



## 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**

### **Work Session of the OWASA Board of Directors**

**Thursday, June 10, 2021, 6:00 P.M.**

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

In compliance with the "Americans with Disabilities Act," interpreter services for non-English speakers and for individuals who are deaf or hard of hearing are available with five days prior notice. If you need this assistance, please contact the Clerk to the Board at 919-537-4217 or [aorbich@owasa.org](mailto: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](mailto: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](mailto: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. The Board may take action on any item on the agenda.

### **Announcements**

- a. Announcements by the Chair
  - Any Board Member who knows of a conflict of interest or potential conflict of interest with respect to any item on the agenda tonight is asked to disclose the same at this time.
- b. Announcements by Board Members
- c. Announcements by Staff
  - 2020 Annual Water Quality Report Card (Mary Darr)
- d. Additional Comments, Suggestions, and Information Items by Board Members (Chair)

### **Consent Agenda**

#### Action

1. Guidance on Individual Board Member Interactions with OWASA Staff Members (Todd Taylor)
2. Private Access and Utility Easement and Road Maintenance Agreement off Bradshaw Quarry Road (Ruth Rouse)
3. Minutes of the May 13, 2021 Work Session of the Board of Directors (Andrea Orbich)



## AGENDA

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4. Minutes of the May 27, 2021 Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter, as provided in N.C. General Statutes 143.318.11(6) (Jody Eimers)

### **Regular Agenda**

#### **Discussion and Action**

5. 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, 2021
  - B. Resolution Adopting the Budget for Orange Water and Sewer Authority for Fiscal Year (FY) 2022
  - C. Resolution Approving the CIP for FY 2022-2026 and the Accompanying FY 2022 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; and Authorizing Cost of Labor and Merit Pay Increases for Eligible Employees
6. Resolution Honoring the Service of Robert Morgan to the Orange Water and Sewer Authority Board of Directors and the Carrboro-Chapel Hill-Orange County Community (Ray DuBose)
7. Resolution Adjusting the Executive Director's Compensation (Jody Eimers)

#### **Discussion**

8. Long-Range Water Supply Plan – Guiding Principles for Evaluating Water Supply Alternatives to Reliably Access OWASA's Allocation of Water in Jordan Lake (Ruth Rouse)
9. Review Board Work Schedule
  - a. Request(s) by Board Committees, Board Members and Staff (Ray DuBose)
  - b. July 8, 2021 Board Meeting (Todd Taylor)
  - c. August 26, 2021 Work Session (Todd Taylor)
  - d. 12 Month Board Meeting Schedule (Todd Taylor)
  - e. Pending Key Staff Action Items (Todd Taylor)
  - f. Action Items Reoccurring Every 3 to 5+ Years (Todd Taylor)

### **Election of Officers** (Effective July 1, 2021)

10. Report of the Nominating Committee for Election of Officers (Ray DuBose)
  - a. Chair of the Board
  - b. Vice Chair of the Board
  - c. Secretary of the Board

### **Summary of Work Session Items**

11. Executive Director will summarize the key staff action items from the Work Session

### **Closed Session**

12. The Board of Directors will Meet in a Closed Session for the Purpose of Discussing a Potential Real Property Acquisition, as provided in N.C. General Statutes 143-318.11 (a.5) (Ruth Rouse)

**Agenda Item 1:**

Guidance Regarding Individual Board Member Interactions with OWASA Staff Members

**Purpose:**

On May 27, 2021, the Board received and provided feedback on the proposed Guidance Regarding Individual Board Member Interactions with OWASA Staff Members.

The revised document will provide additional guidance for collaboration and discussions between individual Board members and OWASA staff members.

**Action Needed:**

Staff recommends replacing the existing language in the “Framework for OWASA Board and Committee Roles” with the proposed standalone guidance document to assist the Board and staff in defining roles and responsibilities, the process for making requests, and appropriate interactions between individual Board members and OWASA staff members.

**Information:**

- Revised Guidance Regarding Individual Board Member Interactions with OWASA Staff Members
- Framework for OWASA Board and Committee Roles

June 10, 2021

## **Guidance on Individual Board Member Interactions with OWASA Staff Members**

June 2021

### **Purpose of the document**

Individual Board members and OWASA staff members are encouraged to maintain collaborative working relationships with each other, to share suggestions for problem solving, and to maintain a positive team environment. Because the Board of Directors is a governing body responsible for setting the annual budget, including performance-based compensation adjustments for staff, and because the Executive Director reports directly to the Board and all other OWASA staff members report to the Executive Director, there is an obvious power dynamic at play that can complicate successful collaboration. This guidance has been established to assist both Board members and staff in defining appropriate interactions between individual Board members and OWASA staff members.

### **Roles and Responsibilities**

- The OWASA Board of Directors, as a body, provides guidance to the Executive Director on the administration of Board approved policies and directives. The Board is also responsible for allocating financial resources and evaluating the Executive Director's performance.
- The Executive Director is responsible for directing and managing all OWASA staff member activities.
- OWASA staff members are responsible for the successful execution of their work plan as defined by the Executive Director or designee.

### **Process for Formal Requests**

- a) Petitions and requests from individual Board members that may require substantial resources or staff time shall be discussed in advance with the full Board during the open session of a public meeting. Note that there is a portion of the Board's monthly business meeting agenda that is specifically designated to receive petitions and requests from individual Board members regarding items not on the regular agenda. The Board does not receive petitions or requests from individual Board members for items not on the regular agenda during the Board's monthly work session.
- b) To assist the Board in the decision-making process, the Executive Director and/or OWASA staff members will assess if substantial resources or staff time will be required to respond to the petition or request and provide that information to the Board. The Executive Director may request additional time to perform this assessment and provide the information to the Board at a later date.
- c) Approval by a majority of the Board is required to authorize the Executive Director to approve any petitions and requests from individual Board members.

### **Process for Informal Requests**

- a) Individual Board members are encouraged to make inquiries, requests for clarification, and suggestions directly to OWASA staff members, not inconsistent with this Guidance, outside of formal Board and Committee meetings. Standard practice is to initiate these requests via email and to copy the Board Chair and Executive Director.
- b) Requests that may require substantial resources or staff time to effectively respond to must be reviewed and approved by the Board Chair and Executive Director prior to contacting OWASA staff members. A written explanation will be provided by the Board Chair and Executive Director should a Board member's request to contact an OWASA staff member(s) be denied.

### **Additional Guidance**

- a) Individual Board members, the Executive Director and OWASA staff members should always remain mindful of their different roles and responsibilities.
- b) Individual Board members, the Executive Director and OWASA staff members will always treat each other with respect and give consideration for their critical function at OWASA.
- c) Individual Board members should consider avoiding the following in any interactions with the Executive Director or OWASA staff members:
  - Representing the opinions of others (i.e. fellow Board members, elected bodies, customers, etc.)
  - Discussing confidential matters
  - Offering to exchange favors or benefits
  - Attempting to influence staff recommendations
  - Issuing directives or specific actions
  - Making inefficient use of staff time
  - Using inappropriate language or behavior
- d) Individual Board members, the Executive Director and OWASA staff members should always remain mindful that the appropriate place for discussing OWASA business matters, and especially for presentation and deliberation of competing ideas, is in open Board meetings where all Board Members and the public can share the benefits of such discussions.

## **FRAMEWORK FOR OWASA BOARD AND COMMITTEE ROLES**

Accepted September 11, 2014

### **Purpose of the document**

This document describes the boundaries between the roles of the full Board, Board committees, committee chairs, and individual Board members. Its intent is to complement the current OWASA bylaws, rather than alter or duplicate them. The document is intended as clarification of the select boundary areas only, not a complete description of roles and responsibilities.

