



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, June 9, 2022, 6:00 P.M.

Due to the ongoing North Carolina State of Emergency, 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.
 - Chapel Hill Town Council Reappointed Bruce Boehm and Appointed Pedro Garcia to the Board of Directors on May 18, 2022
2. Announcements by Board Members
3. Announcements by Staff
 - June 23, 2022 Board of Directors Strategic Plan Work Session (Mary Tiger)
 - Wil Lawson, OWASA's new Wastewater Treatment and Biosolids Recycling Manager (Mary Darr)

Petitions and Requests

1. Public
2. Board
3. Staff

Consent Agenda

Information and Reports

1. Review of the Orange County Board of Health Report on Drinking Water Fluoridation (Todd Taylor)

Action

2. Resolution Awarding a Construction Contract for the Rogerson Drive Water Main Replacement Project (Coleman Olinger)
3. 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 (Stephen Winters)
4. Resolution Approving an Interlocal Agreement for Phase IX of the Triangle Area Water Supply Monitoring Project (Monica Dodson)
5. Resolution to Amend Article III of the Orange Water and Sewer Authority Bylaws Regarding Annual Meetings (Todd Taylor)
6. Minutes of the May 12, 2022 OWASA Board of Directors Meeting (Andrea Orbich)
7. Minutes of the May 12, 2022 Closed Session of the OWASA Board of Directors for the Purpose of Discussing a Personnel Matter (Ray DuBose)

Regular Agenda

Discussion and Action

8. Resolution Honoring the Service of Yinka Ayankoya to the Carrboro-Chapel Hill-Orange County Community as a Member of the Orange Water and Sewer Authority's Board of Directors (Jody Eimers)
9. Approval of the Schedule of Rates, Fees and Charges; Annual Budget; Five-Year Capital Improvements Program (CIP); and Cost of Living and Merit Pay Increases (Stephen Winters)
 - A. Resolution Adopting the Schedule of Rates, Fees and Charges Effective on or after October 1, 2022
 - B. Resolution Adopting the Budget for Orange Water and Sewer Authority for Fiscal Year (FY) 2023
 - C. Resolution Approving the CIP for FY 2023-2027 and the Accompanying FY 2023 Capital Project Resolution
 - D. Resolution Updating the Schedule of Employee Classification and Authorized Compensation; Adjusting Affected Employees' Compensation to the Minimum of the Pay Range; Authorizing Cost of Labor and Merit Pay Increases for Eligible Employees; Increasing the Employer Contribution Rate to Employees' Deferred Compensation Plan; and Adding Three New Positions to the Schedule of Employee Classification and Authorized Compensation
10. Long-Range Water Supply Plan: Community Engagement Summary and Selection of Jordan Lake Alternative (Todd Taylor/Ruth Rouse)

Discussion

11. Review Board Work Schedule
 - A. Request(s) by Board Committees, Board Members, General Counsel and Staff (Jody Eimers)
 - B. Draft July 14, 2022 Board Meeting Agenda (Todd Taylor)

- C. 12 Month Board Meeting Schedule (Todd Taylor)
- D. Pending Key Staff Action Items (Todd Taylor)
- E. Action Items Reoccurring Every 3 to 5+ Years (Todd Taylor)

Election of Officers (Effective July 1, 2022)

- 12. Report of the Nominating Committee for Election of Officers (Robert Epting)
 - A. Chair of the Board
 - B. Vice Chair of the Board
 - C. Secretary of the Board

Summary of Board Meeting Items

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

Closed Session

- 14. 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)

Agenda Item 1:

Review of the Orange County Board of Health Report on Drinking Water Fluoridation

Background:

In February 2017, an accidental, on-site overfeed of fluoride occurred at the Jones Ferry Road Water Treatment Plant. The treated water with elevated fluoride levels was fully contained inside the plant and did not enter the water distribution system. Fluoridation was discontinued until a new feed system was installed.

On March 9, 2017, the OWASA Board of Directors, following extensive public comment and careful deliberation, agreed that: 1) OWASA will continue to follow its current policy and practice of fluoridating the public drinking water supply; 2) OWASA staff will stay abreast of developments in scientific research and accepted public health policy and practice related to public water supply fluoridation; and 3) staff will continue to monitor and improve OWASA's fluoride feed system, and inform the Board and public when the improved system is ready for operation.

On October 9, 2017, fluoridation was restarted upon completion of the new fluoride feed and control system.

At the October 26, 2017, Board meeting, the Board agreed the Executive Director would ask the Orange County Health Department to consider doing a periodic review of fluoridation.

On August 30, 2018, the Orange County Board of Health agreed to review drinking water fluoridation.

On September 26, 2018, Robert Epting, OWASA's General Counsel, provided his opinion on the matter of fluoridation consent.

On July 15, 2019, the Orange County Health Department notified OWASA staff that they recruited three experts (dentist, toxicologist, and medical doctor) to review the latest science on the effect of fluoridation, that they expected to conduct a two-week on-line survey for public comment later in July, and that the expert panel would need about three months or more to complete their review.

OWASA staff provided Orange County Health Department's invitation to participate in the on-line survey to OWASA's fluoride stakeholders list and posted the information on OWASA's website.

On March 25, 2020, the Orange County Board of Health (BOH) approved:

The Orange County Board of Health supports the continued fluoridation of OWASA's water supply at the current levels as deemed effective for prevention of tooth decay for the promotion of good oral health. The committee considered the lack of naturally occurring fluoride in OWASA's reservoirs. This detailed process and the recognition by the CDC that

community water fluoridation is one of the greatest public health achievements of the 20th century led to the support of OWASA continuing community water fluoridation.

On March 26, 2020, the Board was informed of BOH's recommendation, and the recommendation was shared with OWASA's fluoride stakeholders.

On March 30, 2020, staff emailed the completed Fluoride Report from Orange County to the OWASA Board, [posted the report and news article on OWASA's website](#), and notified fluoride stakeholders the report was available and would be on future Board agenda as an information item.

Recommendation:

Information only, no action needed.

Information:

- Link to the 110-page Orange County Board of Health report - [Community Water Fluoridation Health Recommendation to OWASA](#)

Agenda Item 2:

Resolution Awarding a Construction Contract for the Rogerson Drive Water Main Replacement Project

Purpose:

This memorandum recommends the OWASA Board of Directors award a construction contract to Moffat Pipe, Inc. (Moffat) for the construction of the Rogerson Drive Water Main Replacement Project.

Background:

The Rogerson Drive Water Main Replacement project includes the replacement of an aging water main in an approximately mile-long corridor along Rogerson Drive stretching from Raleigh Road to Cleland Drive. The Rogerson Drive Water Main Replacement Project will replace a 6” asbestos cement water main which is over 50-years old and has reached the end of its useful life. Figure 1 below shows the extent (in red) of water line replacement.



Figure 1: Project Location Map

The project was identified by the Water Main Prioritization Model based on age, break history, customer impact, and other factors, and is part of OWASA’s prioritized program for the continuous renewal of the water distribution system. CJS Conveyance PLLC (CJS) was selected as our design engineer and prepared detailed plans and specifications for the project. Due to the very congested utility corridor along Rogerson Drive, the new water main will be installed in the same location as the old water line, and an above-ground temporary water line will be installed to provide OWASA water to each customer meter during construction.

A well-attended community meeting was held on March 22, 2022 at the project location. Members of the neighborhood were able to ask questions about the work to replace the water mains in their neighborhood.

Advertising and Bidding:

The Engineer, CJS, completed the Rogerson Drive Water Main Replacement Project design and bid documents in Spring 2022. The bid was posted on websites, news outlets, and emailed on April 4, 2022. Additionally, throughout the bid process, the Engineer and OWASA staff made direct contact with numerous general contractors via phone calls and emails. A total of two bids were submitted on the initial May 5, 2022 deadline. Whereas state statute requires receipt of a minimum of three bids for construction contracts greater than \$500,000, the two bids received were returned unopened and the contract was re-advertised with a re-bid date of May 12, 2022. On May 12, 2022, a total of two bids were received and opened publicly, and the results are summarized below:

Moffat Pipe, Inc.	\$2,315,725.00
Pipeline Utilities, Inc.,	\$2,399,969.00

Engineer’s Estimate (2020): \$2,130,000

The Engineer’s estimate was completed nearly two and a half years ago and included approximately 900 feet of additional scope which is no longer in this contract. A revised estimate was not completed at finalization of design due to the current volatility of pricing for pipeline work.

Minority and Women Business Enterprise (MWBE) Participation:

OWASA’s Minority Business Participation Outreach Plan and Guidelines include all of the statutory requirements from the State of North Carolina and specifies a 10% goal for participation by minority businesses. OWASA staff took several actions to solicit minority participation in this contract, including advertising the construction bid with the Greater Diversity News, publishing the advertisement on various websites, including the State of North Carolina Interactive Purchasing System (NC IPS) and OWASA, and posting advertisement in multiple plan rooms. Staff also emailed the advertisement directly to 36 MWBE prime contractors and subcontractor firms registered with NC IPS.

OWASA also requires bidders to complete “good faith efforts” to solicit participation by minority subcontractors, and to attest to those efforts via an affidavit submitted with the bid. Staff reiterated this requirement at the pre-bid meeting and provided the bidders with detailed guidelines. The apparent low bidder (Moffat) is a Women Owned Business Enterprise (WBE) and they anticipate self-performing at least \$1,500,000.00 (or approximately 65%) of the work. While Moffat provided documentation of good faith efforts to employ MWBE subcontractors, none of their subcontractors qualify as Minority and Women owned Business Enterprise (MWBE) contractors. The total percentage of work going to an MWBE in this contract is approximately 65%. The nature and scope of this project afforded limited subcontracting opportunities, including categories such as paving, trucking, and traffic control.

Bid Review and Recommendation:

After an evaluation of the low bidder’s project references, current projects list, financial statement and references, safety performance data, debarment status, and claims and judgements information, Moffat was determined to be a responsive and responsible bidder. A copy of the certified bid tabulation is attached with the Engineer’s recommendation for award (attached).

The bids were extremely close and within the anticipated range for this project. Moffat has demonstrated sufficient qualifications in past project performance, personnel qualifications/experience, and reference checks. The Engineer and OWASA staff also determined that Moffat met safety performance, relevant project experience, bonding capacity, and other requirements. CJS’s recommendation that the construction contract for this project be awarded to Moffat is attached along with the certified bid tabulation (attached).

Action Requested:

Award of construction contract for Rogerson Drive Water Main Replacement Project.

Information:

- Engineer’s Recommendation for Award and Certified Bid Tabulation
- Resolution



320 S. Academy Street
Cary, NC 27511

919-890-3877 (direct)
919-818-8322 (mobile)

www.cjsconveyance.com

May 16, 2022

Coleman Olinger, P.E.
Utilities Engineer
Orange Water and Sewer Authority
400 Jones Ferry Road
Carrboro, North Carolina 27510

**Re: High Priority Water Mains Project – Rogerson Drive Water Main Replacement -
Recommendation of Award**

Dear Mr. Olinger:

Please find enclosed the certified bid tabulation for the Rogerson Drive Water Main Replacement Project. Submitted bids were opened and read aloud on May 12, 2022, at 11:00 am in the offices of Orange Water and Sewer Authority on Jones Ferry Road.

A total of two bids were submitted for the project, which was a second attempt at a bid opening as only two bids were submitted the first bid opening attempt on May 5, 2022. The apparent low bidder was Moffat Pipe, Inc. of Wake Forst, North Carolina. Moffat Pipe submitted a bid price of **\$2,315,725.00**. Their bid has been reviewed and is deemed complete. After a review of the provided bid proposal versus the requirements in the bidding documents Moffat Pipe, Inc. is deemed to possess satisfactory qualifications to perform the work required for this project. Furthermore, we recommend the award of the project to Moffat Pipe Inc.

Please feel free to contact me at 919-890-3877 or sleitch@cjsconveyance.com if you have any questions or would like to discuss further.

Sincerely,

Stephen D. Leitch, PE
Project Manager

Enc: Certified Bid Tabulation

cc: file

Certified Bid Tabulation

Rogerson Drive Water Main Replacement Project
 Orange Water and Sewer Authority
 Carrboro, NC

Date Prepared: 5/12/22

Item No.	Description	Unit	Quantity	Moffat Pipe, Inc.		Pipeline Utilities, Inc.	
				Unit Price	Extended Total	Unit Price	Extended Total
1	6" Ductile Iron Water Main, PC 350, Restrained Joint, Replace-in-Place	LF	4,750	\$ 155.00	\$ 736,250.00	\$ 171.00	\$812,250.00
2	6" Ductile Iron Water Main, PC 350, Restrained Joint	LF	100	\$ 175.00	\$ 17,500.00	\$ 157.00	\$15,700.00
3	Ductile Iron Bends and Fittings	LBS	750	\$ 24.00	\$ 18,000.00	\$ 78.00	\$58,500.00
4	6" Gate Valve Assembly	EA	8	\$ 5,500.00	\$ 44,000.00	\$ 2,646.00	\$21,168.00
5	Fire Hydrant Assembly	EA	3	\$ 14,500.00	\$ 43,500.00	\$ 10,262.00	\$30,786.00
6	Air Release Valve Assembly	EA	2	\$ 12,500.00	\$ 25,000.00	\$ 14,328.00	\$28,656.00
7	Connect to Exist. 6" Water Main	EA	4	\$ 4,500.00	\$ 18,000.00	\$ 4,081.00	\$16,324.00
8	6" Line Stop Assembly	EA	1	\$ 8,000.00	\$ 8,000.00	\$ 9,896.00	\$9,896.00
9a	Single 3/4" Water Service, short side	EA	49	\$ 4,500.00	\$ 220,500.00	\$ 3,907.00	\$191,443.00
9b	Single 3/4" Water Service, long side	EA	1	\$ 6,000.00	\$ 6,000.00	\$ 6,257.00	\$6,257.00
10	Abandon Existing Water Mains in Place	LF	100	\$ 25.00	\$ 2,500.00	\$ 84.00	\$8,400.00
11	Ex. Fire Hydrant Removal	EA	3	\$ 3,000.00	\$ 9,000.00	\$ 1,576.00	\$4,728.00
12	Asphalt Trench Repair (Town Roadway)	SY	3,750	\$ 60.00	\$ 225,000.00	\$ 66.00	\$247,500.00
13a	FDR Pavement Restoration	SY	2,600	\$ 65.00	\$ 169,000.00	\$ 46.00	\$119,600.00
13b	Portland Cemet for FDR	TN	50	\$ 375.00	\$ 18,750.00	\$ 299.00	\$14,950.00
13c	Additional Mixing for FDR	SY*IN	1,300	\$ 17.00	\$ 22,100.00	\$ 11.50	\$14,950.00
14	Miscellaneous Surface Restoration	LS	1	\$ 65,000.00	\$ 65,000.00	\$ 7,913.00	\$7,913.00
15	Miscellaneous Concrete	CY	1	\$ 1,000.00	\$ 1,000.00	\$ 599.00	\$599.00
16	Offsite Fill Material	CY	175	\$ 50.00	\$ 8,750.00	\$ 34.00	\$5,950.00
17	ABC Stone Trench Backfill	CY	900	\$ 50.00	\$ 45,000.00	\$ 47.00	\$42,300.00
18	Undercut and Replace with #57 Stone	CY	175	\$ 65.00	\$ 11,375.00	\$ 100.00	\$17,500.00
19	Trench Rock Removal by Mechanical Means	CY	100	\$ 150.00	\$ 15,000.00	\$ 790.00	\$79,000.00
20	Temporary Water Service	LS	1	\$ 200,000.00	\$ 200,000.00	\$ 269,012.00	\$269,012.00
21	Erosion Control	LS	1	\$ 50,000.00	\$ 50,000.00	\$ 29,760.00	\$29,760.00
22	Traffic Control	LS	1	\$ 39,000.00	\$ 39,000.00	\$ 44,427.00	\$44,427.00
23	Town of Chapel Hill Street Cut Allowance	-	-	-	\$140,000.00	-	\$140,000.00
24	Town of Chapel Hill Permit Fee Allowance	-	-	-	\$2,500.00	-	\$2,500.00
25	Contingency Allowance	-	-	-	\$40,000.00	-	\$40,000.00
26	Mobilization (Less than 5% of Bid)	LS	1	\$ 115,000.00	\$ 115,000.00	\$ 119,900.00	\$119,900.00
Total Bid Amount					\$ 2,315,725.00		\$2,399,969.00

CERTIFICATION

The bids shown herein were opened and read aloud at the Orange Water and Sewer Authority office located 400 Jones Ferry Road in Carrboro, North Carolina 27510 on May 12, 2022, at 11:00 a.m. The bids shown represent the total bid amount provided on the original Bid Form of each Bidder's proposal.

Stephen D. Leitch, P.E.
 CJS Conveyance, PLLC



Resolution Awarding A Construction Contract For Rogerson Drive Water Main Replacement Project

Whereas, there is a need to replace the 6” asbestos concrete water main along Rogerson Drive due to its age and condition; and

Whereas, plans and specifications for the construction of this project have been prepared by CJS Conveyance PLLC; and

Whereas, advertisement to bid was published on the websites of the Greater Diversity News, publishing the advertisement on the websites of the State of North Carolina Interactive Purchasing System (NC IPS) and OWASA, and posting advertisement in multiple plan rooms on April 4, 2022; and

Whereas, after receiving only two bids on the first bid opening date of May 5, 2022 the project was re-bid; and

Whereas, 2 bids were received and opened publicly on May 12, 2022, and Moffat Pipe, Inc. has been determined to be the low responsive, responsible bidder for the project:

Now, Therefore, Be It Resolved:

1. That the Orange Water and Sewer Authority Board of Directors awards the construction contract to Moffat Pipe Inc., the low responsive, responsible bidder for the Rogerson Drive Water Main Replacement Project, in accordance with the approved plans and specifications, in the amount of \$2,315,725.00, subject to such change orders as may apply.

2. That the Executive Director be, and hereby is, authorized to execute said contract, subject to prior approval of legal counsel, and to approve and execute change orders and such documents as may be required in connection with the construction contract.

Adopted this 9th day of June 2022.

Jo Leslie Eimers, Chair

Attest:

John N. Morris, Secretary

Agenda Item 3:

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

Background:

On March 14, 2019, the Board of Directors authorized the submittal of an application for a low-interest loan from the state of North Carolina to fund the University Lake Permanganate Facility project included in OWASA’s Capital Improvements Program. On April 30, 2019, OWASA requested a \$2,170,800 low-interest loan from the North Carolina Division of Water Infrastructure (DWI) for the planned project, matching OWASA’s budget. Upon completion of alternatives analysis and design, the engineer’s project cost estimate increased to \$4,212,500.

On March 1, 2022, OWASA requested additional loan funds to cover the revised project costs and on March 11, 2022, the NC Local Government Commission authorized the DWI to offer OWASA a low-interest loan for the University Lake Permanganate Facility project in the amount of \$4,212,500 million.

The offer is for a 20-year loan with a fixed interest rate of 1.13%, which is about one-third of the current market rate for revenue bonds. The state charges a loan closing, processing, and administration fee and total loan administration fees for this project would be \$84,250.

Loan offers must be officially accepted by the governing board of the loan recipient, and loan recipients must comply with all applicable state and federal requirements, including bidding requirements for involving minority- and women-owned businesses in contracts. A copy of the Offer and Acceptance documents is attached.

Staff Recommendation – Action Requested:

This financing strategy will help in our efforts to keep costs low and improve affordability. Staff recommends accepting the state’s loan offer. Attached is a draft of a resolution accepting the Loan Offer and authorizing the Executive Director to execute the loan documents and do all things necessary for administering the loans.

Staff recommends approval of the resolution.

Information:

- 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
- State of North Carolina Funding Offer and Acceptance Documents

**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**

Whereas, the Safe Drinking Water Act Amendments of 1996 and the North Carolina Water Infrastructure Fund have authorized the making of loans and/or grants, as applicable, to aid eligible, drinking-water system owners in financing the cost of construction for eligible, drinking-water infrastructure; and

Whereas, the North Carolina Department of Environmental Quality has offered a State Revolving Loan in the amount of \$4,212,500 for the University Lake Permanganate Facility project; and

Whereas, the Orange Water and Sewer Authority intends to construct said project in accordance with the engineering plans and specifications that have been or will have been approved by the North Carolina Public Water Supply Section:

Now, Therefore, Be It Resolved:

1. That the Orange Water and Sewer Authority does hereby accept the State Revolving Loan offer in the amount of \$4,212,500; and

2. That the Orange Water and Sewer Authority does hereby give assurances to the North Carolina Department of Environmental Quality that they will adhere to all applicable items specified in the standard “Conditions” and “Assurances” of the Department’s funding offer, awarded in the form of a State Revolving Loan; and

3. That the Orange Water and Sewer Authority Executive Director 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; and

4. That the Orange Water and Sewer Authority has complied substantially or will comply substantially 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 9th day of June 2022.

Jo Leslie Eimers, Chair

ATTEST:

John N. Morris, Secretary

STATE OF NORTH CAROLINA
 DEPARTMENT OF ENVIRONMENTAL QUALITY
 DIVISION OF WATER INFRASTRUCTURE

Funding Offer and Acceptance

Legal Name and Address of Award Recipient (Applicant):

Orange Water and Sewer Authority
 400 Jones Ferry Road
 Carrboro NC 27510

Project Number:

Project Number:

CFDA Number:

H-SRF-F-20-1983

N/A

66.468

Funding Program:

Drinking Water	<input checked="" type="checkbox"/>	Additional Amount for Funding Increases	Previous Total	Total Offered
Wastewater	<input type="checkbox"/>			
State Revolving Fund (SRF)	<input checked="" type="checkbox"/>	2,041,700	\$2,170,800	\$4,212,500
State Reserve Loan (SRP)	<input type="checkbox"/>			
State Reserve Grant (SRP)	<input type="checkbox"/>			
State Emergency Loan (SEL)	<input type="checkbox"/>			
Asset Inventory & Assessment Grant (AIA)	<input type="checkbox"/>			
Merger/Regionalization Feasibility Grant (MRF)	<input type="checkbox"/>			

Project Description:

University Lake Permanganate Facility: Remove ex. maintenance shed & improve ex. site access road at "University Lake" site's temporary permanganate-feed facility; Construct permanent shell building for proposed, permanganate-feed system's injection site; Install permanent 10k-gal, permanganate storage tank & containment, chemical-metering pumps, and all necessary building systems, piping, instrumentation, controls, and so forth.

Total Financial Assistance Offer:

\$4,212,500

Total Project Cost:

\$4,212,500

Estimated Closing Fee*:

\$84,250

For Loans

Principal Forgiveness:

\$ - 0 -

Interest Rate (Per Annum):

1.13%

Maximum Loan Term:

20 Years

*Estimated closing fee calculated based on grant and/or loan amount(s).

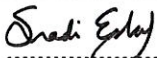
Pursuant to North Carolina General Statute 159G:

- The Applicant is eligible under Federal and State law;
- The Project is eligible under Federal and State law, and;
- The Project has been approved by the Department of Environmental Quality as having sufficient priority to receive financial assistance.

The Department of Environmental Quality, acting on behalf of the State of North Carolina, hereby offers the financial assistance described in this document.

For The State of North Carolina:

**Shadi Eskaf, Director, Division of Water Infrastructure
 North Carolina Department of Environmental Quality**

 Signature	3/14/2022 Date
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On Behalf of:

Orange Water and Sewer Authority

Name of Representative in Resolution:

Mr. Todd Taylor

Title (Type or Print):

Executive Director

I, the undersigned, being duly authorized to take such action, as evidenced by the attached CERTIFIED COPY OF AUTHORIZATION BY THE APPLICANT'S GOVERNING BODY, do hereby accept this Financial Award Offer and will comply with the Assurances and the Standard Conditions.

