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.

Agenda
Meeting of the OWASA Board of Directors
Thursday, April 14, 2022, 6:00 P.M.

Due to COVID-19 public health concerns, the Orange Water and Sewer Authority (OWASA) Board of Directors is conducting this meeting virtually utilizing Microsoft Teams software. Board Members, General Counsel and staff will be participating in the meeting remotely.

In compliance with the "Americans with Disabilities Act," interpreter services for non-English speakers and for individuals who are deaf or hard of hearing are available with five days prior notice. If you need this assistance, please contact the Clerk to the Board at 919-537-4217 or aorbich@owasa.org.

The Board of Directors appreciates and invites the public to attend and observe its virtual meetings online. Public comment is invited via written materials, ideally submitted at least two days in advance of the meeting to the Board of Directors by sending an email to board_and_leadership@owasa.org or via US Postal Service (Clerk to the Board, 400 Jones Ferry Road, Carrboro, NC 27510). Public comments are also invited during the Board Meeting via telephone, and you will need to be available to call-in during the meeting. Please contact the Clerk to the Board at aorbich@owasa.org or 919-537-4217 to make arrangements by 3:00 p.m. the day of the meeting.

Public speakers are encouraged to organize their remarks for delivery within a four-minute time frame allowed each speaker, unless otherwise determined by the Board of Directors.

Announcements

a. Announcements by the Chair
   - Any Board Member who knows of a conflict of interest or potential conflict of interest with respect to any item on the agenda tonight is asked to disclose the same at this time.
   - Orange County Climate Council Meeting Update

b. Announcements by Board Members

c. Announcements by Staff
   - April 27, 2022 Chapel Hill Town Council Meeting to provide an update on OWASA's Long-Range Water Supply Plan (Ruth Rouse)
   - May 3, 2022 Carrboro Town Council Meeting to Provide an Annual Update and an Update on OWASA's Long-Range Water Supply Plan (Ruth Rouse)

Petitions and Requests

1. Public
2. Board
3. Staff

Consent Agenda

Information and Report

1. Formal Purchase of Oakwood North and Oakwood South Water Main Pipe (Stephen Winters)
2. Response to a Petition Regarding the Uncertainty and Level of Conservatism in the Yield Analysis for the Long-Range Water Supply Plan (Ruth Rouse)
3. Quarterly Report on Attendance at Board and Committee Meetings (Andrea Orbich)

Action

4. Resolution Amending the Fiscal Year 2022 Budget (Stephen Winters)
5. Resolution Authorizing Executive Director to File an Application for American Rescue Plan Act Funding to the North Carolina Division of Water Infrastructure for Western Intake Partnership Studies (Ruth Rouse)
6. Minutes of the February 24, 2022 OWASA Board of Directors Meeting (Andrea Orbich)
7. Minutes of the March 10, 2022 OWASA Board of Directors Meeting (Andrea Orbich)

Regular Agenda

Discussion and Action

8. Discuss Draft Fiscal Year 2023 Budget and Authorize Staff to Publish Fiscal Year 2023 Budget and Rate Information (Stephen Winters)

Discussion

9. Update on Long-Range Water Supply Plan and Western Intake Partnership (Todd Taylor/ Ruth Rouse)
10. Decision on Whether to Complete a Board of Directors Self-Assessment (Jody Eimers)
11. OWASA Board Members Eligible for Nomination for Election as Board Officers (Robert Epting)
12. Review Board Work Schedule
    a. Request(s) by Board Committees, Board Members, General Counsel and Staff (Jody Eimers)
    b. Draft May 12, 2022 Board Meeting (Todd Taylor)
    c. 12 Month Board Meeting Schedule (Todd Taylor)
    d. Pending Key Staff Action Items (Todd Taylor)

Summary of Work Session Items

13. Executive Director will Summarize the Key Staff Action Items from the Meeting

Agenda Item 1:

Formal Purchase of Oakwood North and Oakwood South Water Main Pipe

Background:

As stipulated in OWASA's Purchasing Policy, the Board of Directors has delegated to the Executive Director the authority to award contracts for purchase of supplies, material, and equipment solicited under formal bids ($90,000 and above) and submit a summary report to the Board which identifies the name of the bidders, the amount of the bids and the award decision. There is not a requirement regarding a minimum number of bids to be received.

In February 2022, staff purchased materials needed for two water line construction projects being conducted by OWASA crews. Each purchase exceeded $90,000.

Summary Bid Information:

Project	Bidder	Bid Amount
Oakwood Drive North	Core & Main	$142,446
	Ferguson Waterworks	$133,333
Oakwood Drive South	Core & Main	$115,422
	Ferguson Waterworks	$111,631

The award was made to the low bidder, Ferguson Waterworks; Core & Main's price was higher, and they also could not meet our delivery timeframes.

Action Requested:

This report is for information only. No action is needed.

Agenda Item 2:

Response to a Petition Regarding the Uncertainty and Level of Conservatism in the Yield Analysis for the Long-Range Water Supply Plan

Purpose:

To receive feedback from the Board of Directors on staff's response to Bruce Boehm's March 10, 2022 petition to the Board regarding the sensitivity analysis on our estimated yield and level of conservatism in the text of the LRWSP.

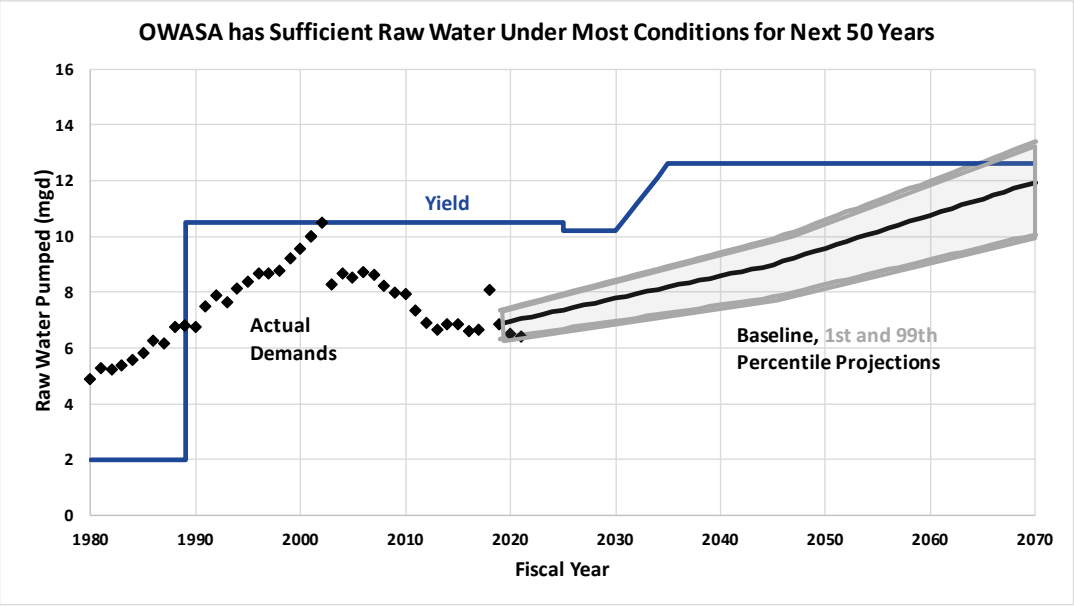
Background:

- OWASA developed a sensitivity analysis around its estimated yield and included it in the August 13, 2020 agenda package. A summary of the analysis was included in Attachment 2 and more details were included in Attachment 5 of that agenda package.
- While considering OWASA's options in obtaining access to its Jordan Lake allocation, Board member Bruce Boehm reviewed the information in the August 13, 2020 agenda package concerning yield and recent climate change reports.
- Board member Boehm found some of the information in the August 13, 2020 agenda package difficult to understand; he also found some of the language insufficiently conservative or misleading. Board member Boehm presented this information in the form of a petition to the Board of Directors at its March 10, 2022 meeting (petition attached).

Staff's Revised Summary of Yield Sensitivity Analysis:

At its March 14, 2019 meeting, the Board of Directors reviewed and approved a set of long-range (through 2070) water demand projections for the update of the LRWSP that account for the uncertainty in those projections (Figure 1).

Figure 1: Water Demand Projections and Estimated Yield

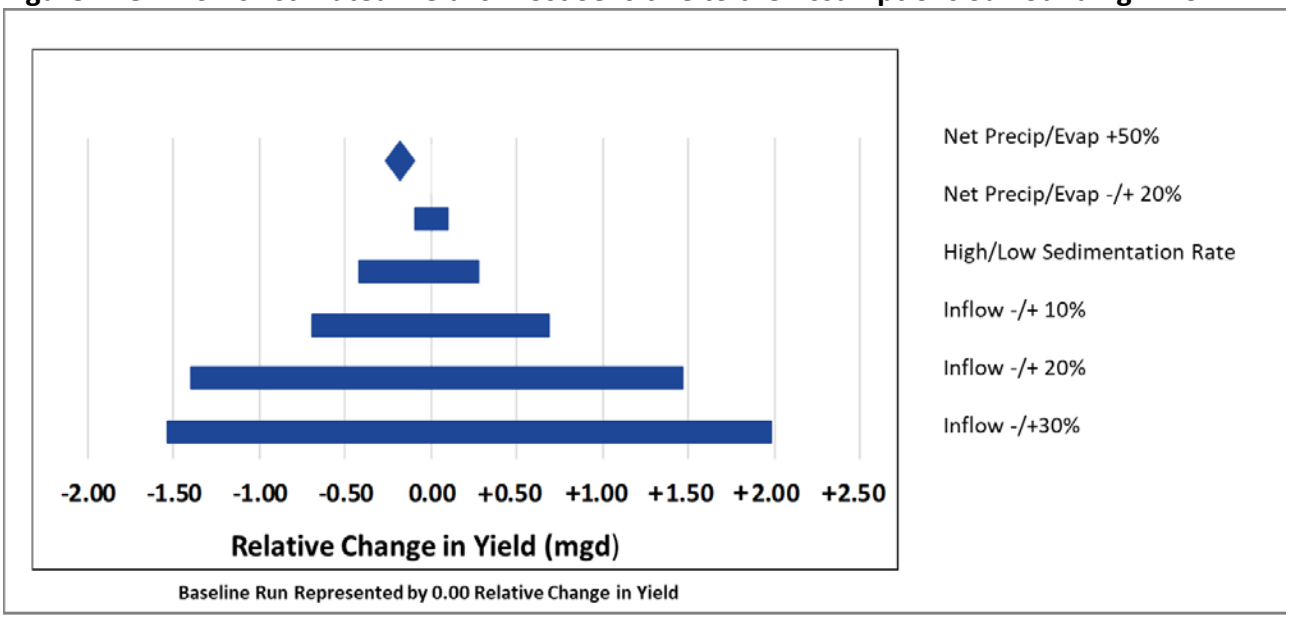


At the January 30, 2020 special meeting, the Board requested that staff also provide information regarding uncertainty in the amount of water (yield) that our reservoirs provide. Hazen and Sawyer subsequently performed a sensitivity analysis on three main assumptions in our yield calculation: (1) inflow to the reservoir, (2) evaporation from our reservoirs, and (3) the rate of sedimentation or amount of storage in our reservoirs. For purposes of simplifying the analyses, we assumed that these parameters would act independently of one another. However, this may not be true. As temperatures increase, evaporation and inflow could both be impacted. Similarly, if we have more frequent intense storms, that may impact the inflow and rate of sedimentation. Increasing temperatures and evaporation could also increase demands; thus yield and demand projections are not independent of one another.

The yield illustrated as the blue line in Figure 1 (12.6 mgd after the expanded Quarry Reservoir is fully online in approximately 2035) reflects a sedimentation rate based on a study in University Lake in 1989. For purposes of the sensitivity analysis, we modified the sedimentation rate in the hydraulic model to reflect recent studies on the City of Durham's water supply reservoirs which showed lower sedimentation rates than the 1989 University Lake study. Since stringent development restrictions have been enacted since 1989, staff wanted to assure that the results of the sensitivity analysis were not overly conservative and updated the sedimentation rate which resulted in a baseline yield of about 13 mgd for the sensitivity analysis. Staff is not comfortable officially modifying the yield illustrated as the blue line in Figure 1 without additional bathymetric studies on our own reservoirs to confirm useable storage and sedimentation rates since literature rates vary widely. Thus, staff recommends that we continue to use 12.6 mgd as our baseline yield for purposes of the LRWSP.

Figure 2 illustrates the relative sensitivity of the yield to various model inputs using the sedimentation rate from the City of Durham studies.