### **Relationship between full Board and standing Board Committees**

The OWASA Board determines which topics it wants to explore as a full Board (potentially in a work session format) 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.

Implementation:

1. Full Board regularly reviews proposed agenda topics for both Board work sessions and regular meetings
2. Board committees and committee chairs may propose additional topics for analysis and development of recommendations; Board determines (1) whether to invest Board, committee, and staff resources, and (2) which topics it prefers to explore as a full board
3. To facilitate Board decision-making, Board chair may propose how and when the Board and Board committees will address a particular topic

### **Relationship between full Board and the Executive Committee**

The Executive Committee provides input to Board chair and Executive Director concerning draft agendas and 12-month calendar for the Board work sessions and regular meetings. With such input, Board chair approves the agenda for near-term Board meetings. The goal is to achieve alignment with Board consensus on the desired long-term agenda and to incorporate actions and discussion topics proposed by staff members.

The Executive Committee will also review Board practices, and opportunities for improving them, and provide relevant advice or recommendations for consideration by the chair or the full Board. (The full Board can also review Board practices.)

The Executive Committee also acts as a proxy for the full Board in situations where urgent and significant policy or operating decisions must be made AND when it is not feasible to convene a quorum of the Board.

### **Role of Board Committee Chairs**

Committee chairs facilitate deliberation by their respective committees on topics referred to committees by the full Board. The chairs communicate committee analysis, meeting summaries, and recommendations to the full Board.

Committee chairs approve agendas for committee meetings. The goal is to achieve alignment with Board consensus on the desired long-term committee agenda and to incorporate discussion topics proposed by staff members. The committee chairs also consult with the Executive Director and members of staff to ensure satisfactory preparation of information and analysis for committee deliberations.

The Board chair may assign responsibility to a committee chair to consult directly with the Executive Director and members of staff to ensure satisfactory preparation for a full Board work session on a topic that is consistent with the committee's domain. The Board chair may also assign responsibility to a committee chair to guide and facilitate deliberation of the topic at the full Board's work session.

Committee chairs will survey their respective committee members to identify additional Board topics related to the domain of the committee; committee members may also recommend topics for consideration. Before investing Board, committee, or staff resources, the committee chair will review proposed topics with the full Board.

The Board chair may also establish an ad hoc committee of Board members to address a topic that does not fit the domain of standing Board committees.

### **Relationship Between Individual Board Members and Staff Members**

~~Board members and OWASA staff are encouraged to maintain collaborative relationships each with the others, to share suggestions for problem solving, and to maintain positive working relationships.~~

~~Individual members of the Board, including members of the Executive Committee and committee chairs, are encouraged to make inquiries to or request information directly from the Executive Director or OWASA staff. Such requests should be made through the Executive Director if responding is likely to require substantial resources or staff time, in which case the Executive Director may ask that the request be made and coordinated through the Board Chair in order to assure it is consistent with the Board's adopted work plan and strategic goals.~~

~~Individual Board members including committee chairs should take care to be sure individual requests of the Executive Director or staff are necessary and appropriate to understanding or accomplishing the Board's adopted work plan.~~

~~The Board Chair may assign responsibility to an individual Board Member to address a particular topic that lies outside the domain of the standing committees. Example: partnering with Executive Director on facilitating development of a Board approved strategic plan.~~

## **Agenda Item 2:**

Private Access and Utility Easement and Road Maintenance Agreement off Bradshaw Quarry Road

### **Purpose:**

To obtain authorization from the Board of Directors to execute an agreement between OWASA and other property owners to access property off Bradshaw Quarry Road.

### **Background:**

- OWASA, Datto/Caron, Johnson, and Poe/Gleisberg own adjacent property off Bradshaw Quarry Road as shown in Figure 1.
- There are historic access agreements that were put in place as OWASA acquired land to develop Cane Creek Reservoir. An existing 60 foot access easement on OWASA property and 20 foot access easement across Datto/Caron provide access to Johnson and Datto/Caron property (Figure 1).
- Historically, Poe/Gleisberg also owned Datto/Caron and had access to the Poe/Gleisberg parcel 9831-82-2691 shown in Figure 1.
- In 2014, Poe/Gleisberg sold tract 9831-62-9340 to Datto/Caron leaving a small gap in the access agreements and leaving the Poe/Gleisberg tract without road access.
- Poe/Gleisberg would like to re-establish the access to their parcel of land, and Datto/Caron and Johnson have agreed to the new easement.
- Poe/Gleisberg have further agreed to limit development on their parcel to four lots. The tract is approximately 60 acres, and Orange County zoning allows for 5-acre lots. This limitation on development will help protect Cane Creek Reservoir. The access easement is included in Attachment 1.
- The access easement also spells out maintenance provisions, which were not included in the existing access agreements. According to the proposed agreement, OWASA would not participate in routine maintenance, but would restore the access road if we damaged it through activities requiring heavy equipment or other vehicles.
- It is in OWASA's best interest to execute the access easement to protect Cane Creek Reservoir and define maintenance requirements.

Figure 1: Existing Access Easements off Bradshaw Quarry Road



**Staff and Counsel Recommendation and Action Needed:**

Staff and General Counsel believe that executing this access agreement reinstates historic access that was inadvertently lost through a prior sale. In addition, conditions included in the draft access agreement limit development of a parcel at the headwaters of Cane Creek Reservoir, which will help protect water quality in our drinking water supply. Conditions also clarify maintenance requirements of OWASA and the other parties. Therefore, staff and General Counsel recommend that the Board of Directors approve the attached resolution. Draft motion language follows:

*Motion that the Board of Directors approve the Resolution to Authorize Private Access and Utility Easement and Road Maintenance Agreement.*

**Information:**

Attachment 1: Private Access Utility Easement and Road Maintenance Agreement

Attachment 2: Resolution to Authorize Private Access and Utility Easement and Road Maintenance Agreement

Prepared by/return to: Satterfield Law, PLLC  
401 Meadowlands Parkway, Suite 102  
Hillsborough, NC 27278

STATE OF NORTH CAROLINA

**FOR MULTIPLE PIN SHEET**

**SEE BOOK \_\_\_\_ PAGE \_\_\_\_**

COUNTY OF ORANGE

**PRIVATE ACCESS AND UTILITY  
EASEMENT AND ROAD  
MAINTENANCE AGREEMENT**

THIS PRIVATE ACCESS AND UTILITY EASEMENT AND ROAD MAINTENANCE AGREEMENT (“Agreement”) is made this \_\_\_\_ day of \_\_\_\_\_, 2021 by and between Edward Johnson (“Johnson”), Carl Poe (“Poe”), Cynthia Gleisberg and husband, Henry Gleisberg (“Gleisberg”), Michael B. Datto and wife, Kathleen M.I. Caron (“Datto”), and Orange Water and Sewer Authority, a public body, politic and corporate, created and existing under Article 1, Chapter 162A of the North Carolina General Statutes, (“OWASA”).

**STATEMENT OF PURPOSE**

WHEREAS, Johnson, Poe, Gleisberg, Datto, and OWASA, are owners of adjacent parcels located in Orange County, North Carolina, referred to herein as the Parcels. The Johnson Parcel is identified by Orange County Land Records as Parcel Identification Number 9831-84-2137. The Poe and Gleisberg Parcel is identified by Orange County Land Records as Parcel Identification Number 9831-82-2691. The Datto Parcel is identified by Orange County Land Records as Parcel Identification Number 9831-62-9340. The OWASA Parcel is identified by Orange County Land Records as Parcel Identification Number 9831-64-2850; and

WHEREAS, the parties wish to establish a private easement and set forth an agreement regarding use and maintenance of the easement and the driveway located therein.