Signature	Date
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STANDARD CONDITIONS FOR FEDERAL SRF LOANS

1. The following “super cross-cutters” apply to SRF projects and may be found in the Public Policy Requirements section of the EPA General Terms and Conditions for each year’s appropriation. This document can be found at www.epa.gov/ogd/tc.htm. Please note that nothing is submitted to the State’s SRF program offices regarding compliance with these items.
 - (a) Title VI of the Civil Rights Act of 1964
 - (b) Section 504 of the Rehabilitation Act of 1973
 - (c) The Age Discrimination Act of 1975
 - (d) Section 13 of the Federal Water Pollution Control Act Amendments of 1972
2. Acquisition of Real Property must comply with all applicable provisions of the Uniform Relocation and Real Property Acquisition Policies Act of 1970 (PL 92-646), as amended. The Applicant shall certify it has or will have a fee simple, or such other estate or interest in the site of the project, including necessary easements and rights-of-way, to assure undisturbed use and possession for purposes of construction and operation for the estimated life of the project using a certification form provided by the Department of Environmental Quality (DEQ).
3. Specific MBE/WBE “disadvantaged businesses enterprise” (DBE) forms and instructions are provided, which are to be included in the contract specifications. These forms will assist with documenting positive efforts made by the Applicant, their consultant(s) and contractor(s) to utilize DBEs. Such efforts should allow DBEs the maximum feasible opportunity to compete for subagreements and subcontracts to be performed. Documentation of efforts made to utilize DBE firms must be maintained by the Applicant and their construction contractor(s), and made available upon request.
4. The Applicant shall comply fully with Subpart C of the Code of Federal Regulations (CFR), Chapter 2, Part 180, entitled, “Responsibilities of Participants Regarding Transactions Doing Business with Other Persons,” as implemented and supplemented by 2 CFR Part 1532. The Applicant is responsible for ensuring that any lower-tier covered transaction, as described in Subpart B of 2 CFR Part 180, entitled “Covered Transactions,” includes a term or condition requiring compliance with Subpart C. The Applicant is responsible for further requiring the inclusion of a similar term or condition in any subsequent lower-tier covered transactions. The Applicant may access suspension and debarment information at: <http://www.sam.gov>. This system allows applicants to perform searches determining whether an entity or individual is excluded from receiving Federal assistance.
5. The construction contract(s) require(s) the contractor to adhere to the Davis-Bacon and Related Acts Provisions and Procedures, as listed in the Code of Federal Regulations, Chapter 29, Part 5, Section 5 (29 CFR 5.5). Public Law pertaining to this is also enacted in Title 40, United States Code, Subtitle II Section 3141 through Section 3148.
6. As required by H.R. 3547, “Consolidated Appropriations Act, 2014” Section 436, Division G, Title IV, this project is subject to the federal “American Iron-and-Steel” provisions. The State provides detailed requirements, to be included in the construction contract specifications.

ASSURANCES

1. The Applicant intends to construct the project, or cause it to be constructed to final completion, in accordance with the Application approved for financial assistance by the Division of Water Infrastructure. The Applicant acknowledges that in the event a milestone contained within the most recent Drinking Water State Revolving Fund Intended Use Plan and/or the Letter of Intent to Fund is missed, the Department of Environmental Quality will rescind this Funding Award Offer.
2. The Applicant is responsible for paying for those costs that are ineligible for SRF funding.
3. The construction of the project, including the letting of contracts in connection therewith, conforms to the applicable requirements of State and local laws and ordinances.
4. As of the acceptance of this Funding Award Offer, Steps "A-D" in the "**North Carolina SRF Program Overview and Guidance**" (SRF Guidance Document enclosed with the Funding Award Offer) will be complete. These Assurances, likewise, incorporate the most recent version of the SRF Guidance Document, and the Applicant hereby certifies by accepting this Funding Award Offer that it will adhere to the subsequent steps in the SRF Guidance Document. The remaining steps generally govern project design, bidding, contracting, inspection, reimbursements, close-out and repayment.
5. The Applicant will provide and maintain adequate engineering supervision and inspection.
6. The Applicant agrees to establish and maintain a financial management system that adequately accounts for revenues and expenditures. Adequate accounting and fiscal records will be maintained during the construction of the project, and these records will be retained and made available for a period of at least three (3) years following completion of the project.
7. All SRF funds loaned shall be expended solely for carrying out the approved project, and an audit shall be performed in accordance with G.S. 159-34. Partial disbursements on this loan will be made promptly upon request, subject to adequate documentation of incurred eligible costs, and subject to the Applicant's compliance with the "Standard Conditions" of this Funding Award Offer. The Applicant agrees to make prompt payment to its contractor, and to retain only such amount as allowed by North Carolina General Statute.
8. The Applicant will expend all the requisitioned funds for the purpose of paying the costs of the project within three (3) banking days following the receipt of the funds from the State. Please note the State is not a party to the construction contract(s) and the Applicant is expected to uphold its contract obligations regarding timely payment.

Acknowledgement of Standard Conditions and Assurances

The Applicant hereby gives assurance to the Department of Environmental Quality that the declarations, assurances, representations, and statements made by the Applicant in the Application; and all documents, amendments, and communications filed with the Department of Environmental Quality by the Applicant in support of its request for financial assistance, will be fulfilled.

.....
Signature

.....
Date

Agenda Item 4:

Resolution Approving an Interlocal Agreement for Phase IX of the Triangle Area Water Supply Monitoring Project

Purpose:

To receive the OWASA Board of Directors' approval to enter into an Interlocal Agreement with other Triangle local governments for Phase IX of the Triangle Area Water Supply Monitoring Project.

Background:

In 1988, several local governments, with assistance from the Triangle J Council of Governments, formed the [Triangle Area Water Supply Water Monitoring Project](#) (TAWSMP) to evaluate the quantity and quality of water supply sources in the region. With cooperative and financial assistance from the U.S. Geological Survey (USGS), the Project has tracked conditions and trends in the area's water supply lakes, rivers, and streams. The efforts of the TAWSMP over the past 30 years have resulted in one of the most comprehensive water quality monitoring datasets in the country.

The TAWSMP operates in Phases. This next phase, Phase IX, is a partnership between and among Chatham County, Orange County, the Town of Apex, the Town of Cary/Morrisville, the City of Durham, the Town of Hillsborough, and the Orange Water and Sewer Authority.

The TAWSMP will monitor six major drinking water supplies, including Jordan Lake, University Lake, Lake Michie, Little River Reservoir, Cane Creek Reservoir, and West Fork Eno Reservoir, and twelve associated major tributaries.

The primary objectives of the next phase of the Monitoring Project are to characterize and report water quality monitoring results, characterize regional water availability, and develop interpretive science products to disseminate data and scientific findings.

The detailed objectives for Phase IX of the Monitoring Project are to:

- Perform monitoring of major ions, nutrients, suspended sediment, and chlorophyll-a to document water-quality conditions throughout the study area and to extend the existing database that the USGS can use in the future to evaluate loads and trends.
- Monitor the occurrence and distribution of additional parameters of concern to local water suppliers, including bromide and 1,4-dioxane at select sites and per- and polyfluoroalkyl substances (PFAS) at all sites.

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- Summarize project water-quality data collection in annual data release updates comprising all environmental and QA/QC sample results.
- Provide information on flow conditions in reservoir tributaries by operating a network of ten gaging stations to collect continuous streamflow data. The USGS operates two additional gages at TAWSMP sites; they are funded by the U.S. Army Corps of Engineers rather than TAWSMP partners. All streamflow data will be made publicly available in real-time at <https://waterdata.usgs.gov/nc/nwis/rt>.
- Develop interpretive science products to disseminate data and scientific findings.
- Produce a two-page fact sheet directed towards the public that TAWSMP partners can use to communicate the goals and benefits of the Project.
- Publish a report summarizing the results from phases XIII and IX contaminant sampling (PFAS, 1,4-dioxane, bromide, and chromium).

Action Requested:

OWASA's continued participation in the TAWSMP improves our cooperation between local water utilities, provides valuable information on the quality and availability of our local water supplies, enhances our ability to comply with drinking water standards, and helps ensure sustainable use of our local drinking water resources.

Staff recommends approval of the resolution.

Information:

- Resolution Approving an Interlocal Agreement for Phase IX of the Triangle Area Water Supply Monitoring Project
- The Interlocal Agreement for Phase IX of the Triangle Area Water Supply Monitoring Project is available for review upon request.

Resolution Approving an Interlocal Agreement for Phase IX of the Triangle Area Water Supply Monitoring Project

Whereas, on August 18, 1988, several local governments in the Triangle J Council of Governments Region (Region J), entered into an interlocal agreement to establish the Triangle Area Water Supply Water Quality Monitoring Project (hereinafter, the “Monitoring Project”) applicable to certain surface water supplies in Region J; and

Whereas, the local governments participating in the Monitoring Project established a Monitoring Project Steering Committee (hereinafter, the “Committee”) to make technical, financial, and administrative recommendations to the Participants; and

Whereas, the Monitoring Project has been continuously funded through a series of Joint Funding Agreements with the U.S. Geological Survey (hereinafter, the “USGS”) through June 30, 2022, as well as through a series of interlocal agreements; and

Whereas, the Monitoring Project will complete its Phase VIII monitoring program on June 30, 2022; and

Whereas, said Committee has determined that prior Monitoring Project phases met the objectives of measuring water quality conditions and long-term trends in water quality and recommended that additional monitoring be undertaken;

Whereas, the OWASA Board of Directors finds continued participation to be beneficial and does desire to enter into an Interlocal Agreement pursuant to GS 160A-460 *et. seq.* for the purpose of continuing to operate the Monitoring Project for Phase IX; and

Whereas, the primary objectives of the Monitoring Project continue to be to:

1. Supplement existing data on major ions, nutrients, and trace elements to enable determination of long-term water quality trends;
2. Examine the differences in water quality among water supplies within the region, especially differences among smaller upland sources, large multi-purpose reservoirs, and run-of-river supplies;
3. Provide tributary loading data and in-lake data for predictive modeling;
4. Establish a database for constituents of concern in surface waters in the region; and
5. Report results of the monitoring program to governmental officials, the scientific community, and the public.

A. **Whereas**, the objectives for Phase IX of the Monitoring Project are to:

1. Characterize and report water quality monitoring results
 - a. Perform monitoring of major ions, nutrients, suspended sediment, and chlorophyll-a to document water-quality conditions throughout the study area and to extend the existing database that the USGS can use in the future to evaluate loads and trends.

Resolution Approving an Interlocal Agreement for Phase IX of the Triangle Area Water Supply
Monitoring Project

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- b. Monitor the occurrence and distribution of additional parameters of concern to local water suppliers, including bromide and 1,4-dioxane at select sites (see Table 1), and per- and polyfluoroalkyl substances (PFAS) at all sites.
 - c. Summarize project water-quality data collection in annual data release updates comprising all environmental and QA/QC sample results.
 2. Characterize regional surface water availability
 - a. Provide information on flow conditions in reservoir tributaries by operating a network of ten gaging stations to collect continuous streamflow data. The USGS operates two additional gages at TAWSMP sites; they are funded by the U.S. Army Corps of Engineers rather than TAWSMP partners. All streamflow data will be made publicly available in real-time at <https://waterdata.usgs.gov/nc/nwis/rt>.
 3. Develop interpretive science products to disseminate data and scientific findings
 - a. Produce a two-page fact sheet directed towards the public that TAWSMP partners can use to communicate the goals and benefits of the project
 - b. Publish a report summarizing the results from phases XIII and IX contaminant sampling (PFAS, 1,4-dioxane, bromide, and chromium).

Whereas, this agreement shall become effective July 1, 2022 and shall continue until the completion of the Monitoring Project, or until June 30, 2027, whichever is earlier, unless otherwise extended; and

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

1. That the Board approves and authorizes and directs the Executive Director to sign the Interlocal Agreement for Phase IX of the Triangle Area Water Supply Monitoring Project attached to this resolution.

Adopted this 9th day of June, 2022.

Jo Leslie Eimers, Chair

ATTEST:

John N. Morris, Secretary

Agenda Item 5:

Resolution to Amend Article III of the Orange Water and Sewer Authority Bylaws Regarding Annual Meetings

Background:

During the past year, the Board has discussed how its workload and the amount of time required to prepare for each meeting may affect the recruitment and retention of prospective Board members.

At its February 10, 2022 meeting, the Board agreed to meet once per month in regular session, on the second Thursday of each month, and to eliminate the regular meeting previously scheduled on the fourth Thursday of each month, and the Board agreed and implemented this new schedule as of March 10, 2022; in addition, the Board agreed to accept recurring staff reports for review on the consent agenda rather than on the regular agenda. It is hoped that these changes will reduce the Board's workload and provide for more efficient use of Board and staff resources.

As a result, the Board's Annual Meeting (now scheduled according to the Bylaws on the fourth Thursday in September) should be changed to the October Board Meeting, and the Bylaws should be amended to reflect this change. The change will be to "ARTICLE III. MEETINGS, Section 1. ANNUAL MEETINGS," to provide as follows:

"Annual meetings of the Authority shall be held at the regular Board Meeting in October ~~on the fourth Thursday in September~~ of each year unless otherwise decided by a majority of the Board and at the hour and place designated in the notice of same. Written notice of the time and place of Annual meetings shall be given by the Secretary or Executive Director by mailing such notice to each Director at his or her regular residential address not less than twenty (20) days prior to the date of such meeting or by email not less than seven (7) days prior to the date of the meeting.

A proposed resolution to adopt this change is submitted for the Board's consideration.

Requested Action:

Review and approve a resolution to amend the Orange Water and Sewer Authority Bylaws regarding the Annual Meetings of the Board.

Information:

- Resolution of the Board of Directors of Orange Water and Sewer Authority to Amend Article III of the Bylaws Regarding Annual Meetings Notice

June 9, 2022

**Resolution to Amend Article III of the Orange Water and Sewer Authority Bylaws
Regarding Annual Meetings**

Whereas, the Orange Water and Sewer Authority Board of Directors has determined move the Annual Meeting to the Regular Meeting from the fourth Thursday in September to the Regular Meeting in October (second Thursday of the month):

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

1. Amend ARTICLE III. MEETINGS, Section 1. ANNUAL MEETINGS, of the Bylaws to read as follows:

ARTICLE III. MEETINGS

1. ANNUAL MEETINGS. Annual meetings of the Authority shall be held at the regular Board Meeting in October on the fourth Thursday in September of each year unless otherwise decided by a majority of the Board and at the hour and place designated in the notice of same. Written notice of the time and place of Annual meetings shall be given by the Secretary or Executive Director by mailing such notice to each Director at his or her regular residential address not less than twenty (20) days prior to the date of such meeting or by email not less than seven (7) days prior to the date of the meeting.

Adopted this the 9th day of June, 2022.

Jo Leslie Eimers, Chair

Attest:

John N. Morris, Secretary

Agenda Item 6:

Orange Water and Sewer Authority
Virtual Public Hearings and Meeting of the Board of Directors
May 12, 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, May 12, 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: Mary Darr, Robert Epting, Esq. (Epting and Hackney), Vishnu Gangadharan, Monica Hill, Stephanie Glasgow, Andrea Orbich, Dan Przybyl, Allison Spinelli, Todd Taylor, Mary Tiger, Stephen Winters, and Richard Wyatt.

Others attending virtually: Monica Dodson, Ellen Tucker (Gallagher), Meg Holton (UNC), Rick O'Hara, and Kelly Satterfield.

Motions

1. Ray DuBose made a Motion to close the Concurrent Public Hearings on the Preliminary Annual Operating and Capital Improvements Budgets and Proposed Rates, Fees and Charges for Fiscal Year 2023 that begins on July 1, 2022, subject to the rights of the public to submit comments for up to 24 hours after the close of the public hearings, as provided by amended NC General Statutes 166A; the Motion was seconded by Bruce Boehm and unanimously approved
2. Bruce Boehm made a Motion to approve the Minutes of the April 28, 2022, Board of Directors Meeting; second by Kevin Leibel and the Motion was unanimously approved.
3. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Authorizing the Executive Director Execute Contracts with Blue Cross and Blue Shield of North Carolina for Employee Health and Dental Insurance Plans. (Motion by Ray DuBose, second by Bruce Boehm and the motion unanimously approved.)

* * * * *

Announcements

Chair Jody Eimers announced that due to the ongoing North Carolina State of Emergency, the OWASA Board of Directors held the meeting virtually utilizing Microsoft Teams software. Chair 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.

Ray DuBose provided an update on May 2, 2022, meeting between members of the Orange County Board of County Commissioners and Orange County appointees to the OWASA Board, Mr. DuBose announced that the Orange County Climate Council was suspended until further notice.

Yinka Ayankoya provided an update on the May 3, 2022, Carrboro Town Council meeting where Chair Eimers and she provided OWASA's annual update to the Council and Ruth Rouse provided an update on the Long-Range Water Supply Plan.

Todd Taylor announced a mitigation banking field trip beginning Friday, May 20, 2022, at 8:30 a.m. Board Members, OWASA staff and staff from Restoration Systems will tour OWASA property and visit sites that are in various construction and monitoring phases.

Petitions and Requests

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

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

Item One: Concurrent Public Hearings on the Preliminary Annual Operating and Capital Improvements Budget and Proposed Rates, Fees and Charges

Chair Eimers opened the concurrent Public Hearings on the Preliminary Annual Operating and Capital Improvements Budget and proposed Rates, Fees and Charges for Fiscal Year (FY) 2023 that begins July 1, 2022, through June 30, 2023.

Stephen Winters, Director of Finance and Customer Services, said OWASA is a public, non-profit agency providing water, sewer and reclaimed water services to the community. The organization's revenue comes solely from the fees customers pay for services. Any funds remaining after paying for expenses and debt payments is reinvested in the water and wastewater treatment plants and pipelines that make up OWASA's community-owned water and wastewater systems.

Mr. Winters said that projected water and sewer sales are expected to remain flat for the next several years. The FY 2023 draft budget includes plans to make upgrades to critical business systems, replace three (3) miles of drinking water and two (2) miles of sewer mains. The draft budget also includes the impact of inflation on operating expenses and merit and cost of labor adjustments for employees. To support these items, a 16% rate increase is required.

Mr. Winters noted the higher than projected increase is due to the lack of growth in water and sewer sales volume, significant inflation, and funding to complete prior year deferrals and new strategic initiatives.

The FY 2023 Budget includes revenue of about \$42 million and \$1.3 million in system development fees as well as other income. Mr. Winters said for FY 2023 budget includes

operating expenses of \$26.4 million, capital improvements expenditures of \$21.9 million, and debt service payments of \$10.4 million.

Chair Eimers announced that no requests were received to speak for the public hearings, but the Board received a comment via e-mail on May 11, 2022. She also said the public is invited to provide comments via written materials within 24 hours after the public hearing via e-mail or U.S. Postal Service to the OWASA Board of Directors.

Ray DuBose made a Motion to close the Concurrent Public Hearings on the Preliminary Annual Operating and Capital Improvements Budgets and Proposed Rates, Fees and Charges for Fiscal Year 2023 that begins on July 1, 2022, subject to the rights of the public to submit comments for up to 24 hours after the close of the public hearings, as provided by amended NC General Statutes 166A; the Motion was seconded by Bruce Boehm and unanimously approved. Please see Motion 1.

Chair Eimers opened the Board discussion on the Preliminary Annual Operating and Capital Improvements Budgets and Proposed Rates, Fees and Charges for Fiscal Year 2023 that begins on July 1, 2021. Chair Eimers said the Board is expected to approve the budget at the Board's June 9, 2022, meeting and requested Board Members notify her and Todd Taylor (Executive Director) if they are unable to attend.

The Board requested follow up information on the fees for miscellaneous services and billing data regarding frequency of water consumption volumes.

Item Two: Formal Purchase of Biosolids Liquid Spreader

The Board accepted this as an information item.

Item Three: Quarterly Financial Report for the Nine-Month Period Ending March 31, 2022

The Board accepted this as an information item.

Item Four: Minutes of the April 28, 2022 OWASA Board of Directors Meeting

Bruce Boehm made a Motion to approve the Minutes of the April 28, 2022, Board of Directors Meeting; second by Kevin Leibel and the Motion was unanimously approved. Please see Motion 2.

Item Five: Resolution Authorizing the Executive Director to Execute Contracts with Blue Cross and Blue Shield of North Carolina for Employee Health and Dental Insurance

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

Item Six: Employee Merit Pay for Fiscal Year 2023

The Board requested additional information on the dollar amount and value of personal leave bonuses provided to employees in Fiscal Year 2021.

A majority of the Board supported authorizing the proposed employee merit increase recommendation, to adjust the Fiscal Year 2023 Budget and provide a cost of labor increase of 4% and a merit increase of 2.9% for eligible employees in accordance with OWASA's Pay Administration Guidelines at the June 9, 2022, meeting.

Item Seven: Long-Range Water Supply Plan: Discuss Preparations for Jordan Lake Alternative Selection

Board feedback included the following edits (underlined) to the Summary of Evaluation Criteria as follows for consideration and approval on June 9, 2022:

- Ability for OWASA to have access to its Jordan Lake allocation at any time
- Likelihood that the water treatment plant, intake, and transmission infrastructure are built to meet OWASA's future demands
- Likelihood that corporate structure and agreements developed for the alternative will match the goals set and approved by the Board

The Board also agreed to authorize staff to evaluate the three Jordan Lake alternatives as well as review the three Jordan Lake alternatives against their capital and net present costs through 2050 and the impact on rates through 2030.

Item Eight: Review Board Work Schedule

The Board agreed that following the May 20, 2022, wetland mitigation banking field trip, Chair Eimers will determine whether to schedule a Natural Resources and Technical Services (NRTS) Committee meeting to provide a recommendation to the Board regarding this topic.

The Board agreed to move the Long-Range Water Supply Plan item on June 9, 2022, Agenda to Discussion and Action item. A doodle poll will be sent to schedule a Board Strategic Plan Work Session in June.

Item Nine: Summary of Board Meeting Action Items

Todd Taylor noted the following staff action items:

- Provide an update on questions regarding fees for miscellaneous services and billing data,
- Provide information regarding the value of personal leave bonuses provided to employees in FY 21 when merit increases were not given, and
- Following the May 20, 2022, wetland mitigation banking field trip, determine whether to schedule a NRTS Committee meeting.

Item Ten: Closed Session

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 was adjourned at 9:16 p.m.

Respectfully submitted by:

Andrea Orbich
Executive Assistant/Clerk to the Board

Attachments

DRAFT

Agenda Item 7:

Orange Water and Sewer Authority

Closed Session of the Board of Directors

May 12, 2022

The Board of Directors of Orange Water and Sewer Authority met virtually in Closed Session on Thursday, May 12, 2022, following the Board meeting.

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

Item One

The Board of Directors met in Closed Session without the Executive Director to evaluate the annual performance of Executive Director from June 2021 to May 2022.

No official action was taken. At the conclusion of the closed session, the Board convened in open session to adjourn the meeting.

The meeting was adjourned at 9:16 p.m.

Raymond E. DuBose, P.E., Chair
Human Resources Committee

Agenda Item 8:

Resolution Honoring the Service of Yinka Ayankoya to the Carrboro- Chapel Hill- Orange County Community as a Member of the Orange Water and Sewer Authority's Board of Directors

Background:

Since inception of Orange Water and Sewer Authority, the Board of Directors has adopted Resolutions of Appreciation for the service of a retiring member of the Board.

The adopted resolution would be specially printed for presentation to Yinka Ayankoya.