Figure 2: OWASA's Estimated Yield is Most Sensitive to the Assumptions Surrounding Inflow

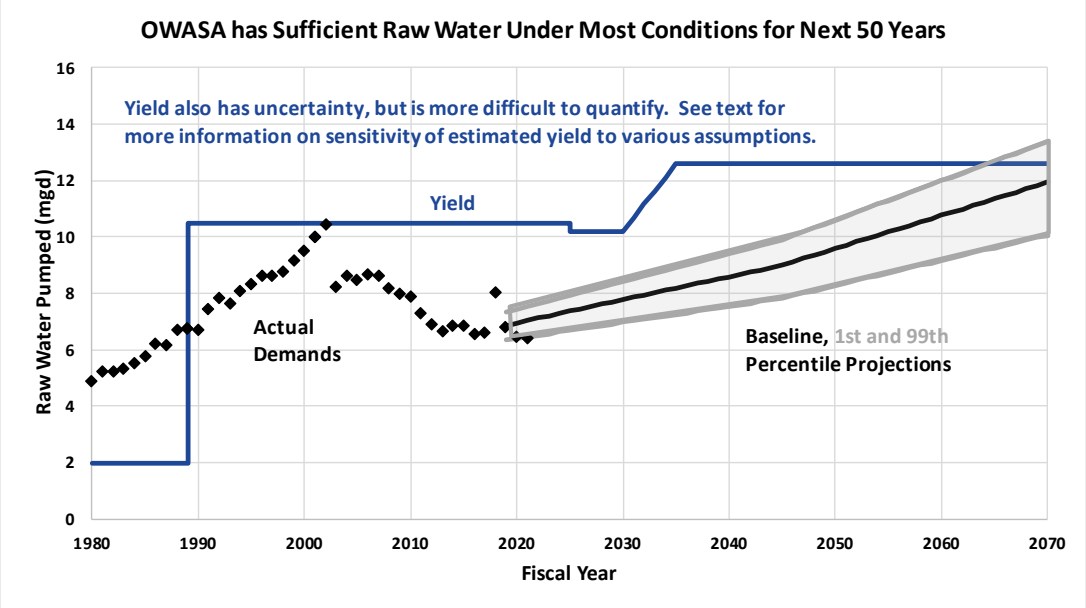


Applying the results to OWASA's current yield indicates that our baseline yield could be as low as 11.5 mgd under hydrologic conditions that result in 30 percent lower inflow than the period of record.

The sensitivity analysis was completed for 2035 conditions when the expanded Quarry Reservoir is online. Assuming a similar relative reduction under the most stringent of the modeled hydrologic conditions (30 percent reduction in inflow), our baseline yield prior to the expanded Quarry Reservoir being fully online would decrease from its current estimate of 10.5 mgd to 9.3 mgd. This compares to a 2030 baseline demand of 7.8 mgd and a 99th percentile demand of 8.4 mgd. Thus, OWASA has an elevated risk of a water shortage prior to the Quarry Reservoir being expanded; other modeling completed by Hazen and Sawyer that is not described here shows that OWASA is more likely to need to use its Jordan Lake allocation prior to the expansion of the Quarry Reservoir than it is in 2045.

Figure 3 updates the information in Figure 1 to acknowledge that there is uncertainty in OWASA's estimate of yield.

Figure 3: Water Demand Projections and Estimated Yield



OWASA is at low risk of running out of supply; even under conservative conditions (the reduction in inflow of 30 percent and the 99th percentile demands), OWASA has enough water to meet the community's need for several decades. However, modeling does show that we would need to access our Jordan Lake allocation under conditions similar to drier historic years and we want to be prepared to access that allocation.

While these analyses help provide insight into future needs, they are not predictive of actual future conditions as they are based on historic hydrologic conditions. OWASA's model used to estimate yield is based on a 94-year period of record (1925-2019) of gaging station data. It is uncertain how that 94 years will compare hydrologically to future years, particularly with the hydrologic variability predicted with climate change. The North Carolina Climate Science

Report states that it is likely that future severe droughts will likely be more frequent and intense due to higher temperatures and their associated increase in evaporation. Thus OWASA wants to be prepared for when a new drought of record occurs.

Summary of Changes:

Staff made the following changes to the August 13, 2020 description of the uncertainty in yield in this agenda package and agrees with the modifications:

- Modified Figure 2 to center around the baseline sedimentation rate used only for purposes of the sensitivity analysis; additional information was provided prior to Figure 2 on the reasons this was done. The horizontal axis was modified to show the relative change in yield rather than absolute changes in yield. Information regarding simplifying assumptions on the analyses was also added.
- Language was added to acknowledge that there is also uncertainty around the yield prior to the Quarry Reservoir being online. Figure 1 updated (new Figure 3) to acknowledge the uncertainty in our estimated yield.
- Language regarding the potential for future droughts mirrors language in the North Carolina Climate Science Report.

Action Needed:

No formal action is needed, but staff requests feedback on whether the revised summary of the yield sensitivity analysis adequately addresses Mr. Boehm's petition.

Information:

- Bruce Boehm Petition to the OWASA Board of Directors – March 10, 2022

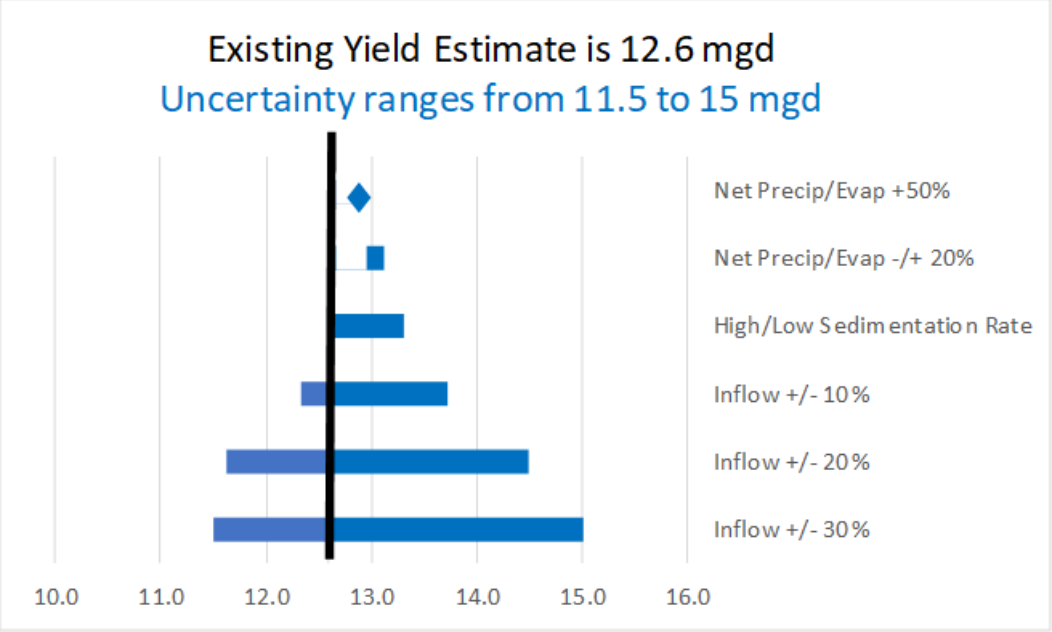
Bruce Boehm Petition to the OWASA Board of Directors – March 10, 2022

In thinking about how strong of a supply guarantee OWASA should have from the Western Intake Partners to access our Jordan Lake allocation, I reviewed recent climate change reports and the information presented at the Aug 13, 2020 Board meeting. I discovered a few items in the August 13, 2020 agenda package that I believe are misleading and/or insufficiently conservative.

Since the information completed to date on the LRWSP is the basis of the public discussion I'm petitioning the Board to insure that the information available to the public be as straightforward, accurate, and easy to understand as possible. This is especially important regarding summary information as many in the public may not have either the time or expertise to read the detail. I would also ask the Board to review the level of conservatism of the yield projections in drought conditions. Specific elements of my petition are provided below.

1. The August 13, 2020 agenda package included the summary of a sensitivity analysis to provide insight into the uncertainty of the estimated yield of local water supply reservoirs. The sensitivity analysis involved varying three main inputs individually to the model used to estimate the yield:
    1. inflow to the reservoirs
    2. the rate of evaporation from the reservoirs
    3. the rate of sedimentation which impacts the amount of storage in the reservoirs

A graphical summary of that analysis is shown here:

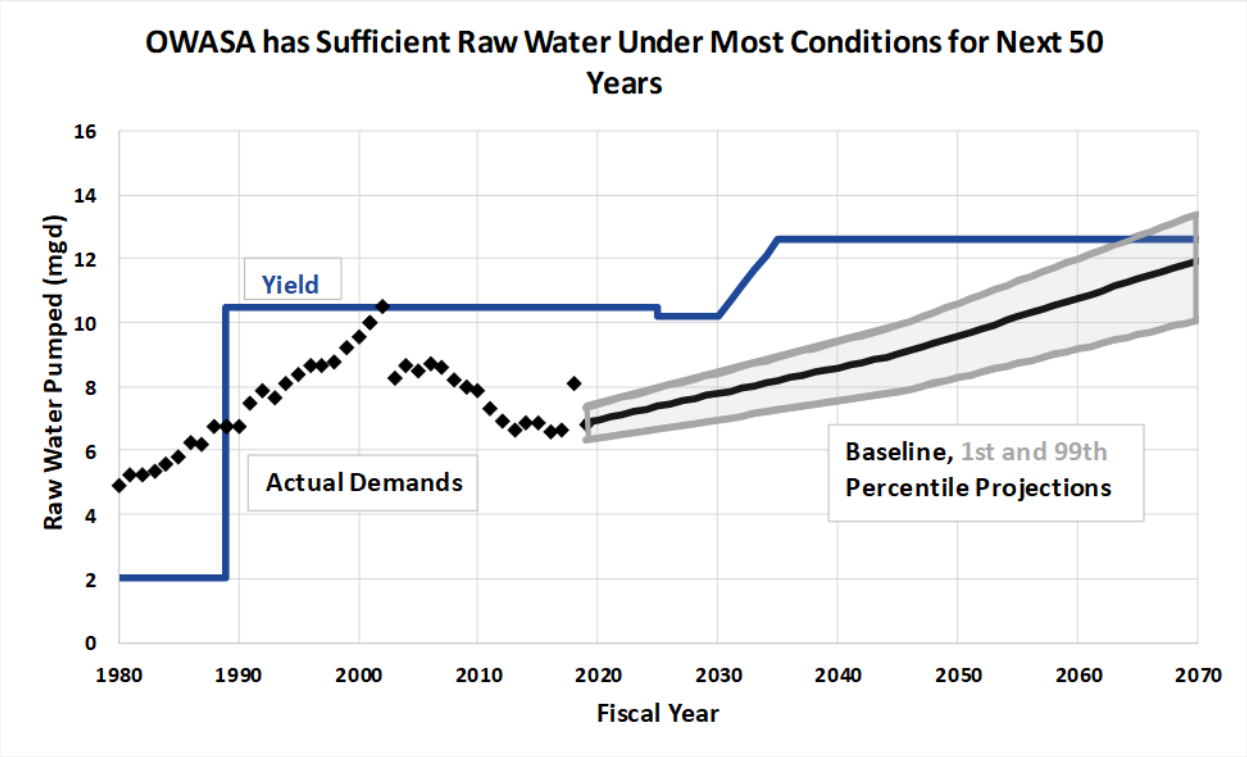


Note: The uncertainty bars are not centered on our current estimated yield since Hazen used less conservative sedimentation rates for the uncertainty analysis than used in our existing yield analysis. Our existing yield analysis used higher sedimentation rates based on data collected in University Lake in 1989; the updated sedimentation rates used for the uncertainty analysis are based on recent studies on City of Durham's water supply reservoirs. Attachment 5 contains additional details.

This graph has all the blue bars offset too far to the right relative to the baseline yield (the vertical black line), i.e. indicating that there is more water in our reservoirs than we actually have. In addition, some of the analyses don't make intuitive sense, for example, both increasing and decreasing net evaporation result in an increase in the estimated yield.

After further reviewing the information in the agenda and talking to Ruth, I understand how the model was constructed and why it used a base case yield of 13mgd. I have no argument with the model or its assumptions. But the choice of displaying the base case of 12.6mgd on the graph makes it appear that OWASA does not know what it is doing.

2. From the same agenda package the projected yield and 99th percentile demands (highest gray line) are shown in the following graph:



Based on this graph the statement is made "If our lowest projected yield based on the sensitivity analysis is assumed, OWASA has enough water under our baseline demands until the early 2060s and until the mid-2050's under 99 percent of the modeled demand scenarios".

However, if the 1.5 mgd reduction in yield modeled in Table 2 (for a 30% reduction in inflow) occurred in 2030, the yield curve will approximately touch the 99% demand curve, i.e. under one of our modeled drought scenarios we won't have enough water in 8 years without mandatory water restrictions. I suggest the report include additional caveats in the text that acknowledge that the yield curve has ranges around it just as the demand curve does, and that water restrictions will be necessary under certain conditions.

3. The North Carolina Climate Science Report states that severe droughts will likely be "more severe and frequent", whereas the LRWSP states only that there may be "more intense" droughts. Are we exposed by not being conservative enough in the text of the LRWSP

report? I would be more comfortable if the LRWSP adopts the wording of the Climate Report.

4. The LRWSP treats the yield and demand curves independently, and the drought sensitivity analysis treats each of the factors independently. These assumptions are not valid and understate the risks. I would suggest that the LRWSP information explicitly state that for simplicity, we have made both of these assumptions.