NOW, THEREFORE, in consideration of the mutual covenants and easements herein granted to each party and for the benefit of any future owners of the parcels, the receipt and

sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereby declare, establish and reserve the following:

1. Grant of Easement. There is granted a Perpetual easement over the respective portions of the respective Parcels as described on Exhibit A attached hereto, constituting a private access and utility easement, which shall run with the land and appurtenant thereto and shall be binding upon any subsequent owner of the Parcels. Such easement shall be a non-exclusive easement for the uses hereinafter described. This easement is limited to ingress, egress, regress, and the installation and maintenance of utilities only, and is not intended and shall not be construed to grant any easement for parking, storage, construction, of any improvements other than the driveway itself, or for any other purpose inconsistent with the use described above, the easement shall benefit each Parcel to the extent necessary to access the public right-of-way of S.R. 1115 (a/k/a Bradshaw Quarry Road), and burden each Parcel with the responsibilities set forth herein. The easement shall be sixty (60) feet in width, as described in Exhibit A.

TO HAVE AND TO HOLD the aforesaid rights and easements unto Johnson, Poe, Gleisberg, Datto and OWASA, their successors and assigns forever.

2. Maintenance of Easement Areas.
  - a. A Gravel Road is in existence within the Easement Area at the time of this Agreement. Henceforth, all maintenance costs for the shared driveway shall be shared equally by the owners of the Poe Gleisberg Parcel. When the Datto Parcel is developed for residential or other regular, recreational, agricultural, or other use, all maintenance costs for the shared driveway shall be shared equally by the owners of the Poe Gleisberg, and Datto Parcels. Notwithstanding the foregoing, if the owners of the Johnson, Poe, Gleisberg and Datto or OWASA Parcels cause extraordinary wear or damage to the road due to activities requiring use of the road by heavy equipment or other vehicles, the owners of that parcel will be solely responsible for the repair of the road necessary to bring the road back to the condition it was prior to the extraordinary activity and will undertake immediately to provide for such repairs.
  - b. The parties responsible for maintenance of the Gravel Road shall meet at least yearly to review and determine any needed maintenance of the shared driveway, and agree to use good faith in determining, apportioning, and paying the costs thereof.
  - c. In the event that any owner is required to pay another owner a share of any maintenance costs provided for herein, each owner agrees to pay its share of such maintenance costs within thirty (30) days of receipt of an invoice from the owner who is owed such reimbursement, setting forth (i) the amount of such maintenance costs; (ii) each owner's share; and (iii) details of the maintenance performed. If any owner fails to contribute its share of such maintenance costs within thirty (30) days of receiving such invoice, the outstanding amount due shall immediately begin to

accrue interest relating back to the date of such invoice until paid in full at the rate of twelve percent (12%) per annum.

- d. If a particular parcel is subdivided, each owner of the subdivided lot, shall share in the maintenance.

3. Covenants Regarding Easements.

- a. Except for each party's obligations to maintain the easements granted in this Agreement, nothing contained in this Agreement shall give any owner the right to construct or to dictate improvement of the shared Gravel Road to a level or standard beyond its current standard.
- b. The easements granted in this Agreement are for the benefits of and restricted solely to the owners, their heirs, successors and assigns. The easements and rights granted herein are not intended to and do not create any right in or benefit to the general public. The rights of ingress and egress shall extend to the licensees and invitees of the owners, their heirs, successors and assigns.
- c. The easements, covenants, and restrictions contained in the Agreement are not personal but are appurtenant to and shall run with the land benefited and burdened thereby and shall be binding upon all present and future owners, their successors in title or interest. The easements and rights granted herein are intended to permit and allow the continued use of the Parcels and are not intended to provide for use to access properties other than the Johnson, Poe Gleisberg, Datto and OWASA Parcels.
- d. Each owner shall protect, defend, and hold harmless the others from any liability, loss, cost, damage and expense (including reasonable attorneys' fees) to each other or the Parcels arising out of or in any way connected with the acts or omissions of the indemnifying party, its employees, agents, tenants, invitees, licensees or contractors, in the parties' use of any easements provided for herein.

4. Additional Covenants and Conditions.

In further consideration of the agreement to enter into this Agreement, the parties agree to the following covenants and conditions:

- a. The owners of the Poe Gleisberg Parcel, their heirs, successors and assigns, shall grant an easement to Orange County along the eastern boundary of the Parcel, six (6) feet in width, and located no further than one hundred (100) feet from said eastern boundary, for the purpose of providing a connecting segment to the Mountain to Sea trail system. In the event the easement is not accepted by Orange County within five (5) years after being offered, then this obligation shall become null and void.

- b. The Poe Gleisberg Parcel shall not be subdivided into more than four (4) parcels. Notwithstanding the foregoing, the owners of the Poe Gleisberg Parcel shall be permitted to convey a portion of the parcel in a recombination with a neighboring parcel owner, and any land conveyed in the course of such recombination shall not be considered a subdivision creating a parcel.

5. Miscellaneous.

- a. Any modification to this Agreement must be in written, recordable form and be executed by the owners of each Parcel.
- b. No waiver of any provision of this Agreement shall be deemed to imply or constitute a further waiver of that provision or any other provision. Should any provision be declared invalid by a legal authority of competent jurisdiction, the other provisions of this Agreement shall remain in full force and affect.
- c. Failure of any owner to comply with any or all of the terms and conditions of this Agreement shall not, under any circumstances, entitle any other owners to terminate any easement or right hereunder, but shall give rise to damages and/or such other remedies as may be provided in this Agreement or by law or equity. All rights, powers, and privileges incurred hereunder shall be cumulative and in addition to and not to the exclusion of those provided by law or equity.
- d. This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina.
- e. This document embodies the complete understanding of the parties with the regard to the matters addressed herein, and all other discussions or understandings between the parties, whether verbal or written, are merged herein.

[SIGNATURES PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Private Access and Utility Easement and Road Maintenance Agreement the day and year first above written

\_\_\_\_\_  
Edward Johnson (Seal)

\_\_\_\_\_  
Carl Poe (Seal)

\_\_\_\_\_  
Cynthia Gleisberg (Seal)

\_\_\_\_\_  
Henry Gleisberg (Seal)

\_\_\_\_\_  
Michael B. Datto (Seal)

\_\_\_\_\_  
Kathleen M.I. Caron (Seal)

Orange Water and Sewer Authority

By: \_\_\_\_\_  
Todd Taylor, Executive Director

State of \_\_\_\_\_

\_\_\_\_\_ County

I, \_\_\_\_\_, a Notary Public of the County and State aforesaid, certify Edward Johnson, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal, this the . day of \_\_\_\_\_, 2021.

My commission expires: \_\_\_\_\_

\_\_\_\_\_

Notary Public

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State of \_\_\_\_\_

\_\_\_\_\_ County

I, \_\_\_\_\_, a Notary Public of the County and State aforesaid, certify Carl Poe, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal, this the . day of \_\_\_\_\_, 2021.

My commission expires: \_\_\_\_\_

\_\_\_\_\_

Notary Public

\_\_\_\_\_

State of \_\_\_\_\_

\_\_\_\_\_ County

I, \_\_\_\_\_, a Notary Public of the County and State aforesaid, certify Cynthia Gleisberg, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal, this the . day of \_\_\_\_\_, 2021.

My commission expires: \_\_\_\_\_

\_\_\_\_\_

Notary Public

\_\_\_\_\_

State of \_\_\_\_\_

\_\_\_\_\_ County

I, \_\_\_\_\_, a Notary Public of the County and State aforesaid, certify Henry Gleisberg, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal, this the . day of \_\_\_\_\_, 2021.