Action:

Adopt the Resolution Honoring the Service of Yinka Ayankoya to the Carrboro-Chapel Hill-Orange County Community as a Member of the Orange Water and Sewer Authority's Board of Directors.

June 9, 2022

**Resolution Honoring the Service of Yinka Ayankoya to the
Chapel Hill-Carrboro-Orange County Community as a Member of the
Orange Water and Sewer Authority’s Board of Directors**

Whereas, Ms. Yinka Ayankoya served on the OWASA Board from July 1, 2016, through June 30, 2022, including service as Secretary of the Board of Directors from July 1, 2017 to June 30, 2018; as Chair of the Board of Directors from July 1, 2018 to June 30, 2019; and as Vice Chair of the Board of Directors from July 1, 2021 to June 30, 2022; and

Whereas, Ms. Ayankoya served on the Board’s Community Engagement, Human Resources, and Finance Committees during her service, during which she served as Chair of the Community Engagement Committee from August 2017 to July 2018 and July 2019 to June 2021; and Chair of the Finance Committee from July 2021 to June 2022; and

Whereas, Ms. Ayankoya has earned our gratitude and deserves our continuing respect for her tireless energy, and talents in service to OWASA customers, and we shall certainly miss her quiet but effective direction in leading us by her principled example; and

Whereas, Ms. Ayankoya was a strong proponent for OWASA’s diversity and inclusion program, for engaging and listening to customers’ interests, and for insisting upon fairness and equity in support of all OWASA employees.

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

1. That the Board expresses its sincere appreciation and deep gratitude to Yinka Ayankoya for her outstanding service, leadership and stewardship as a Member of the OWASA Board of Directors; and the Board wishes for her much happiness in the years ahead.
2. That this resolution be recorded in the minutes of the OWASA Board of Directors and be part of the permanent records of OWASA, and that a copy of this resolution be transmitted to the Town of Carrboro.

Adopted and presented this 9th day of June 2022.

Jo Leslie Eimers, Chair

ATTEST:

John N. Morris, Secretary

Agenda Item 9:

Approval of Schedule of Rates, Fees and Charges; Annual Budget; Five-Year Capital Improvements Program (CIP) and Cost of Living and Merit Pay Increases:

- A. Resolution Adopting the Schedule of Rates, Fees and Charges Effective on or after October 1, 2022
- B. Resolution Adopting the Budget for Orange Water and Sewer Authority for Fiscal Year (FY) 2023
- C. Resolution Approving the CIP for FY 2023-2027 and the Accompanying FY 2023 Capital Project Resolution
- D. Resolution Updating the Schedule of Employee Classification and Authorized Compensation; Adjusting Affected Employees' Compensation to the Minimum of the Pay Range; Authorizing Cost of Labor and Merit Pay Increases for Eligible Employees; Increasing the Employer Contribution Rate to Employees' Deferred Compensation Plan; and Adding Three New Positions to the Schedule of Employee Classification and Authorized Compensation

Background:

North Carolina General Statutes and OWASA's Bond Order require that on or before July 1 of each fiscal year, OWASA must adopt an Annual Budget for the ensuing year.

The Board of Directors held public hearings on May 12, 2022, to receive stakeholder input on the proposed FY 2023 Budget and Schedule of Rates, Fees and Charges. Two individuals submitted comments by email before or after the hearings. After the close of the public hearings and subsequent discussion, the Board of Directors directed staff to present for adoption at the June 9, 2022, Board Work Session an Annual Budget for FY 2023 that provides funding for \$26.4 million in operating expenses, \$10.5 million in debt service payments, \$21.9 million for capital improvements and \$1.3 million for capital equipment expenditures.

At meetings on [March 10, 2022](#), and [April 28 2022](#), the Board reviewed and discussed the draft FY 2023 budget including information regarding projected operating expenses, capital improvements program (CIP) expenditures, and capital equipment purchases. These investments in the community's water and wastewater systems are necessary to provide services, protect the environment and public health, and retain a highly skilled and dedicated workforce. To support these investments, the Board is considering staff's recommendation to implement a 16% increase in the rates OWASA charges for services.

How OWASA's Funds Are Spent:

OWASA is a non-profit, community-owned water and wastewater utility. Our investments in water and wastewater infrastructure are supported solely by rates and fees paid by customers for services; we do not receive funding from taxes. We reinvest the rates and fees paid by our customers directly into the treatment plants, pipes, and people that will serve our community for years to come. We strive to balance the need to invest in the community's water and wastewater infrastructure and to maintain affordable rates.

Nearly 50% of the amount customers pay for services goes toward funding critical capital improvement projects to upgrade pipes, pumps, and other important infrastructure. These investments will serve our community for many years to come. The other 50% supports the maintenance and operation of the system 24 hours a day.

We appreciate our customers for their partnership. Beyond paying their OWASA bill each month, the cost and commitment borne by our community to use water wisely and protect the wastewater system pays

dividends ecologically and economically. Additionally, we thank the nearly 1,000 customers that voluntarily contribute every month on their monthly OWASA bill to Care to Share, a fund that provides water bill assistance to those in our community that need it most.

Draft FY 2023 Budget Synopsis:

The Board is considering a 16% rate increase for water and sewer services. This budget helps to ensure that we are investing in the community's water and sewer infrastructure at a level that decreases risks of failure in our systems and processes which would negatively impact the environment and OWASA customers.

Although a 7% increase was originally projected for FY 2023, OWASA is facing many financial challenges impacting industries across our area and the country. Inflation has significantly increased the cost of supplies needed to safely treat the community's water and wastewater, as well as the cost of construction for infrastructure. This coupled with a highly competitive labor market is applying pressure on OWASA's budget in multiple ways. Additionally, water sales remain below projections.

The proposed FY 2023 budget also covers the costs of infrastructure investments and upgrades to technology critical to operations and billing that were deferred in previous years. These deferrals were made to ensure that rates were not increased in 2020 during the height of the pandemic. Some of these technology systems are now approaching the end of their useful lives and need to be upgraded before becoming security risks. These investments will also help streamline OWASA operations. As OWASA is updating the community's Long-Range Water Supply Plan, investments will also be needed to ensure we can continue providing essential water services to customers through 2070. These investments account for one percentage point of the proposed rate increase for FY 2023.

A 16% increase in rates, if approved, will raise the average residential bill for OWASA customers by \$12.72 to \$92.18. Any rate adjustment will go into effect in October 2022.

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 16% rate increase to fund the draft FY 2023 budget.

- Drinking water sales remain flat.
- The rate of inflation for the last 12 months was 8.5%.
- 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. 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 less funds are available to cover costs.

Inflation over the last 12 months has been over 8.5% and is having a large impact on our operations. Costs including those for construction projects, chemicals, and retaining employees 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 years.

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 strategic initiatives and prior year deferrals.

Draft FY 2023 Budget:

At its meetings on [March 10, 2022](#) and [April 28, 2022](#), the Board reviewed and discussed the draft FY 2023 budget including information regarding projected operating expenses, capital improvements program (CIP) expenditures, and capital equipment purchases. These investments in the community’s water and wastewater systems are necessary to provide services, protect the environment and public health, and retain a highly skilled and dedicated workforce.

Operating Budget Assumptions and Highlights:

The draft FY 2023 budget is about 12% or \$2.7 million greater than the FY 2022 budget. Most of the increase is attributable to three categories:

Category	Costs include:	Amount
Increases significantly impacted by inflation and/or not within OWASA’s control	Employee compensation increases, chemicals expense, maintenance costs	\$1,305,500
Items deferred in prior years	Computerized maintenance management system, utility billing and financial system, graphic information system	\$531,000
Items related to new initiatives and programs	Additional employee positions, compensation study, strategic plan initiatives	\$649,000
Total		\$2,485,500

Additional highlights:

- The budget is designed so that current service levels are maintained, and most of our Financial Management Policy objectives will be met (we have budgeted for a debt service coverage ratio of 1.63 vs. the target of 2.0).
- 139 staff positions funded for FY 2023 including funding for four proposed additions.
- A 4% cost of labor adjustment plus merit increases in accord with Board policy. The Board is scheduled to make a final decision on employee wage increases on June 9, 2022.
- Increase in health insurance costs of 7.5%
- 3% vacancy allowance - the personnel compensation budget has been reduced by about \$300,000, to account for position vacancies.

- Funding for participating in the Western Intake Partnership to access our allocation of water from Jordan Lake. This is part of OWASA's Long-Range Water Supply Plan which is designed to ensure that the community has access to the amount of water it needs over the next 50 years.
- No additional funds have been budgeted to meet the more stringent "Jordan Lake Rules" regarding nutrient levels in wastewater discharged into the Jordan Lake watershed. We currently meet the requirements of the rules, and we are confident we can continue to meet them under current conditions using our current processes. However, if flow to the wastewater plant increases or other conditions change, additional expenses may have to be incorporated into the process and we estimate the additional cost to be as much as \$750,000 per year.
- 10% to 40% increase in the price of chemicals used in drinking water production and wastewater processing.
- Each operating department, Water Supply and Treatment, Distribution and Collection Systems, and Wastewater Treatment and Biosolids Recycling, plans to continue participating in the Partnership for Safe Water and Partnership for Clean Water programs. These programs help us optimize our processes.
- Computerized Maintenance Management System – Funds are included in the draft FY 2023 budget to investigate options for replacing the system used to manage maintenance of our “vertical” assets. This project has been deferred in the two previous fiscal years.
- Utility billing and financial system – Our system for billing and managing customer accounts has been difficult and expensive to maintain for many years. Software updates frequently break existing functionality and vendor support is poor. Software is based on outdated technology and prevents OWASA from opportunities that are available with modern platforms. Staff anticipates moving to a cloud-based system. Implementation would occur over a two-year period.
- Transition our geographic information system (GIS) to a new platform, required because support for our existing system expires in March 2026. The new system will enhance functionality.
- An allowance of \$100,000 for strategic initiatives that may be included in the revised strategic plan scheduled to be completed in spring 2022.

Capital Improvements Program:

The draft FY 2023 CIP budget totals \$21.9 million of investments to improve system reliability and resiliency and operational efficiency. A complete list of projects can be found in Resolution C. Approximately 85% of the draft budget is devoted to projects already underway. Highlights include funding for:

- Replacement of approximately 3 miles of water mains, including about 1.0 mile by OWASA construction crews
- The completion of the West Cameron Avenue Water Main Replacements (Phase 2) project
- Construction of the Belt Filter Press Replacement project at the Jones Ferry Water Treatment Plant (WTP)
- Construction of the University Lake Permanganate Facility
- Construction completion of the Fermenter Mixing Improvements at the Mason Farm Wastewater Treatment Plant (WWTP)
- Rehabilitation or replacement of approximately 2 miles of sewer mains throughout the collection system
- Improvements to the Supervisory Control and Data Acquisition system at the WTP
- Improvements at the Chapel Hill North Pump Station
- Completion of the Reclaimed Water Flanged Coupling Adaptor Rehabilitation project
- OWASA's participation in the Western Intake Partnership projects to construct a raw water intake and water treatment facility on Jordan Lake

Future Budgets – Fiscal Years 2023-2027:

The following table shows the projected rate increases for the five-year period from FY 2023-2027. Rate adjustments projected for FY 2024 and beyond will be re-evaluated each year.

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Rate Increase	16%	7%	7%	6%	6%
Increase in residential monthly bill based on average use of 4,000 gallons per month	\$12.72	\$6.44	\$6.89	\$6.34	\$6.74
Amount of monthly bill after increase	\$92.18	\$98.62	\$105.51	\$111.85	\$118.59

Schedule of Rates, Fees and Charges

The Schedule of Rates, Fees and Charges includes the following adjustments.

- A 16% increase has been applied to monthly water and sewer charges.
- The bill for a single-family individually metered customer using the community-average 4,000 gallons per month will increase by \$12.72 to \$92.18.
- Continuation of the block rate structure for individually metered residential customers, year-round rate for multi-family master-metered customers, and seasonal rates for non-residential customers.
- Conservation water commodity charges under declared water shortages (surcharges) remain in place with no change in the surcharge structure.
- Irrigation accounts remain subject to a year-round uniform charge and monthly service charge for irrigation use that is higher than the peak rate under the seasonal structure.
- No changes in the commodity rate or fixed monthly charge for reclaimed water as current rates are sufficient to cover costs.
- In October 2018, system development fees were adjusted as a result of North Carolina House Bill 436/Session Law 2017-138. Pursuant to the law, OWASA’s fees will be reevaluated in FY 2023.
- Lake fees are unchanged.
- Miscellaneous charges such as meter installations have been adjusted based on the costs incurred to perform the service. Costs have been reduced on several service items.

Employee Cost of Labor and Merit Pay Increases for FY 2023:

On December 14, 2017, the Board received information from staff regarding compensation strategies. The Board adopted a resolution updating the Pay Administration Guidelines establishing:

- Four rating categories for employees: Exceptional, Exceeds Expectations, Meets Expectations, and Below Expectations
- A salary increase will be provided to the top three categories
- Up to 40% of the high-performing employees may be rated as Exceptional or Exceeds Expectations with no more than 15% in the Exceptional category
- Employees rated as Exceeds Expectations or Exceptional earn a higher salary increase than employees rated as Meets Expectations
- It is the Board’s desire for employees meeting the expectations of their position to move from the entry point to the mid-point of their pay range in approximately nine years. To accomplish this, annual merit increases for ratings of Meets Expectations and above should be no less than 2.9 percentage points greater than the annual cost of labor adjustment (COLA).

- The Schedule of Classification and Compensation pay ranges shall increase by the same percentage as the COLA.
- Merit increase percentages are provided based on the performance rating received. Unless otherwise determined by the Board, Meets Expectations are eligible for one times (1x) the Board approved merit increase, Exceeds Expectations are eligible for 1.5 times (1.5x) the merit increase amount, and Exceptional are eligible for two times (2x) the merit increase amount.
- The Board will approve implementation of the COLA and merit increases, annually. The Pay Administration Guidelines may be modified by the Board for any reason, including if it deems that available resources and labor market conditions do not support implementation as prescribed by the policy.

At the Board Meeting on May 12, 2022, in accordance with the guidelines outlined above, staff recommended the following pay increases for employees.

Rating	COLA Increase	Merit Increase
Exceptional	4.00%	5.80%
Exceeds Expectations	4.00%	4.35%
Meets Expectations	4.00%	2.90%
Below Expectations	Not Applicable	Not Applicable

Funding in the FY 2023 budget for the cost of labor and merit pay increases totals approximately \$690,000.

Increase in OWASA’s contribution to employee’s deferred compensation plan accounts:

In FY 2019, OWASA began contributing 3% of wages to employees’ deferred compensation accounts. Research shows that other similar local employers contribute 5% or more of wages to their employees’ accounts. To remain competitive in the marketplace, staff proposes to increase OWASA’s contribution to 5% by raising the contribution rate by 0.5% each of the next four years. Resolution D includes a provision to increase OWASA’s contribution to employee’s deferred compensation plan accounts from 3% of wages to 3.5%. This provision is included in the draft FY 2023 budget at a cost of about \$48,000.

Proposed additional staff positions:

OWASA has operated its system with 135 staff positions since FY 2018. During the intervening time, we have taken on new initiatives, responsibilities, and programs and have recognized the need for additional personnel. Our teams identified the need for nine new positions. Due to the impact adding nine positions would have on our budget, we propose to fund four of these positions in FY 2023 and the rest gradually over the next few years. Three of the newly funded positions for FY 2023 are not currently included in OWASA’s Schedule of Employee Classification and Authorized Compensation. The following describes the positions proposed to be added in FY 2023.

- Diversity and Inclusion Specialist – To provide better support for OWASA’s Diversity and Inclusion program. This position will be responsible for developing and implementing strategies and programs in areas including recruitment, training, leadership, cross-cultural competencies for employees, and vendor and community relationships.
- Supervisory Control and Data Acquisition (SCADA) System Manager – The recently completed SCADA Master Plan recommended hiring a staff person to provide governance for projects which include SCADA scope, including additions and modifications to process control systems as well as provide staff capacity to enable maintenance and troubleshooting of SCADA components. One of the deficiencies identified in the Master Plan is the lack of dedicated staff to

support the SCADA system. We rely heavily on outside consultants to provide modifications and troubleshooting. The position will oversee implementation of Master Plan recommendations and reduce our reliance on consultants for some elements of managing the SCADA system. We believe this position supports the strategic priority of “service reliability and resiliency.”

- **Engineering Associate** – The demand for construction plan review and surveying services exceeds available resources. The addition of an Engineering Associate will help us meet plan review needs, enhance the quality and timeliness of reviews, and enhance coordination with local partners; this will benefit OWASA and the development community. This position will also perform survey work, enhance the accuracy of our Geographic Information System (GIS), and eliminate the need for part-time temporary assistance. We believe this position also supports the strategic priority of “service reliability and resiliency.”
- **Utility Mechanic** – To provide more resources for our Sewer Maintenance and Repair Crew. This position will help increase the work our collection system team is able to perform, help clear a backlog of repairs our preventative maintenance crew has found and continues to find and help us get closer to meeting our goal of zero reportable sewer overflows. Based on our analysis, we have found that hiring subcontractors to perform this work is not cost-effective. This position is already listed in the Schedule of Employee Classification and Authorized Compensation, so no Board action is required other than to approve the FY 2023 budget which includes funding for it.

We have budgeted for these positions to be filled later in fiscal year; funding for these additions in the FY 2023 budget totals approximately \$93,000. The four new positions will add about \$370,000 to future years’ annual operating budgets.

Action Needed:

Approval of the resolutions adopting: (A) the Schedule of Rates, Fees and Charges; (B) the Annual Budget for FY 2023; (C) the CIP for FY 2023-2027 and the accompanying capital project resolution; (D) modifications to the Schedule of Employee Classification and Authorized Compensation and cost of labor and merit pay increases for FY 2023.

Attachments:

Resolution A: Resolution Adopting the Schedule of Rates, Fees and Charges Effective October 1, 2022 (followed by the Schedule of Rates, Fees and Charges)

Resolution B: Resolution Adopting the Annual Budget for Orange Water and Sewer Authority for the Fiscal Year July 1, 2022, through June 30, 2023

Resolution C: Resolution Approving the Capital Improvements Program and Budget for Fiscal Years 2023-2027

Resolution D: Resolution Updating the Schedule of Employee Classification and Authorized Compensation; Adjusting Affected Employees’ Compensation to the Minimum of the Pay Range; Authorizing Cost of Labor and Merit Pay Increases for Eligible Employees; Increasing the Employer Contribution Rate to Employees’ Deferred Compensation Plan; and Adding Three New Positions to the Schedule of Employee Classification and Authorized Compensation

Resolution Adopting the Schedule of Rates, Fees and Charges Effective October 1, 2022

Whereas, Orange Water and Sewer Authority (OWASA) is empowered by N.C. Gen. Stat. 162A-6(9) to adopt a Schedule of Rates, Fees and Charges, in accordance with the provisions of N.C. Gen. Stat. 162A-9, and consistent with Section 7.04 of OWASA's Amended and Restated Bond Order (Bond Order); and

Whereas, the OWASA Board of Directors held a public hearing on May 12, 2022, on the attached proposed revision to its Schedule of Rates, Fees and Charges, to be effective on or after October 1, 2022, and has determined to adopt and implement the proposed Schedule;

Now, Therefore, Be It Resolved:

1. The attached Schedule of Rates, Fees, and Charges is hereby adopted by the Board of Directors of Orange Water and Sewer Authority and shall be effective on or after October 1, 2022.
2. The Executive Director is hereby authorized and directed to implement the Schedule of Rates, Fees, and Charges.
3. The Executive Director is authorized to receive and consider customer inquiries, requests, and appeals, and to make determinations as may be necessary in the implementation of the Schedule of Rates, Fees and Charges, subject to the right of customers to appeal such determinations to the Board of Directors.
4. The Executive Director is authorized to extend the time for payment or collection, or to suspend, collect, or compromise and settle, sums due OWASA for services rendered, including fees, penalties, disconnections, and other remedies in collection, when necessary to protect the health or safety of customers or OWASA staff during times of epidemic or other emergencies.

Adopted this the 9th day of June 2022.

Jo Leslie Eimers, Chair

ATTEST:

John N. Morris, Secretary

**ORANGE WATER AND SEWER AUTHORITY
SCHEDULE OF RATES, FEES, AND CHARGES**

APPLICABLE TO ALL BILLINGS AND SERVICES ON OR AFTER OCTOBER 1, 2022.

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Background and Authorization

In providing essential public water, sewer and reclaimed water services to Chapel Hill, Carrboro and portions of southern Orange County, Orange Water and Sewer Authority (OWASA) incurs substantial operating and capital expenses. As a community-owned non-profit public utility, OWASA has no authority to levy taxes, nor does it receive tax revenues from local governments for ongoing operations. OWASA finances its water, sewer and reclaimed water operations and extensive capital improvements almost entirely through customer paid fees and charges.

North Carolina G.S. 162A-9 requires that OWASA's "rates, fees and charges shall be fixed and revised so that the revenues of the Authority, together with any other available funds, will be sufficient at all times" to fund operating and maintenance expenses and to pay the principal and interest on all debt issued or assumed by OWASA. OWASA's rates are established under cost-of-service rate-making methodology. OWASA's customers pay for the cost of providing the services and/or facility capacity required to meet customer demand.

The OWASA Board of Directors has determined that the provisions in this Schedule of Rates, Fees, and Charges are necessary to adequately sustain OWASA's near-term and long-range utility operations. Revenues generated by these rate adjustments will provide OWASA with the financial resources necessary to: (1) fund operating costs; (2) adequately maintain existing water, sewer, and reclaimed water facilities; (3) fully comply with environmental and public health standards; (4) meet debt service requirements; (5) create additional facility capacity to stay abreast of water, reclaimed water and sewer service demand in a growing, dynamic community; and (6) maintain adequate reserves.

All fees go into effect on October 1, 2022.

**ORANGE WATER AND SEWER AUTHORITY
SCHEDULE OF RATES, FEES, AND CHARGES**

SECTION I: WATER RATES AND FEES

MONTHLY WATER RATES

Water charges are billed monthly at approximately 30-day intervals. Charges are due upon receipt of the bill and become delinquent 25 days after the billing date. Monthly water rates consist of two components: a monthly service charge and a commodity (volume) charge.

Water Service Charge

This charge recovers costs related to certain direct and indirect customer service efforts, meter and lateral maintenance, and capital costs associated with supplying water to the customer’s property. Applicable to all metered water accounts, independent of the quantity of water consumed, the monthly charge is based on meter size as follows:

Meter Size	Monthly Charge
5/8”	\$19.17
3/4" Combination Fire and Domestic Service Meter	\$19.83
1”	\$38.53
1" Combination Fire and Domestic Service Meter	\$39.17
1-1/2”	\$83.30
2”	\$125.72
3”	\$258.57
4”	\$422.10
6”	\$919.09
8”	\$1,307.17

Water Irrigation Service Charge

This charge is calculated to recover certain direct and indirect customer service, meter and lateral maintenance, and capital costs associated with supplying water for irrigation through irrigation-only meters. Applicable to all metered irrigation water accounts, regardless of the quantity of water consumed, the monthly charge is based on meter size as follows:

Meter Size	Monthly Charge
5/8”	\$30.71
1”	\$61.38
1-1/2”	\$113.62
2”	\$174.75
3”	\$345.89
4”	\$530.95
6”	\$1,044.46
8”	\$1,660.99

Monthly service charges for compound meter arrangements are based on the largest meter in the grouping. In addition to the applicable charge for the primary meter, existing OWASA-owned sub-meters

**ORANGE WATER AND SEWER AUTHORITY
SCHEDULE OF RATES, FEES, AND CHARGES**

are billed according to the above schedule. OWASA-owned sub-meters are no longer available, and no additional sub-meters will be installed. Meter readings and service charges for first and final bills are prorated based on days of service.