There's a deep rabbit hole one can descend when it comes to levels of conservatism, especially when one is trying to plan 50 years out. My suggestions here do add elements of conservatism, but, at the same time, I've uncovered areas where the LRWSP is less conservative than I (and perhaps others) thought it was.

I recommend that the Board refer my petition to staff to evaluate the above four points and report back at a future meeting.

Agenda Item 3:

ORANGE WATER AND SEWER AUTHORITY - QUARTERLY REPORT

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

BOARD OF DIRECTORS	JANUARY 2022	FEBRUARY 2022	MARCH 2022
JODY EIMERS, CHAIR	Jan 13 Board WS (Meeting) Jan 26 SPWS (Meeting) Jan 27 Board (Meeting)	Feb 10 Board WS (Meeting) Feb 24 Board (Meeting)	Mar 10 Board WS (Meeting) Mar 24 D&I (Meeting) Mar 24 Board (Canceled)
YINKA AYANKOYA, VICE CHAIR	Jan 13 Board WS (Meeting) Jan 26 SPWS (Absent) Jan 27 Board (Meeting)	Feb 10 Board WS (Meeting) Feb 24 Board (Meeting)	Mar 10 Board WS (Meeting) Mar 24 D&I (Meeting) Mar 24 Board (Canceled)
JOHN N. MORRIS, SECRETARY	Jan 13 Board WS (Meeting) Jan 26 SPWS (Meeting) Jan 27 Board (Meeting)	Feb 10 Board WS (Meeting) Feb 24 Board (Meeting)	Mar 10 Board WS (Meeting) Mar 24 D&I (Meeting) Mar 24 Board (Canceled)
TODD BENDOR	Jan 13 Board WS (Meeting) Jan 26 SPWS (Meeting) Jan 27 Board (Meeting)	Feb 10 Board WS (Meeting) Feb 24 Board (Meeting)	Mar 10 Board WS (Meeting) Mar 24 D&I (Meeting) Mar 24 Board (Canceled)
BRUCE BOEHM	Jan 13 Board WS (Meeting) Jan 26 SPWS (Meeting) Jan 27 Board (Meeting)	Feb 10 Board WS (Meeting) Feb 24 Board (Meeting)	Mar 10 Board WS (Meeting) Mar 24 D&I (Meeting) Mar 24 Board (Canceled)
RAY DUBOSE	Jan 13 Board WS (Meeting) Jan 26 SPWS (Meeting) Jan 27 Board (Meeting)	Feb 10 Board WS (Meeting) Feb 24 Board (Meeting)	Mar 10 Board (Meeting) Mar 24 D&I (Meeting) Mar 24 Board (Canceled)
KEVIN LEIBEL	Jan 13 Board WS (Meeting) Jan 26 SPWS (Meeting) Jan 27 Board (Meeting)	Feb 10 Board WS (Absent) Feb 24 Board (Absent)	Mar 10 Board WS (Meeting) Mar 24 D&I (Absent) Mar 24 Board (Canceled)
VACANT CARRBORO SEAT			
VACANT CHAPEL HILL SEAT			
TOTAL MEETINGS HELD:	**3**	**2**	**2**

Board – Board of Directors Meeting
Board WS – Board Work Session
D&I – Diversity and Inclusion
SPWS – Strategic Plan Work Session

Agenda Item 4:

Resolution Amending the Fiscal Year 2022 Budget

Background:

The FY 2022 board-approved budget included funds for purchasing capital assets in the amount of $1,057,250. Staff has since changed its plans for some of the intended purchases and identified the need for funds for purchases not in the original budget. The following table shows these changes.

Fiscal Year 2022	
Original capital asset budget	$1,057,250
Purchases deferred:	
Replacement of small tractor at Cane Creek Reservoir (repairs were made to existing tractor that extend its useful life)	($7,700)
Purchase of road tractor (equipment not available for delivery until FY 2023) *	($156,000)
Purchases not in original budget:	
Easement mower attachment (enhance safety for OWASA staff and public)	$7,000
Purchase final 1/3 interest in real estate tract near Cane Creek Reservoir for the purpose of securing a conservation easement	$240,000
Contingency for changes in costs of planned purchases	$6,700
Adjusted capital asset budget	$1,147,250
Amount of proposed budget amendment	$90,000

* We expect to receive $120,000 towards the purchase of this equipment from the Volkswagen diesel settlement.

North Carolina General Statute 159-15 states that the Board of Directors may amend the budget at any time and in any manner.

Action Requested:

Approve the attached resolution to amend the FY 2022 budget.

Information:

- Resolution Amending the Fiscal Year (FY) 2022 Annual Budget

Resolution Amending the Fiscal Year (FY) 2022 Annual Budget

Whereas, the Board of Directors adopted the FY 2022 Annual Budget of Orange Water and Sewer Authority; and

Whereas, North Carolina General Statute 159-15 provides the authority for the Board of Directors to amend the adopted budget; and

Whereas, staff is forecasting that capital equipment expenditures will be approximately $90,000 more than budgeted; and

Whereas, staff is projecting that capital improvements program expenditures will be approximately $7 million less than budgeted;

Now, Therefore, Be It Resolved:

1. That pursuant to the provisions of North Carolina G.S. 159-15, the Official Budget of Orange Water and Sewer Authority for FY 2022 is amended as set forth in Attachment A.

2. That $90,000 in the capital improvements program budget be transferred to the capital equipment budget as set forth in Attachment A.

3. That the Executive Director is authorized and instructed to implement the revised budget as herein set forth.

Adopted this 14th day of April 2022.

_____
Jo Leslie Eimers, Chair

ATTEST:

_____
John M. Morris, Secretary

ORANGE WATER AND SEWER AUTHORITY
FISCAL YEAR 2022 ANNUAL BUDGET
STATEMENT OF INCOME, EXPENSE AND DEBT SERVICE

	FY 2022 Annual Budget	Amendment	FY 2022 Amended Budget
Operating Revenue			
Water	$18,194,238		$18,194,238
Sewer	18,856,847		18,856,847
Reclaimed Water	463,200		463,200
Service Initiation Fee	16,510		16,510
Other	898,581		898,581
Refunds and Adjustments	(107,101)		(107,101)
Total Operating Revenue	38,322,275	0	38,322,275
Operating Expense			
General and Administrative	7,994,126		7,994,126
Operations	15,675,466		15,675,466
Total Operating Expense	23,669,592	0	23,669,592
Net Operating Income	14,652,683	0	14,652,683
Non-operating Revenue			
Customer Fees	1,249,897		1,249,897
Interest	97,759		97,759
Total Net Income	16,000,339	0	16,000,339
Debt Service			
Existing	7,945,522		7,945,522
New	677,664		677,664
Total Debt Service	8,623,186		8,623,186
Net Income Less Debt Service	$7,377,153	$0	$7,377,153
General Fund			
Resources			
Transfer From Revenue	$7,377,153		$7,377,153
Transfer from Construction Fund (loan proceeds)	887,073		887,073
Grants and Contributions	0		0
Annual Income Available for Capital	8,264,226	0	8,264,226
Capital Expenditures			
Project Ordinances			
General Fund Contribution	11,185,000	(90,000)	11,095,000
Funded by Bond Proceeds	6,444,000		6,444,000
Total Project Resolutions	17,629,000	(90,000)	17,539,000
Capital Assets	1,057,250	90,000	1,147,250
Total Capital Outlay	18,686,250	0	18,686,250
Annual General Fund Balance	(10,422,024)		(10,422,024)
General Fund Beginning Balance	28,048,578		28,048,578
General Fund Ending Balance	17,626,554		17,626,554
Project Funding			0
Reserves	17,626,554		17,626,554
Unallocated General Fund Balance	$0	$0	$0

Agenda Item 5:

Resolution Authorizing Executive Director to File an Application for American Rescue Plan Act Funding to the North Carolina Division of Water Infrastructure for Western Intake Partnership Studies

Purpose:

To receive approval from the Board of Directors to file an application for American Rescue Plan Act funds to the North Carolina Division of Water Infrastructure for Western Intake Partnership studies.

Background:

- Water and sewer service providers are eligible to periodically apply for grants and low-interest loans through the state under federal and state funding program authorizations.
- The North Carolina Division of Water Infrastructure has received American Rescue Plan Act (ARPA) funds for water and sewer projects including merger/regionalization feasibility studies and preconstruction planning grants.
- OWASA has been attending Western Intake Partnership program planning and preliminary engineering meetings. While we have not yet identified at what level we may participate with the Partnership, the Board has determined that Jordan Lake is the preferred water source to augment our current supplies. The Western Intake Partnership Interlocal Agreement will require OWASA to cost share in certain studies if we decide to proceed in working with the Partners to access our allocation of water.
- OWASA and each of the other Partners is eligible for up to $400,000 in grant funds.
- Through conversations we have had with Division of Water Infrastructure staff and HDR, the Western Intake Partners' Program Manager, staff believes we have a good chance of being approved for the grant funds.
- Applications for grant funds are due on May 2, 2022, and a Board resolution is required for the application package.
- If OWASA declines to participate in all studies for the Western Intake Partnership and is awarded this grant funding, OWASA can decline the grant.
- A draft resolution authorizing OWASA's Executive Director to apply for these grant funds is attached for the Board's consideration. The resolution language follows guidance from the North Carolina Division of Water Infrastructure.

Action Needed:

Approve the attached Resolution to Authorize Executive Director to File an Application for Funding to the State of North Carolina for Western Intake Partnership Studies.

Resolution to Authorize Executive Director to File an Application for Funding to the State of North Carolina for Western Intake Partnership Studies

Whereas, the Federal Clean Water Act Amendments of 1987 and the North Carolina the Water Infrastructure Act of 2005 (NCGS 159G) have authorized the making of loans and grants to aid eligible units of government in financing the cost of construction and studies of drinking water intakes, treatment facilities, and distribution systems; and

Whereas, Orange Water and Sewer Authority (OWASA) has need for and intends to conduct a study for a new regional water supply intake, treatment facility and distribution system on the west side of Jordan Lake; and

Whereas, OWASA intends to request State loan and/or grant assistance for the project:

Now Therefore Be It Resolved, by the Board of Directors of the Orange Water and Sewer Authority:

1. That OWASA, the Applicant, and its Partners will arrange financing for all remaining costs of the project, if approved for a State loan and/or grant award.

2. That the Applicant will adopt and place into effect on or before completion of the project a schedule of fees and charges and other available funds which will provide adequate funds for proper operation, maintenance, and administration of the system and the repayment of all principal and interest on the debt.

3. That the Board of Directors of the Applicant agrees to include in the loan agreement a provision authorizing the State Treasurer, upon failure of OWASA to make scheduled repayment of the loan, to withhold from OWASA any State funds that would otherwise be distributed to the OWASA in an amount sufficient to pay all sums then due and payable to the State as a repayment of the loan.

4. That the Applicant will provide for efficient operation and maintenance of the project on completion of construction thereof.

5. That Todd Taylor, Executive Director, the Authorized Official, and successors so titled, is hereby authorized to execute and file an application on behalf of the Applicant with the State of North Carolina for a loan and/or grant to aid in the study of or construction of the project described above.

6. That the Authorized Official, and successors so titled, is hereby authorized and directed to furnish such information as the appropriate State agency may request in connection with such application or the project: to make the assurances as contained above; and to execute such other documents as may be required in connection with the application.

7. That the Applicant has substantially complied or will substantially comply with all Federal, State, and local laws, rules, regulations, and ordinances applicable to the project and to Federal and State grants and loans pertaining thereto.

Adopted this the 14th day of April, 2022.

_____
Jo Leslie Eimers, Chair

ATTEST:

_____
John N. Morris, Secretary

CERTIFICATION BY RECORDING OFFICER

The undersigned duly qualified and acting Clerk to the Board of the Orange Water and Sewer Authority (OWASA) Board of Directors does hereby certify: That the attached resolution is a true and correct copy of the resolution authorizing the filing of an application with the State of North Carolina, as regularly adopted at a legally convened meeting of the OWASA Board duly held on the_____ day of _____, 20_____; and, further, that such resolution has been fully recorded in the journal of proceedings and records in my office. IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 20____.

_____

Andrea Orbich, CMC NCCMC
Executive Assistant/Clerk to the Board of Directors

Agenda Item: 6

Orange Water and Sewer Authority

Virtual Meeting of the Board of Directors

February 24, 2022

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held its duly noticed regular work session by virtual means in accordance with law, on Thursday, February 24, 2022, at 6:00 p.m. utilizing Microsoft Teams software.

Board Members attending virtually: Jody Eimers (Chair), Yinka Ayankoya (Vice Chair), John N. Morris (Secretary), Todd BenDor, Bruce Boehm, and Raymond (Ray) DuBose. Board Member absent: Kevin Leibel.

OWASA staff attending virtually: Robert Epting, Esq. (Epting and Hackney), Vishnu Gangadharan, Simon Lobdell, Coleman Olinger, Andrea Orbich, Dan Przybyl, Ruth Rouse, Allison Spinelli, Todd Taylor, Mary Tiger, Stephen Winters, and Richard Wyatt.

Others attending virtually: Catherine Carter (Raftelis) and Meg Holton (UNC).