My commission expires: \_\_\_\_\_

\_\_\_\_\_

Notary Public

\_\_\_\_\_

State of \_\_\_\_\_

\_\_\_\_\_ County

I, \_\_\_\_\_, a Notary Public of the County and State aforesaid, certify Michael B. Datto, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal, this the . day of \_\_\_\_\_, 2021.

My commission expires: \_\_\_\_\_

\_\_\_\_\_

Notary Public

State of \_\_\_\_\_  
\_\_\_\_\_ County

I, \_\_\_\_\_, a Notary Public of the County and State aforesaid, certify Kathleen M.I. Caron, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal, this the \_\_\_\_\_ day of \_\_\_\_\_, 2021.

My commission expires: \_\_\_\_\_  
\_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, a Notary Public for said County and State, do hereby certify that \_\_\_\_\_ personally came before me this day and acknowledged that s/he is \_\_\_\_\_ of the Orange Water and Sewer Authority and acknowledged, on behalf of the Orange Water and Sewer Authority, the due execution of the foregoing instrument.

Witness my hand and official seal, this the \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

EXHIBIT A

LEGAL DESCRIPTION

BEING all of that sixty foot (60') wide Private Access and Utility Easement extending from the public right-of-way of S.R. 1115 across the lands of Orange Water and Sewer Authority; Edward Johnson; Carl Poe; Cynthia Gleisberg and husband, Henry Gleisberg; and Michael B. Datto and wife, Kathleen M.I. Caron, the location of which easement between S.R. 1115 and the Datto Parcel being defined and described in that deed recorded in Book 5851, Page 326, Orange County Registry, and continuing from the terminus of the easement as described in Book 5851, Page 326 across the Datto Parcel as shown on that plat entitled Easement Survey Property of Michael B. Datto and Kathleen M. I. Caron, Dated April 15, 2021 by Landmark Surveying, Inc., recorded in Plat Book \_\_\_\_\_, Page \_\_\_\_\_, Orange County Registry, to which deed and plat reference is hereby made for a more particular description.

**FINAL PLAT / EASEMENT SURVEY  
PROPERTY OF**

**MICHAEL B. DATTO  
& KATHLEEN M. I. CARON**

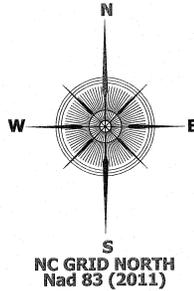
Bingham Township Orange County North Carolina

Date: 04/15/2017 Scale: 1" = 100'

**Landmark Surveying, Inc.**

109 East Harden Street Graham, NC 27253  
Firm License # C-0862 - Phone: 336-229-6275  
Email: dylandmark@triad.rr.com  
Job # 210313 Survey By: LRS, DWM & DRY Drawn By: DRY  
File Name: 210313\_Easement Survey\_Daron Satterfield.dwg

NOTE:  
NO GEODETIC MONUMENTS FOUND WITHIN 2000 FEET OF THIS SITE.  
ALL DISTANCES ARE HORIZONTAL GROUND DISTANCES UNLESS OTHERWISE NOTED  
ALL AREAS ARE COMPUTED BY COORDINATE METHOD  
THIS SURVEY HAS BEEN PERFORMED WITH THE BENEFIT OF A TITLE REPORT, AND THE REFERENCE SHOWN ARE USED IN THE COURSE OF CONDUCTING THIS SURVEY.



**NC GRID NORTH  
Nad 83 (2011)**

The State Plane Coordinates for this site were produced with RTK GPS Observations, (Spectra Precision SP-80) and the Network Realigned Accuracy of the RTK Derived Position Information is 0.10'. Horizontal Positions are referenced to NAD 83 (2011) and Vertical Positions Referenced to NAVD 88. The Combined Grid Factor is 0.9999270 Ground to Grid (1,0000730 grid to ground)

I, Douglas R. Yarbrough, certify that this plat was drawn under my supervision from an actual survey made under my supervision (deed description recorded in Book \_\_\_\_\_ page \_\_\_\_\_ etc.) (other); that the boundaries not surveyed are clearly indicated as drawn from information found in Book \_\_\_\_\_ page \_\_\_\_\_; that the ratio of precision or positional accuracy as calculated is \_\_\_\_\_; that this plat was prepared in accordance with G.S. 47-30 as amended. This survey is of another category, such as the recombination of existing parcels, a court-ordered survey, or other exception to the definition of subdivision.

Witness my original signature, license number and seal this 14th day of April, A.D., 2021.

Douglas R. Yarbrough, P.L.S., L-3395



**EXEMPT PLAT CERTIFICATION**  
I hereby certify that the division of property shown and described hereon is exempt from the subdivision regulations contained in the Orange County Unified Development Ordinance.

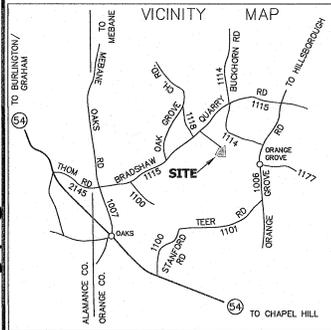
Planning Director \_\_\_\_\_ Date \_\_\_\_\_

Review Officer Certification.  
State of North Carolina, County of Orange

I, \_\_\_\_\_ Review Officer of Orange County, certify that the map or plat to which this certification is affixed meets all statutory requirements for recording.

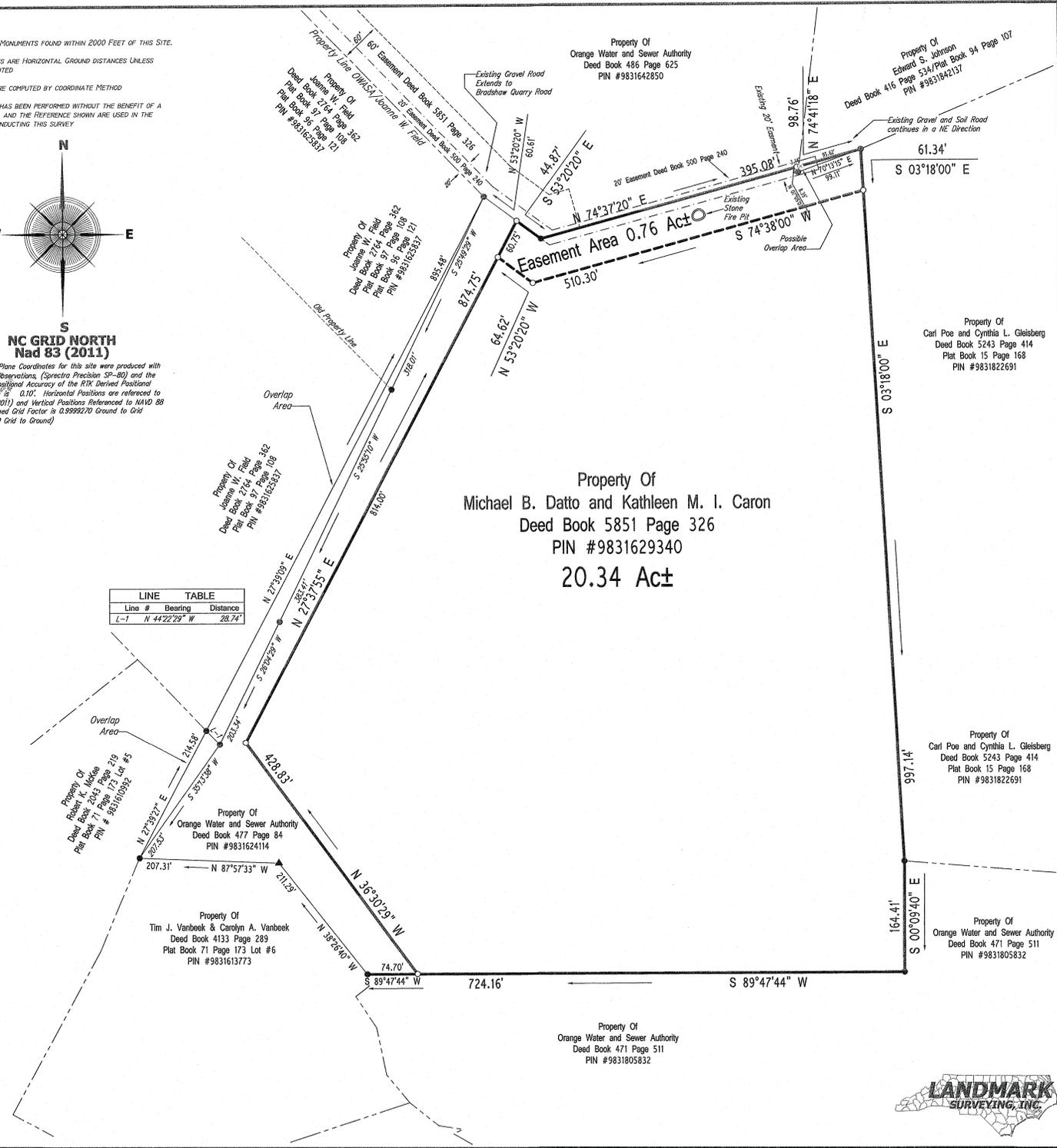
Review Officer \_\_\_\_\_ Date \_\_\_\_\_

