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
April 28, 2011, 5:30 - 6:45 P.M., Chapel Hill Town Hall

Committee Members: Mac Clarke (Chair), Alan Rimer, Amy Witsil, Gordon Merklein (ex-officio)

Other Board Members: Joy Preslar, William Stott, John Young

Staff: Stuart Carson, Mason Crum, Pat Davis, John Greene, Ed Kerwin, Ed Holland, Heidi Lamay, Kevin Ray, Stephen Winters

Public: None

Staff's proposal to reduce the period presented in the publicized planning and budget document for the OWASA Capital Improvement Program (CIP) from 15 years to five years

The Committee agreed to support the publication of a more concise five-year CIP document. Staff will continue to maintain a 15-year plan to facilitate knowledge management and to support long-range financial planning. Beginning with fiscal year (FY) 2012, OWASA will publish a five-year CIP.

Staff's proposal to change certain customer charges

In order to improve the OWASA customer experience, the Committee agreed to support the following staff recommendations:

- Eliminate the *Record Change Charge* – This charge offsets the administrative costs of transferring responsibility for an account from one customer to another. The process does not require that the customer's meter be read and does not result in the creation of a new account. The fee is $10 per transaction and generates annual revenue of approximately $2,000 to $3,000
- Eliminate the *Charge for Temporary Disconnection / Subsequent Reconnection at Customer's Request* – This charge offsets the cost of turning water service off and on at a customer's request. Often, this occurs when the customer has some type of water emergency. Typically, fewer than 100 transactions of this type occur per year. The fee is $45 during normal business hours and $80 outside normal business hours. The revised policy will include language that protects OWASA from situations in which a customer requests disconnection / reconnection multiple times for a single incident.
- Change the policy for collecting *Security Deposits* – Currently, OWASA collects a $50 deposit from virtually all applicants upon opening a new account for a single-family residential customer, regardless of creditworthiness. For non-residential customers, the amount of the deposit is typically two times the average monthly bill of the previous customer at the same location. The new policy will incorporate a process to check the credit of the applicant. For a single-family residential customer, the amount of the security deposit required will be based on the applicant's creditworthiness and will be zero, $50, or $100. A similar approach will be taken with non-residential customers.

Resolution Amending OWASA's Adopted FY 2011 Annual Budget for an Additional Capital Equipment Expenditure

The Committee agreed to support a resolution to be considered by the Board of Directors at its meeting following the Finance Committee meeting that amends OWASA's FY 2011 Budget to facilitate the purchase of capital equipment not included in the original budget. OWASA wishes to purchase survey equipment at a cost of approximately $40,000. Owning the equipment will allow staff to perform routine survey work that is currently being outsourced to third-parties. Staff estimates that savings achieved during the first 12 months of ownership will offset the cost of the equipment.

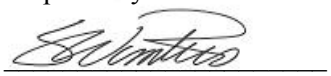
Quarterly Financial Report

Staff presented a summary of the Financial Report for the Nine Month Period Ended March 31, 2011. Net Revenue less Debt Service for the quarter exceeded budget by approximately $4.3 million or 95%. Currently, staff forecasts that at the end of the fiscal year, Net Revenue less Debt Service will be approximately $4 million or 60% over budget.

Next Meeting

If determined to be necessary, the next Finance Committee meeting will occur on May 26, 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