Motions

1. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Awarding a Construction Contract for the University Lake Permanganate Facility Project. (Motion by Ray DuBose, second by John Morris and the motion 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 Bolinwood Interceptor Construction Project. (Motion by Ray DuBose, second by John Morris and the motion unanimously approved.)

3. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Approving a Sole Source Procurement of New Biogas System Equipment for the Mason Farm Wastewater Treatment Plant. (Motion by Ray DuBose, second by John Morris and the motion unanimously approved.

4. Ray DuBose made a Motion to approve the Minutes of the January 27, 2022, Meeting of the Board of Directors; second by John Morris, and the Motion was unanimously approved.

5. Ray DuBose made a Motion to approve the Minutes of the February 10, 2022, Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter; second by John Morris, and the Motion was unanimously approved.

6. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution to Document Intention to Provide Orange Water and Sewer Authority's Property in Chatham County to Western Intake Partners for Purposes of a Water Supply and Treatment Facility in Exchange for Measures that Secure OWASA's Access to its Allocation of

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Jordan Lake Water and other Expressed Interests in the Facility. (Motion by Ray DuBose, second by Todd BenDor and the motion unanimously approved.)

7. John Morris made a Motion to amend the Strategic Plan Priority title of "Equitable Services" to "Affordable and Equitable Services"; second by Todd BenDor and the Motion failed with a vote of three to three with Bruce Boehm, Ray DuBose and Jody Eimers opposed.

8. Todd BenDor made a Motion that the Board of Directors approve the Strategic Priorities, as amended, and authorize staff to move forward with developing goals and initiatives to support the approved Strategic Priorities; second by Ray DuBose and the Motion was unanimously approved.

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Announcements

Chair Jody Eimers announced that due to COVID-19 public health concerns, the OWASA Board of Directors held the meeting virtually utilizing Microsoft Teams software. Ms. Eimers stated that Board Members, General Counsel, and staff participated in the meeting remotely.

Chair Eimers asked if any Board Member knew 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.

Chair Eimers announced on February 17, 2022, Mary Tiger and she attended the Orange County Climate Council meeting, and the Council received an update Carrboro's Climate Action Plan. The next meeting is scheduled for March 17, 2022.

Chair Eimers announced a virtual OWASA orientation on March 14, 2022, at 10:00 a.m., for newly elected Chapel Hill Town Council Members Camille Berry and Adam Searing and invited Chapel Hill Appointees to the OWASA Board to attend.

John Morris provided an overview of the February 15, 2022, Chapel Hill Town Council's OWASA Committee and the Chapel Hill Appointees to the OWASA Board of Directors. Topics included: an update on Long-Range Water Supply Plan including community engagement; information on rates charged to affordable housing providers; Strategic Plan Update; and OWASA Board Membership.

Ray DuBose provided an overview of the February 17, 2022, Orange County Board of County Commissioners (BOCC) meeting and topics included: the development of OWASA's new Strategic Plan; OWASA Board Member Appointments/Reappointments; resuming OWASA' standard collection practices & affordability; and Bill Assistance. Mr. DuBose said Ruth Rouse also provided the BOCC an update on the Long-Range Water Supply Plan.

Todd Taylor, Executive Director, announced OWASA's temporary switch of the disinfectant used in the drinking water from a combination chlorine and ammonia (chloramines) to chlorine beginning February 27 through the March 2022 to make ensure proper disinfectant throughout the distribution system.

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Petitions and Requests

Chair Eimers said no petitions or requests were received from the public.

Chair Eimers requested, and without objection, the Board agreed to hold the March 2022 Diversity and Inclusion training virtually using Microsoft Teams.

Chair Eimers requested, and without objection, the Board agreed to defer Agenda Item 9 (Increasing Board Member compensation to Encourage Public Interest in Applying for Appointment to the OWASA Board of Directors) to the March 10, 2022 Board Meeting.

Chair Eimers asked for petitions and requests from staff; none were provided.

Item One: 12 Month Board Meeting Schedule

The Board accepted this as an information item.

Item Two: Award a Construction Contract for the University Lake Permanganate Facility

Ray DuBose made a Motion to approve the resolution, second by John Morris and the resolution was unanimously approved. Please see Motion 1.

Item Three: Award a Construction Contract for the Bolinwood Interceptor Construction Project

Ray DuBose made a Motion to approve the resolution, second by John Morris and the resolution was unanimously approved. Please see Motion 2.

Item Four: Sole Source Procurement of New Biogas System Equipment for the Mason Farm Wastewater Treatment Plant

Ray DuBose made a Motion to approve the resolution, second by John Morris and the resolution was unanimously approved. Please see Motion 3.

Item Five: Minutes

Ray DuBose made a Motion to approve the Minutes of the January 27, 2022, Meeting of the Board of Directors; second by John Morris and the Motion was unanimously approved. Please see Motion 4.

Item Six: Minutes

Ray DuBose made a Motion to approve the Minutes of the February 10, 2022, Closed Session of the Board of Directors for the purpose of discussing a personnel matter; second by John Morris and the Motion was unanimously approved. Please see Motion 5.

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Item Seven: Long-Range Water Supply Plan: Future of OWASA-owned Property for Water Supply and Treatment Facilities in Chatham County

Bruce Boehm suggested the motion and resolution be edited as follows: Motion to approve Resolution to Document Intention to Provide Orange Water and Sewer Authority's (OWASA) Property in Chatham County to Western Intake Partners for Purposes of a Water Supply and Treatment Facility ~~in Exchange for measures that secure OWASA's access to its allocation of Jordan Lake water~~ and other expressed interests in the facility, because the Board has not approved OWASA's participation with the Western Intake Partners and has not established the value (highest and best use) of OWASA's land.

After some discussion regarding Mr. Boehm's suggestion to the Motion, the Board agreed with the proposed motion and resolution that were included in the agenda package to begin the discussions with the Western Intake Partners.

Ray DuBose made a Motion to Approve the Resolution to Document Intention to Provide Orange Water and Sewer Authority's Property in Chatham County to Western Intake Partners for Purposes of a Water Supply and Treatment Facility in Exchange for Measures that Secure OWASA's Access to its Allocation of Jordan Lake Water and other Expressed Interests in the Facility; second by Todd BenDor and the Motion was unanimously approved. Please see Motion 6.

Item Eight: Approval of Strategic Plan Priorities

The Board agreed to change the Strategic Priorities, "Climate change and land use adaptation" to "Climate ~~change~~ and land use change adaptation;" and to add "diverse" back into the "Employee recruitment, retention, and development" Strategic Priority to "Recruit, retain, and develop highly qualified employees to ensure a diverse workforce."

John Morris made a Motion to change the Strategic Plan Priority title of "Equitable Services" to "Affordable and Equitable Services"; second by Todd BenDor and the Motion failed with a vote of 3 to 3 with Bruce Boehm, Ray DuBose, and Jody Eimers opposed. Please see Motion 7.

Todd BenDor made a Motion that the Board of Directors approve the Strategic Priorities, as amended, and authorize staff to move forward with developing goals and initiatives to support the approved Strategic Priorities; second by Ray DuBose and the Motion was unanimously approved. Please see Motion 8.

Item Nine: Increasing Board Member Compensation to Encourage Public Interest in Applying for Appointment to the OWASA Board of Directors

The Board agreed to defer this item to the March 10, 2022 Board Meeting.

Item Ten: Summary of Board Meeting Action Items

Todd Taylor noted the following staff action items;

- Schedule the Board Diversity and Inclusion Training virtually;

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- Schedule a discussion of Board Member compensation item on the March 10th Board meeting;
- Incorporate Board feedback into the new Strategic Priorities; and
- Provide follow-up information on rate study timing.

Item Eleven: Closed Session

There was no further discussion to come before the Board and without objection, the Board of Directors convened in a Closed Session for the purpose of discussing a personnel matter as provided in N.C. General Statutes 143.318.11(6).

Following the Closed Session, the Board reconvened in open session, reported no action was taken in the Closed Session, and the meeting adjourned at 7:37 p.m.

Respectfully submitted by:

Andrea Orbich
Executive Assistant/Clerk to the Board

Attachments

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Agenda Item: 7

Orange Water and Sewer Authority

Virtual Meeting of the Board of Directors

March 10, 2022

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held its duly noticed regular work session by virtual means in accordance with law, on Thursday, March 10, 2022, at 6:00 p.m. utilizing Microsoft Teams software.

Board Members attending virtually: Jody Eimers (Chair), Yinka Ayankoya (Vice Chair), John N. Morris (Secretary), Todd BenDor, Bruce Boehm, Raymond (Ray) DuBose, and Kevin Leibel.

OWASA staff attending virtually: Monica Dodson, Jesse DuClau, Robert Epting, Esq. (Epting and Hackney), Vishnu Gangadharan, Stephanie Glasgow, Andrea Orbich, Dan Przybyl, Ruth Rouse, Kelly Satterfield, Allison Spinelli, Todd Taylor, Mary Tiger, Stephen Winters, and Richard Wyatt.

Others attending virtually: Meg Holton (UNC), Dennis Kaebisch, and Daniel Snipes (Town of Carrboro).

Motions

1. John Morris made a Motion to accept Bruce Boehm's petition and refer to staff for presentation at a future meeting; second by Kevin Leibel and the Motion was unanimously approved.

2. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Accepting a Low-Interest Loan Offer from the State of North Carolina, and Authorizing Executive Director to Execute and Administer all Related Loan Offer and Acceptance Documents. (Motion by Bruce Boehm, second by Todd BenDor and the motion unanimously approved.)

3. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Setting the Date of May 12, 2022 for a Public Hearing on OWASA's Fiscal Year 2023 Budget. (Motion by Bruce Boehm, second by Todd BenDor and the motion unanimously approved.)

4. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Setting the Date of May 12, 2022 for a Public Hearing on Proposed Revisions to OWASA's Schedule of Rates, Fees, and Charges. (Motion by Bruce Boehm, second by Todd BenDor and the motion unanimously approved.)

5. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Approving Conservation Easement on OWASA Property in Cane Creek Reservoir Watershed. (Motion by Bruce Boehm, second by Todd BenDor and the motion unanimously approved.)

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6. Bruce Boehm made a Motion to approve the Minutes of the February 10, 2022, Work Session of the Board of Directors; second by Todd BenDor, and the Motion was unanimously approved.

7. Bruce Boehm made a Motion to approve the Minutes of the February 24, 2022, Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter; second by Todd BenDor, and the Motion was unanimously approved.

8. John Morris made a Motion that Board Member compensation be increased to $100.00 per meeting, to include Board meetings, Committee meetings and Special meetings, and the Board Chair compensation be increased to $300 monthly effective March 10, 2022; second by Ray DuBose and the Motion was unanimously approved.

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Announcements

Chair Jody Eimers announced that due to COVID-19 public health concerns, the OWASA Board of Directors held the meeting virtually utilizing Microsoft Teams software. Ms. Eimers stated that Board Members, General Counsel, and staff participated in the meeting remotely.

Chair Eimers asked if any Board Member knew 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.

Chair Eimers announced a virtual Orange County Climate Council meeting on March 17, 2022 at 3:00 p.m.

Chair Eimers announced a virtual Board diversity and inclusion training session on Thursday, March 24, 2022, at 6:00 p.m.

Mary Darr, General Manager of Operations, announced OWASA's lakes will open for recreation on Saturday, March 26, 2022, for the 2022 recreational season.

Petitions and Requests

Chair Eimers said no petitions or requests were received from the public.

Bruce Boehm made a petition regarding the uncertainty in the Yield Analysis for the Long-Range Water Supply Plan and to provide the information to the public in a way that is easy to understand.

John Morris made a Motion to accept Bruce Boehm's petition and refer to staff for presentation at a future meeting; second by Kevin Leibel and the Motion was unanimously approve. Please see Motion 1.

Chair Eimers asked for petitions and requests from staff; none were provided.

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Item One: 2021 Affordability Program Update

The Board accepted this as an information item.

Item Two: 2021 Energy Management Plan Update

Bruce Boehm expressed appreciation for the report and suggested it provide a dollar and time investment information from this annual report

Item Three: Resolution Accepting a Low-Interest Loan Offer from the State of North Carolina, and Authorizing Executive Director to Execute and Administer all Related Loan Offer and Acceptance Documents

Bruce Boehm made a Motion to approve the resolution, second by Todd BenDor and the resolution was unanimously approved. Please see Motion 2.

Item Four: Resolution Setting the Date of May 12, 2022, for a Public Hearing on OWASA's Fiscal Year 2023 Budget Resolution Setting the Date of May 12, 2022, for a Public Hearing on Proposed Revisions to OWASA's Schedule of Rates, Fees and Charges

Bruce Boehm made a Motion to approve the resolution, second by Todd BenDor and the resolution was unanimously approved. Please see Motion 3.

Item Five: Resolution Setting the Date of May 12, 2022, for a Public Hearing on Proposed Revisions to OWASA's Schedule of Rates, Fees and Charges

Bruce Boehm made a Motion to approve the resolution, second by Todd BenDor and the resolution was unanimously approved. Please see Motion 4.