LINE TABLE		
Line #	Bearing	Distance
L-1	N 44°22'29" W	28.74'



**LEGEND**  
Existing Iron Pipe ●  
New Iron Pipe ○  
Mathematical Point x  
Rock ▲

2.16



Property Of  
**Michael B. Datto and Kathleen M. I. Caron**  
Deed Book 5851 Page 326  
PIN #9831629340  
**20.34 Act**



**RESOLUTION TO AUTHORIZE PRIVATE ACCESS AND UTILITY EASEMENT AND ROAD MAINTENANCE AGREEMENT**

**Whereas**, OWASA, Datto/Caron, Johnson, and Poe/Gleisberg are owners of adjacent parcels located off Bradshaw Quarry Road in Orange County, North Carolina; and,

**Whereas**, there are historic access agreements that were put in place as OWASA acquired land to develop Cane Creek Reservoir; and,

**Whereas**, a land transaction that occurred in 2014 inadvertently left the Poe/Gleisberg parcel without access; and,

**Whereas**, Poe/Gleisberg wish to reestablish access to their parcel; and,

**Whereas**, Poe/Gleisberg have agreed to limit development on their parcel to four future lots, which will help to protect Cane Creek Reservoir; and,

**Whereas**, the access easement also includes maintenance provisions which were missing from earlier access agreements; and,

**Whereas**, OWASA has determined that the proposed Private Access and Utility Easement and Road Maintenance Agreement will have no adverse impact on water quality and offers greater protection of Cane Creek Reservoir:

**Now, therefore be it resolved:**

1. That the Board of Directors of the Orange Water and Sewer Authority, having been fully advised of the details and terms of the proposed Agreement, agrees that it is in OWASA's best interests that it be a party to the Private Access and Utility Easement and Road Maintenance Agreement; and,
2. That the Executive Director be, and hereby is, authorized and directed to execute the said Private Access and Utility Easement and Road Maintenance Agreement for and on behalf of the Orange Water and Sewer Authority

Adopted this 10<sup>th</sup> day of June 2021.

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Raymond E. DuBose, P.E., Chair

ATTEST:

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Jo Leslie Eimers, Secretary

### ITEM 3:

Orange Water and Sewer Authority  
Virtual Work Session of the Board of Directors  
May 13, 2021

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 13, 2021, at 6:00 p.m. utilizing Microsoft Teams software.

Board Members present: Raymond (Ray) DuBose (Chair), Bruce Boehm (Vice Chair), Jody Eimers (Secretary), Yinka Ayankoya, Kevin Leibel, Robert Morgan, John N. Morris and Bruce Runberg.

OWASA staff present: Sherman Betts, Mary Darr, Jesse DuClau, Robert Epting, Esq. (Epting and Hackney), Vishnu Gangadharan, Stephanie Glasgow, Robin Jacobs (Epting and Hackney), Andrea Orbich, Nicolas Rogers, Ruth Rouse, Todd Taylor, Mary Tiger, Stephen Winters and Richard Wyatt.

Others present: Monica Dodson, Ed Kerwin, Simon Lobdell, Ben Poulson (UNC Associate Director of Energy Services), Meg Holton (UNC Water Resources Manager), Kelly Satterfield, and Ellen Tucker (Gallagher).

#### Motions

1. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Amending the Fiscal Year 2021 Annual Budget. (Motion by Bruce Runberg, second by Bruce Boehm and the Motion was unanimously approved.)
2. Bruce Runberg made a Motion to approve the Minutes of the April 8, 2021, Work Session of the Board of Directors; second by Bruce Boehm and the Motion was unanimously approved.
3. Bruce Runberg made a Motion to approve the Minutes of the April 22, 2021, Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter; second by Bruce Boehm and the Motion was unanimously approved.
4. Kevin Leibel made a Motion to approve the Final Process for developing a Strategic Plan; second by Jody Eimers and the Motion was unanimously approved.
5. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Authorizing the Executive Director to Execute Contracts with Blue Cross and Blue Shield of North Carolina for Employee Health and Dental Insurance Plans; and The Hartford for Employee Life, Dependent Life, Accidental Death and Dismemberment, and Long-Term Disability Insurance Plans as amended. (Motion by Bruce Boehm, second by Yinka Ayankoya and the Motion was unanimously approved.)
6. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Honoring the Service of Sherman Betts to the Orange Water and Sewer

Authority and the Carrboro-Chapel Hill-Orange County Community. (Motion by Robert Morgan, second by Jody Eimers and the Motion was unanimously approved.)

\* \* \* \* \*

### Announcements

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

Mr. DuBose 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.

Mr. DuBose announced that on May 4, 2021, Jody Eimers was reappointed to the OWASA Board of Directors by the Orange County Board of County Commissioners and on May 5<sup>th</sup> Todd BenDor was appointed to the OWASA Board by the Chapel Hill Town Council. Mr. BenDor will take his Oath of Office on May 17<sup>th</sup> and his first Board Meeting will be May 27<sup>th</sup>. Mr. DuBose said a new Board Member Orientation is scheduled for Monday, May 24<sup>th</sup> and invited other Board Members to attend.

Kevin Leibel asked when the Board would return to in person meetings.

Todd Taylor said the virtual Board meetings coincide with Orange County's state of emergency which will expire on June 30, 2021, and in-person Board meetings will begin on July 8, 2021.

#### Item One: Fiscal Year 2021 Budget Amendment

Bruce Runberg made a Motion to approve the Resolution Amending the Fiscal Year 2021 Annual Budget; second by Bruce Boehm and the Motion was unanimously approved. Please see Motion 1.

