs as part of budget assumptions in the future.

Mr. Kerwin said the Board's June 13th agenda will include:

- Approval of the Fiscal Year 2020 Budget and Rates, including Merit Pay decision;
- Award the Dobbins Drive Water and Sewer Replacement Construction Contract;
- Approve Changes to Retiree Health Insurance and 457 Deferred Compensation;
- Update on Unregulated Compounds in Water Resources;
- Approve the Western Intake Partnership Memorandum of Agreement;
- Resolution Honoring John Young's service to the community and OWASA; and
- Election of Officers.

The Board meeting was adjourned at 8:03 p.m.

Respectfully submitted by:

Andrea Orbich

Andrea Orbich
Executive Assistant/Clerk to the Board

Attachments

Resolution Awarding a Construction Contract for the Mason Farm Wastewater Treatment Plant Secondary Clarifier Rehabilitation Project

Whereas, there is a need to rehabilitate secondary clarifiers 2 and 3 at the Mason Farm Wastewater Treatment plant due to their age and condition; and

Whereas, plans and specifications for the construction of this project have been prepared by Hazen and Sawyer, PC; and

Whereas, contractor qualifications were published for advertisement on the websites of the North Carolina Institute of Minority Economic Development and the North Carolina Department of Administration, and on OWASA's website on November 16, 2018, and six contractors were pre-qualified to bid; and

Whereas, on March 7, 2019, the prequalified contractors were formally invited to submit construction bids for the project, and two bids were received on April 4, 2019; and

Whereas, being less than the required number of bidders, the project was re-advertised on April 5, 2019; and

Whereas, on April 16, 2019 three bids were received and opened publicly; and

Whereas, Turner Murphy Company, Inc. of Rock Hill, South Carolina has been determined to be the low responsive, responsible bidder for the project; and

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

Now, Therefore, Be It Resolved:

1. That the Orange Water and Sewer Authority Board of Directors awards the construction contract to Turner Murphy Company, Inc., the low responsive, responsible bidder for the Mason Farm Wastewater Treatment Plant Secondary Clarifier Rehabilitation Project, in accordance with the approved plans and specifications, in the amount of $1,046,079.00, subject to such change orders as may apply.

2. That the Executive Director be, and hereby is, authorized to execute said contract, subject to prior approval of legal counsel, and to approve and execute change orders and such documents as may be required in connection with completion of the construction contract.

Adopted this 23rd day of May, 2019.

Yinka Ayankoya, Chair

ATTEST:

Raymond E. DuBose, Secretary