Item Six: Resolution Approving Conservation Easement on OWASA Property in Cane Creek Reservoir Watershed

Bruce Boehm made a Motion to approve the resolution, second by Todd BenDor and the resolution was unanimously approved. Please see Motion 5.

Item Seven: Minutes

Bruce Boehm made a Motion to approve the Minutes of the February 10, 2022, Work Session of the Board of Directors; second by Todd BenDor and the Motion was unanimously approved. Please see Motion 6.

Item Eight: Minutes

Bruce Boehm made a Motion to approve the Minutes of the February 24, 2022, Closed Session of the Board of Directors for the purpose of discussing a personnel matter; second by Todd BenDor and the Motion was unanimously approved. Please see Motion 7.

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Item Nine: Draft Fiscal Year 2023 Budget

Stephen Winters presented information about the draft Fiscal Year (FY) 2023 Budget and explained that drinking water sales volume for the next several years is expected to be about the same amount of water used by the community over 30 years ago. During the pandemic, drinking water sales volume was lower than normal and many expenditures and capital investments were deferred. The community's conservation provides many benefits including delaying the need to expand source water resources and system capacity. However, rising costs and the lack of growth in revenue increases the need to raise the rates charged for services. A 15% increase in monthly drinking water and sewer rates would be required to fund the draft FY 2023 Budget.

Board questions and feedback included: reasons for the increase in chemical and maintenance costs; four proposed positions and purchase of computerized maintenance management system; and effects of delaying a rate increase. The Board requested the next Budget iteration include alternative rate increase scenarios of 9%, 12%, and 15% and identification of what would need to be removed from the Budget and the consequences of removing them. The Board also requested staff's perspective on the various rate increases; how OWASA's rates compare to local and similar towns and/or organizations; additional information on the employee compensation study; and an update on customers currently in arrears.

Item Ten: Increasing Board Member Compensation to Encourage Public Interest in Applying for Appointment to the OWASA Board of Directors

John Morris made a Motion that Board Member compensation be increased to $100.00 per meeting, to include Board meetings, Committee meetings and Special meetings, and the Board Chair compensation be increased to $300 monthly effective March 10, 2022; second by Ray DuBose and the Motion was unanimously approved. Please see Motion 8.

Item Eleven: Review Board Work Schedule

The Board agreed to schedule a field on Mitigation Banking for interested Board Members to observe such projects in operation on the ground.

Item Twelve: Summary of Board Meeting Action Items

Todd Taylor noted the following staff action items;

- Provide a response to Bruce Boehm's March 9, 2022, petition regarding the Long-Range Water Supply Plan at the April 14, 2022 Meeting;
- Incorporate Board feedback to include dollar and time investment for the annual Energy Management Report; and
- Incorporate Board feedback on draft Fiscal Year 2023 Budget for discussion at the next meeting.

There was no further discussion to come before the Board and the meeting adjourned at 7:43 p.m.

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Respectfully submitted by:

Andrea Orbich
Executive Assistant/Clerk to the Board

Attachments

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Agenda Item 8:

Discuss Draft Fiscal Year 2023 Budget and Authorize Staff to Publish Fiscal Year 2023 Budget and Rate Information

Purpose:

The purpose of this agenda item is to review and discuss rate increase scenarios identified by the Board during its discussion of the draft FY 2023 budget presented at the March 10, 2022 meeting.

The Board of Directors is scheduled to discuss these topics again at public hearings scheduled for May 12, 2022, and consider a resolution to approve the budget and rate adjustment at its June 9, 2022, Board meeting.

Background:

Staff presented a draft FY 2023 budget to the Board on March 10, 2022, which would require an increase in monthly water and sewer rates of 15%. The draft budget is based on staff's professional judgement about the expenditures necessary to maintain the service levels the community expects; system reliability and resiliency; financial sustainability; and a highly skilled, motivated, and diverse workforce. While some expenditures are more critical than others, all items included in the draft budget are important and further OWASA's mission; in varying degrees, deferring any of them inhibits our ability to improve and be successful.

The Board asked staff to prepare alternative budget scenarios based on limiting the rate increase to 12% and 9%. The analysis in this memo identifies the expenditures that staff would defer for each of these alternate rate scenarios and an estimate of the impact these deferrals would have on OWASA's operations.

Why a Rate Increase is Needed:

Last year, we projected that we would need to implement a 7% rate increase in FY 2023. Several factors have led to the need for a 15% rate increase to fund the draft FY 2023 budget.

- Drinking water sales remain flat.
- The rate of inflation is over 7%.
- Impact of the pandemic led to deferring projects and expenditures that now need to be addressed.
- Strategic initiatives require funding.

We are projecting that drinking water sales volume for FY 2023 and the next few years will average approximately 5.9 million gallons per day (mgd). This is the same volume of drinking water used by the community in the late 1980s, over 30 years ago. Drinking water sales volume peaked in the early 2000s at around 8.5 mgd. Clearly, the community has done a tremendous job of conserving water. Conservation provides many benefits to OWASA and, thereby, the community. Among other things, it delays the need for additional sources of water and for expanding the capacity of our treatment plants and distribution and collection systems: all costly

investments. However, lower sales volume also results in lower revenue which means fewer funds are available to cover costs.

Inflation over the last 12 months has been over 7% and is having a large impact on our operations. Costs including those for construction projects, chemicals, electricity, and employee wages are increasing significantly: greater than was projected last year.

During the height of the pandemic, water sales were less than would be expected during normal times. In FY 2021 a planned rate increase was eliminated, as were employee compensation increases, and numerous capital and other improvements projects were deferred. Many of the deferred projects and needs have been included in the draft FY 2023 budget. Others have been programmed to be addressed over the next few budget cycles.

The draft budget includes funding for strategic initiatives such as our diversity and inclusion program, ensuring we recruit and retain a high-performing workforce, and updating technology.

In summary, a larger than projected rate increase is needed because drinking water sales volume is not increasing, costs continue to rise, and funds are needed for prior year deferrals and strategic initiatives.

Long Range Water Supply Plan – Western Intake Partnership:

The Board is considering options for accessing our allocation of water from Jordan Lake through facilities to be constructed by the Western Intake Partnership (WIP). The amount of the investment in the partnership depends on the Board's decisions about how OWASA will participate. No funds for investing in the partnership have yet been including in any of the draft rate scenarios discussed in this memo. Information about the investment and an estimate of its potential impact on OWASA's rates will be discussed in Agenda Item 9 on April 14, 2022.

Pay and Classification Study:

Funding for a pay and classification study is included in all three rate scenarios of the draft budget.

One of the strategic priorities identified in our recent strategic planning work is, "employee recruitment, retention, and development." A key part of addressing these needs for any organization is the compensation plan. The compensation plan supports virtually every other component of the human resource function including recruitment and retention, training, workforce planning, resource allocation and performance management. A pay and classification study helps ensure the compensation plan:

- Provides equity between positions performing similar work with essentially the same level of complexity, responsibility, knowledge, skills and abilities.
- Provides justifiable pay differentials between individual pay grades and addresses wage compression issues.
- Has accurate job descriptions and salaries commensurate with assigned duties and qualifications.
- Effectively and efficiently manages financial resources.

- Maintains OWASA's competitive position with other comparable entities and private employers.

OWASA has made a commitment to maintain a market-based compensation program for its employees. OWASA's Recurring Action Items 3 to 5 years states that a pay and classification study should be conducted every 5-7 years; our most recent study was conducted in 2012.

Scenario – FY 2023 Rate Increase Limited to 12%:

To be able to balance OWASA's FY 2023 budget with a 12% rate increase, expenditures included the draft FY 2023 budget would need to be reduced significantly. The following outlines deferrals that would need to be made in order to achieve a 12% rate increase and staff's estimate of their impact.

Operating and Capital Equipment Deferrals		
Deferral	**Amount**	**Estimated Impact**
Defer the addition of two of three new positions proposed in the draft budget.	$210,000	Staff is assessing the priorities of three new positions included in the draft budget. If this rate option is implemented, staff will recommend which two of the three positions will be deferred. • Engineering Associate - Current demand for plan review and surveying services exceeds available resources. Without the position, service quality to the development community will be impaired. • SCADA Coordinator - The supervisory control and data acquisition (SCADA) master plan identified numerous improvements for the system. Without the position, progress on these items will be delayed. • Diversity and Inclusion Coordinator – Without the position, continued progress towards meeting our diversity and inclusion goals will be limited.
SCADA Security Assessment	$45,000	If this rate scenario includes deferring hiring the new SCADA position, the security assessment can be postponed until after the position is filled so the new person can be more involved in the assessment.
Diesel exhaust fluid storage tank	$20,000	Current process takes a lot of staff time, and this tank will allow us to purchase in bulk at lower prices.
Small equipment replacement in the Water Supply and Treatment department	$24,049	Includes replacement of near end-of-life small utility vehicle (used for grounds maintenance) and two devices used to measure water quality (no longer supported by manufacturer).

Operating and Capital Equipment Deferrals		
Deferral	**Amount**	**Estimated Impact**
Graphic Information System (GIS) upgrade	$60,000	Support for our current system ends in March 2026. Delaying this project will reduce the time we have to complete the upgrade. This is a multi-phase project, and these funds are for the "data readiness" phase.
Update Construction Standards and Specifications	$50,000	OWASA's construction standards and specifications need to be updated but can be delayed without significant impacts on current operations.
Online monitoring equipment at the wastewater plant	$25,000	To further the improvements/optimizations we have made to online monitoring capabilities (related to our participation in the AWWA's Partnership for Clean Water Program).
Various lower impact items including IT maintenance and equipment, temporary HR support, fencing, painting, and replacing carpet	$93,570	While needed, these items are less mission critical than others.
Total	$527,619	

Capital Improvements Program Deferrals

In addition to the items above, $6 million in CIP expenditures would need to be deferred out of the first three years, FY 2023-2025.

- The risks associated with these deferrals are primarily borne by the wastewater treatment plant, with 11 projects being delayed by at least one year and three of those projects delayed beyond the five-year period.
- This scenario also includes deferring many of the planned condition assessments for the gravity sewer system which increases our risk of pipe failures and sewage overflows.
- The deferral of generator installations at certain wastewater pump stations and deferral of instrumentation system upgrades at the water storage tanks will decrease resiliency.
- We will not meet our annual goals for water and sewer line replacement/rehabilitation:
    - Water mains - 10.9 miles versus the target of 12.5 miles.
    - Sewer mains - 7.1 miles versus the target of 11 miles

Capital Improvements Program (CIP) Deferrals			
Asset Category	**Amount**	**Deferral of rehabilitation or improvements**	**Estimated Impact**
Water Supply, Treatment and Distribution	$651,000	Finished Water Pump #4. Identified water main replacement needs at Polk Place, Manning Drive, Fordham Boulevard at Eastowne Drive, Elliott Road. Reduction in average replacement rate. Minor reductions in asset management funding.	Increased failure risks at the WTP. Reduction in water main mileage replaced per year, expected possible minor increase in water main break rate.
Wastewater Collection and Treatment	$5,229,000	Sewer capacity upgrade at Brigham Road, condition assessments of several critical collection system assets, generator installations at pump stations. Major WWTP processes such as primary clarifiers, aeration basin concrete, secondary clarifier #4, several equipment replacements in the solids treatment processes.	Continued risk of surcharging and overflows of the collection system, undetermined risk for critical assets, continued lack of resiliency at identified pump stations. Continued concrete deterioration and process risks at the WWTP.
Reclaimed Water System	$120,000	Flanged coupling adapters (known failure risk), water quality evaluation, additional recap for future projects.	This would impact the reliability of the reclaimed water system.
Total	$6,000,000		

Scenario – FY 2023 Rate Increase Limited to 9%:

To be able to balance OWASA's FY 2023 budget with a 9% rate increase, the draft FY 2023 budget would need to be further reduced. In addition to those identified above, the following outlines deferrals that would need to be made in order to achieve a 9% rate increase and staff's estimate of their impact.

Operating and Capital Equipment Deferrals		
Deferral	**Amount**	**Estimated Impact**
Computerized Maintenance Management System (CMMS)	$125,000	The CMMS upgrade has been deferred for the last two years. Deferring it again in FY 2023 will further delay improving the efficiency of our maintenance programs. This is also a critical component of our AWWA partnership program goals.
Defer the addition of a third new position proposed in the draft budget.	$105,000	Staff is assessing the priorities of three new positions included in the draft budget. If this rate option is implemented, all three positions will be deferred. • Engineering Associate - Current demand for plan review and surveying services exceeds available resources. Without the position, service quality to the development community will be impaired. • SCADA Coordinator - The supervisory control and data acquisition (SCADA) master plan identified numerous improvements for the system. Without the position, progress on these items will be delayed. • Diversity and Inclusion Coordinator – Without the position, progress towards meeting our diversity and inclusion goals will be slowed.
New Utility Billing and Finance system	$250,000	This project is expected to span two budget years and is estimated to cost about $500,000. Deferring the project will delay our ability to enhance customer service, including our ability to bill in smaller than 1,000-gallon increments. Maintaining the current system is significantly burdensome to staff; deferring the project will also delay efficiencies we hope to achieve with a new system.
Placeholder funds for potential strategic plan initiatives	$100,000	Unfunded strategic plan initiatives will be delayed.
Forklift and crew equipment	$50,500	Purchase equipment to enhance the efficiency of OWASA crew work and replace 1994 model forklift that needs multiple repairs and has reached the end of its service life. Replacement parts are becoming obsolete and difficult to find.
Subtotal	$630,500	
Total deferrals from 12% scenario	$527,619	
Total deferrals for 9% scenario	$1,158,119	

Capital Improvement Program Deferrals

Additional CIP deferrals reduce funding for further system renewal and assessment.