#### Item Two: Resolution Authorizing the Executive Director to Execute Contracts with Blue Cross and Blue Shield of North Carolina for Employee Health and Dental Insurance Plans; and The Hartford for Employee Life, Dependent Life, Accidental Death and Dismemberment, and Long-Term Disability Insurance Plans

Bruce Boehm suggested Robert Epting, General Counsel, draft a "Whereas" statement to be included in the resolution properly recognizing the OWASA employees who have reduced insurance claims by 10 percent last year.

Mr. Epting proposed: "Whereas, OWASA's employees have made reasonable, appropriate use of these insurance benefits, their claims were down by 10 percent over the preceding year, and their prudence contributed substantially to the favorable rates being offered for renewal; and"

Without objection, the Board agreed with Mr. Epting's proposed Whereas.

Bruce Boehm made a Motion to approve the Resolution Authorizing the Executive Director to Execute Contracts with Blue Cross and Blue Shield of North Carolina for Employee Health and Dental Insurance Plans; and The Hartford for Employee Life, Dependent Life, Accidental Death and Dismemberment, and Long-Term Disability Insurance Plans as amended; second by Yinka Ayankoya and the Motion was unanimously approved. Please see Motion 5.

Item Three: Approve Final Process for Developing Strategic Plan

Kevin Leibel made a Motion to approve the Final Process for developing a Strategic Plan; second by Jody Eimers and the Motion was unanimously approved. Please see Motion 4.

Item Four: Minutes

Bruce Runberg made a Motion to approve the Minutes of the April 8, 2021, Work Session of the Board of Directors; second by Bruce Boehm and the Motion was unanimously approved. Please see Motion 2.

Item Five: Minutes

Bruce Runberg made a Motion to approve the Minutes of the April 22, 2021, Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter; second by Bruce Boehm and the Motion was unanimously approved. Please see Motion 3.

Item Six: Resolution Honoring the Service of Sherman Betts to the Orange Water and Sewer Authority and the Carrboro-Chapel Hill-Orange County Community

Ray DuBose read aloud the resolution honoring the service of Sherman Betts and expressed the Board's congratulations and deep appreciation for his dedicated service of 36 years to OWASA.

Robert Morgan made a Motion to approve the Resolution; second by Jody Eimers and the Motion was unanimously approved. Please see Motion 6.

Mr. DuBose also provided comments from Ed Kerwin, former OWASA Executive Director, who wanted to express his congratulations to Mr. Betts' on his retirement and noted Mr. Betts' contributions over the years has been tremendous, from answering customer calls after hours as well as reporting to work whenever necessary, particularly during Hurricane Fran in 1996.

Jesse DuClau, Distribution and Collection Systems Manager, Nicholas Rogers, Assistant Distribution and Collection Systems Manager, and Todd Taylor, Executive Director, also expressed their sincere appreciation, described Mr. Betts' incredible work ethic, and congratulated Mr. Betts for his 36 years of dedicated service to OWASA.

Item Seven: Long-Range Water Supply Plan: Guiding Principles for Evaluating Water Supply Alternatives

Ruth Rouse, Planning and Development Manager, provided a verbal overview of this item and requested feedback from the Board on the draft Guiding Principles which will be used to evaluate water supply alternatives.

Board discussion and feedback on the draft Guiding Principles included a request to rank the draft Guiding Principles as high, medium, and low priority. The Board also requested a Guiding Principle be added that addresses being a good partner to those who live or travel near OWASA facilities. Other suggestions to consider as factors to evaluate for each supply option included: ensure integrity and resiliency of the system by addressing items such as single points of failure; break out impact on the environment in two categories of short- and long-term; break out costs to differentiate between capital costs and costs per gallon which may have higher impact on rates; and provide information regarding benefits to OWASA to support regional water supply planning efforts.

It was also suggested that the document include a preamble which summarizes assumptions including the local governing bodies would not modify the service area. The Board will continue this discussion on June 10, 2021.

Item Eight: Discuss Employee Merit Pay for Fiscal Year 2022

Stephanie Glasgow, Director Human Resources and Safety, provided an overview on employee cost of labor and merit pay increases for Fiscal Year 2022.

Jody Eimers commented that OWASA has a world class group of employees and to continue to attract the best employees, she supports option 1 – 2.9% merit increase and a cost of labor of 1%.

Bruce Boehm said he supports option 1 and staff's recommendation to adjust aligning performance evaluation period with the fiscal year.

Robert Morgan said he fully supports staff's recommendation.

Ray DuBose suggested moving the Executive Director's performance evaluation period to align with the fiscal year.

Without objection, the Board authorized staff to adjust the fiscal year 2022 budget schedule for approval on June 10, 2021, to provide a cost of labor increase of 1% and a merit increase of 2.9% for eligible employees in accordance with OWASA's Pay Administration Guidelines, and to move the performance review of the Executive Director as recommended.

Item Nine: Review Board Work Schedule

Todd Taylor said an item was added for discussion and action to the May 27, 2021, agenda: Guidance on Individual Board Member Interactions with OWASA Staff Members; and the June 10, 2021, agenda will include a Resolution Honoring the Service of Robert Morgan to Orange Water and Sewer Authority and Carrboro-Chapel Hill-Orange County Community.

The Board agreed to cancel the June 24, July 22, and August 12, 2021 Board Meetings.

Item Ten: Summary of Work Session Items

Todd Taylor said staff will provide:

- Incorporate Board feedback and add prioritization of high, medium, or low in the Long-Range Water Supply Plan Guiding Principles; and
- Cancel the June 24, July 22, and August 12, 2021 Board Meetings.

Item Eleven: Closed Session

Without objection, the Board of Directors convened in a Closed Session for the purpose of discussion a potential real property acquisition, as provided in N.C. General Statutes 143.318.11(a.5).

Following the Closed Session, the Board reconvened in open session, reported no action was taken in the closed session, and the meeting at 8:26 p.m.

Respectfully submitted by:

Andrea Orbich  
Executive Assistant/Clerk to the Board

Attachments

## ITEM 4

### Orange Water and Sewer Authority

#### Closed Session of the Board of Directors

May 27, 2021

The Board of Directors of Orange Water and Sewer Authority met virtually in Closed Session on Thursday, May 27, 2021, following the Board meeting.

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

Staff present: None.

\*\*\*\*\*

#### ITEM ONE

The Board of Directors met in Closed Session without the Executive Director to evaluate the performance of the Executive Director.

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

The meeting was adjourned at 7:19 p.m.

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Jo Leslie Eimers, Chair  
Human Resources Committee

### **Agenda Item 5:**

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

- A. Resolution Adopting the Schedule of Rates, Fees and Charges Effective on or after October 1, 2021
- B. Resolution Adopting the Budget for Orange Water and Sewer Authority for Fiscal Year (FY) 2022
- C. Resolution Approving the CIP for FY 2022-2026 and the Accompanying FY 2022 Capital Project Resolution

### **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 27, 2021, to receive stakeholder input on the proposed FY 2022 Budget and Schedule of Rates, Fees and Charges. No member of the public spoke at the meeting, nor did anyone submit comments by other means 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 10, 2021, Board Work Session an Annual Budget for FY 2022 that provides funding for \$23.7 million in operating expenses, \$8.6 million in debt service payments, \$17.6 million for capital improvements and \$1.1 million for capital equipment expenditures.

Due to the COVID-19 pandemic, OWASA did not implement a 5% rate increase that was planned to go into effect in October 2020. To balance the FY 2021 budget without the rate increase, OWASA eliminated certain operating expenses, including employee compensation increases, and deferred about \$5 million in capital improvements projects. At the time, we projected the need to implement a 7% rate increase in October 2021.

At its meetings in March and April 2021, the Board reviewed and discussed the draft FY 2022 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 5% 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.

