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
January 26, 2012, 5:30 - 6:45 P.M., Chapel Hill Town Hall

Committee Members:	Amy Witsil (Chair), Alan Rimer, John Young , Gordon Merklein (ex-officio)
Other Board Members:	Fred Battle, Terri Buckner, Will Raymond, Dana Stidham, William Stott
Staff:	Mason Crum, Pat Davis, John Greene, Ed Holland, Ed Kerwin, Heidi Lamay, Kevin Ray, Kelly Satterfield, Stephen Winters
Public:	Mac Clarke

The meeting's agenda included three topics:

- OWASA's financial report for the six month period ended December 31, 2011
- Budget planning documents for Fiscal Year (FY) 2013
- Proposed amendments to OWASA's Financial Management Policy

Financial Report

Staff presented the financial report for the six month period ended December 31, 2011. To date, seven of OWASA's eight financial goals are being met or exceeded, except for the service affordability ratio, which is 1.81% (the goal for FY12 is 1.5%). Net Revenue less Debt Service for the period exceeded budget by about 30%. Net Revenue less Debt Service for the twelve month fiscal year is forecasted to be approximately 15% over budget.

Budget Planning

The Committee reviewed drafts of three documents prepared by staff: Summary of Strategic Issues, Planning Assumptions and Background Information and the Fiscal Year 2012 Budget Calendar. These documents are intended to inform the preparation of the FY 2013 budget. The Committee suggested adding an item to the Summary of Strategic Issues: reference to the potential capital and other costs of entering into long-term agreements with the towns of Durham and Cary to ensure access to our Jordan Lake allocation. Staff will make the appropriate changes.

Proposed changes to OWASA's Financial Management Policy

Staff presented a proposal to make several changes to OWASA's Financial Management Policy. The Committee endorsed five of the six proposed changes without alteration. Regarding the sixth, rather than eliminating reference to a formal "cost containment and efficiency review" task, this concept was incorporated into the task of "Operations and Maintenance Budget Review". At its meeting immediately following the Finance Committee meeting, the Board of Directors approved a resolution to amend the Financial Management Policy as revised.

Stephen Winters, CPA
Director of Finance & Customer Service

c: OWASA Board of Directors