- While the subtotal amounts shown in the table below are weighted heavily toward water supply, treatment, and distribution, much of the additional risk represented by this scenario occurs in the collection system through reduction of gravity sewer main rehabilitation projects, deferrals of asset condition assessments, scope reduction for an urgent sewer main rehabilitation along West Rosemary Street, and several assessment and replacement activities at wastewater pump stations.
- Further reductions of improvements to the SCADA system at the water treatment plant.
- Reductions of funding typically set aside to partner with third-party projects for distribution and collection system renewal (an extremely cost-effective approach).
- We will not meet our goals for water and sewer line replacement/rehabilitation:
    - Water mains – 9.5 miles versus the target of 12.5 miles.
    - Sewer mains – 6.5 miles versus the target of 11 miles
- The water main replacement reduction is achieved primarily by reducing the projects completed by OWASA's construction crew (less than 1 mile per year would be budgeted to be completed by the crew through FY 2025). This would have negative impacts on staff training and morale and the construction crew program is the most cost-effective approach to water main replacement.

Capital Improvements Program (CIP) Deferrals			
Asset Category	**Amount**	**Deferral of rehabilitation or improvements**	**Estimated Impact**
Water Supply, Treatment, and Distribution	$4,172,000	Cane Creek dam, SCADA improvements at the WTP. Large meter vault replacements; further deferrals for Manning Drive and Polk Place water mains; significant reduction in water main replacements constructed by OWASA crews; reduced funding for hydraulic modeling of the distribution system; reduction in main replacement rate.	Increased failure risks at the WTP and Supply Reservoirs. Further reduction in water main mileage replaced per year, expected minor increase in water main break rate and reduced use of construction crew.

Capital Improvements Program (CIP) Deferrals			
Asset Category	**Amount**	**Deferral of rehabilitation or improvements**	**Estimated Impact**
Wastewater Collection and Treatment	$1,828,000	Reduction in overall system rehabilitation; reduction in condition assessments of critical assets; reduction in West Rosemary Street rehabilitation scope; deferral of pump station improvements, including fuel storage at Rogerson Drive pump station. Project and scope reductions of existing WWTP projects.	Continued risk of surcharging and overflows of the collection system, undetermined risk for critical assets, continued lack of resiliency at identified pump stations. Risk increases and the work will have to be completed later at higher cost.
Subtotal	$6,000,000		
Total deferrals from 12% scenario	$6,000,000		
Total deferrals for 9% scenario	$12,000,000		

Summary:

Last year, we projected that we would need to implement a 7% rate increase in FY 2023. However, drinking water sales remain flat, inflation is over 7%, prior year budget deferrals need to be addressed, and strategic initiatives require funding. To fund the draft FY 2023 budget, a 15% rate increase is needed.

If the rate increase is limited to 12%:

- We would still most likely be able to meet regulatory requirements but many of the improvements and efficiencies we have planned will not be achieved.
- We would not meet our goals for water and sewer line replacement increasing the likelihood of water main breaks and sewer overflows.
- Risks of failure at the wastewater treatment plant would increase and condition assessments for sewer lines would not be made.

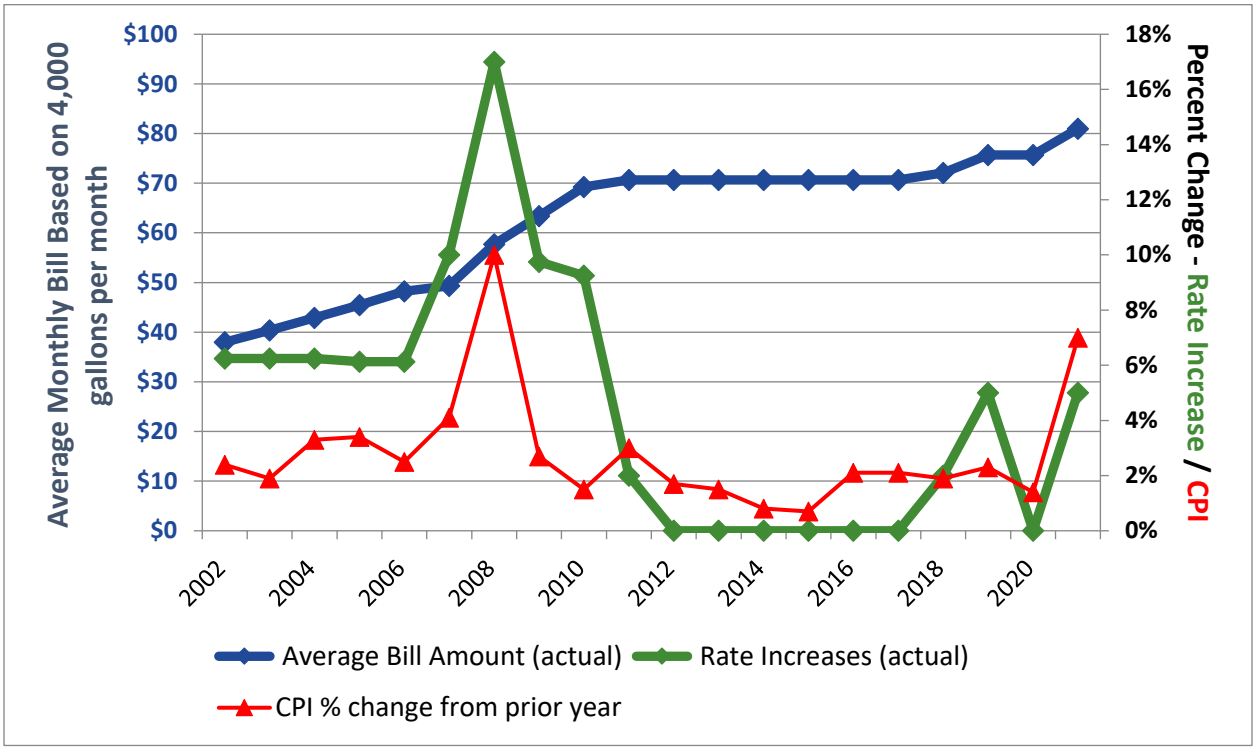
If the rate increase is limited to 9%, in addition to the consequences listed above:

- Significant reductions in collection system projects would further increase our risk of sewer line failures and sewage overflows.
- We would be even further away from meeting our goals for water and sewer line replacement.

- By significantly reducing line repair work done by OWASA personnel, cost savings, staff training, and employee morale would suffer.

History of rate increases and average monthly bills:

The following graph was presented at the March 10, 2022, Board meeting. Consumer Price Index information has been added.



The average monthly water use for a single-family individually metered residence in OWASA's service area is a little less than 4,000 gallons.

When we have rate increases, they typically go into effect on October 1 and only apply to water and sewer services that occur on or after the effective date. Any outstanding or past due balances are not impacted by a rate increase.

Budget and rate setting next steps:

Public hearings on the budget and rates are scheduled for May 12, 2022. Resolutions to approve the budget and proposed rate schedule will be considered by the Board on June 9, 2022.

1. Staff will prepare a revised (if necessary) draft of the FY 2023 budget and rate adjustment recommendation for presentation at the public hearings.
2. At the public hearings, the Board will receive and consider comments from customers and other stakeholders.
3. After considering public input, the Board of Directors will discuss and provide guidance to staff on the final draft of the FY 2023 budget and rate adjustment.

4. Staff will finalize the FY 2023 budget and rate adjustment and will present resolutions of approval for the Board's consideration at its meeting on June 9, 2022.

Board action requested:

- Review the draft FY 2023 budget rate scenarios and provide feedback.
- Approve motion to authorize staff to publish FY 2023 budget and rate information (rate increase percentage to be determined by the Board on April 14, 2022). Staff suggests considering this motion after Agenda Item 9, Update on Long-Range Water Supply Plan and Western Intake Partnership.

Proposed Motion to Authorize Staff to Publicize Budget and Rates Information:

In advance of public hearings scheduled for May 12, 2022, the Board of Directors hereby authorizes staff of the Orange Water and Sewer Authority to publish information about the Fiscal Year 2023 proposed budget and schedule of rates, fees and charges which includes a ___ percent increase in monthly water and sewer rates.

Agenda Item 9:

Update on Long-Range Water Supply Plan and Western Intake Partnership

Purpose:

To provide an update on information and receive feedback from the Board of Directors on the Long-Range Water Supply Plan and the Western Intake Partnership, and to receive the Board's feedback on a new potential approach to secure access to our Jordan Lake allocation.

Background:

- The Board of Directors determined that Jordan Lake should be used to augment OWASA's raw water supply at its January 13, 2022 meeting. Staff has started engaging with the community regarding this decision in alignment with the information provided to the Board at its February 10, 2022 meeting. Staff plans to bring a summary of the comments heard from this process to the Board of Directors later this summer (tentatively scheduled for June 9, 2022).
- On January 27, 2022, the Board authorized staff to begin discussions with the Western Intake Partnership (WIP or Partnership) regarding OWASA's interests regarding potential participation with the Partners. (Note: the Board has not yet reached a decision on whether it will participate with the WIP, and if so, to what extent).
- The WIP consists of the City of Durham, Town of Pittsboro, Chatham County and OWASA. These entities have been working together since 2014 to evaluate options to develop a new intake and water treatment facilities on the western side of Jordan Lake. The City of Durham funded initial studies which accomplished the following:
    - Identified that it was most cost-effective to build one intake and treatment facility to serve all four Partners; and
    - Determined that the facilities should be operational by 2031 to meet some of the Partners' needs.
- The WIP executed an Agreement in 2019 which outlines cost-sharing between the Partners for planning, designing, and permitting the facilities. OWASA chose not to cost-share in these studies until our LRWSP is nearer completion; the Agreement includes clauses for making up payments should OWASA choose to participate in the WIP at a later date.

Current Western Intake Partner Studies:

The WIP has hired five consultants through competitive processes to manage the program, develop a governance structure, perform preliminary engineering, and begin the environmental permitting process. Further information about each of the contracted projects is below:

- Program Management – HDR was hired as the program manager in August 2020. They drafted Requests for Qualifications/Proposals for the other firms, coordinate meetings, developed a community engagement plan, and assure that consultants are building on one another's work and not duplicating efforts.

- Governance – Raftelis was hired in August 2021 to identify the form of governance and develop the documents to implement the selected governance format. The Partners have preliminarily determined that a governance structure in which the City of Durham owns the facilities and meets the other Partners' needs through an interlocal agreement (ILA) likely best meets near-term needs. Details still need to be developed, but the Partners have begun high level discussions of what may eventually be included in an interlocal agreement. They intend to develop a memorandum of understanding that will include concepts to address in the ILA. It is possible that a different governance structure could apply in later phases of the facilities.

- Preliminary Engineering on Intake and Transmission Infrastructure – Hazen and Sawyer was hired in August 2021 to do preliminary engineering on the proposed intake, pump stations, and pipelines. Hazen and Sawyer is collecting water quality data in Jordan Lake near the proposed intake site. Based on data collected to date, the WIP has selected an intake site. Hazen and Sawyer will be presenting transmission route concepts and hydraulic modeling in the upcoming months. Hazen and Sawyer also recently led the Partners through an exercise to identify sustainability goals they would like to meet through planning, design and construction of the facilities.

- Preliminary Engineering on Water Treatment Facilities – CDM was hired in January 2022 to complete preliminary engineering on the proposed water treatment facilities. CDM is reviewing the available water quality data and developing alternatives to do pilot testing on treatment.

- Environmental Permitting – Brown & Caldwell was hired in January 2022 to complete environmental permitting required through the National Environmental Policy Act and North Carolina Environmental Policy Act. The US Army Corps of Engineers is the lead agency for the permitting project, and Brown & Caldwell has initiated discussions with them to identify the permitting process.

Introduction to Financial Analyses:

In prior discussions with the Board of Directors, staff pointed out that the intake and transmission infrastructure are difficult and costly to expand in the future. Therefore, staff suggested that we may want to invest in the intake and transmission infrastructure during Phase 1 of the proposed facilities (scheduled to be operational in about 2031). Staff wanted to evaluate the potential near-term costs of making the limited investment in infrastructure (intake and transmission) now.

Staff believes that we can limit our near-term investments to the intake and transmission infrastructure and postpone investment in the proposed water treatment plant for the following reasons:

- OWASA demand projections show that we will not need regular daily access to Jordan Lake after the expanded Quarry Reservoir is online in the mid-2030s.

