ORANGE WATER AND SEWER AUTHORITY

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

MEETING SUMMARY
Finance Committee Meeting
March 24, 2011, 5:00 - 6:30 P.M., Chapel Hill Town Hall

Committee Members:	Mac Clarke (Chair), Braxton Foushee, Alan Rimer, Amy Witsil
Other Board Members:	Joy Preslar
Staff:	Stuart Carson, Mason Crum, Pat Davis, John Greene, Ed Kerwin, Heidi Lamay, Kevin Ray, Stephen Winters
Public:	OWASA Customer: Will Towne OWASA Board of Directors Nominee: John Young

Discussion regarding the Budget for Fiscal Year 2012

Staff presented an updated draft of the Fiscal Year (FY) 2012 budget reflecting revisions to the Capital Improvements Program (CIP). Staff also presented select information from OWASA's 15-year financial plan including alternatives for a rate adjustment.

Updated CIP Budget

As a result of engineering studies which assess the level and nature of future investments in OWASA's infrastructure, the expected investment in the 15-year CIP has been reduced from the levels included in the previous plan. Projects have been reprioritized; some have been identified as more urgent than previously thought and others have been delayed based on the revised needs assessment.

Ed Kerwin read comments concerning the CIP submitted by OWASA Customer Gary Richman. Mr. Richman wrote that the residents of Highland Woods subdivision are anxious to see the Mason Farm Wastewater Treatment Plant Phase III Odor Control project completed and supports its inclusion in OWASA's CIP including the plans to have it completed no later than the date previously agreed upon by OWASA and the Town of Chapel (December 31, 2014). Additionally, Mr. Richman wrote that the last several months have been a significant step backward in the frequency and intensity of odor incidents.

Rate Adjustment Scenarios

Staff presented two rate adjustment scenarios. One scenario stipulates no rate increase in FY 2012 followed by a projected rate increase of three percent in FY 2013. The second calls for a two percent increase in FY 2012 followed by lower increases in succeeding years. While a majority of committee members favor the latter at this time, no decision regarding rate adjustments will be made until after public hearings are held in June.

OWASA Customer Will Towne expressed support for no rate increase in FY 2012.

Financial Audit Services – Requests for Proposals

In January 2011, staff issued a Request for Proposals (RFP) for annual financial audit services. For the last three years, OWASA's audit has been performed by Cherry, Bekaert and Holland. Although pleased with the services the firm has provided, OWASA opted to issue an RFP to ensure our needs are being met cost effectively. Staff reviewed the method it plans to use to select a firm from the responses submitted and the committee requested that staff move forward with the selection process.

Other Post Employment Benefits Funding

The Committee discussed alternatives for funding the liability for the health insurance benefit OWASA provides to retirees. A specific funding recommendation will be discussed at a future Finance Committee meeting.

Next Steps – FY 2012 Budget and Rate Adjustment

The Preliminary Annual Budget will be presented to the Board of Directors at its meeting on April 28, 2011. Public hearings are tentatively scheduled for May 26, 2011 and the Board will consider approval of the final Annual Budget and Schedule of Rates, Fees and Charges at its meeting on June 9, 2011.

Next Meeting

If determined to be necessary, the next Finance Committee meeting will occur on April 28, 2011 at 5:00P.M. in the first floor conference room at Chapel Hill Town Hall. If held, an agenda will be distributed in advance of the meeting.

Prepared by:

Stephen Winters, CPA
Director of Finance & Customer Service

c: OWASA Board of Directors