Orange Water and Sewer Authority

OWASA is Carrboro-Chapel Hill's not-for-profit public service agency delivering high quality water, wastewater, and reclaimed water services.

MEETING SUMMARY
Finance Committee Meeting
February 24, 2020, 5:00 – 6:00 PM, in the
OWASA Boardroom

Committee Members:	Bruce Boehm (Chair), Robert Morgan, Ray DuBose (ex-officio)
Other Board Members:	Jody Eimers
Staff:	Mary Darr, Monica Dodson, Jesse DuClau, Pat Farl, Vishnu Gangadharan, Ed Kerwin, Ken Loflin, Kelly Satterfield, Allison Spinelli, Todd Taylor, Stephen Winters
Public:	None

The Finance Committee met on Monday, February 24, 2020 to review and discuss a draft of the Fiscal Year (FY) 2021 draft operating budget. A draft of the 5-year Capital Improvements Program (CIP) and capital equipment budgets will be provided at the March 12, 2020 Board meeting. Staff will provide the Board with a preliminary rate adjustment recommendation for consideration at the March 26, 2020 meeting.

Expenditures in the draft FY 2021 operating budget total approximately $24.3 million. This is about 2.9% greater than the FY 2020 operating budget and about 1% higher than was projected for FY 2021 a year ago. Staff has drafted the FY 2021 operating budget based on "normal operating conditions" without contingencies for unusual events or circumstances.

Committee Members' asked questions which staff answered, and requested that staff provide additional information at future meetings, including:

- History of rate increases
- History of employee merit and cost of labor increases
- Costs associated with Board-supported initiatives such as:
    - Valve-maintenance program
    - Diversity and inclusion program
    - Implementation of revised deferred compensation plan
    - Compliance with the American Water Infrastructure Act of 2018
    - Long-Range Water Supply Plan update
    - Forest management
- Data showing employees compensation in relation to their respective pay grades

Next step in the budget process

1. Staff will present an updated draft of the operating budget, a draft of the 5-year CIP budget, and a draft of the capital equipment budget at the Board's work session on March 12, 2020 as well as information about the new budget format.
2. The Board is scheduled to set the date for public hearings, and staff will present revised draft budgets and a rate adjustment recommendation at the Board's March 26, 2020 meeting.
3. Staff will incorporate feedback from the March 12 and March 26 meetings into the budget and financial plan.

4. Staff anticipates presenting an updated draft of the FY 2021 budget and rate adjustment recommendation to the Board of Directors on April 9. At the meeting on April 23, 2020, staff will ask for the Board's authorization to publicize budget and rate information in advance of the public hearings.
5. Staff will prepare a revised (if necessary) draft of the FY 2021 budget and rate adjustment recommendation for presentation at public hearings.
6. At the public hearings, the Board will receive and consider comments from customers and other stakeholders.
7. After considering public input, the Board of Directors will discuss and provide guidance to staff on the final draft of the FY 2021 budget and rate adjustment recommendation.
8. Staff will finalize the FY 2021 budget and rate adjustment recommendation and is scheduled to present it for adoption by the Board of Directors at its work session on June 11, 2020.



Stephen Winters, CPA
Director of Finance & Customer Service