(NOTE: In accordance with state law, all new in-ground irrigation systems installed on lots platted and recorded in the office of the register of deeds in the county or counties in which the real property is located after July 1, 2009 and supplied by a public drinking water system are required to have a separate meter to measure the volume of water used through the irrigation system.)

Water Commodity Charge

This charge recovers the direct and indirect costs of water supply and treatment, water distribution, general administration and capital costs not recovered by the monthly service charge. This charge is applicable to all water accounts based on meter readings of water consumed. When a billing period includes a change in commodity rates, the charges are prorated based on the ratio of days in the billing period at the old and new rates. Metered monthly consumption will be billed in thousand-gallon increments rounded down to the nearest thousand gallons. Unbilled consumption due to rounding will be carried forward and billed in the month when the next thousand-gallon increment is registered by the meter.

When no meter reading is available due to an inoperative, damaged or inaccessible meter, consumption will be estimated based on prior usage at the location.

Individually Metered Residential Accounts Except Irrigation-only Accounts

Individually metered residential accounts will be billed under an increasing block rate structure designed to encourage efficient water use by applying increasing commodity charges (rate per thousand gallons) to incremental increases in water use.

	Volume of Use (Gallons)	Commodity Rate per 1,000 Gallons
Block 1	1,000 to 2,000	\$3.43
Block 2	3,000 to 5,000	\$8.33
Block 3	6,000 to 10,000	\$10.22
Block 4	11,000 to 15,000	\$14.27
Block 5	All use 16,000 and up	\$25.82

Multi-family Master-metered Residential Accounts

Multi-family master-metered residential accounts have one (or more) OWASA meter that serves more than one residential dwelling. Examples include apartment complexes, duplexes and condominiums. Multi-family master-metered residential accounts shall be charged the following year-round commodity rate.

\$7.39 per thousand gallons

**ORANGE WATER AND SEWER AUTHORITY
SCHEDULE OF RATES, FEES, AND CHARGES**

Non-residential Accounts Except Irrigation Accounts

To achieve demand reduction during peak water use periods, a seasonal conservation rate structure will be applied to all non-residential accounts other than irrigation-only accounts. A reduced water commodity charge is in effect during lower demand months (October through April), and a higher commodity charge is in effect during high demand months (May through September).

	Rate
Off-peak seasonal rate per 1,000 gallons (October through April)	\$5.43
Peak seasonal rate per 1,000 gallons (May through September)	\$10.32

Irrigation-only Accounts

To promote conservation of water used for irrigation and to achieve greater equity between rates for irrigation-only use and irrigation use through a domestic meter, irrigation-only accounts shall be charged the following year-round commodity rate.

\$11.10 per thousand gallons

WATER COMMODITY SURCHARGES APPLICABLE UNDER WATER SHORTAGE
DECLARATION STAGES

Conservation Water Commodity Charges Under Mandatory Water Use Restrictions

Water commodity charges will be temporarily increased during periods of declared Water Shortages and mandatory water use restrictions regardless of the time of year. These applicable surcharges are summarized in the following table.

Individually-Metered Residential						Multi-family Master-metered Residential	Non-Residential and Irrigation- Only
Block:	Res. Block 1	Res. Block 2	Res. Block 3	Res. Block 4	Res. Block 5		
Use Level: (gallons)	1,000 to 2,000	3,000 to 5,000	6,000 to 10,000	11,000 to 15,000	16,000 and up		
Stage 1	No surcharge	No surcharge	1.25 times normal Block 3 rate	1.5 times normal Block 4 rate	2 times normal Block 5 rate	1.15 times year- round rate	1.15 times seasonal and irrigation-only rate
Stage 2	No surcharge	1.25 times normal Block 2 rate	1.5 times normal Block 3 rate	2 times normal Block 4 rate	3 times normal Block 5 rate	1.25 times year- round rate	1.25 times seasonal and irrigation-only rate
Stage 3 and Emergency	No surcharge	1.5 times normal Block 2 rate	2 times normal Block 3 rate	3 times normal Block 4 rate	4 times normal Block 5 rate	1.5 times year- round rate	1.5 times seasonal and irrigation- only rate

**ORANGE WATER AND SEWER AUTHORITY
SCHEDULE OF RATES, FEES, AND CHARGES**

INTERLOCAL WATER TRANSFER CHARGES

The purpose of this charge is to recover costs associated with the provision of supplemental water supply under contractual agreement with other water purveyors. The specific rates to be charged will be negotiated with the other party based upon specific conditions using the cost-of-service rate-making approach and approved by OWASA.

TEMPORARY HYDRANT METER CHARGE

Subject to availability, a Customer may obtain a temporary hydrant meter from OWASA for a period of up to 60 days. A customer may submit a written request to use the hydrant meter for one additional 60-day period but granting said request will be subject to availability and is at OWASA’s sole discretion. Service from a fire hydrant is subject to interruption when the hydrant is needed for fire protection, compliance with water conservation standards, and other applicable law. For situations where temporary water service is needed for a period longer than 120 days, the user can purchase a metering device of a size, make and model specified by OWASA. A service charge, payable in advance, shall be collected for setting and removing the meter.

Service Charge - \$260

In addition, a security deposit shall be required.

Temporary Hydrant Meter Security Deposit
\$1,000

Monthly billings for temporary hydrant meters consist of two charges: (1) a service charge for that size meter, and (2) the seasonal commodity charge, including surcharges where applicable, based on monthly readings of the meter. When the hydrant meter is returned, the security deposit shall be applied to the final bill plus any damages. The Customer is responsible for paying OWASA for damages that exceed the amount of the Security Deposit. Any credit balance will be refunded within thirty (30) days.

WATER SYSTEM DEVELOPMENT FEE

Water system development Fees are calculated to recover a portion of the capital costs of providing water system facility capacity. The system development fee is applicable to each new connection to a water main, regardless of who may have paid for the installation of the water main to which the connection is to be made. For the purpose of system development fees, customer accounts are divided into three categories: (1) Single-family Residential, (2) Multi-family Residential, Individually- metered; and (3) Non-residential. The Non-residential category includes master-metered multi-family customers and all commercial, University, and other institutional accounts. The use of these categories is justified by distinctive patterns of water and sewer consumption.

Property Description	Fee
5/8” Meter or 3/4" Combination Fire and Domestic Service, Single-family Residential:	
<800 square feet	\$620
801-1300 square feet	\$770
1301-1700 square feet	\$864
1701-2400 square feet	\$1,142

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Property Description	Fee
2401-3100 square feet	\$1,767
3101-3800 square feet	\$2,442
>3800 square feet	\$4,295
1" Meter, Single-Family Residential (all square footages)	\$7,338
5/8" Meter or 3/4" Combination Fire and Domestic Service Meter, Multi-family Residential	\$830
1" Meter, Multi-Family Residential (all square footages)	\$7,338
5/8" Meter or 3/4" Combination Fire and Domestic Service Meter, Non-residential*	\$2,933
1" Meter, Non-residential*	\$7,338
1-1/2" Meter, Multi-Family Residential and Non-residential*	\$14,666
2" Meter, Multi-Family Residential and Non-residential*	\$23,466
3" Meter, Multi-Family Residential and Non-residential*	\$46,933
4" Meter, Multi-Family Residential and Non-residential*	\$73,332
6" Meter, Multi-Family Residential and Non-residential*	\$146,664
8" Meter, Multi-Family Residential and Non-residential*	\$234,663

* Same fee for Irrigation-Only accounts.

A person or party completing a development or re-development project may be eligible to request and receive a credit on the water system development Fees due if their project directly results in the permanent abandonment of previously existing water meters which were connected to residences, buildings or facilities connected to and having a documented demand on the OWASA water system.

If OWASA determines that a credit is due, the amount of the credit shall be based on the current water system development Fees that would apply to the size of the water meters that are permanently abandoned as a direct result of the project. However, the credit due shall not exceed the amount of the water system development Fees that would otherwise apply to the development or re-development project. System development fee credits are not transferrable to any other project or property.

If an existing water meter is removed from service and/or is replaced with a smaller meter, OWASA will not issue any credit or refund to the customer for any previously paid system development fees.

WATER SERVICE AND METER INSTALLATION CHARGE

This charge is to recover costs of extending service from the OWASA distribution system to individual properties and includes the installation of a service connection from the water main to the meter and the setting of the meter to serve the customer's premises, subject to satisfactory easement or license being provided by the applicant. Where a suitable OWASA stub-out for service has been made and is available, the "meter-only" charge shall apply. Customer requested meter/water service relocations shall be performed on a time and materials basis. Complete new and/or additional water service installation and meter-only charges are as follows:

Service Description	Fee
Complete Water Service Installation, 5/8" meter	\$4,030
Complete Water Service Installation, 3/4" Combination Fire and Domestic Service Meter	\$4,390

**ORANGE WATER AND SEWER AUTHORITY
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Service Description	Fee
Complete Water Service Installation, 1" meter	\$4,130
Meter Only Installation, 5/8" meter	\$260
Meter Only Installation, 3/4" Combination Fire and Domestic Service Meter	\$570
Meter Only Installation, 1" Combination Fire and Domestic Service Meter	\$630
Meter Only Installation, 1" meter	\$390
Meter Only Installation, 1-1/2" meter	\$640
Meter Only Installation, 1-1/2" Combination Fire and Domestic Service Meter	\$970
Meter Only Installation, 2" meter	\$460
Meter Only Installation, 2" Combination Fire and Domestic Service Meter	\$1,190
Remote Read Box with 5/8" Detector Meter	\$550

Complete installation costs are determined on a time and materials basis for 1-1/2 inch and 2- inch meters. For 3-inch and larger meters, the applicant shall be responsible for providing a meter box or vault constructed to OWASA standards. All meters, regardless of size, shall be purchased from OWASA at cost plus 10%.

Deliver fee for 3-inch and large meters:

Delivery Fee - \$120

A remote read box and 5/8" detector meter shall be required on all private fire protection service connections. The remote read box shall be purchased from OWASA and installed by the applicant. OWASA shall install the 5/8" detector meter at the applicant's expense.

WATER MAIN TAPPING FEE

This charge is for making a tap into an OWASA water main. The tap fee shall be paid in advance of OWASA performing the work, with a minimum of 48-hours advance notice given to OWASA.

The applicant shall be responsible for opening the ditch, providing adequate working clearance at the point of tap, adequately shoring the trench sidewalls, dewatering and such other associated activities as may be needed to provide a suitable and safe condition for OWASA personnel to complete the tap. Additionally, the applicant shall be responsible for providing an appropriate size tapping sleeve and tapping valve, and a backhoe or similar device shall be available on-site for lowering the tapping unit into the ditch line. All permits, bonds and paving shall be the responsibility of the applicant. The charge shall be for time and equipment plus an allowance for overhead, subject to minimum amount.

Minimum Charge \$360

The base fee noted above includes one (1) site visit by OWASA to determine if the applicant is ready for OWASA to perform the tap. A reinspection fee will be charged for each additional site visit required to determine if the water main is accessible and all required material and safety measures are in place. The tap will not be performed until any applicable reinspection fees are paid in full.

**ORANGE WATER AND SEWER AUTHORITY
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Tap Reinspection Fee \$120

HYDRAULIC FIRE FLOW TESTING

This charge is calculated to recover the cost of hydrant ‘fire flow’ testing of the water distribution system. Test results provide data to developers and engineers to determine available flows and pressures in the systems they are designing for new developments.

\$190

**ORANGE WATER AND SEWER AUTHORITY
SCHEDULE OF RATES, FEES, AND CHARGES**

SECTION II: SEWER RATES AND FEES

MONTHLY SEWER RATES

Sewer charges are billed monthly at approximately 30-day intervals. Charges are due upon receipt of the bill and become delinquent 25 days after the billing date. Monthly sewer rates consist of two components: a monthly service charge and a sewer commodity (volume) charge.

Sewer Service Charge

This charge is calculated to recover the direct and indirect customer service, service and inspection maintenance, and capital costs associated with providing sewer service to the customer's property. Meter readings and service charges for first and final bills are prorated based on days of service. Applicable to all sewer accounts, regardless of whether there is a commodity charge, the monthly service charge is based on the size of the meter where sewer usage is measured as follows:

Meter Size	Monthly Charge
5/8" or 3/4" Combination Fire and Domestic Service	\$15.65
1"	\$26.88
1-1/2"	\$46.34
2"	\$70.07
3"	\$132.51
4"	\$202.55
6"	\$371.38
8"	\$633.74

The monthly sewer service charge shall apply to any meter(s) used to directly or indirectly measure the volume of wastewater discharged from a customer's premises, regardless of whether the water source to the customer is from OWASA's drinking water and/or reclaimed water system, or a non-OWASA water source including but not limited to harvested rainwater or groundwater.

Sewer Commodity Charge

This charge is calculated to recover the remaining direct and indirect costs of wastewater treatment and collection, maintenance, inspection, customer service and administration and sewer capital costs not recovered by the monthly service charge. When a billing period includes a change in commodity rates, the charges are prorated based on the ratio of days in the billing period at the old and new rates. Metered monthly consumption will be billed in thousand-gallon increments rounded down to the nearest thousand gallons. Unbilled consumption due to rounding will be carried forward and billed in the month when the next thousand-gallon increment is registered by the meter. This charge is applicable to all accounts receiving sewer service based on the water meter reading, sewer meter reading if applicable, or estimated volume of discharge as determined by OWASA.

The sewer commodity charge is applicable to all customers discharging wastewater into the OWASA sewer system, regardless of whether that discharge results from the customer's use of OWASA's drinking water or reclaimed water, or their use of a non-OWASA water source, including but not limited to harvested rainwater or groundwater.

**ORANGE WATER AND SEWER AUTHORITY
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\$8.45 per thousand gallons

Individually metered residential customers will not be charged for monthly sewer use in excess of 15,000 gallons.

INTERLOCAL WASTEWATER COLLECTION, TREATMENT AND DISPOSAL CHARGES

The purpose of this charge is to recover costs associated with the provision of wastewater collection, treatment and disposal services under contractual agreements with other wastewater service providers. The specific rates to be charged will be negotiated with the other party based upon specific conditions using the cost-of-service rate-making approach and approved by OWASA.

MONTHLY RATES FOR SEWER-ONLY ACCOUNTS

For sewer-only accounts where there is no OWASA meter for directly or indirectly measuring the volume of wastewater discharged by the customer, the monthly sewer service and commodity charges shall be fixed and be the total of:

- (1) a monthly service charge which shall be determined by the water meter size which would be required to supply water service to the property,

plus

- (2) a sewer commodity charge per 1,000 gallons of the estimated volume of wastewater expected to be discharged by the customer (using national engineering standards as the basis); provided however, that in no case shall the billable quantity be less than 4,000 gallons per month.

\$8.45 per 1,000 gallons

For special commercial and industrial customer classifications where the proportion of water consumed to wastewater discharged is extremely large, a metered sewer account may be approved. Metered sewer accounts must also pay the appropriate monthly sewer service charge based on the sewer meter size.

If a customer that has a standard metered water and sewer service (sewer gallons billed are based on the water gallons billed) also discharges wastewater resulting from the use of OWASA reclaimed water, harvested rainwater, groundwater, or sources other than OWASA drinking water, that customer shall be billed a monthly service charge and commodity charges calculated in accordance the *OWASA Rainwater Harvesting Systems Requirements and Charges Policy* for said additional discharge; provided, however, that the minimum threshold for which the charges shall apply is 3,000 gallons per month. For this purpose, such systems serving single-family residential customers are deemed to fall below this threshold, provided there is also a standard metered water and sewer service.

SEWER SYSTEM DEVELOPMENT FEE

The purpose of this fee is to recover a portion of the capital costs of providing sewer system facility capacity. The system development fee is applicable to each new connection to a sewer main, regardless of who may have paid for the installation of the main to which the connection is to be made. For the purpose of the system development fee, customer accounts are divided into three categories: (1) Single-family Residential; (2) Multi-family Residential, Individually-metered; and (3) Non-residential. The Non-residential category includes master-metered Multi-family customers plus all other commercial,

**ORANGE WATER AND SEWER AUTHORITY
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University, and other institutional accounts. The use of these categories is justified by distinctive patterns of water and sewer consumption.

Property Description	Fee
5/8" Meter or 3/4" Combination Fire and Domestic Service, Single-family Residential:	
<800 square feet	\$1,632
801-1300 square feet	\$2,207
1301-1700 square feet	\$2,251
1701-2400 square feet	\$2,391
2401-3100 square feet	\$2,652
3101-3800 square feet	\$2,912
>3800 square feet	\$3,466
1" Meter, Single-Family Residential (all square footages)	\$11,329
5/8" Meter or 3/4" Combination Fire and Domestic Service, Multi-family Residential	\$2,196
1" Meter, Multi-Family Residential (all square footages)	\$11,329
5/8" Meter or 3/4" Combination Fire and Domestic Service, Nonresidential	\$5,673
1" Meter, Nonresidential	\$14,192
1-1/2" Meter, Multi-family Residential and Nonresidential	\$28,366
2" Meter, Multi-family Residential and Nonresidential	\$45,386
3" Meter, Multi-family Residential and Nonresidential	\$90,773
4" Meter, Multi-family Residential and Nonresidential	\$141,832
6" Meter, Multi-family Residential and Nonresidential	\$283,664
8" Meter, Multi-family Residential and Nonresidential	\$453,863

In addition to the sewer system development fee, an excess sewer capacity fee of four percent (4%) of the applicable sewer system development fee shall be charged to recover the costs of excess sewer capacity installed in an area covered by an agreement between OWASA and a developer for credit payments to the constructing developer. This fee shall apply to residential and non-residential customers.

A person or party completing a development or re-development project may be eligible to request and receive a credit on the sewer system development fees due if their project directly results in the permanent abandonment of previously existing water meters and sewer services which were connected to residences, buildings or facilities connected to and having a documented demand on the OWASA sanitary sewer system.

If OWASA determines that a credit is due, the amount of the credit shall be based on the current sewer system development fees that would apply to the size water meters that are permanently abandoned as a direct result of the project. However, the credit due shall not exceed the amount of the sewer system development fees that would otherwise apply to the development or re-development project. System development fee credits are not transferrable to any other project or property.

If an existing water or sewer meter upon which consumption is based is removed from service and/or is replaced with a smaller meter, OWASA will not issue any credit or refund to the customer for any previously paid system development fees.

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SEWER TAP CHARGE

This charge is for making a tap of the applicant's private sewer lateral into the main sewer line or sewer manhole of OWASA. The tap fee must be paid in advance of OWASA performing the work, with a minimum of 48-hours advance notice given to OWASA.

The applicant shall be responsible for opening the ditch, providing adequate working clearance at the point of tap, adequately shoring the trench sidewalls, dewatering and such other associated activities as may be needed to provide a suitable and safe condition for OWASA to connect the service lateral of the applicant into the facilities of OWASA. The minimum charge is based on a standard 4" service tap to the OWASA sewer line. All lines 6" in diameter and larger must be tapped into a manhole. All permits, bonds and pavement repairs are the responsibility of the applicant. The charge shall be for time and equipment plus an allowance for overhead, subject to a minimum.

\$480

The base fee noted above includes one (1) site visit by OWASA to determine if the applicant is ready for OWASA to perform the tap. A reinspection fee will be charged for each additional site visit required to determine if the sewer main is accessible and all required material and safety measures are in place. The tap will not be performed until any applicable reinspection fees are paid in full.

Tap Reinspection Fee \$120

HIGH STRENGTH WASTE SURCHARGE

The purpose of this charge is to recover operation and maintenance costs from customers whose wastewater discharge into the system is in excess of certain parameters for normal strength domestic wastewater as determined by OWASA. Based on local sampling and analysis, normal strength domestic wastewater has been determined to have the following pollutant characteristics.

Normal Strength Domestic Wastewater	
Carbonaceous Biochemical Oxygen Demand (CBOD)	205 mg/l
Suspended Solids (SS)	235 mg/l
Ammonia Nitrogen (NH ₃ -N)	25 mg/l
Phosphorus (P)	6.5 mg/l

High Strength Waste Surcharges shall apply at the following rates to all wastes exceeding the above concentrations:

Carbonaceous Biochemical Oxygen Demand (CBOD)	\$0.56 per pound for all CBOD in excess of 205 mg/l
Suspended Solids (SS)	\$0.68 per pound for all SS in excess of 235 mg/l
Ammonia Nitrogen (NH ₃ -N)	\$3.97 per pound for all NH ₃ -N in excess of 25 mg/l
Phosphorus (P)	\$15.99 per pound for all P excess of 6.5 mg/l

**ORANGE WATER AND SEWER AUTHORITY
SCHEDULE OF RATES, FEES, AND CHARGES**

SECTION III: RECLAIMED WATER RATES AND CHARGES

MONTHLY RECLAIMED WATER RATES

Reclaimed water (RCW) charges will be billed monthly at approximately 30-day intervals. Charges are due upon receipt of the bill and become delinquent 21 days after the original billing date. Monthly reclaimed water rates consist of two components: a monthly service charge and a commodity (volume) charge.

The University of North Carolina at Chapel Hill (UNC) funded the construction of the first phase of the reclaimed water system, and the methodology for determining reclaimed water charges applicable to UNC is stipulated by a contract between OWASA and UNC. For this reason, reclaimed water charges have been established for two major customer classes: UNC uses, and non-UNC uses. As determined necessary by OWASA, and in accord with OWASA’s contractual obligations to UNC, reclaimed water service to non-UNC customers may be temporarily interrupted to ensure the UNC’s reclaimed water demand can be met from the facilities and capacity paid for by UNC.

Reclaimed Water Service Charge

This fixed monthly charge is calculated to recover direct and indirect costs including but not limited to customer service and billing, meter and lateral maintenance, general and administrative services, and fixed costs associated with supplying reclaimed water to the customer’s property. The Reclaimed Water service charge is applicable to all metered reclaimed water accounts, independent of the quantity of reclaimed water consumed. Meter readings and service charges for first and final bills are prorated based on days of service.

UNC Reclaimed Water Use (covers all UNC reclaimed water uses served by the facilities paid for by UNC) \$24,000 per month.

Non-UNC RCW Customers	
Meter Size	Per Month
5/8”	\$8.37
1”	\$16.74
1.5”	\$30.96
2”	\$47.62

Service charges for non-UNC reclaimed water meters larger than 2” will be determined on a case-by-case basis following an evaluation of the reclaimed water demands of the customer.

Reclaimed Water Commodity Charge

This charge is calculated to recover the direct costs for reclaimed water treatment and distribution and all other direct and indirect costs not recovered by fixed monthly service charges. This charge is applicable to all reclaimed water accounts based on meter readings of reclaimed water consumed.

When a billing period includes a change in commodity rates, the charges are prorated based on the ratio of days in the billing period at the old and new rates. Metered monthly consumption will be billed in thousand-gallon increments rounded down to the nearest thousand gallons. Unbilled consumption due to rounding will be carried forward and billed in the month when the next thousand-gallon increment is

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registered by the meter.

Customer Type	Rate per 1,000 gallons
UNC Accounts	\$0.60
Non-UNC Accounts	\$2.18
Bulk (tanker) Sales	\$0.00

RECLAIMED WATER SYSTEM DEVELOPMENT AND CONNECTION FEES

Reclaimed Water System Development Fees

The purpose of this fee is to recover the capital costs of providing reclaimed water system facility capacity and to fund future expansion of that capacity. Since the University (UNC) has paid to construct the reclaimed water system, UNC will not be required to pay a reclaimed water system development fee for UNC facilities that are connected to and can be served by capacity available in the reclaimed water facilities paid for by the UNC.