- If we do need to access our Jordan Lake allocation under drought or operational emergency, the plant will likely be underutilized. In the early years of a new water treatment facility, it has unused capacity year-round. Even as demands begin to approach the design flow of the plant, there is typically unused capacity as treatment facilities are designed to meet peak day demands. Thus, during cooler, wetter periods, demands are not near the design capacity.
- During drought that occurred when demands were near the capacity of the new Jordan Lake plant, OWASA can capitalize on the storage we have in Cane Creek Reservoir and the capacity that we have at our Jones Ferry Road WTP and request water during non-peak times.
- If we had an emergency or needed water during peak demand periods for the proposed water treatment plant, we could request that Durham rely more heavily on their other two treatment facilities. The City of Durham plans to provide a baseload of water that is equivalent to their allocation of water for approximately 16.5 mgd. If OWASA needed water during peak periods, Durham could take less water from the western intake facilities.
- If for some reason, the City of Durham could not reduce the amount of water they needed from the western intake facilities (e.g., one of their other plants was offline due to an operational emergency or major capital project), we could rely on the Town of Cary to access our allocation of water through mutual aid agreements.

Staff worked with our engineering consultants to evaluate the costs of participating in the intake and transmission facilities in Phase 1. These costs are based on the best information currently available concerning facility capacity and cost. Staff wanted to provide cost information for this type of investment during the budget planning process. Further information is provided in the sections which follow.

Financial Analysis to Participate in Intake and Transmission:

Staff obtained cost information that HDR, the WIP's Program Manager, compiled for purposes of CIP planning to finalize design and obtain all permits and easements needed to construct the project. We then had our engineering consultant Hazen and Sawyer develop cost estimates for OWASA to participate in constructing the raw water intake, pumping infrastructure and pipelines at an average daily flow of 5 mgd based on the latest information regarding overall facility size. Based on a peaking factor of 1.4, OWASA's peak day withdrawal of water would be 7 mgd.

Hazen developed two sets of cost estimates:

1. Assuming that OWASA pays for the intake, pump stations, and pipelines in Phase 1 in which the facilities are assumed to be in operation in 2031, and
2. Assuming that OWASA pays for the intake, pump stations, and pipelines in Phase 2, assuming the Phase 2 WTP facilities will be online in 2050.

Neither set of costs includes any participation by OWASA in the water treatment facilities for reasons outlined above. These costs should not be compared to any prior costs provided to the Board of Directors as there are different assumptions behind the cost analyses. As the Partners

learn more about costs and needed capacity for the facilities, they are updated, and inflation was also adjusted in these more recent costs. The costs are appropriate for planning level purposes; until bids are received on any capital project, there is uncertainty associated with the costs. Figure 1 illustrates the nominal capital investment of the two cost scenarios along with the planning, design, and permitting cost estimates provided by HDR. Figure 2 illustrates the cumulative net present cost of the two alternatives; the net present costs includes capital and operating costs. Figures 1 and 2 illustrate that postponing the investment in the transmission and infrastructure results in high capital costs in the future and higher cumulative costs.

Figure 1: Estimated Annual Nominal Capital Costs for Investing in the Intake and Transmission Infrastructure in Phases 1 and 2

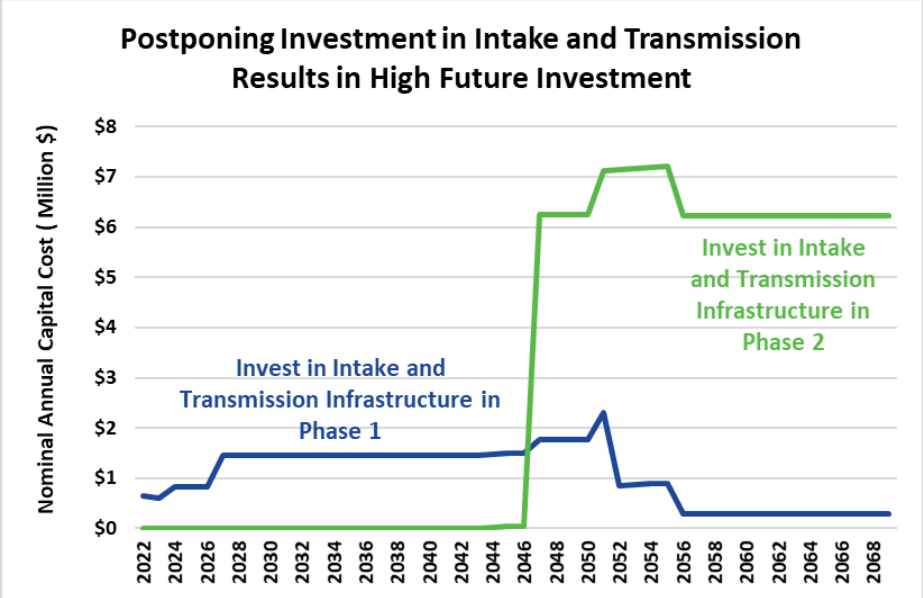
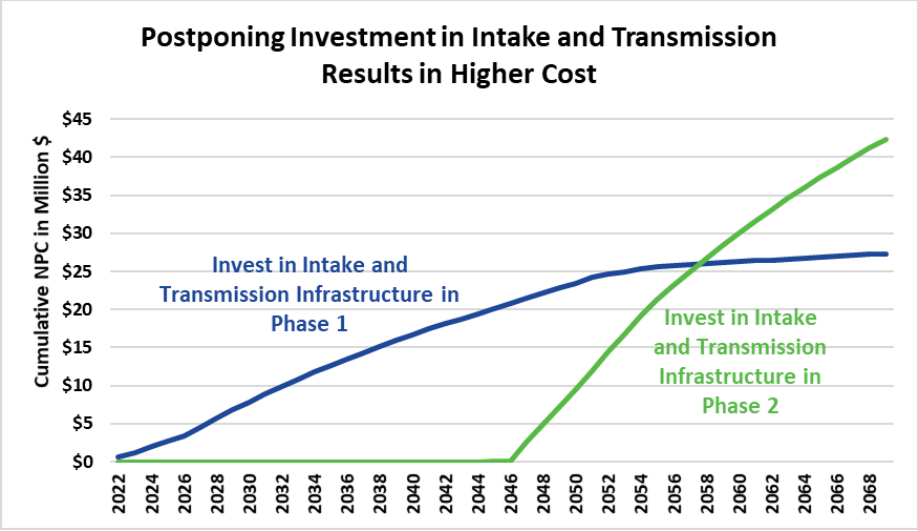


Figure 2: Estimated Cumulative Net Present Cost for Investing in the Intake and Transmission Infrastructure in Phases 1 and 2



Near-Term Capital Investments:

Table 1 summarizes the capital investments by fiscal year for investing in the intake and transmission infrastructure beginning in FY 2023 (July 2022). The estimated annual expenditures for investing in the intake and transmission infrastructure in Phase 1 was then applied to our rate model. We assumed that OWASA would participate in the program management, governance, intake/transmission, and environmental permitting studies. We assumed that OWASA would not participate in the water treatment plant design. The resulting projected impacts on rates are also shown in Table 1.

Table 1: Estimated Capital Investments to Purchase Share of Intake and Transmission Infrastructure in Phase 1 and the Projected Impact on Rates

Fiscal Year	Estimated Capital Cost	Cumulative Capital Cost	Impact on Rates
2023	$651,000	$651,000	1%
2024	$606,000	$1,257,000	1%
2025	$820,000	$2,077,000	1%
2026	$820,000	$2,897,000	1%
2027	$820,000	$3,717,000	1%
2028	$1,450,000	$5,167,000	2%[1]
2029	$1,450,000	$6,617,000	2%[1]
2030	$1,450,000	$8,067,000	2%[1]

[1]Rate model results typically reported out only five years since there is a lot of uncertainty in the assumptions beyond 5 years. These estimates of rate impacts should be reviewed with these limitations in mind.

Staff Recommendation:

The information provided on the cost to participate in the intake and transmission infrastructure during Phase 1 is a new potential alternative to access our Jordan Lake allocation. Given the potential long-term cost savings, staff recommends that the Board also consider this alternative to access Jordan Lake after we complete our community engagement process. Staff recommends that we include funding for these studies in our FY 2023 budget.

Action Needed:

While no formal action is needed, staff requests feedback on the following:

- Does the Board of Directors direct staff to include an alternative to access our Jordan Lake allocation that evaluates investing in the intake and transmission infrastructure at a capacity that allows us to access our entire allocation from Jordan Lake during Phase 1 of the proposed project?
- Does the Board of Directors support including funds in the FY 2023 budget to meet OWASA's cost share of the Western Intake Partnership?

Agenda Item 10:

Decision on Whether to Complete a Board of Directors Self-Assessment

Purpose:

The purpose of the Self-Assessment is to gather feedback about the current effectiveness of the Board and to stimulate Board members' thoughts about what might be done to strengthen individual performance as a Board member and the Board as a whole.

Discussion:

- Does the Board see value in conducting a self-assessment this year?
- If so, what is the ideal timeframe, considering that Board membership will change in the coming months. Is the ideal timeframe before membership changes, shortly after changes, or several months after changes?
- Does the Board see value in using the survey tool similar to the draft provided?
- When discussing survey results, would the Board prefer to employ a facilitator? Would Board members prefer to maintain anonymity for survey responses?

Action:

Decision on whether to schedule a Board Self-Assessment this year.

Information:

- Draft 2022 OWASA Board Self-Assessment Survey

OWASA Board Self-Assessment Survey
April 2022

Purpose:
This self-assessment is intended to both gather feedback about the current effectiveness of the OWASA Board and to stimulate your thoughts about what might be done to strengthen our individual performances as Board members and the Board as a whole.

Completing the survey:
Type on this document – it should accept your responses with no need for additional formatting. Please respond with your completed questionnaire to Andy Orbich at: AOrbich@owasa.org

Comments:
Add any comments you wish in the space provided. ALL comments will be shared as written in a collective report, but comments will NOT be attributed to particular Board members. The space provided below for comments will expand automatically if you type more than the space will accommodate.

The Summary:
A summary of the report of this self-assessment will include three parts:

(1) The total number of responses received from the Board. Please participate!
(2) A numeric account of the ranking for each question (three board members strongly agreed, two were neutral, one disagreed, etc.), and;
(3) The collection of comments made for each question.

The names of respondents will not be reported. The comments will not be attributed to the respondents who made them.

1. I am satisfied with recent changes made to hold one regular Board meeting per month and with moving more topics to the consent agenda.				
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Comments on Question #1:				
2. I am prepared for meetings, and have read and thought about materials in advance of meetings.				
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Comments on Question #2:				

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OWASA Board Self-Assessment Survey
April 2022

3. I believe Board members are respectful of other Board members when expressing differences of opinion.				
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Comments on Question #3:				
4. I feel empowered to disagree with the Board but once the Board has reached a decision I abide by the wishes of the Board.				
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Comments on Question #4:				
5. I believe the Board "speaks with one voice" when providing direction and feedback to the Executive Director and General Counsel.				
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Comments on Question #5:				
6. I believe the Board is successful in balancing the views of the Board , the Executive Director and staff on OWASA's future directions.				
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Comments on Question #6:				

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7. With what about the Board am I most satisfied? How could the Board improve?
Comments on Question #7:

Please add any other comments below.

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Agenda Item 11:

OWASA Board Members Eligible for Nomination for Election as Board Officers

Purpose:

The Board of Directors will nominate candidates for election as Chair, Vice Chair, and Secretary of the Board for the Fiscal Year 2023. Election of officers will take place on June 9, 2022, in accordance with the Bylaws.

Background:

- The Board of Directors will elect its Chair, Vice Chair and Secretary at its June 9, 2022 meeting. Those officers will hold office for one year or until their successors are elected and qualified. Every Board Member is considered eligible for election, except those who indicate their wish not to serve as Officers, or in a particular office.

- On April 11, 2019, the Board amended its Bylaws to provide that the full Board of Directors shall serve as the Nominating Committee, and to that end, shall receive nominations for election to each office of the Board, at a Board meeting prior to the meeting in which the election of Board officers is to be held. And further, that any Board Member may nominate or self-nominate for such offices, and those nominated shall constitute the slate of eligible candidates for election to each office.

- At the April 14, 2022 meeting, all Board members will be eligible for nomination for election to those offices; any Board Member may nominate or self-nominate, and if seconded, those nominated shall constitute the slate of eligible candidates for election to each office.

- In accordance with the Bylaws, the following is a list of those Board Members eligible for nomination and election to each office for the fiscal year beginning July 1, 2022:

Chair	Vice Chair	Secretary
Todd BenDor	Todd BenDor	Todd BenDor
Bruce Boehm*	Bruce Boehm*	Bruce Boehm*
Ray DuBose	Ray DuBose	Ray DuBose
Jody Eimers	Jody Eimers	Jody Eimers
Kevin Leibel	Kevin Leibel	Kevin Leibel
John Morris	John Morris	John Morris

*pending reappointment to the OWASA Board of Directors scheduled later this Spring.

- From this list, Board Members will nominate candidates for election to each office on April 14th. The election of Officers will be conducted at the June 9, 2022 meeting, and the ballot shall consist of those persons nominated, and whose nominations were seconded, at the April 14th meeting.