**Operating Budget Highlights:**

- The budget is designed so that current service levels are maintained, and all of our Financial Management Policy objectives will be met.
- 3% vacancy allowance - the personnel compensation budget has been reduced by about \$275,000, to account for position vacancies.
- Decrease in health insurance costs of 11%
- A 2.9% merit and 1.0% cost of labor (combined 3.9%) increase in employee wages The Board is scheduled to make a final decision on employee wage increases on June 10, 2021.
- Price increases for certain chemicals based on information provided by vendors.
- 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.
- Each operating department, Water Supply and Treatment, Distribution and Collection, and Wastewater Treatment and Biosolids Recycling, plan to continue participating in the Partnership for Safe Water and Partnership for Clean Water programs.

**Capital Improvements Program:**

The draft FY 2022 CIP budget totals \$17.6 million of investments to improve system reliability and resiliency and operational efficiency. Nearly 80% of the draft budget is devoted to projects already underway. Highlights include funding for:

- Replacement of 3.2 miles of water mains, including about 1.9 miles by OWASA construction crew.
- The start of construction for the West Cameron Avenue Water Main Replacements (Phase 2) project.
- Important resiliency and redundancy work at the Jones Ferry Water Treatment Plant (WTP) including Electrical Distribution Improvements, Finished Water Main Replacements, and Belt Filter Press Replacement.
- Construction of Fermenter Mixing Improvements and Clarifier #4 Rehabilitation at the Mason Farm Wastewater Treatment Plant (WWTP).
- Rehabilitation or replacement of over 1,500 feet of sewer main within East Main Street.
- Replacement of controls equipment recommended in the Supervisory Control and Data Acquisition (SCADA) Master Plan.
- No provision for costs associated with OWASA's potential participation in the Western Intake Partnership project to construct a raw water intake and water treatment facility on Jordan Lake.

**Future Budgets – Fiscal Years 2022-2026:**

The following table shows the projected rate increases for the five-year period from FY 2022-2026. Rate adjustments projected for FY 2023 and beyond will be re-evaluated each year.

	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
Rate Increase	5%	7%	5%	5%	4%
Increase in residential monthly bill based on average use of 4,000 gallons per month	\$3.79	\$5.56	\$4.24	\$4.47	\$3.74
Amount of monthly bill after increase	\$79.46	\$85.02	\$89.26	\$93.73	\$97.47

**Schedule of Rates, Fees and Charges**

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

- A 5% 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 \$3.79 to \$79.46.
- 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 2022.
- Lake fees are unchanged.

**Employee Cost of Labor and Merit Pay Increases for FY 2022:**

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 Work Session on May 13, 2021, in accordance with the guidelines outlined above, staff recommended the following pay increases for employees.

<b>Rating</b>	<b>COLA Increase</b>	<b>Merit Increase</b>
Exceptional	1.00%	5.80%
Exceeds Expectations	1.00%	4.35%
Meets Expectations	1.00%	2.90%
Below Expectations	Not Applicable	Not Applicable

**Timing of Pay Increases:**

Due to the economic impact of the pandemic on OWASA and the local economy, employees have not had a pay increase since November 2019. Additionally, OWASA’s workforce worked throughout the pandemic to continue to provide essential high-quality water, sewer, and reclaimed water services to the community without the benefit of any form of premium pay. As a result, staff recommends that employee pay raises go into effect as of the first pay period in July 2021; the proposed FY 2022 budget includes funds necessary for making this adjustment.

**Action Needed:**

Approval of the resolutions adopting: (A) the Schedule of Rates, Fees and Charges; (B) the Annual Budget for FY 2022; (C) the CIP for FY 2022-2026 and the accompanying capital project resolution; (D) cost of labor and merit pay increases for FY 2022.

**Attachments:**

- Resolution A: Resolution Adopting the Schedule of Rates, Fees and Charges Effective October 1, 2021 (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, 2021, through June 30, 2022
- Resolution C: Resolution Approving the Capital Improvements Program and Budget for Fiscal Years 2022-2026
- Resolution D: Resolution Updating the Schedule of Employee Classification and Authorized Compensation; Adjusting Affected Employees’ Compensation to the Minimum of the Pay Range; and Authorizing Cost of Labor and Merit Pay Increases for Eligible Employees

**Resolution Adopting the Schedule of Rates, Fees and Charges Effective October 1, 2021**

**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 27, 2021, on the attached proposed revision to its Schedule of Rates, Fees and Charges, to be effective on or after October 1, 2021, 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, 2021.
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 10<sup>th</sup> day of June 2021.

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Raymond E. DuBose, Chair

ATTEST:

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Jo Leslie Eimers, Secretary

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

APPLICABLE TO ALL BILLINGS AND SERVICES ON OR AFTER OCTOBER 1, 2021.

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SECTION III: SCHEDULE OF RECLAIMED WATER RATES AND FEES .....	14
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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 are in effect as of October 1, 2021.

**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”	\$16.93
3/4" Combination Fire and Domestic Service Meter	\$17.09
1”	\$33.21
1" Combination Fire and Domestic Service Meter	\$33.77
1-1/2”	\$71.81
2”	\$108.38
3”	\$222.90
4”	\$363.88
6”	\$792.32
8”	\$1,126.87

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”	\$26.47
1”	\$52.91
1-1/2”	\$97.94
2”	\$150.64
3”	\$298.18
4”	\$457.72
6”	\$900.40
8”	\$1,431.89

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.

	<b>Volume of Use (Gallons)</b>	<b>Commodity Rate per 1,000 Gallons</b>
Block 1	1,000 to 2,000	\$2.96
Block 2	3,000 to 5,000	\$7.18
Block 3	6,000 to 10,000	\$8.81
Block 4	11,000 to 15,000	\$12.31
Block 5	All use 16,000 and up	\$22.26

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.

\$6.37 per thousand gallons

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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).

	<b>Rate</b>
Off-peak seasonal rate per 1,000 gallons (October through April)	\$4.68
Peak seasonal rate per 1,000 gallons (May through September)	\$8.89

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.

\$9.57 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.

<b>Individually-Metered Residential</b>						<b>Multi-family Master-metered Residential</b>	<b>Non-Residential and Irrigation- Only</b>
<b>Block:</b>	<b>Res. Block 1</b>	<b>Res. Block 2</b>	<b>Res. Block 3</b>	<b>Res. Block 4</b>	<b>Res. Block 5</b>		
<b>Use Level: (gallons)</b>	1,000 to 2,000	3,000 to 5,000	6,000 to 10,000	11,000 to 15,000	16,000 and up		
<b>Stage 1</b>	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
<b>Stage 2</b>	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
<b>Stage 3 and Emergency</b>	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

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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 \$320

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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<b>Property Description</b>	<b>Fee</b>
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:

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<b>Service Description</b>	<b>Fee</b>
Complete Water Service Installation, 5/8" meter	\$6,180
Complete Water Service Installation, 3/4" Combination Fire and Domestic Service Meter	\$6,480
Complete Water Service Installation, 1" meter	\$6,350
Meter Only Installation, 5/8" meter	\$250
Meter Only Installation, 3/4" Combination Fire and Domestic Service Meter	\$550
Meter Only Installation, 1" Combination Fire and Domestic Service Meter	\$600
Meter Only Installation, 1" meter	\$280
Meter Only Installation, 1-1/2" meter	\$640
Meter Only Installation, 1-1/2" Combination Fire and Domestic Service Meter	\$910
Meter Only Installation, 2" meter	\$1,160
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%.

Delivery fee for 3-inch and large meters:

Delivery Fee \$160

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 \$440

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

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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.