Reclaimed water system development fees are applicable to each non-UNC connection to the reclaimed water system, regardless of who may have paid for the installation of the main to which the connection is to be made. Reclaimed water system development fees for non-UNC customers are as follows:

Meter Size	Fee
5/8"	\$1,229
1"	\$3,073
1-1/2"	\$6,146
2"	\$9,833

Reclaimed water system development fees for connections to be served by meters larger than 2 inches shall be determined on a case-by-case basis following an evaluation of the reclaimed water demands of the customer.

Reclaimed Water Service Connection Fees

Reclaimed water service connection fees, including meter installation and meter fees, shall be the same as the fees applicable to potable water system service connections, as specified in Section I of this schedule.

**ORANGE WATER AND SEWER AUTHORITY
SCHEDULE OF RATES, FEES, AND CHARGES**

SECTION IV: MISCELLANEOUS CHARGES

SERVICE INITIATION FEE

The purpose of this charge is to defray the labor and administrative costs associated with the establishment of a water and/or sewer account. This includes establishing service and account records for billing and is applicable to all accounts.

\$45 per event
\$80 per event, outside of normal business hours of OWASA

RETURNED CHECK CHARGE

Checks or automatic bank drafts made payable to OWASA are accepted as payment on account subject to collection. When a check or bank draft is not honored for payment by the bank or other institution on which it is drawn, a Returned Check Charge will be applied to the customer's account as follows:

Returned Check:	\$25
Dishonored Draft:	\$25

The customer will be notified of the returned check charge and instructed to pay the amount due immediately. Failure to respond within the time allowed will result in disconnection of water service and an additional charge for reconnection. The customer may also be required to pay a security deposit or an additional security deposit.

CHARGE FOR DELINQUENT ACCOUNTS

The purpose of this charge is to offset the costs of special handling of delinquent accounts, which may include, but is not limited to, the disconnection and reconnection of service due to nonpayment of the customer's bill. This charge applies to all accounts scheduled for disconnection for nonpayment and is applicable on or after the specified disconnect date, regardless of whether the service was disconnected or not. Reconnection resulting from disconnection due to nonpayment will be made within 24 hours of receipt of full payment of the balance due plus the delinquency charge and applicable security deposit.

\$45 per event, during OWASA's normal business hours
\$80 per event, outside OWASA's normal business hours

CHARGE FOR TEMPORARY DISCONNECTION/SUBSEQUENT RECONNECTION AT CUSTOMER'S REQUEST

OWASA customers may request to have their service temporarily disconnected and subsequently reconnected. In emergency conditions, there will be no charge to the customer for this service. Additionally, no more than once in any twelve-month period, a customer may request to have their service temporarily disconnected and subsequently reconnected at no charge for routine plumbing system maintenance. For requests to temporarily disconnect and subsequently reconnect service in any situation other than those listed above, the charges listed below will apply.

The purpose of this charge is to recover the cost to temporarily disconnect and subsequently reconnect water service at the request of a customer. In situations where charges apply, the charge may be waived

**ORANGE WATER AND SEWER AUTHORITY
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if the customer provides documentation that a master cutoff valve has been installed within thirty (30) days of the date of the temporary service disconnection.

\$45 per event, during OWASA's normal business hours

\$80 per event, outside OWASA's normal business hours

LATE PAYMENT FEE

This fee is designed to recover a portion of the cost of delinquent payment collection efforts that arise prior to service termination and are not recovered by charges for reconnection of delinquent accounts, and to encourage customers to make timely payments, thereby reducing the overall cost of a delinquent account to the customer base. The late payment fee applies when a customer's account is delinquent as defined above.

Late Payment Fee: For past due balances of \$10.00 or more, \$2.40 plus 0.42% a month (5% APR) of the outstanding balance.

SECURITY DEPOSITS

OWASA requires security deposits from customers to ensure payment of the final bill. To offset administrative costs in handling these monies, no interest is paid on security deposits.

Security deposits shall be required on all accounts other than those of (1) residential customers, whether detached or attached units, who have a satisfactory credit history as determined by a credit check, and (2) local, state and federal governments or agencies thereof. Security deposits shall be required for accounts other than those in (1) and (2) above and shall be \$50 or \$100 depending on credit worthiness for residential customers. All security deposits must be paid at the time application for service is made and in advance of service initiation.

Any residential customer whose service has been disconnected for non-payment of billing charges twice within a six-month period and for whom OWASA does not have a security deposit will be required to pay a \$50 or \$100 deposit depending on credit worthiness prior to reconnection of service.

Non-residential security deposits are required based on credit worthiness and will be computed as one or two times the average monthly bill of the previous customer at the same location over the past calendar year. If there is no previous customer at the service location, the security deposit will be determined by OWASA based on the best information available, such as OWASA's experience with similar types, sizes, etc. of businesses.

Repeated disconnections will require additional security deposits until the customer has accumulated a security deposit balance, which will cover an average of three months' billing charges.

Security deposits may be refunded upon written request after the customer has established a satisfactory payment history for twelve (12) consecutive months. Otherwise, security deposits will be applied to the final bill when a customer's account is terminated with any remaining balance refunded to the customer.

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BULK WASTEWATER CHARGES

Normal Domestic Septage

The purpose of these charges is to recover the costs associated with the service rendered by OWASA to those customers who discharge normal domestic septic tank wastes into the wastewater treatment facilities of OWASA. Applicable to those customers who have an account established at OWASA's Customer Service Office, charges for handling normal domestic septage will be billed to the customer on a monthly basis. The monthly bill will include two components: (1) an administrative charge for special services required to receive this type waste and rendering the monthly bill; and (2) a charge for the treatment of the septage as determined by OWASA. This charge is calculated as follows:

Administrative Charge	\$30 per trip, plus
Volume Charge and High Strength Surcharge	\$182.63 per thousand gallons

Other High Strength Waste

Other wastes may be discharged to OWASA's septage facilities only with prior approval by OWASA and upon OWASA's direct inspection of the actual discharge. The costs associated with these services will be as follows:

- NH₃-N = Ammonia Nitrogen
- CBOD = Carbonaceous Biochemical Oxygen Demand
- TSS = Total Suspended Solids
- P = Phosphorus

Administrative Charge of \$30 per trip, plus Volume and High Strength Surcharge calculated as follows:

As of Oct. 1, 2021
A + B + C + D + E = Calculated Dollars per Thousand Gallons, where:
A = pounds of NH ₃ -N per thousand gallons in waste x \$3.42 per pound
B = pounds of CBOD per thousand gallons in waste x \$0.48 per pound
C = pounds of TSS per thousand gallons in waste x \$0.59 per pound
D = \$7.29 per 1,000 gallons Sewer Commodity Charge
E = pounds of P per thousand gallons in waste x \$13.79 per pound
Waste concentrations shall be determined by OWASA

A + B + C + D + E = Calculated Dollars per Thousand Gallons, where:
A = pounds of NH ₃ -N per thousand gallons in waste x \$3.97 per pound
B = pounds of CBOD per thousand gallons in waste x \$0.56 per pound
C = pounds of TSS per thousand gallons in waste x \$0.68 per pound
D = \$8.45 per 1,000 gallons Sewer Commodity Charge
E = pounds of P per thousand gallons in waste x \$15.99 per pound
Waste concentrations shall be determined by OWASA

**ORANGE WATER AND SEWER AUTHORITY
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TANK SALES OR BULK WATER SALES

The purpose of this charge is to recover the labor and administrative costs associated with the supply of bulk quantities of water to tank trucks or trailers from a metering point on the premises of OWASA. Applicable to all tank or bulk water sales, the following charges apply for each loading.

Administrative Charge	\$25 per trip, plus
Commodity Charge	\$7.86 per thousand gallons or portion thereof

Bulk sales are subject to administrative regulations and controls for protection of the wastewater system and efficient operation. Water tank trucks or trailers are only authorized to withdraw water from locations approved by OWASA and for which adequate usage monitoring measures are provided. Charges for bulk sales are not subject to seasonal adjustments.

DIRECT SALES OF SUPPLIES

Applicable to the direct sale of supplies from inventory to municipalities or contractors, the supplies will be billed at the most recent cost plus a handling charge of 10%.

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BOAT RENTAL AND LAKE USE FEES

Fees are applicable to all persons using row boats and canoes on University Lake and Cane Creek Reservoir during scheduled hours of operation as established by OWASA. Boat rental and lake user charges are:

OWASA Customers and Orange County Residents	
Charge for each flat-bottomed boat or canoe rental	\$4.50 for one-half day plus the applicable lake use fee for each person
Trolling motor rental	\$15.00 for one-half day
Kayak rental	\$15.00 for one-half day plus the applicable lake use fee for each person
Private Boat Launching Fee	\$3.50 per boat plus the applicable lake use fee for each person
Lake Use Fee, Under 12 Years Old	\$2.00 per person
Lake Use Fee, 12-64 Years	\$4.50 per person
Lake Use Fee, 65 Years and over	No charge

Individual Season Pass	
Boat or canoe rental	\$82.00 per person. Each additional person pays appropriate lake use fee.
Lake Use Pass – Adult	\$46.00
Boat with trolling motor rental	\$163.00 per person. Each additional person pays appropriate lake use fee.

Group Season Pass	
Boat or canoe rental	\$163.00 (maximum of 3 people per pass.) Each additional person pays appropriate lake use fee.
Boat with trolling motor rental	\$245.00 (maximum of 3 people per pass.) Each additional person pays appropriate lake use fee.

For visitors who are not OWASA Customers or Orange County Residents	
Charge for each flat-bottomed boat or canoe rental	\$8.00 for one-half day plus the applicable lake use fee for each person
Trolling motor rental	\$22.00 for one-half day
Kayak rental	\$20.00 for one-half day plus the applicable lake use fee for each person
Private Boat Launching Fee	\$7.00 per boat plus the applicable lake use fee for each person
Lake Use Fee, Under 12 years old	\$2.50 per person
Lake Use Fee, 12-64 Years	\$5.50 per person
Lake Use Fee, 65 Years and over	\$2.50 per person
UNC Men’s Crew Club and Women’s Rowing Team	By agreement between UNC-Chapel Hill and OWASA

**ORANGE WATER AND SEWER AUTHORITY
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FIELD TEST OF 5/8" METER OR 3/4" COMBINATION FIRE AND DOMESTIC SERVICE METER

Upon a customer's written request, OWASA will conduct a special field test of the customer's 5/8" water meter or 3/4" combination fire and domestic service meter. There will be no charge for testing meters (1) which have not been tested during the past five years, or (2) which are found to be over-registering. Over-registering meters will be replaced by OWASA at no charge to the customer.

If, however, the meter has been tested within the past five years and the results of the meter test indicate proper or under-registering, the customer will be charged:

Meter test - \$80

SHOP TESTING OF METER

Upon a customer's written request, OWASA will conduct a special shop test of water meters that are larger than 3/4 inches. There will be no charge for testing meters (1) which have not been tested during the past five years, or (2) which are found to be over-registering. Over-registering meters will be replaced by OWASA at no charge to the customer.

If, however, the meter has been tested within the past five years and the results of the meter test indicate proper or under-registering, the customer will be charged:

Shop meter test - \$180

FIELD TEST OF LARGE METERS

Upon a customer's written request, OWASA will conduct a special field test of water meters that are larger than 5/8 inches. There will be no charge for testing meters (1) which have not been tested during the past five years, or (2) which are found to be over-registering. Over-registering meters will be replaced by OWASA at no charge to the customer.

If, however, the meter has been tested within the past five years and the results of the meter test indicate proper or under-registering, the customer will be charged a meter test fee based on the actual time and equipment required to complete the field test.

Minimum charge \$380

REINSPECTION FEE

OWASA will initially inspect grease traps, cross connections and water and sewer taps at no cost to the customer. Should a subsequent reinspection be required for any of these fixtures, a fee will apply to each reinspection.

Tap Reinspection Fee \$120

**ORANGE WATER AND SEWER AUTHORITY
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PLAN REVIEW AND CONSTRUCTION OBSERVATION FEES

The purpose of this charge is to recover the operating cost for providing review of construction plans for the extension of water, sewer and non-UNC reclaimed water facilities. The charge also recovers the operating cost for providing field observation, water sampling, laboratory testing, video inspection, pressure testing, etc. associated with the installation of these facilities. The plan review and construction observation fees are applicable to any project which includes extensions of the public water, sewer or non-UNC reclaimed water systems; new services; backflow prevention; or a grease interceptor (or grease trap), regardless of the party which may be undertaking the improvements. The plan review and construction observation fees are applied separately to water, sewer and non-UNC reclaimed water main extensions with a minimum of \$100 each, as shown in the table below.

Service	Plan Review	Construction Observation
Water	\$3.63/lf, minimum \$100	\$3.69/lf, minimum \$100
Sewer	\$3.63/lf, minimum \$100	\$3.69/lf, minimum \$100
Reclaimed Water	\$3.63/lf, minimum \$100	\$3.69/lf, minimum \$100

Fees for Plan Review are due when the engineering drawings are submitted for review. Plans submitted with modifications or changes other than those required by OWASA are subject to a complete second review and payment of additional plan review fees. Fees for Construction Observation are collected prior to OWASA issuing a Permit to Construct. Additional fees for projects which increase in scope (e.g., the number of feet of mains is lengthened after initial fee payment) shall be collected prior to receiving plan approval from OWASA. No refunds will be granted for projects which decrease in scope after fee payment.

A fee is required for any project requiring Partial Certification to place a portion of the project into service before the entire project as designed is completed. Fees shall be paid before the Partial Certification will be submitted to the state.

Partial Certifications - \$225 per additional submittal to the state

A fee will apply to each reinspection or retesting required after the initial testing or sampling event for the component being tested, except fees for Purity Sample Resampling, which begin after the second sampling event. A Contractor who does not cancel an appointment with a minimum of one business hour's advance notice and is not prepared to conduct the test at the scheduled time will be billed a fee for rescheduling. Fees shall be paid before the reinspection or retesting will be scheduled.

Reinspection / Retesting Fees	
Purity Sample Resampling (after second failure)	\$600 plus \$150 per sample location
Water Pressure Retest	\$225 per additional test
Gravity Sewer Air Testing and Flashing Retest	\$75 per section tested
Manhole Vacuum Retest	\$75 per additional test
Rescheduling Fee for Failure to Cancel an Appointment	\$75

**ORANGE WATER AND SEWER AUTHORITY
SCHEDULE OF RATES, FEES, AND CHARGES**

CHARGES FOR MISCELLANEOUS SERVICES

Charges for miscellaneous services provided by OWASA shall be on a time and materials basis and include out-of-pocket expenses, cost of materials and services supplied by third parties, and overhead. Typical applications would be for repair of damages to water and sewer lines by outside parties, relocation of mains, services and meters, special services for billing information, expenses related to spill containment responses, etc.

TRANSFER OF CHARGES

Any unpaid balance from past due charges for water and/or sewer services of terminated accounts or Charges for Miscellaneous Services will be transferred to any available active account(s) through which the customer is receiving services. The payment status of the active account through which the customer is receiving service will be determined by the payment status of transferred accounts.

OWASA may temporarily withhold service from a customer or refuse service to a customer when such a customer (including but not limited to individuals, corporations, or partnerships), owes OWASA any past due balance.

Accounts or portions of accounts, including charges for material or damaged property that are disputed and delinquent fees and delinquent assessment charges, may be submitted to the courts by the Executive Director, upon approval by General Counsel, for collection if such amounts do not exceed \$1,500. For amounts exceeding \$1,500, approval of the Board of Directors shall also be required prior to filing an action for collection.

**Resolution Adopting the Annual Budget For
Orange Water and Sewer Authority (OWASA) for the Fiscal Year
July 1, 2022 Through June 30, 2023**

Whereas, North Carolina G.S. Chapter 159 and Section 7.05 of the Bond Order require that on or before the first day of July in each fiscal year OWASA will adopt a Budget for the ensuing fiscal year;

Whereas, such Budget is to include estimates of revenues of the water, sewer and reclaimed water systems, current operations expenses, interest income, debt service costs, and disbursements from the general fund for capital improvements and equipment purchases; and

Whereas, during the preparation of the Fiscal Year (FY) 2023 Budget, and after holding public hearings on May 12, 2022, concerning the FY 2023 Budget, the Board of Directors determined that it is necessary to increase the rates OWASA charges for monthly water and sewer services by 16% in order to provide sufficient revenues to fund ongoing operations, debt service and the Capital Improvements Program; and;

Now, Therefore, Be It Resolved:

1. That pursuant to the provisions of North Carolina G.S. Chapter 159-13 the attached pages marked 2 through 6 be, and they hereby are, adopted as the official budget of Orange Water and Sewer Authority for the Fiscal Year beginning July 1, 2022 through June 30, 2023.
2. That the appropriations for departments, functions, and projects as shown in the attached budget for the respective purposes and in the respective amounts therein specified are hereby made.
3. That the Executive Director shall administer the budget and is hereby authorized to expend the funds for the purposes set forth therein.

Adopted this 9th day of June 2022.

Jo Leslie Eimers, Chair

ATTEST:

John N. Morris, Secretary

ORANGE WATER AND SEWER AUTHORITY
STATEMENT OF INCOME, EXPENSE AND DEBT SERVICE
(OPERATING)

		<u>FY 2023</u> <u>Annual Budget</u>
Operating Revenue		
Water	\$20,206,147	
Sewer	20,776,916	
Reclaimed Water	465,390	
Service Initiation Fee	16,510	
Other	764,215	
Refunds and Adjustments	<u>(107,101)</u>	
Total Operating Revenue		\$42,122,077
Operating Expense		
General and Administrative	9,219,707	
Operations	<u>17,206,487</u>	
Total Operating Expense		26,426,194
Net Operating Income		15,695,883
Non-operating Revenue		
System Development Fees		1,351,674
Interest		<u>3,085</u>
Total Net Income		17,050,642
Debt Service		
Existing		9,010,243
New		<u>1,439,797</u>
Total Debt Service		10,450,040
Net Income Less Debt Service		\$6,600,602
Debt Coverage Ratio		1.63

**ORANGE WATER AND SEWER AUTHORITY
STATEMENT OF INCOME AND EXPENSE
(CAPITAL/NON-OPERATING)**

**FY 2023
Annual Budget**

General Fund		
Resources		
Transfer from Revenue	<u>\$6,600,602</u>	
Annual Income Available for Capital		6,600,602
Transfer from Construction Fund (Bond/Loan Proceeds)		<u>15,329,398</u>
Total Available for Capital		<u>21,930,000</u>
Capital Expenditures		
Project Ordinances		
General Fund Contribution	6,600,602	
Funded by Bond Proceeds	<u>15,329,398</u>	
Total Project Ordinances		21,930,000
Capital Equipment		<u>1,315,374</u>
Total Capital Outlay		<u>23,245,374</u>
Annual General Fund Balance		(1,315,374)
General Fund Beginning Balance		<u>25,085,587</u>
General Fund Ending Balance		23,770,213
Project Funding	872,964	
Reserves		
Rate/Revenue Stabilization	2,047,049	
Capital Improvements	5,600,000	
Working Capital	<u>15,250,200</u>	<u>23,770,213</u>
Unallocated General Fund Balance		<u><u>\$0</u></u>

REVENUE FUND

	Water	Sewer	Total
Fund Balance July 1, 2022			\$0
Receipts			
Operating Revenue			
Customer Billings	\$20,206,147	\$20,776,916	\$40,983,063
Reclaimed Water	465,390	-	465,390
Service Initiation Fee	8,255	8,255	16,510
Other	382,108	382,107	764,215
Refunds and Adjustments	(53,551)	(53,550)	(107,101)
Total Operating Revenue	21,008,349	21,113,728	42,122,077
Non-operating Revenue			
System Development Fees	564,727	786,947	1,351,674
Interest Income	1,543	1,542	3,085
Total Non-operating Revenue	566,270	788,489	1,354,759
Total Receipts	21,574,619	21,902,217	43,476,836
Expenditures			
Current Expense	(14,201,998)	(12,224,196)	(26,426,194)
Debt Service	(5,103,980)	(5,346,060)	(10,450,040)
Total Expenditures	(19,305,978)	(17,570,256)	(36,876,234)
Net Revenue			6,600,602
To General Fund			(6,600,602)
Fund Balance June 30, 2023			\$0
Change in Available Balance			\$0

BOND SERVICE FUND

Fund Balance July 1, 2022		\$0
Receipts		
Transfer from Revenue Fund	\$10,450,040	
Interest	<u> </u>	
Total Receipts		10,450,040
Expenditures		
Debt Service	<u>10,450,040</u>	
Total Expenditures		<u>(10,450,040)</u>
Fund Balance June 30, 2023		<u>\$0</u>
Change in Available Balance		<u><u>\$0</u></u>

GENERAL FUND

Fund Balance July 1, 2022		\$25,085,587
Receipts		
Transfer from Revenue Fund	\$6,600,602	
Transfer from Construction Fund (Bond/Loan Proceeds)	15,329,398	
Interest	-	
Assessments	-	
Grants and Contributions	-	
	<hr/>	
Total Receipts		<hr/> <u>21,930,000</u>
Total Balance Before Expenditures		47,015,587
Expenditures		
Capital Equipment/Leases	1,315,374	
Project Resolutions	21,930,000	
Transfer to Revenue Fund	0	
	<hr/>	
Total Expenditures		<hr/> <u>(23,245,374)</u>
Fund Balance June 30, 2023		<hr/> <u><u>\$23,770,213</u></u>
Allocation of Fund Balance June 30, 2023		
Project Funding	872,964	
Capital Reserves	22,897,249	
	<hr/>	
Total Allocation		<hr/> <u><u>\$23,770,213</u></u>
Unallocated General Fund Balance June 30, 2022		<hr/> <u>\$0</u>
Change in Available Balance		<hr/> <u><u>(\$1,315,374)</u></u>

**Resolution Approving the Capital Improvements Program and Budget
for Fiscal Years 2023-2027**

Whereas, a Five-Year Capital Improvements Program and budget enables Orange Water and Sewer Authority to identify, assess, and project the water and sewer systems’ capital projects in an orderly, coordinated, and fiscally sound manner, and to plan for the replacement and repair of existing facilities; and

Whereas, the Capital Improvements Program and budget for Fiscal Years 2023-2027 have been developed by the staff, reviewed by the Board of Directors, and revisions incorporated therein; and

Whereas, a Public Hearing on the Capital Improvements Program was held on May 12, 2022;

Now, Therefore, Be It Resolved:

1. The Board of Directors of Orange Water and Sewer Authority approves the Capital Improvements Program and budget for Fiscal Years 2023-2027 as required by the Financial Management Policy.
2. That the Executive Director be, and is hereby, authorized to administer the planning, studies, design, and financing, and make recommendations to the Board of Directors for award of contracts, as appropriate, for the projects in the Capital Improvements Budget.
3. The Five-Year Capital Improvements Program Budget for Fiscal Years 2023-2027 is as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2023	\$21,930,000
2024	22,214,000
2025	32,375,000
2026	21,662,000
2027	<u>13,083,000</u>
Total	<u>\$111,264,000</u>

Adopted this 9th day of June 2022.