- For the Election of Officers at the June 9, 2022 Board meeting and in accordance with amended N.C. General Statutes 166A (Public Bodies/Remote Meetings During Declared

Emergencies, Section 4.31.(a) Article 1A should the State still be in a state of emergency), Board Members, will vote verbally by roll call in alphabetical order, will announce their votes for each office, for one of the members nominated in the April 14, 2022 meeting. The verbal election will continue in successive rounds until an Officer is elected by five votes. In each successive round, the eligible candidates shall be those who received the greater number of votes in the previous round.

- A Board member who must be absent from the June 9, 2022 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 June 9th Board meeting. Proxy votes will be counted so long as the person named on the written statement remains in the running through successive rounds of voting.

- OWASA Board of Director Bylaws officer descriptions:

  CHAIR. The Chair shall preside at all meetings of the Authority and shall have and exercise such authority and do and perform such other duties as may be assigned by the Authority.

  VICE CHAIR. At the request of the Chair, or in the event of the absence or disability of the Chair, the Vice Chair shall perform the duties and possess and exercise the powers of the Chair; and to the extent authorized by law the Vice Chair shall have such other powers as the Authority may determine, and shall perform such other duties as may be assigned to him by the Authority.

  SECRETARY. The Secretary shall have charge of such books, documents and papers as the Authority may determine, and shall have the custody of the official seal. She/He shall attend and keep the Minutes of all the meetings of the Authority, unless the Authority uses the services of a stenographer for that purpose, and in such case she/he shall review the Minutes to see that they are accurately taken and transcribed in the Minute Book. She/He shall keep a record, containing the names, alphabetically arranged, of all persons who are Directors of the Authority, the dates of their appointments and dates of expiration of their terms, showing their places of residence, and such book shall be open for inspection as prescribed by law. She/He shall in writing notify the Mayor or Chairman of the Board, as the case may be, of the appointing governing body at least 30 days prior to the expiration of the term for which a member of the Authority was appointed by such governing body so that such appointing governing body may have sufficient time in which to either reappoint such person for an additional term or to appoint some other person to the Authority in his or her place. She/He shall, in general, perform all the duties incident to the office of Secretary, subject to the control and direction of the Authority, and shall do and perform such other duties as may be assigned by the Authority.

Action Needed:

Finalize the nominations for the Officers of Chair, Vice Chair and Secretary for the OWASA Board of Directors for Fiscal Year 2022 in preparation for the June 9, 2022 meeting.

Agenda Item 12:

Review Board Work Schedule

Purpose:

a) Request(s) by Board Committees, Board Members, General Counsel and Staff
b) Review draft Agenda for May 12, 2022 Board Meeting
c) Review 12 Month Board Meeting Schedule
d) Review Pending Key Staff Action Items

Information:

- Draft May 12, 2022 Board Meeting Agenda
- 12 Month Board Meeting Schedule
- Pending Key Staff Action Items from Board Meetings

Agenda
Meeting of the OWASA Board of Directors
Thursday, May 12, 2022, 6:00 P.M.

Due to COVID-19 public health concerns, the Orange Water and Sewer Authority (OWASA) Board of Directors is conducting this meeting virtually utilizing Microsoft Teams software. Board Members, General Counsel and staff will be participating in the meeting remotely.

In compliance with the "Americans with Disabilities Act," interpreter services for non-English speakers and for individuals who are deaf or hard of hearing are available with five days prior notice. If you need this assistance, please contact the Clerk to the Board at 919-537-4217 or aorbich@owasa.org.

The Board of Directors appreciates and invites the public to attend and observe its virtual meetings online. Public comment is invited via written materials, ideally submitted at least two days in advance of the meeting to the Board of Directors by sending an email to board_and_leadership@owasa.org or via US Postal Service (Clerk to the Board, 400 Jones Ferry Road, Carrboro, NC 27510). Public comments are also invited during the Board Meeting via telephone, and you will need to be available to call-in during the meeting. Please contact the Clerk to the Board at aorbich@owasa.org or 919-537-4217 to make arrangements by 3:00 p.m. the day of the meeting.

Public speakers are encouraged to organize their remarks for delivery within a four-minute time frame allowed each speaker, unless otherwise determined by the Board of Directors.

Announcements

1. Announcements by the Chair
   - Any Board Member who knows of a conflict of interest or potential conflict of interest with respect to any item on the agenda tonight is asked to disclose the same at this time.
   - May 19, 2022 Orange County Climate Council Meeting
2. Announcements by Board Members
   - Update on the May 3, 2022 Carrboro Town Council Meeting (Yinka Ayankoya)
3. Announcements by Staff
   - Update on the April 27, 2022 Chapel Hill Town Council Meeting (Todd Taylor)

Petitions and Requests

1. Public
2. Board
3. Staff

Public Hearings

1. Concurrent Public Hearings on the Preliminary Annual Operating and Capital Improvements Budget and Proposed Rates, Fees and Charges (Stephen Winters)
   A. Staff Presentation
   B. Public Comments

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C. Motion to Close Public Hearings (written comments will be accepted 24 hours following the Hearings)

Consent Agenda

Action

1. Minutes of the April 14, 2022 OWASA Board of Directors Meeting (Andrea Orbich)
2. Renewal of the Triangle Area Water Supply Monitoring Project Interlocal Agreement (Katie Harwell)

Regular Agenda

Discussion and Action

3. Resolution Authorizing the Executive Director to Execute Contracts for Employee Health and Dental Insurance Plans (Stephanie Glasgow/Ellen Tucker, Gallagher)

Discussion

4. Discuss Employee Merit Pay for Fiscal Year 2023 (Stephanie Glasgow)
5. Review Board Work Schedule
   a. Request(s) by Board Committees, Board Members, General Counsel and Staff (Jody Eimers)
   b. June 9, 2022 Board Meeting (Todd Taylor)
   c. 12 Month Board Meeting Schedule (Todd Taylor)
   d. Pending Key Staff Action Items (Todd Taylor)

Summary of Work Session Items

6. Executive Director will Summarize the Key Staff Action Items from the Meeting

Closed Session

7. The Board of Directors will Meet in a Closed Session for the Purpose of Discussing a Personnel Matter, as provided in N.C. General Statutes 143.318.11(6) (Ray DuBose)

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OWASA Board of Directors – 12 Month Board Meeting Schedule (April 8, 2022)

Meeting Date	Agenda Items		Committee Meetings & Other Board Items
April 14 2022	Formal Purchase of Oakwood North and Oakwood South Water Main Pipe Response to a Petition Regarding the Uncertainty in the Yield Analysis for the LRWSP FY 22 Budget Amendment Resolution Authorizing Executive Director to File an Application for ARPA Funding to the NC Division of Water Infrastructure for WIP Studies Discuss Draft FY 2023 Budget and Authorize Staff to Publish FY 2023 Budget and Rate Information Update on LRWSP and WIP BOD Eligible for Nominations to Election as Board Officers (include Officer descriptions) Planning BOD Self-Assessment	() () ()	OWASA LRWSP Update for CHTC (4-27-2022) Mitigation Banking Field Trip (TBD) Meeting between the BOCC Members & OC Appointees to the BOD (TBD)
May 12 2022	Public Hearings – FY 23 Budget and Rates Renewal of the Triangle Area Water Supply Monitoring Project Interlocal Agreement Approve Employee Insurance Renewals Discuss Employee Merit Pay for FY 23 CS – Prepare ED Annual Review	() () () ()	Annual Update for CTC & OWASA LRWSP Update (5-3-2022) Mitigation Banking Field Trip (TBD) Strategic Plan Work Session (TBD) Meeting between the CHTC OWASA Committee & Chapel Hill Appointees to the BOD (TBD)
June 9 2022	Receipt of the OC Board of Health Report on Drinking Water Fluoridation Bylaw Amendment regarding Annual Meeting Schedule Approve FY 23 Budget and Rates (including Employee Merit Pay decision) Update on LRWSP Community Engagement (Tentative) Election of Officers CS – ED Annual Performance Review	() () ()	
July 14 2022	CS – Prepare GC Annual Review	()	Possible welcome of new Board Member(s)
August 11 2022	CS – GC Annual Review	()	
September 8 2022	Review Draft Strategic Plan (Tentative) Discuss Lake Recreation Report FAQs, Plan, and Potential Program Changes Approve GC Engagement	() ()	Meeting between the BOCC Members & OC Appointees to the BOD (TBD)
October 13 2022	Annual Meeting of the Board – Annual Report and Financial Audit Approve Strategic Plan Update on Development of New Budget Format	()	Meeting between the CHTC OWASA Committee & Chapel Hill Appointees to the BOD (TBD)
November 10 2022	TBD		
December 8 2022	CS – Prepare for ED Interim Review	()	
January 12 2023	Approve Audit Firm Contract Discuss FY 24 Budget Calendar and Assumptions CS – ED Interim Performance Review	() () ()	OWASA Orientation for newly elected officials
February 9 2023	CS – Prepare for GC Interim Review Department Managers FY 24 Budget Presentations	() ()	Annual Update to BOCC (TBD) Meeting between the CHTC OWASA Committee & Chapel Hill Appointees to the BOD (TBD)

OWASA Board of Directors – 12 Month Board Meeting Schedule (April 8, 2022)

Meeting Date	Agenda Items		Committee Meetings & Other Board Items
March 9 2023	Set Date for Public Hearings on FY 24 Budget & Rates FY 24 Draft Budget and Rate Adjustment	↻ ↻	

Recurring Reports (included as part of monthly Consent Agendas)

- **January** - Employee Health and Dental Insurance Update; 2022 Annual Lakes Recreation Report; CIP Semiannual Report; D&I Update
- **February** - Reliability and Resiliency Report; Q2 Financial Report; Affordability Program Update
- **March** - Energy Management Plan
- **April** - TBD
- **May** - Q3 Financial Report
- **June** - TBD
- **July** - D&I Update and Strategic Plan Update
- **August** - Preliminary 12 Month Financial Report and CIP Semiannual Report
- **September** - Disposal of Surplus Personal Property; EEO/Affirmative Action Report and D&I Update; Forest Management Program Update
- **October** - Strategic Trends Report and Q1 Financial Report

The 12 Month Board Meeting Schedule shows priority efforts the Board and staff plan to consider during the next twelve months. The schedule also shows annual updates to the Board which will be distributed on the consent agenda. This schedule does not show all the items the Board may consider in a meeting.

The 12 Month Board Meeting Schedule will be reviewed and updated by the Board each month.

The OWASA Board determines which topics it wants to explore as a full Board and which topics it wants to assign to Board committees or committee chairs for further analysis and development of recommendations. Board also determines priorities and desired timeframes for addressing topics. Committee meetings will be updated on the schedule routinely.

Abbreviations Used in Draft Schedule:

↻	Recurring agenda item (generally these are "required" items)
ARPA	American Rescue Plan Act
BOCC	Orange County Board of County Commissioners
BOD	Board of Directors
CCR	Cane Creek Reservoir
CE	Community Engagement
CEP	Community Engagement Plan
CHTC	Chapel Hill Town Council
CIP	Capital Improvements Program
COLA	Cost of Labor Adjustment
CS	Closed Session of the Board
CTC	Carrboro Town Council
CY	Calendar Year
D&I	Diversity and Inclusion
ED	Executive Director
EEO	Equal Employment Opportunity
EPA	Environmental Protection Agency
FY	Fiscal Year
GC	General Counsel
HR	Human Resources
JL	Jordan Lake
KPI	Key Performance Indicator
LRWSP	Long-Range Water Supply Plan
MOA	Memorandum of Agreement
MWBE	Minority/Women-owned Business Enterprises
MST	Mountains-to-Sea Trail
MFMM	Multi-Family Master Meter
NCDOT	North Carolina Department of Transportation
NRTS	Natural Resources and Technical Services

OWASA Board of Directors – 12 Month Board Meeting Schedule (April 8, 2022)

OC	Orange County
Q	Quarter
RFP	Request for Proposals
SRF	State Revolving Fund
SOW	Scope of Work
TBD	To Be Determined
WIP	Western Intake Partnership
WTP	Water Treatment Plant
WWTP	Wastewater Treatment Plant

Pending Key Staff Action Items from Board Meetings

No.	Date	Action Item	Target Board Meeting Date	Person(s) Responsible	Status
1.	3-10-2022	Provide a response to Bruce Boehm's March 9, 2022, petition regarding the Long-Range Water Supply Plan.	4-14-2022	Rouse	Completed
2.	3-10-2022	Incorporate Board feedback to include dollar and time investment for the annual Energy Management Report.	3-9-2023	Tiger	Completed
3.	3-10-2022	Incorporate Board feedback on draft Fiscal Year 2023 Budget for discussion at the next meeting.	4-14-2022	Winters	Completed
4.	2-24-2022	Provide follow-up information on rate study timing.	NA	Winters	Completed – emailed on 3-10-2022
5.	1-27-2022	Add lake recreation discussion, to include draft plan with answers to common questions that will be added to annual recreation report, to the 12 Month Board Meeting Calendar.	9-8-2022 (Tentative)	Darr Dodson Riley	Completed
6.	10-28-2021	Evaluate trends in the labor market, cyber security, etc.	NA	Taylor Directors	