Jo Leslie Eimers, Chair

ATTEST:

John N. Morris, Secretary

**Capital Project Resolution for
Fiscal Year 2023 Infrastructure Improvements**

Whereas, present infrastructure must be maintained and additional infrastructure developed to meet future needs; and

Whereas, Orange Water and Sewer Authority (OWASA) has determined that certain additional infrastructure improvements are needed, including improvements to the water supply system; water treatment and distribution system; wastewater collection, treatment and disposal system; reclaimed water system; and support services facilities; and

Whereas, adequate funds will be available for the completion of these improvements;

Now, Therefore, Be It Resolved:

1. A project fund of \$21,930,000 is hereby established and expenditures therefrom authorized for the following improvements:

Expenditures

Water Supply Improvements:

Jordan Lake Raw Water Supply Allocation	\$10,000
Quarry Reservoir Development	15,000
University Lake Permanganate Facility	3,000,000
Cane Creek Dam Rehabilitation	200,000
Cane Creek Resurfacing	70,000
Western Intake Partnerships Projects	651,000

Subtotal	3,946,000
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Water Treatment and Distribution Improvements:

WTP Belt Filter Press Replacement	2,000,000
Supervisory Control and Data Acquisition (SCADA) Master Plan Recommendations	520,000
WTP Electrical Distribution Improvements	20,000
WTP Clearwell Rehabilitation	180,000
WTP Pulsator and Operator Building Roof and Cane Creek Pump Station Roof Replacements	100,000
Finished Water Pump #4 Motor and Pump Replacement	75,000
Storage Tank PLC Upgrades	100,000
Lead and Copper Rule Revisions Compliance	200,000
Reimbursement for Distribution System Improvements	250,000
Water Distribution System Rehabilitation	1,000,000
Water Main Replacement Program	1,215,000
West Cameron Avenue Water Main Replacement	3,500,000
Distribution System Hydraulic Model	100,000
Jones Ferry Road Water Main Replacements	100,000
Legion Road Water Main	50,000
West Rosemary 12" AC Water Main Replacement	50,000
Group 2 Water Main Replacements (W. Manning Dr. and South Rd.)	50,000
Distribution System Asset Management	30,000

Subtotal	9,540,000
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Wastewater Collection, Treatment and Disposal Improvements:

Gravity Sewer Rehabilitation Program	1,000,000
Bolinwood Interceptor Replacement	2,240,000
Morgan Creek Interceptor Replacement	234,000
East Main Street Sewer Rehabilitation	1,000,000
Collection System On-Call Modeling	20,000
Collection System Asset Management	50,000
Rogerson Drive Force Main and Pump Station Program Services	100,000
Chapel Hill North Pump Station Rehabilitation	600,000
North Lakeshore and Clayton Road Generator Design and Installation	200,000
WWTP Clarifier #4 Conversion	200,000
WWTP Facilities Planning	150,000
WWTP Fermenter Improvements	1,350,000
Biogas Removal System Improvements	250,000
WWTP Digester #3 and #4 Condition Assessments	300,000
WWTP and PS PLC Replacement	100,000
Heat Exchanger for RDTs	60,000
WWTP Digester #3 and #4 Stairwell Safety Improvements	50,000
Biosolids Tank Mixing System Equipment	50,000
Reclaimed Water Valve/Coupling Rehabilitation	490,000

Subtotal 8,444,000

Total Expenditures \$21,930,000

Revenues

Transfers from the General Fund, Bond or Loan Proceeds, and Grants \$21,930,000

2. That supplementary funds will be appropriated in future years for completion of the projects.
3. That this Resolution shall take effect upon its passage.
4. That this Resolution shall be entered in the Minutes of OWASA and within five (5) days after its adoption copies thereof shall be filed with the Finance Officer, the Budget Officer, and the Clerk to the Board of Directors as required by General Statute 159-13.2(d).

Adopted this 9th day of June 2022.

Jo Leslie Eimers, Chair

ATTEST:

John N. Morris, Secretary

Resolution Updating the Schedule of Employee Classification and Authorized Compensation; Adjusting Affected Employees' Compensation to the Minimum of the Pay Range; Authorizing Cost of Labor and Merit Pay Increases for Eligible Employees; Increasing the Employer Contribution Rate to Employees' Deferred Compensation Plan; and Adding Three New Positions to the Schedule of Employee Classification and Authorized Compensation

Whereas, the Orange Water and Sewer Authority (OWASA) maintains a Schedule of Employee Classification and Authorized Compensation which provides the appropriate number of properly classified and compensated employees necessary to efficiently and effectively fulfill the organization's duties and responsibilities; and

Whereas, the Board of Directors has determined that it is reasonable and prudent in achieving and maintaining competitiveness in the market to increase the pay ranges in the Schedule of Employee Classification and Authorized Compensation; and

Whereas, the Board of Directors has determined that it is reasonable and prudent to provide merit increases to provide fair and equitable compensation so that qualified employees may be retained to do the work necessary for the operation of the OWASA service system; and

Whereas, OWASA contributes 3% of employee wages to their deferred compensation accounts; and

Whereas, other local entities similar to OWASA contribute 5% to employee deferred compensation accounts; and

Whereas, the Board of Directors has determined that it is important for OWASA to remain competitive in the employment marketplace; and

Whereas, the Board of Directors has determined that due to the increasing and expanding workload of OWASA's staff, it is necessary to add three new positions to OWASA's Schedule of Employee Classification and Authorized Compensation;

Now Therefore, Be It Resolved:

1. That the Board of Directors hereby approves a 4% cost of labor increase for eligible employees who have earned a Meets Expectations, Exceeds Expectations or Exceptional Performance review rating during the June 2022 annual review process and the Executive Director is directed to adjust and implement the same percentage increase in salary ranges in the Schedule of Employee Classification and Authorized Compensation.
2. That the Board of Directors hereby approves a merit increase to employees earning a performance review rating of Meets Expectations during the June 2022 annual review process by increasing base pay 2.9%.
3. That the Board of Directors hereby approves a merit increase to employees earning a performance review rating of Exceeds Expectations during the June 2022 annual review process by increasing base pay 4.35%.
4. That the Board of Directors hereby approves a merit increase to employees earning a performance review rating of Exceptional during the June 2022 annual review process by increasing base pay 5.80%.

5. That employees whose salaries fall below the minimum amount of the new pay ranges shall be brought up to the minimum of the respective pay range regardless of the performance rating earned.

6. That the pay adjustments will be effective July 4, 2022.

7. That OWASA's contribution to employee deferred retirement accounts shall be increased to 3.5% of wages.

8. That the following three positions be added to OWASA's Schedule of Employee Classification and Authorized Compensation:

- a. Engineering Associate, Salary Grade 617
- b. Diversity and Inclusion Specialist, Salary Grade 618
- c. Supervisory Control and Data Acquisition Manager, Salary Grade 620

Adopted this 9th day of June 2022.

Jo Leslie Eimers, Chair

ATTEST:

John N. Morris, Secretary

Agenda Item 10:

Long-Range Water Supply Plan: Community Engagement Summary and Selection of Jordan Lake Alternative

Purpose:

To provide a summary to the Board of Directors of (1) the questions and feedback heard from the community on the decision to meet our 50-year water supply needs and increase the community's drought resiliency by securing access to our Jordan Lake allocation, and (2) the evaluation of three alternatives to secure access to our Jordan Lake allocation. Based on this evaluation of alternatives, the Board should select a preferred alternative to access our Jordan Lake allocation to include in the Long-Range Water Supply Plan (LRWSP).

Background:

OWASA is updating its LRWSP to ensure that we have an adequate supply of water for our community through 2070. OWASA has updated its projections of water supply needs, estimated the yield of its planned supplies, and evaluated demand management and supply alternatives to meet its long-term needs. In late 2020 and early 2021, OWASA actively reached out to the community to engage them in our Long-Range Water Supply Planning process. A summary of the feedback received throughout that engagement was summarized and discussed with the OWASA Board of Directors at their [March 11, 2021](#) meeting.

The Board of Directors used the feedback heard during that phase of community engagement to develop a set of [guiding principles](#) to evaluate various water supply alternatives against. After this evaluation, at its [January 13, 2022](#) meeting the Board identified Jordan Lake as being the preferred source to augment our current water supply sources – Cane Creek Reservoir, University Lake, and the Quarry Reservoir.

At the [February 10, 2022](#) Board meeting, Staff provided a strategy to engage the community regarding this decision to secure access to our Jordan Lake allocation. Staff followed and adapted that engagement strategy to provide the community with opportunities to ask questions about the process used to arrive at the decision to use Jordan Lake as a water supply source and to provide feedback on that decision.

At its [May 12, 2022](#) meeting, the Board of Directors authorized staff to evaluate the following three Jordan Lake alternatives:

- **JL-A: Agreement with WIP** to invest in a long-term option to join the WIP as a partner in Phase 2 with payments also serving as an option fee that would give OWASA the right to request water transfers from the WIP during Phase 1 under specified conditions such as drought.
- **JL-P-All: Partner in new intake, water treatment plant (WTP), and transmission infrastructure.** For purposes of comparison to the partner alternative in intake and infrastructure described immediately below, we assume that this option will enable

June 9, 2022

OWASA to obtain its full allocation of water in Phase 1 (approximately 5 mgd on average day basis).

- **JL-P-Intake_Trans: Partner in new intake and transmission infrastructure** that would enable OWASA to withdraw and transfer its full allocation of water during Phase 1 (approximately 5 mgd on average day basis).

Also at its [May 12, 2022](#) meeting, the Board of Directors agreed upon the following list of evaluation criteria:

Criteria reflecting water supply risk:

- Ability for OWASA to have access to its Jordan Lake allocation at any time
- Ability for OWASA to maintain its allocation of Jordan Lake water
- Likelihood that the water treatment plant, intake, and transmission infrastructure are built to meet OWASA’s future demands
- Likelihood that corporate structure and agreements developed for the alternative will match the goals set by the OWASA Board

Criteria reflecting financial impacts:

- Capital and net present cost through 2050
- Impact on rates through 2030

Criteria reflecting community input:

- Feedback from the community – this is summarized in the “Community Input” section below. We did not explicitly ask the community to rate these three alternatives, but comments made during the engagement process touch on the other evaluation criteria.

Table 1: Summary of the Three Jordan Lake Alternatives Against the Evaluation Criteria

	Risk				Cost		
	Access to JL Allocation at any time	Maintain JL Allocation	Water Treatment Plant, Intake & Transmission meet OWASA needs	Governance and Agreement match Goals	Capital Cost through 2050	Net Present Cost through 2050	Impact on Rates through 2030
JL-A							
JL-P-All							
JL-P-Intake_Trans							

Darker shades of green indicate better alignment with criteria.
Yellow indicates that an alternative may not meet the criteria.

The evaluation of alternatives against these criteria is summarized in Table 1 above. The sections below provide backup for the Table 1 evaluation. The community engagement section is extensive and outlines the community engagement process from the past several months, summarizes comments, and references two attachments for a more detailed view of the feedback and questions received.

Water Supply Risks:

The first four criteria reflect water supply risk and were assessed with these considerations in mind:

- Ability for OWASA to have access to its Jordan Lake allocation at any time: For the alternatives, our allocation would be available: on any given day (**JL-P-All**); during all periods with excess capacity at the WTP (**JL-P-Intake_Trans**) – our model expects that we will not need regular access to our allocation until the late 2040's and we can largely rely on our local supplies during peak demand periods at the WIP facilities; or only when conditions of agreement met (**JL-A**).
- Ability for OWASA to maintain its allocation of Jordan Lake water: The investments in infrastructure via the **JL-P-All** and **JL-P-Intake_Trans** alternatives would provide additional assurance to the Environmental Management Commission that our allocation is needed.
- Likelihood that the water treatment plant, intake, and transmission infrastructure are built to meet OWASA's future demands: The intake and transmission infrastructure built via the **JL-P-All** and **JL-P-Intake_Trans** alternatives would allow us to receive our full allocated amount. The treatment facility is being designed to accommodate future expansions as demand increases and under the **JL-P-Intake_Trans** alternative this capacity would be developed later when OWASA needed to access our allocation on a more routine basis.
- Likelihood that corporate structure and agreements developed for the alternative will match the goals set by the Board: The infrastructure investment alternatives provide the greatest degree of influence on the structure and governance being developed to match our goals in the long term; the **JL-P-Intake_Trans** alternative would require future modification to buy in to the WTP, but this is expected to be straightforward as all partners will need to purchase additional capacity at some point. The **JL-A** alternative provides less influence in these negotiations and carries some unknown risks over the long term: we may need to update the agreement periodically as our water supply risk changes, and costs and other terms could be subject to unfavorable revisions.

Financial Impacts:

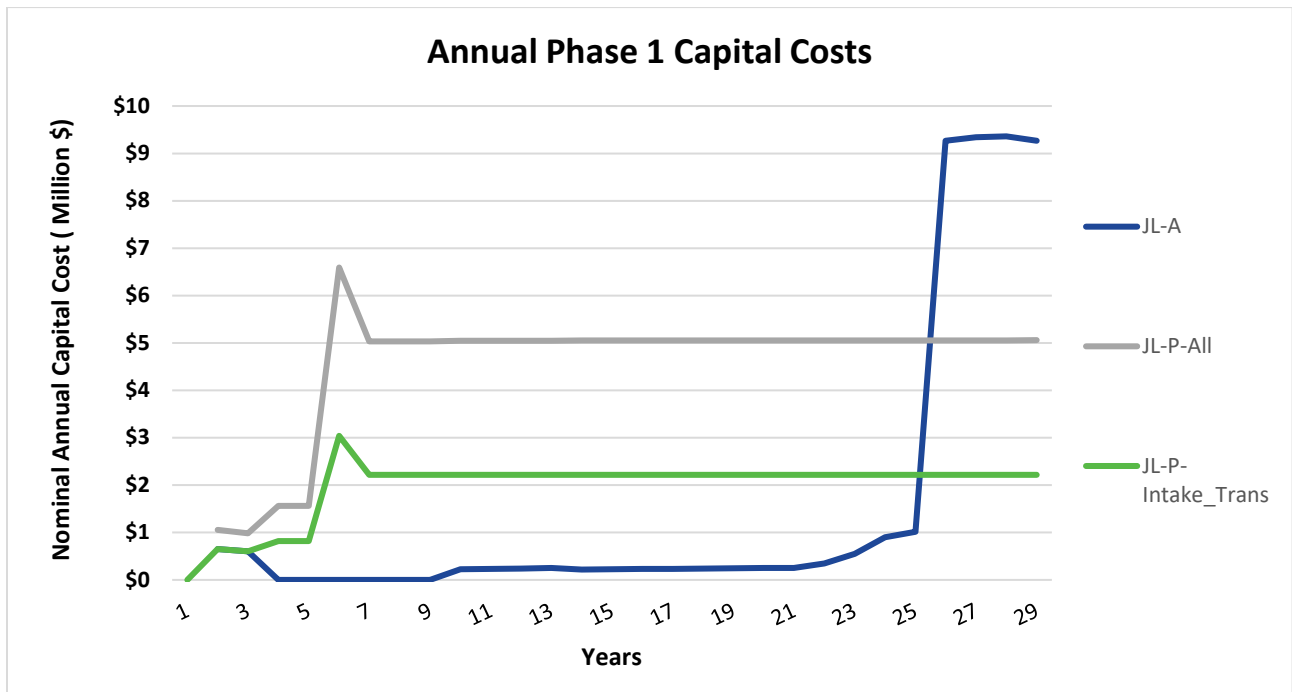
At their [May 12, 2022](#) meeting, the Board authorized staff to review the three Jordan Lake alternatives against their capital and net present costs through 2050 and the impact on rates through 2030. Note that there is uncertainty associated with the estimated costs developed for each of the alternatives, but they are appropriate for planning level purposes and should only be used for relative comparisons. Care was taken to include the same assumptions in each of the cost analyses.

It should also be noted that the cost for the JL-A agreement alternative has more uncertainty than the two alternatives where OWASA invests in infrastructure. There are several assumptions in the JL-A agreement alternative that are required in terms of options payments that have not been discussed with the Western Intake Partners. While these assumptions were made to provide favorable terms to both OWASA and the Partners, the costs are highly uncertain unless those negotiation discussions commence.

Capital Costs

Capital costs include the cost to design, permit, and construct the proposed facilities. For the JL-A alternative, these costs include the options payments as well as the repayment of the excess capacity that would be built by WIP in Phase 1. The estimated capital costs of the three Jordan Lake alternatives are illustrated in Figure 1.

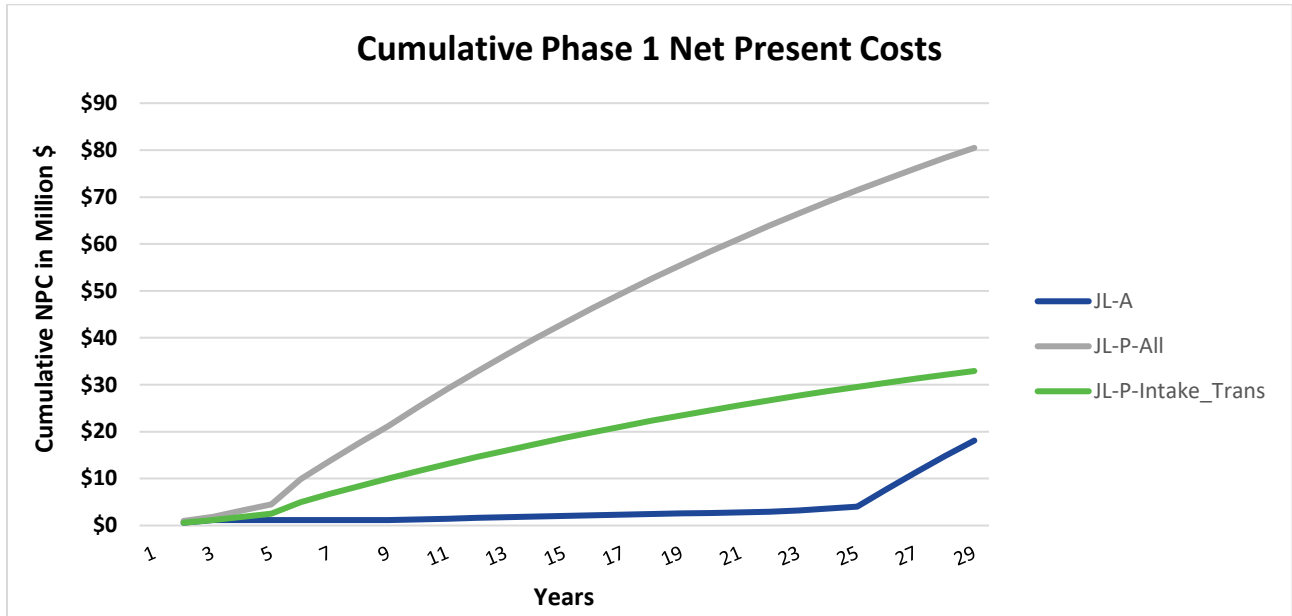
Figure 1: Annual Capital Costs of the Three Jordan Lake Alternatives in Million Dollars (Costs are in Nominal (Inflated) Dollars)



Net Present Cost

The net present costs include capital costs plus cost to operate the facility. Figure 2 illustrates the cumulative net present cost for each of the alternatives.

Figure 2: Cumulative Net Present Cost of the Three Jordan Lake Alternatives in Million Dollars



Impact on Rates

Table 2 summarizes the impact on rates for each of the three Jordan Lake alternatives:

Table 2: Impact on Rates of Each of the Jordan Lake Alternatives in Percent Change to Rates in Current FY 2023 Budget

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
JL-A: Agreement with WIP	N.C.	N.C.	-1%	-1%	-1%	-1%	-1%	N.C.
JL-P-All: Partner in WTP, Intake, and Transmission	N.C.	N.C.	+3%	+2%	+2%	+2%	+1%	+2%
JL-P-Intake_Trans: Partner in Intake and Transmission	N.C.	N.C.	N.C.	N.C.	N.C.	N.C.	N.C.	N.C.
In current FY 2023 Budget	16%	7%	7%	6%	6%	6%	6%	0%

N.C. = no change

Despite the uncertainty associated with assumptions used to develop these cost profiles, Figures 1 and 2 and Table 2 show the alternatives have significant differences in costs and rate impact.

Community Input:

The evaluation of alternatives includes a criterion to rate how well an alternative aligns with community sentiment. It's important to note that there have been two major rounds of community engagement on the LRWSP in the past several years. In late 2020 and early 2021, OWASA actively reached out to the community to engage them in our LRWSP process, including the wide range of demand and supply side alternatives being considered. The Board of Directors used the feedback heard during that phase of community engagement to develop a set of guiding principles to evaluate various water supply alternatives against. This evaluation identified Jordan Lake as being the preferred source to augment our current water supply sources – Cane Creek Reservoir, University Lake, and the Quarry Reservoir.

At the February 10, 2022 Board meeting, Staff provided a strategy to engage the community regarding the decision to secure access to our Jordan Lake allocation. Staff followed and adapted that engagement strategy over the past several months to provide the community with opportunities to ask questions about the process used to arrive at the decision to use Jordan Lake as a water supply source and to provide feedback on that decision. The purposes of this latest round of community engagement were:

- To inform and engage the community on OWASA's decision to increase our community's drought resiliency by securing access to our Jordan Lake allocation and on the process used to arrive at that decision.
- To demonstrate that we heard community feedback in the previous round of engagement and incorporated that (feedback) into our decision-making

In order to achieve the bulleted goals above, OWASA initiated outreach to the general public as well as targeted outreach to specific community groups. An overview of the engagement activities is outlined in Attachment 1, as well is a paraphrase of the specific questions and comments received throughout the community engagement. Attachment 2 includes email comments received by staff.

In general, people were glad to hear that OWASA was proactively planning for future water supplies, addressing drought, and that we were reaching out to provide information to them. Individuals had questions about the process: how yield and demand projections were made and how alternatives were considered. In particular, one community member was vocal in requesting a more detailed evaluation of obtaining water from the City of Burlington. (This alternative was ruled out in an earlier stage of the process by the OWASA Board of Directors due to our preliminary observations regarding cost and feasibility.)

In terms of the decisions regarding the use of Jordan Lake, the vast majority of questions and concerns were focused on water quality, maintaining our allocation, containing costs, and

decision-making authority. The former three have been addressed by the Board of Directors in their guiding principles; the latter is addressed below.

A minority of comments were expressed in resistance to using Jordan Lake. Although the rationales for the objections were not always directly expressed, OWASA staff would categorize these rationales into one or more of the following categories.

- Concerns about water quality in Jordan Lake
- Concerns that increased water supply availability would lead to increased growth
- Potential that direct potable reuse becomes legal by the time we need increased water supply and appeal to lobby for its legality
- Belief that OWASA made a commitment not to use Jordan Lake – This belief dated back to when Cane Creek Reservoir was built as well as meetings surrounding the Water and Sewer Management, Planning and Boundary Agreement which occurred in 2010. Some believe that this Agreement does not allow OWASA access to its allocation of water. OWASA’s General Counsel has advised us that the Agreement does not prohibit us from using our own allocation of water from Jordan Lake.

Though there were a few outspoken critics, overall the feedback received does not appear to suggest that there is widespread objection to the use of treated drinking water from Jordan Lake to augment current water supplies. Given the wide-reaching outreach utilized during this and the prior community engagement round, staff does not believe additional outreach and engagement on this topic would yield much additional information to assist in making a selection from the three alternatives.

Staff perceived an underlying theme to some of the questions and comments received regarding Jordan Lake which was not previously considered by the Board in its guiding principles: For some, there was a perception in the community that OWASA and the community we serve may have higher expectations for drinking water quality than other utilities. In response, staff relayed our confidence in our utility partners’ goals for the design, construction, and operation of the facilities, noting that they are collecting extensive water quality data near the intake, performing pilot studies to identify the best treatment methods for Jordan Lake water, and work hard daily to deliver safe drinking water to their communities. Nonetheless, there did seem to be a desire for OWASA to have more influence in the planning and design of the proposed facilities.

Alignment with Community Feedback

This criterion evaluates how well an alternative aligns with the feedback and concerns received from the community throughout the engagement process. While the full suite of comments is summarized in attachments and the above section, community comments which do not apply to a decision about the three alternatives are not considered in the assessment (e.g., comments expressing appreciation for the process, requesting basic information or a revisiting of alternatives screened out during prior work). Thus, the assessment focuses on the relative ability

of an alternative to respond to these main themes: water quality, maintaining our allocation, minimizing cost impact, and our ability to influence the design:

- **JL-A** would not allow for any influence on design, which may not adequately address community concerns on water quality; it has the lowest cost impact but the highest risk with respect to maintaining our allocation.
- **JL-P-All** would allow for highest impact on design and associated addressing of water quality concerns; it has the highest cost impact and the lowest risk with respect to maintaining our allocation.
- **JL-P-Intake_Trans** would allow for a high impact on design and has low risk with respect to maintaining our allocation; it addresses water quality concerns to a lesser extent; cost impact is medium in comparison to the two other alternatives.

Staff Recommendation and Board Action:

Staff recommends that we move forward with alternative **JL-P-Intake_Trans** investing in the intake and transmission infrastructure. We believe that this alternative best balances our desire for long-term access to our allocation of Jordan Lake water with the impact on near-term rates. This approach also provides a long-term agreement that would not need to be modified every five to ten years. Staff does not believe it is necessary to invest in water treatment infrastructure at this time since we will not need to routinely access our allocation for the next few decades and under most circumstances, we could request water during non-peak periods during the initial phase of plant operations. If we did have an operational emergency during a peak use period, the City of Durham has indicated that they will have the flexibility to rely more heavily on their two current water treatment facilities and use less water from Jordan Lake.

If the Board of Directors agrees with staff's recommendation, we suggest a motion along the following lines:

Motion to authorize staff to include in the Long-Range Water Supply Plan alternative JL-P-Intake_Trans, in which OWASA would invest in the intake and transmission infrastructure proposed by the Western Intake Partnership as the preferred alternative to augment our current water supplies to meet our 50-year water supply needs and proceed with implementation of the Long-Range Water Supply Plan.

Proposed Next Steps:

Staff proposes the following next steps:

- The Board selects a preferred alternative to access our Jordan Lake allocation
- Once a preferred alternative is selected, staff will finalize the LRWSP and present to the Board for review and approval at a future meeting.

- Once a preferred alternative is selected, staff and General Counsel will engage in the development of the MOU with the WIP and present to the Board for review and approval at a future meeting.
- Once the MOU is approved by the Board, staff and General Counsel will engage in the development of an ILA with the City of Durham and present to the Board for review and approval at a future meeting.

Information:

Attachment 1: Summary of Community Outreach and Questions and Feedback from Community on OWASA's Long-Range Water Supply Plan

Attachment 2: Email Comments and Responses on the Long-Range Water Supply Plan

Summary of Community Outreach and Questions and Feedback from Community on OWASA's Long-Range Water Supply Plan

OWASA initiated outreach to the general public as well as targeted outreach to specific community groups.

Outreach to the general public included:

- Email to all OWASA customers (for whom we have email addresses) with general information about the LRWSP update and the April 23 library event
- Bill message advertising the update of the Long-Range Water Supply Plan and April 23 Library event
- Water Wagon event at the Chapel Hill Library (April 23) that included general outreach and opportunities to learn more through two presentations
- Wonderful Water program on WCHL, resulting in a social media post generated and shared by WCHL
- Social media outreach from OWASA's platforms: Twitter, Facebook, and NextDoor
- Burmese and Karen voice message developed and shared by Refugee Community Partnership
- Chinese message by the Chinese School
- Post in the Chapel Hill Public Housing newsletter (in English and Spanish)
- Post in the [Tar Heel Citizen Times](#) (circulated to off-campus-living students)
- Article in the Daily Tar Heel, "[Water we doing: OWASA presents updates on Orange County Water Supply Plan](#)"
- Information provided in the Chamber of Commerce newsletter
- Updates to our [web page](#) to provide information on the work completed to date, opportunities to provide feedback, and frequently asked questions; included a timeline of Board decisions with links to agenda materials
- Highlighted news post on OWASA's home page
- Email updates to individuals that have expressed interest in OWASA's Long-Range Water Supply Plan

Targeted outreach included:

- Presentations to the elected bodies for Orange County, Town of Carrboro, and Town of Chapel Hill
- Presentations to local advisory Boards including the:
 - Orange County Commission for the Environment,
 - Town of Chapel Hill Planning Commission,
 - Town of Chapel Hill Environmental Stewardship Advisory Board,
 - UNC Sustainability Council, and
 - Regular quarterly meeting held between OWASA and UNC and UNC Hospitals

Offers were made to make presentations to the Town of Carrboro advisory boards, but staff asked that the Council refer any presentations to advisory boards. They did not.

- Interactive presentation to the Youth Water Academy and interested students at Chapel Hill High School's Tigerfest where students played the role of the OWASA Board of Directors to choose our next water supply.

The remainder of this attachment summarizes the questions and feedback we received from the community. Questions and feedback are arranged by topic; responses to questions are provided in italics.

General

- I'm glad that OWASA is proactively planning for drought. There will likely be drought during the planning horizon.
- Why are you so concerned about drought? The State Climate Office has said that we will get more rain in the future. *There is general agreement among climate models that this area will receive more rain on average in the future, but it will come in the form of more frequent, high intensity storms. The North Carolina Climate Science Report states that severe droughts will likely be more severe and frequent. OWASA believes it should be proactive in planning for drought as running out of water is not an option.*
- I'm happy to hear that OWASA is planning 50 years into the future.
- It is really great that OWASA is getting out in to the community to let us know about this.
- Has the OWASA Board of Directors already made a decision? *The Board of Directors has identified Jordan Lake as the best source to augment our current supplies. The Board has not yet determined how to best access Jordan Lake.*
- How often does OWASA update its LRWSP? *OWASA plans to update its LRWSP approximately every 10 years. If data indicate that demand projections are much different or if the assumptions on which our demand projections are based change drastically, we may update that part of the LRWSP more frequently.*
- I am concerned about the long-term costs for water and have confidence that OWASA will communicate the rate impacts of moving forward with Jordan Lake.

Demand Projections

- How did you estimate future demands? *We estimated future demands based on future growth projections obtained from the local governments (number of residential units and commercial square footage) and OWASA's water use data. More information is provided in this [report](#).*
- If properties in the service area that rely on wells connected to OWASA, how would that impact demands? *OWASA is gathering information on properties in the service area*

that are served by wells and septic systems for various purposes. However, we do not anticipate that connecting these properties would greatly impact demands.

- *Is there any chance that OWASA would extend its service area? OWASA is not allowed to extend our service area on our own. The Water and Sewer Management, Planning and Boundary Agreement requires the approval of Board of County Commissioners, the Town Councils of Chapel Hill, Carrboro, and Hillsborough, and the OWASA Board of Directors. OWASA has not historically proposed changes to the Boundary; the local governments have initiated changes.*
- *Chapel Hill has some new dense development. Did you account for that in your demand projections? Yes. We met with Town planners to ensure that we were accounting for this new, denser development.*
- *How has OWASA considered conservation in its demand projections? Our demand projections assume a 10% reduction in residential demand by 2045. Additionally, the vast majority of the growth projected for the service area is in multi-family units, which inherently use less water than single family housing. We are developing a Water Conservation Plan to complement the Long-Range Water Supply Plan and will continue to look for ways to further reduce demand.*
- *People think that OWASA is “king of the world” when it comes to local development. That is simply not true. The Towns control growth in the area, and the service area boundary is very clearly defined and requires local bodies to agree to extension.*

Yield

- *How did you estimate the yield of our water supply? A mass balance type model was used to estimate the yield of our water supplies that includes flow into the reservoirs, flow out of the reservoirs, water withdrawals, sediment loading, precipitation, and evaporation.*
- *I would like to see OWASA incorporate climate change into its yield calculations. It is becoming more cost-effective to include climate change in hydrologic models, and we will consider this for a future update of the LRWSP or an update to our Water Shortage Response Plan.*
- *The climate change projections that I have seen project more intense storms in our area. Why are you concerned about drought? You are correct that global climate change models are in agreement that we will get more intense storms. However, we may also get more extremes with potential periods of more severe droughts. The drought of record for our area was only 20 years ago with another severe drought coming only 6 years later. The LRWSP is planning for the period of extremely low precipitation.*

Alternatives

- How did the final alternatives compare to the guiding principles? *The evaluation can be found in the [January 13, 2022 Board agenda package](#).*
- Why was direct potable reuse ruled out? *Direct potable reuse did not score as well against the guiding principles including cost as Jordan Lake. It is also not currently legal in North Carolina.*
- Some commenters noted that they would prefer direct potable reuse to Jordan Lake; other commenters noted that direct potable reuse should only be used as a last resort.
- Have you lobbied the General Assembly to make direct potable reuse legal? *No.*
- I would like to see an evaluation of obtaining water from the City of Burlington. *This alternative was evaluated at a high level by staff and eliminated from further consideration early in the process. This alternative would require a longer transmission route than Jordan Lake, and the fact that it would not be shared with other partners (as would be Jordan Lake transmission routes) negatively impacts both cost and operation. In addition, as the Triad continues to grow, the City of Burlington may not have water to provide to OWASA in the future.*
- What is the timeline to expand the Quarry Reservoir? *Plans are moving forward on expanding the Quarry Reservoir. Quarry operations will cease at the end of 2030, and the Quarry Reservoir will be full in the early to mid-2030s. The date is weather dependent as Cane Creek Reservoir water will be used to fill the Quarry Reservoir.*
- We should conserve more water rather than providing a new water source; we should grow within our means.
- Can we increase the amount of reclaimed water to meet our goals? *We looked at various reclaimed water alternatives, but they did not meet our future needs or were not cost-effective. Reclaimed water also does not diversify our water supply to address the vulnerability OWASA has to drought.*
- The Blue Hill District is at a relatively low elevation. Can you provide reclaimed water to that area to reduce demands? *We did not explicitly look at Blue Hill but we looked at other alternatives long Highway 54 and looking at the use of reclaimed water at the building scale.*
- What green or non-engineered solutions did you evaluate? *Some of our demand management strategies are non-engineered solutions including working with the Towns to require WaterSense fixtures and pairing that with unit submetering, water efficiency design assistance paired with conservation oriented system development fees, and on-bill financing for water efficient fixtures.*
- There may be opportunities for OWASA to partner with the Town of Chapel Hill as it updates its Land Use Management Ordinance on demand management strategies. *We agree. Some of the demand management strategies noted in the question immediately above would require partnering with local governments.*
- Long-term residents were told that Cane Creek Reservoir and the Quarry Reservoir would meet all of our needs. *OWASA has had an allocation of water since 1988 and has been an important part of our planned water supply for a long time.*

Jordan Lake

- Several comments expressed concerns about water quality in Jordan Lake including PFAS and other compounds of emerging concern and algal toxins. *Hundreds of thousands of residents of the Triangle safely drink Jordan Lake water every day. We know that Jordan Lake water can be treated to current drinking water standards. The January 13, 2022 [agenda package](#) includes a summary of water quality. OWASA is confident that the proposed water treatment plant will consistently meet current and future drinking water standards. OWASA has a strong interest that this plant is built with state-of-the-art technology.*
- Will the proposed plant on Jordan Lake remove PFAS? *Yes.*
- Questions were asked about how you design a treatment plant to remove chemicals that you do not yet know about. *The new plant will be designed for known parameters and will be designed to reserve space to include additional treatment if needed in the future. Having multiple reservoirs and access to multiple treatment plants provides options to OWASA as it prepares for an uncertain future.*
- How does drinking water from Jordan Lake compare to OWASA drinking water? *OWASA evaluated 5 years of drinking water from the Town of Cary and Chatham County. They consistently met all drinking water criteria, and the quality of their drinking water is comparable to OWASA's.*
- Questions were also asked regarding whether the City of Durham, Town of Cary, and Chatham County had the same principles when it came to quality of drinking water as OWASA. *OWASA is confident that the staff at the City of Durham, Town of Cary, and Chatham County prioritize providing safe drinking water to their customers.*
- Some commenters noted that if we got into drought, it would be much better to have water from Jordan Lake than no water.
- Some commenters were glad that we were finally obtaining access to our Jordan Lake allocation.
- One commenter asked whether water quality in Jordan Lake would get worse over time. *There are efforts underway to restore water quality in Jordan Lake through the Jordan Lake One Water program.*
- Commenters pointed out that Jordan Lake was a controversial topic in 2010 and that there are people in the community who are against the use of Jordan Lake.
- One person asked about the use of the verb “augment”; under what circumstances do we plan to use Jordan Lake. *In the near-term, we would likely use water during droughts and operational emergencies. We may use water proactively if our reservoirs start dropping and climate forecasts predict dry weather.*
- When do allocations of water from Jordan Lake occur? *The allocation process opens up when a utility petitions the Environmental Management Commission for a new allocation or a larger allocation of water from Jordan Lake.*
- Who has oversight of the allocation process on Jordan Lake? *The North Carolina Environmental Management Commission.*

- Does all the water we withdraw get returned to Jordan Lake? *Yes. All of our water supply reservoirs are located in the Jordan Lake watershed, and our wastewater is returned to Morgan Creek, a tributary of Jordan Lake. There is some consumptive use (people may use some water for gardens or landscaping; the reclaimed water system also results in some use that is not returned).*
- What feeds into Jordan Lake? *Jordan Lake has a large watershed that extends past the City of Greensboro. It also includes Chapel Hill, Durham, and the western portion of Wake County.*
- It seems good to lock in access to our Jordan Lake allocation but would want to learn more about the financial implications of doing so.
- How does OWASA access its allocation to Jordan Lake now? *OWASA has MOUs with the City of Durham and the Town of Cary to “transfer” water treated by the Town of Cary through Durham’s distribution system into OWASA’s distribution system. The water delivered to OWASA not necessarily treated Jordan Lake water.*
- Jordan Lake is “a bird in the hand” for OWASA. They already have an allocation, and it is close and clean water.

Western Intake Partnership

- How does the cost of participating in the Western Intake Partnership compare to the cost of using our mutual aid agreements? *The cost of investing in the WIP will require capital investments which will be higher than mutual aid (no capital needed for mutual aid). However, our mutual aid agreements require us to pay retail water rates to our neighbors; if we needed a lot of water during an extended drought, that could result in high expenses in a given year.*
- What is the impact on rates to participate in the Western Intake Partnership? *If we invest in the intake and transmission infrastructure, we estimate that would have a 1 percent increase in our rates.*
- Does OWASA have influence over the decisions made by the Western Intake Partnership? *OWASA has not yet determined whether it will participate with the Western Intake Partnership. If we participate, we will have a vote on decisions made.*
- How will OWASA guarantee that water that is safe to drink will be delivered by the Western Intake Partners? *We will ensure that the Interlocal Agreement requires that drinking water obtained from the Western Intake Partnership meets all federal and state drinking water criteria.*
- Have we already committed to the Western Intake Partnership? *No. However, we do need to make a decision soon as they are proceeding with planning and preliminary design.*
- Do the costs projected for the WIP account for this higher level of water treatment? *Yes.*

Community Engagement

- What outreach efforts are you doing? *OWASA initiated outreach to the general public as well as targeted outreach to specific community groups. Specific outreach activities are summarized in the accompanying memo.*
- What outreach did you do a year ago? *A year ago, there were numerous news articles about the topic in Chapelboro, the Local Reporter, and the Daily Tar Heel. We used our Wonderful Water series on WCHL to go into detail on the topic and have maintained an updated website. We have posted information on our social media pages, as well. The pandemic has presented challenges about getting together with residents, but we did host a community webinar and presented to local government elected Boards in order to both engage elected officials and the people that attend and monitor those meetings. Additionally, we maintain an email list of anyone that expresses interest in the topic. Anytime that the Board is discussing the Long-Range Water Supply Plan, we are sure that this group is aware of that.*

Miscellaneous

- As demands increase, so will wastewater needs. Do we have adequate capacity at our WWTP? *Yes. We have adequate hydraulic capacity at our Mason Farm WWTP for several decades.*
- Where does our wastewater go? *Our treated wastewater is either used as reclaimed water (highly treated water for non drinking water purposes) or discharged to Morgan Creek.*
- Do we test our interconnections? *Yes, we test them periodically.*

From: [Ruth Rouse](#)
To: [Terri Buckner](#)
Subject: RE: Deep Quarry expansion analysis
Date: Thursday, April 7, 2022 7:08:00 AM

Terri – This is really quick response as I likely can't get you details until sometime next week. Let me know if you want more info than provided here. (responses in red text below).

From: Terri Buckner <tbuckner@ibiblio.org>
Sent: Wednesday, April 6, 2022 1:50 PM
To: Ruth Rouse <RRouse@owasa.org>
Subject: Re: Deep Quarry expansion analysis

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Ruth,

A couple of additional questions.

1. Am I remembering correctly that Pittsboro/Chatham have water transmission lines up to Chatham Crossing (15-501 and Mann's Chapel)? If so, does that mean the additional infrastructure required to receive water from the western intake is transmission from Chatham Crossing up to Jones Ferry?

We have an interconnection with Chatham County near 15-501. Preliminary engineering is just starting for the Western Intake Partners. A 2014 preliminary study showed us receiving water through our I-40 interconnection with Durham; it remains to be seen whether this would still be the preferred method to receive water.

2. Do you have the financial analysis of the deep water alternative at the quarry? I understand that going deeper requires new pumping infrastructure, but I don't understand how new pumps can be more expensive than laying additional transmission lines (above) for 5+ miles. Especially considering the additional fees required to access Jordan and the other fees to join the new western intake partnership. *The deep Quarry Reservoir option requires new pipelines as well. In order to receive the additional water, we not only need new pumps, but new transmission lines and that would be line that OWASA would have to fund on its own.*

3. Is the regular quarry expansion still on track for 2030? *Yes*

Thanks, Terri

On Tue, Mar 8, 2022 at 9:36 AM Ruth Rouse <RRouse@owasa.org> wrote:

Terri – Thanks for reaching out. I want to clarify that we are continuing with our plans to expand the Quarry Reservoir, but accessing depths lower than 100 feet (deep quarry access which requires new transmission infrastructure) did not score well against guiding principles established

by the Board of Directors in July 2021 to evaluate supply alternatives against. These guiding principles were based, in part, on comments we heard during our initial community engagement in late 2020 and early 2021. The [January 13, 2022 agenda package](#) describes the alternatives analysis in which the deep quarry option was eliminated.

The January 13, 2022 meeting was also the meeting in which the Board decided that Jordan Lake would be the preferred supply alternative to include in the draft Long-Range Water Supply Plan (LRWSP). However, the Board of Directors was very careful in how they worded their motion “authorize staff to include Jordan Lake as the preferred supply augmentation alternative in the draft LRWSP”. They noted that we would continue to rely heavily on our local water supplies, but use Jordan Lake to augment those supplies.

It is important to note that the LRWSP planning time frame is 50 years. We want to account for the potential for worse droughts, particularly in light of climate change, as well as the uncertainty in growth in the community when looking out fifty years. Seeking access to our Jordan Lake allocation secures the community’s long-term water supply.

Please let me know if I can provide additional information.

Ruth Rouse, AICP
Planning and Development Manager
Orange Water and Sewer Authority
400 Jones Ferry Road
Carrboro, NC 27510
919-537-4214

From: Terri Buckner <tbuckner@ibiblio.org>
Sent: Monday, March 7, 2022 5:15 PM
To: Ruth Rouse <RRouse@owasa.org>
Subject: Re: Deep Quarry expansion analysis

CAUTION: This email originated from outside the organization. Do not open links or attachments unless you verify they are safe.

Ruth,

Here's what is getting me really confused. My understanding has always been that the discussion about the western intake/Jordan is about a back up supply in the event of an emergency. But I've read several documents, including the March 11, 2021 agenda item reporting on the community outreach meeting, that make it sound like OWASA is proposing using Jordan as a primary water source rather than an emergency source. "Several questions were received about OWASA’s ability to purchase water from neighboring utilities. We added an FAQ regarding the potential. Other than developing an agreement with the Western Intake Partners,** this is not a viable long-term option to meet daily needs.**" I haven't marked the other references to daily needs because I was

sure I was misunderstanding, but can you please clarify?

Thanks, Terri

On Mon, Mar 7, 2022 at 3:38 PM Terri Buckner <tbuckner@ibiblio.org> wrote:

Hi Ruth,

Can you please tell me where I can find the analysis that made the quarry expansion a non-viable alternative for the long-range water supply plan?

Thanks, Terri

NOTICE: In accordance with the North Carolina general statutes, chapter 132, this email address is subject to North Carolina public records law. As such, please note that all inbound and outbound messages are subject to requests for review and may be disclosed to third parties.

From: [Ruth Rouse](#)
To: [Fred Lampe](#)
Subject: RE: OWASA Long Range Water Supply Plan
Date: Monday, April 25, 2022 7:49:00 AM

Per our conversation on Saturday, here is [link](#) to the table in our demand projections report that summarizes the variables changed and the amount their associated bounds of change for the Monte Carlo analysis. If the link fails, see page 10.41 of the March 14, 2019 agenda package.

Thanks for your interest in OWASA, and let me know if I can provide additional information.

From: Ruth Rouse
Sent: Wednesday, April 20, 2022 7:14 AM
To: Fred Lampe <fredrl@icloud.com>
Subject: RE: OWASA Long Range Water Supply Plan

Thank you for your comments. I will be sure that the Board of Directors sees them.

It sounds like you will be at the library this Saturday, and I look forward to meeting you there. My planned presentation will be a brief overview of the work completed to date. However, I will be available to address more in-depth questions and comments such as those posed in your email below. If you are unable to attend the event at the library, please let me know and I can provide a more detailed response to your questions and comments or set up an alternative time for us to talk.

[Ruth Rouse, AICP](#)
Planning and Development Manager
Orange Water and Sewer Authority
400 Jones Ferry Road
Carrboro, NC 27510
919-537-4214

From: Fred Lampe <fredrl@icloud.com>
Sent: Monday, April 18, 2022 12:44 PM
To: Ruth Rouse <RRouse@owasa.org>
Subject: OWASA Long Range Water Supply Plan

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Ms. Ruth Rouse,

There has been considerable discussion of the OWASA Long Range Water Supply Plan among residents on our local email list. I have captured a few of these below and would like to see these issues covered during your presentation on the 23rd at the CH Library.

As background, several local residents (and an OWASA Board member) worked closely together in analyzing two significant proposed projects strongly supported by local governments, i.e. the Chapel Hill proposal to move the Chapel Hill library to University Mall (now called University Place) instead of building an addition to the existing structure and the Durham Orange Light Rail Transit project. Each failed as a result of the close scrutiny by residents that would have been impacted by these governmental boondoggles. We are concerned that the OWASA Long Range Water Supply Plan has the same flavor and is likewise being promoted primarily by developers and the local Chamber of Commerce.

Using specific statements in the OWASA Long-Range Water Supply Plan summary on the web here:

<https://www.owasa.org/plans/owasa-long-range-water-supply-plan/>

1. It is stated in the Plan that the goal is "an adequate supply of good quality water ... for 50 years in the future". This future need of the Plan must be based on projections of both residential usage and population growth and industrial growth and usage. Yet this is the detail provided in the Plan summary, above:

Yes, our projections are based off of growth projections capturing both residential and commercial growth forecasts.

As we now know, the DOLRT ridership numbers were backward calculated from federal government transportation department "hurdle rates" to achieve adequate "scoring" of the DOLRT proposal. And, in fact ridership numbers were upped when it became apparent that the DOLRT project had too many competitors with the same score. These phantom riders were then allocated to predetermined "transit stop" locations along the proposed route that had temporary real estate options from developers for the surrounding 1/2 mile circles for future building of high density transit oriented developments at these stops.

What are the growth forecasts used by OWASA staff to justify the option selected in the 50 year Plan? How do these compare to the actual historic 50 year population growth rate? 10 year historic growth rate? What sensitivity analysis has been used in these projections?

What happens when the CH Town Council/Orange County finally figures out that residential growth just keeps property taxes rising and seriously goes industrial prospect hunting? Alamance County just landed a massive Vietnamese Electronic Vehicle plant. Just for kicks, suppose Elon Musk approaches UNC and makes an offer for the UNC North Campus property 5 years from now and "lobbies" enough Board Members to get approval for a Tesla plant. Only hitch — it needs 10 million gallons of fresh water a day for the new "bio-chemical" battery breakthrough patented by UNC. The OWASA allocation from the Jordan Lake agreement is only 5 MGD. Farfetched at the moment, sure, but so was the Vietnamese plant near Sandford — until it wasn't. The Plan is supposed to be for 50 years, yet major discontinuity occurs all the time.

2. Since the Plan states that current facilities and the Quarry Reservoir "almost" meet the 50 year Plan requirement, why can't we just negotiate a similar agreement to the one with Durham with the

City Of Burlington? This would give two alternate sources if the main OWASA Jones Ferry Road Water Treatment Plant went temporarily out of service.

The Plan Summary states:

OWASA also considered purchasing water from the City of Burlington. However, this alternative was not evaluated in detail as it would have required longer transmission lines than accessing our Jordan Lake allocation (i.e. less cost effective). In addition, it may not have been viable in the long-term given the growth occurring in the Triad.

Sounds like staff did not like the potential outcome of a thorough analysis because it might bring in question the “preferred” solution of a massive capital project to build the Western Jordan Lake inlet and associated water treatment plant. How does the cost of “longer” (how much longer?) transmission lines to transport potable water from Burlington compare to “shorter” lines and a new treatment facility to process Jordan Lake water?

3. Why does OWASA need to participate in the western intake on Jordan Lake? The Plan summary states:

The Western Intake Partnership – the City of Durham, the Town of Pittsboro, and Chatham County – has been working with consultants on the early stages of the process for designing a new water treatment facility. A decision will be made in 2022 finalizing the site of the new facility and taking next steps. OWASA is currently participating in these discussions, but we have not decided on our level of engagement on the larger project.

If indeed there is a valid reason for the “Western Intake Partnership” to proceed, why does OWASA need to be a financial contributor in what will undoubtedly be a very costly undertaking that will surely double in cost once begun, reference the three times cost escalation of the DOLRT? OWASA has yet to make the necessary capital investments to avoid “single-point-of failure” outages in the existing pipe network — reference the complete water shut down and bottled water and then boil water requirement for OWASA customers of just a few years ago.

4. There is no reference at all as to the weather modeling done in the Plan to determine likely refill of existing reservoirs. What rainfall and drought assumptions are part of this 50 year Plan? Most climate science reports indicate that the our area of the country is expected to get significantly increased rainfall with more violent storms, while the midwest will be subject to extended periods of draught.

There has not been any compelling rationale presented thus far for OWASA to invest its precious capital in the currently “preferred” Western Jordan Lake Inlet and Processing Plant. Appears that there are several financial models that need to be evaluated before any approval of participating in

the construction of the Western Inlet is considered. Also seems likely that a bit of sensitivity analysis is needed for the growth projections as well as the climate projections that underlie the current “preferred” recommendation.

Regards,

Fred Lampe

From: [Ruth Rouse](#)
To: [Del Snow](#)
Subject: RE: Jordan Lake
Date: Wednesday, April 20, 2022 10:42:00 AM

Thank you for your email; I will be sure to send your concern on to our Board of Directors.

OWASA shares your concern about algal blooms and algal toxins. Jordan Lake acts like other piedmont reservoirs, including Cane Creek Reservoir and University Lake when it comes to nutrient enrichment. OWASA monitors its reservoirs, water coming into our treatment plants, and treated water leaving the plant for algal toxins. If we detect them in the raw water entering the plant, we can adjust our treatment processes to ensure that our drinking water is safe. The proposed treatment plant on Jordan Lake can incorporate the same options as well as others and be designed to more readily adjust treatment depending on the raw water entering the plant. OWASA staff is confident that a new treatment facility will treat Jordan Lake water to protect public health.

Also, our firewall will not let me access the final link in your email. Please provide me with the actual url to access the article.

Let me know if I can provide additional information.

[Ruth Rouse, AICP](#)
Planning and Development Manager
Orange Water and Sewer Authority
400 Jones Ferry Road
Carrboro, NC 27510
919-537-4214

From: Del Snow <djdsnow@msn.com>
Sent: Monday, April 18, 2022 4:57 PM
To: Ruth Rouse <RRouse@owasa.org>
Subject: Jordan Lake

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My concern is the algae blooms in Jordan Lake. How will it be safe to use Jordan Lake water?

[Harmful Algal Blooms | US EPA](#)

What causes harmful algal blooms?

Harmful algal blooms need:

- Sunlight

- Slow-moving water
- Nutrients (nitrogen and phosphorus)

I also found these two items very disturbing:

[Algal Blooms and Cyanotoxins in Jordan Lake, North Carolina - PMC \(nih.gov\)](#)

[North Carolina Algal Assessment Program \(Inba.net\)](#): Factors promoting bloom formation are complex • Intense sunlight • Warm Temperatures • Slow moving/stagnant water • Elevated nutrients (N & P)

Thank you,
Del Snow

From: [Fred Lampe](#)
To: [Ruth Rouse](#)
Cc: [John Morris](#)
Subject: Re: Agenda Available - OWASA Board's May 12, 2022 Virtual Public Hearings and Meeting
Date: Monday, May 9, 2022 10:37:59 AM

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Ruth,

Thanks much for sending along this info in the appendix of the April 11, 2019 Board meeting.

I do find this brief paragraph to not contain a “serious” investigation of a potential inter-local agreement with Burlington that would provide benefits to both OWASA and Burlington.

It is 3 years later and much has changed. A true cost/benefit analysis of an arrangement with Burlington still seems warranted in light of the currently forecasted cost of at least \$20 million over time for accessing the Jordan Lake Western Intake Partners facilities to met a potential modest shortfall of 0.6 M gallons/day starting in 2066.

Cheers,

... Fred Lampe

On May 9, 2022, at 8:56 AM, Ruth Rouse <RRouse@owasa.org> wrote:

Mr. Lampe – During our discussion at the Chapel Hill Library, I agreed to pass on your comment to the Board of Directors regarding the City of Burlington. A summary of comments that we heard during outreach on the Long-Range Water Supply Plan will be provided in the June 9, 2022 Board agenda package which will include your comment that we further evaluate the Burlington alternative.

The Board of Directors agreed to eliminate this alternative on [April 11, 2019](#); this alternative was briefly described on page 7.9 of that agenda package.

Please let me know if I can provide additional information.

Ruth Rouse, AICP
Planning and Development Manager
Orange Water and Sewer Authority
400 Jones Ferry Road
Carrboro, NC 27510
919-537-4214

From: Fred Lampe <fredrl@icloud.com>
Sent: Friday, May 6, 2022 6:52 PM
To: Ruth Rouse <RRouse@owasa.org>
Cc: John Morris <johnnmorris@icloud.com>
Subject: Fwd: Agenda Available - OWASA Board's May 12, 2022 Virtual Public Hearings and Meeting

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Ruth,

I do not see a discussion of investigating an alternate water supply arrangement with Burlington on the agenda for the May 12 Board Meeting.

Per our discussion at your OWASA Long Range Water Supply Plan presentation at the CH Library on April 23, you agreed to bring

up the subject of doing an investigation with Burlington of a shared water supply arrangement (similar to the arrangement with Durham) with the OWASA Board. When do you plan to discuss this with the board?

Please advise me when this subject will be covered so that I can plan to virtually attend the meeting. As I noted, merely observing that “the pipes are longer” to connect to Burlington compared to Jordan Lake is not an adequate analysis of the potential benefits of an additional backup supply source of potable water completely independent of Durham — should OWASA have a water treatment plant failure or other disaster.

Thanks much,

... Fred Lampe

Sent from my iPad

Begin forwarded message:

From: OWASA <mrhill@owasa.org>
Date: May 6, 2022 at 3:02:03 PM EDT
To: fredrl@icloud.com
Subject: Agenda Available - OWASA Board's May 12, 2022 Virtual Public Hearings and Meeting
Reply-To: mrhill@owasa.org



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

Agenda Available for the May 12, 2022 OWASA Board Meeting

Hello,

The OWASA Board of Directors will hold public hearings and a board meeting on Thursday, May 12, 2022, at 6:00 p.m.; here's a public link to the virtual [Microsoft Teams Meeting](#).

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 those interested in speaking 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.

The [May 12, 2022](#) agenda includes the following information:

- **Item 1** - Concurrent Public Hearings on the Preliminary Annual Operating and Capital Improvements Budget and Proposed Rates, Fees, and Charges
- **Item 2** - Formal Purchase of Biosolids Liquid Spreader
- **Item 3** - Quarterly Financial Report for the Nine-Month Period Ending March 31, 2022
 - Stephen Winters, Director of Finance and Customer Service (swinters@owasa.org / 919-537-4230)
- **Item 5** - Resolution Authorizing the Executive Director to Execute Contracts with Blue Cross and Blue Shield of North Carolina for Employee Health and Dental Insurance Plans
- **Item 6** - Employee Merit Pay for Fiscal Year 2023
 - Stephanie Glasgow, Director of Human Resources and Safety (sglasgow@owasa.org / 919-537-4223)
- **Item 7** - LRWSP: Discuss Preparations for Jordan Lake Alternative Selection
 - Todd Taylor, P.E., Executive Director (ttaylor@owasa.org / 919-537-4216)

Thank you!

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OWASA | 400 Jones Ferry Road, Carrboro, NC 27510

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Agenda Item 11:

Review Board Work Schedule

Purpose:

- a) Request(s) by Board Committees, Board Members, General Counsel and Staff
- b) Review draft Board Meeting Agenda for July 14, 2022
- c) Review 12 Month Board Meeting Schedule
- d) Review Pending Key Staff Action Items
- e) Review Action Items Reoccurring Every 3 to 5+ years

Information:

- Draft July 14, 2022 Board Meeting Agenda
- 12 Month Board Meeting Schedule
- Pending Key Staff Action Items from Board Meetings
- Action Items Reoccurring Every 3 to 5+ years

June 9, 2022

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

Due to the ongoing North Carolina State of Emergency, 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.
 - Welcome New OWASA Board Member Pedro Garcia (Chapel Hill Appointee)
2. Announcements by Board Members
3. Announcements by Staff

Petitions and Requests

1. Public
2. Board
3. Staff

Consent Agenda

Information and Reports

1. Quarterly Report on Board and Committee Meetings (Andrea Orbich)
2. Diversity and Inclusion Program Update – January to June 2022 (Stephanie Glasgow)

Action

3. Resolution Adjusting the Executive Director's Compensation (HR Committee Chair)
4. Minutes of the June 9, 2022 OWASA Board of Directors Meeting (Andrea Orbich)

5. Minutes of the June 9, 2022 Closed Session of the OWASA Board of Directors for the Purpose of Discussing a Personnel Matter (Ray DuBose)

Regular Agenda

Discussion and Action

6. Consider Draft Resolution to Eliminate Account Delinquency Fee (Mary Tiger)
7. Review Proposed Work Plan for OWASA's Executive Director (Todd Taylor)

Discussion

8. Review Board Work Schedule
 - A. Request(s) by Board Committees, Board Members, General Counsel and Staff (Chair)
 - B. Draft August 11, 2022 Board Meeting (Todd Taylor)
 - C. 12 Month Board Meeting Schedule (Todd Taylor)
 - D. Pending Key Staff Action Items (Todd Taylor)

Summary of Board Meeting Items

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

Closed Session

10. 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) (HR Committee Chair)

OWASA Board of Directors – 12 Month Board Meeting Schedule (June 3, 2022)

Meeting Date	Agenda Items	Committee Meetings & Other Board Items
<i>June 9 2022</i>	Receipt of the OC Board of Health Report on Drinking Water Fluoridation Award the Rogerson Drive Water Line Replacement Project Low-Interest Loan from the State of NC and Authorize ED to Execute and Administer all related Loan Offer and Acceptance Documents Renewal of the Triangle Area Water Supply Monitoring Project Interlocal Agreement Bylaw Amendment regarding Annual Meeting Schedule Resolution Honoring the Service of Yinka Ayankoya Approve FY 23 Budget and Rates (including Employee Merit Pay decision) (C) LRWSP – Selection of Jordan Lake Alternative Election of Officers (C) CS – ED Annual Performance Review (C)	Strategic Plan Work Session (6-23-2022) Meeting between the CHTC OWASA Committee & Chapel Hill Appointees to the BOD (TBD)
<i>July 14 2022</i>	ED Compensation (C) Consider Proposal to Eliminate Account Delinquency Fee (C) Review Proposed ED Work Plan (C) CS – Prepare GC Annual Review (C)	Welcome new Board Member
<i>August 11 2022</i>	CS – GC Annual Review (C)	
<i>September 8 2022</i>	Review Draft Strategic Plan (Tentative) Discuss Lake Recreation Report FAQs, Plan, and Potential Program Changes Approve GC Engagement (C)	Meeting between the BOCC Members & OC Appointees to the BOD (TBD)
<i>October 13 2022</i>	Annual Meeting of the Board – Annual Report and Financial Audit (C) Approve Strategic Plan Update on Development of New Budget Format Award Chapel Hill North Pump Station Improvements Project	Meeting between the CHTC OWASA Committee & Chapel Hill Appointees to the BOD (TBD)
<i>November 10 2022</i>	TBD	
<i>December 8 2022</i>	CS – Prepare for ED Interim Review (C)	
<i>January 12 2023</i>	Approve Audit Firm Contract (C) Discuss FY 24 Budget Calendar and Assumptions (C) CS – ED Interim Performance Review (C)	OWASA Orientation for newly elected officials
<i>February 9 2023</i>	CS – Prepare for GC Interim Review (C) Department Managers FY 24 Budget Presentations (C)	Annual Update to BOCC (TBD) Meeting between the CHTC OWASA Committee & Chapel Hill Appointees to the BOD (TBD)
<i>March 9 2023</i>	Set Date for Public Hearings on FY 24 Budget & Rates (C) FY 24 Draft Budget and Rate Adjustment (C) CS – GC Interim Review (C)	
<i>April 13 2023</i>	Discuss Draft FY 2024 Budget and Authorize Staff to Publish FY 2024 Budget and Rate Information (C) BOD Eligible for Nominations to Election as Board Officers (include Officer descriptions) (C) Planning BOD Self-Assessment (C)	
<i>May 11 2023</i>	Public Hearings – FY 24 Budget and Rates (C) Approve Employee Insurance Renewals (C) Discuss Employee Merit Pay for FY 24 (C)	

OWASA Board of Directors – 12 Month Board Meeting Schedule (June 3, 2022)

Meeting Date	Agenda Items	Committee Meetings & Other Board Items
	CS – Prepare ED Annual Review	()

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
- **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
- **November** - Q1 Financial Report
- **December** - TBD

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:

<p>() Recurring agenda item (generally these are “required” items)</p> <p>ARPA American Rescue Plan Act</p> <p>BOCC Orange County Board of County Commissioners</p> <p>BOD Board of Directors</p> <p>CCR Cane Creek Reservoir</p> <p>CE Community Engagement</p> <p>CEP Community Engagement Plan</p> <p>CHTC Chapel Hill Town Council</p> <p>CIP Capital Improvements Program</p> <p>COLA Cost of Labor Adjustment</p> <p>CS Closed Session of the Board</p> <p>CTC Carrboro Town Council</p> <p>CY Calendar Year</p> <p>D&I Diversity and Inclusion</p>	<p>ED Executive Director</p> <p>EEO Equal Employment Opportunity</p> <p>EPA Environmental Protection Agency</p> <p>FY Fiscal Year</p> <p>GC General Counsel</p> <p>HR Human Resources</p> <p>JL Jordan Lake</p> <p>KPI Key Performance Indicator</p> <p>LRWSP Long-Range Water Supply Plan</p> <p>MOA Memorandum of Agreement</p> <p>MWBE Minority/Women-owned Business Enterprises</p> <p>MST Mountains-to-Sea Trail</p> <p>MFMM Multi-Family Master Meter</p> <p>NCDOT North Carolina Department of Transportation</p>
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OWASA Board of Directors – 12 Month Board Meeting Schedule (June 3, 2022)

NRTS	Natural Resources and Technical Services
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.	5-12-2022	Follow-up on Board questions regarding fees for miscellaneous services and billing data.	NA	Winters	Completed – emailed to the Board on 5-17-2022
2.	5-12-2022	Follow-up on the value of personal leave bonuses provided to employees in FY 21 when merit increases were not given.	NA	Glasgow Winters	Completed – emailed to the Board on 5-17-2022
3.	5-12-2022	Following the 5-20-2022 Wetland Banking tour, determine whether to schedule a NRTS Committee meeting.	NA	Eimers Orbich	Tour canceled.
4.	10-28-2021	Evaluate trends in the labor market, cyber security, etc.	NA	Taylor Directors	Completed – email to the Board on 5-10-2022

OWASA Action Items Recurring Every 3 to 5+ Years

No.	Action Item	Purpose	Board Action Needed	Target Start Date	Target Completion Date	Frequency	Staff Lead
1.	Strategic Plan	Identify key strategic initiatives and corresponding actions for OWASA during the next 3-5 years	<ol style="list-style-type: none"> 1) Participate with and guide staff to develop an updated draft Strategic Plan 2) Invite and consider customer and stakeholder feedback on draft Plan 3) Approve Strategic Plan 4) Provide staff resources and guidance needed to execute the Plan 	July 2021	TBD	3-5 years	Executive Director and Strategic Initiatives Manager
2.	Local Water Supply Plan and Water Shortage Response Plan	NC General Statutes requires Local Water Supply Plan and Water Shortage Response Plan be updated at least every 5 years to be submitted to NC Department of Environmental Quality	<ol style="list-style-type: none"> 1) If staff identifies a policy or material change in the update of the Plans, Board guidance is required 2) Approve Plans 	Spring 2022 (if policy or material change)	Spring 2023 (to align with Local Water Supply Plan for calendar year 2022)	5 years	Planning and Development Manager
3.	Water Demand Projections will be updated approximately every 10 years, unless there is a significant change in assumptions	Periodically check the assumptions used to develop our water demand projections	<ol style="list-style-type: none"> 1) Provide staff feedback and guidance on assumptions and methods to develop demand projections 2) Invite and consider stakeholder feedback on draft demand projections 	2028	2029	10 years	Planning and Development Manager
4.	Cost of Service Rate Study	<ol style="list-style-type: none"> 1) Ensure OWASA's rates, fees and charges continue to meet the goals of the organization (e.g. sustainability, conservation, etc.) 2) Update cost allocations and adjust rates as necessary. 	<ol style="list-style-type: none"> 1) Provide guidance to staff on draft Rate Study 2) Invite and consider customer and stakeholder feedback on draft Rate Study 3) Approve Rate Study and annual update of rates, fees and charges as needed 	FY 2023	FY 2023	5 years	Director of Finance and Customer Service

OWASA Action Items Recurring Every 3 to 5+ Years

No.	Action Item	Purpose	Board Action Needed	Target Start Date	Target Completion Date	Frequency	Staff Lead
		NC General Statues requires review of System Development Fees every 5 years.					
5.	Auditor	NC General Statues requires an annual audit of OWASA's finances. It is a best-practice to invite proposals and select best-qualified audit firm every 3 years.	<ol style="list-style-type: none"> 1) Assign 1 or 2 Board Members to participate on staff's panel to select a best-qualified audit firm 2) Award annual contract to audit firm 	Winter 2024	Spring 2025	3 years	Director of Finance and Customer Service
6.	Banking Services	It is a best-practice to invite proposals and select a best-qualified financial institution to provide OWASA's various banking needs.	<ol style="list-style-type: none"> 1) Provide guidance to staff on the social responsibility and environmental sustainability criteria to be considered when selecting a best-qualified financial institution for banking services 2) Approve financial institution 	2032	2033	10 years	Director of Finance and Customer Service
7.	Employee Classification Pay and Compensation	It is best-practice every 5-7 years to thoroughly review employee jobs to ensure they are properly classified in their position and to ensure total compensation (pay and benefits) are competitive and meeting OWASA's needs.	<ol style="list-style-type: none"> 1) Provide guidance to staff about goals and objectives for employee total compensation 2) Approve Employee Classification, Pay and Compensation Study & Pay Administration Guidelines 	2022	2023	5-7 years	Director of Human Resources and Safety
8.	Financial Management Policy	It is a best-practice to review OWASA's Financial Management Policy periodically to ensure organizational fiscal objectives are appropriate.	<ol style="list-style-type: none"> 1) Provide guidance to staff about OWASA's Financial Management objectives 2) If needed, approve update to Financial Management Policy 	FY 2023	FY 2023	5 years	Director of Finance and Customer Service

OWASA Action Items Recurring Every 3 to 5+ Years

No.	Action Item	Purpose	Board Action Needed	Target Start Date	Target Completion Date	Frequency	Staff Lead
9.	Audit of OWASA Board Policies and Ordinances (such as Cross-Connection, Sewer Use, Purchasing and Procurement, etc.)	It is a best-practice to have staff audit the various Board approved policies to ensure they are still appropriate. As needs change, staff is responsible to act and inform the Board.	<ol style="list-style-type: none"> 1) Provide guidance to staff on staff's recommended updates to various Board policies. 2) As needed, approve policy updates 	As needed	Ongoing	5+ years	Executive Director
10.	Communications and Community Engagement Plan	Review key communications and engagement initiatives to ensure they align with, and support, current and future business operations, as well as community engagement needs and priorities	<ol style="list-style-type: none"> 1) Update communications plan taking into consideration learnings from and measurement of the previous years' activities, and current and future fiscal year business priorities, as well as associated community engagement needs 	As needed	Ongoing	Annual	Strategic Initiatives Manager
11.	Human Resources Policy	As needs change, staff is responsible to act and inform the Board	<ol style="list-style-type: none"> 1) Provide guidance to staff on staff's recommended updates to various topics within the HR Policy. 2) As needed, approve policy updates 	As needed	As needed	As needed	Director of Human Resources and Safety

Agenda Item 12:

Report of the Nominating Committee for Election of Officers

Background:

The Bylaws of Orange and Sewer Authority states that officers shall be elected annually at the Board's first regular meeting in June and shall hold office for one year or until their successors are elected and qualified.

At the Boards' April 14, 2022 meeting, nominations were made and seconded for Board Members who are available for election to office. In accordance with this information:

- The Board Member nominated for election as Chair is Bruce Boehm.
- Board Members nominated for election as Vice Chair are Todd BenDor and Kevin Leibel.
- Board Members nominated for election as Secretary are Todd BenDor and Ray DuBose.

For the Election of Officers and in accordance with amended [N.C. General Statutes 166A \(Public Bodies/Remote Meetings During Declared Emergencies, Section 4.31.\(a\) Article 1A\)](#), for each office, Board Members will vote in alphabetical order, in roll call, each will verbally announce his or her vote for one of the candidates nominated, and the votes will be recorded for public record.

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.

If a Board Member must be absent from the June 9, 2022 meeting, that Board Member 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 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.

Action Needed:

Election of Officers by the Board of Directors.

June 9, 2022