Tap Reinspection Fee - \$150

**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.

\$240 per test

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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:

<b>Meter Size</b>	<b>Monthly Charge</b>
5/8" or 3/4" Combination Fire and Domestic Service	\$13.49
1" Combination Fire and Domestic Service	\$23.17
1-1/2"	\$39.95
2"	\$60.41
3"	\$114.23
4"	\$174.72
6"	\$320.16
8"	\$546.33

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.

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\$7.29 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.

\$7.29 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-

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residential category includes master-metered Multi-family customers plus all other commercial, University, and other institutional accounts. The use of these categories is justified by distinctive patterns of water and sewer consumption.

<b>Property Description</b>	<b>Fee</b>
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

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previously paid system development fees.

**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.

Minimum charge \$530.

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 - \$150

**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.

<b>Normal Strength Domestic Wastewater</b>	
Carbonaceous Biochemical Oxygen Demand (CBOD)	205 mg/l
Suspended Solids (SS)	235 mg/l
Ammonia Nitrogen (NH <sub>3</sub> -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)	\$0.48 per pound for all CBOD in excess of 205 mg/l
Suspended Solids (SS)	\$0.59 per pound for all SS in excess of 235 mg/l
Ammonia Nitrogen (NH <sub>3</sub> -N)	\$3.42 per pound for all NH <sub>3</sub> -N in excess of 25 mg/l
Phosphorus (P)	\$13.79 per pound for all P excess of 6.5 mg/l

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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.

<b>Non-UNC RCW Customers</b>	
<b>Meter Size</b>	<b>Per Month</b>
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.

<b>Customer Type</b>	<b>Rate per 1,000 gallons</b>
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:

<b>Meter Size</b>	<b>Fee</b>
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.

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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

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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

**CHARGE FOR CUSTOMER SITE VISIT**

With the Agua Vista automated metering system, most water use questions and trouble-shooting investigations can be conducted remotely by an OWASA customer service representative. Upon request and at OWASA's discretion, an OWASA representative may travel to a customer's location. This fee is designed to recover the labor and equipment costs associated with the site visit.

\$45 per site visit

**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.

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

**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	\$157.44 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:

- NH<sub>3</sub>-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:

<b>A + B + C + D + E = Calculated Dollars per Thousand Gallons, where:</b>
A = pounds of NH <sub>3</sub> -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 = \$6.94 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

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

**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	\$6.77 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%.

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

**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:

<b>OWASA Customers and Orange County Residents</b>	
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

<b>Individual Season Pass</b>	
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.

<b>Group Season Pass</b>	
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.

<b>For visitors who are not OWASA Customers or Orange County Residents</b>	
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  
SCHEDULE OF RATES, FEES, AND CHARGES**

**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 \$100

**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 \$220

**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 \$500

**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 - \$150

**PLAN REVIEW AND CONSTRUCTION OBSERVATION FEES**

The purpose of this charge is to recover the operating cost for providing review of construction plans

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

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.

<b>Service</b>	<b>Plan Review</b>	<b>Construction Observation</b>
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.

<b>Reinspection / Retesting Fees</b>	
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

**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.

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

**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, 2021 Through June 30, 2022**

**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) 2022 Budget, and after holding public hearings on May 27, 2021 concerning the FY 2022 Budget, the Board of Directors determined that it is necessary to increase the rates OWASA charges for monthly water and sewer services by 5% 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, 2021 through June 30, 2022.
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 10th day of June 2021.

\_\_\_\_\_  
Raymond E. DuBose, Chair

ATTEST:

\_\_\_\_\_  
Jo Leslie Eimers, Secretary

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

	<b>FY 2022 Annual Budget</b>
<b>Operating Revenue</b>	
Water	\$18,194,238
Sewer	18,856,847
Reclaimed Water	463,200
Service Initiation Fee	16,510
Other	898,581
Refunds and Adjustments	(107,101)
<b>Total Operating Revenue</b>	<b>\$38,322,275</b>
<b>Operating Expense</b>	
General and Administrative Operations	7,994,126 15,675,466
<b>Total Operating Expense</b>	<b>23,669,592</b>
<b>Net Operating Income</b>	<b>14,652,683</b>
<b>Non-operating Revenue</b>	
System Development Fees	1,249,897
Interest	97,760
<b>Total Net Income</b>	<b>16,000,340</b>
<b>Debt Service</b>	
Existing	7,945,522
New	677,665
<b>Total Debt Service</b>	<b>8,623,186</b>
<b>Net Income Less Debt Service</b>	<b>\$7,377,153</b>
<b>Debt Coverage Ratio</b>	<b>1.9</b>

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

**FY 2022  
Annual Budget**

<b>General Fund</b>		
Resources		
Transfer from Revenue	<u>\$7,377,153</u>	
<b>Annual Income Available for Capital</b>		<b>7,377,153</b>
Transfer from Construction Fund (Bond/Loan Proceeds)		<u>10,251,847</u>
<b>Total Available for Capital</b>		<u>17,629,000</u>
<b>Capital Expenditures</b>		
Project Ordinances		
General Fund Contribution	7,377,153	
Funded by Bond Proceeds	<u>10,251,847</u>	
<b>Total Project Ordinances</b>		<b>17,629,000</b>
Capital Equipment		<u>1,057,250</u>
<b>Total Capital Outlay</b>		<u>18,686,250</u>
<b>Annual General Fund Balance</b>		<b>(1,057,250)</b>
<b>General Fund Beginning Balance</b>		<u>19,376,928</u>
<b>General Fund Ending Balance</b>		<b>18,319,678</b>
Project Funding	693,124	
Reserves		
Rate/Revenue Stabilization	1,852,554	
Capital Improvements	5,200,000	
Working Capital	<u>10,574,000</u>	<u>18,319,678</u>
<b>Unallocated General Fund Balance</b>		<u><u>\$0</u></u>

**REVENUE FUND**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Fund Balance July 1, 2021</b>			\$0
<b>Receipts</b>			
<b>Operating Revenue</b>			
Customer Billings	\$18,194,238	\$18,856,847	\$37,051,085
Reclaimed Water	463,200	-	463,200
Service Initiation Fee	8,255	8,255	16,510
Other	449,290	449,291	898,581
Refunds and Adjustments	<u>(53,551)</u>	<u>(53,550)</u>	<u>(107,101)</u>
<b>Total Operating Revenue</b>	19,061,432	19,260,843	38,322,275
<b>Non-operating Revenue</b>			
System Development Fees	516,165	733,732	1,249,897
Interest Income	<u>48,880</u>	<u>48,879</u>	<u>97,759</u>
<b>Total Non-operating Revenue</b>	565,045	782,611	1,347,656
<b>Total Receipts</b>	19,626,477	20,043,454	39,669,931
<b>Expenditures</b>			
Current Expense	(11,969,713)	(11,699,879)	(23,669,592)
Debt Service	<u>(4,360,745)</u>	<u>(4,262,441)</u>	<u>(8,623,186)</u>
<b>Total Expenditures</b>	(16,330,458)	(15,962,320)	(32,292,778)
<b>Net Revenue</b>			7,377,153
<b>To General Fund</b>			(7,377,153)
<b>Fund Balance June 30, 2022</b>			<u>\$0</u>
<b>Change in Available Balance</b>			<u><u>\$0</u></u>

**BOND SERVICE FUND**

<b>Fund Balance July 1, 2021</b>		\$0
<b>Receipts</b>		
Transfer from Revenue Fund	\$8,623,186	
Interest	<u>                    </u>	
<b>Total Receipts</b>		8,623,186
<b>Expenditures</b>		
Debt Service	<u>8,623,186</u>	
<b>Total Expenditures</b>		<u>(8,623,186)</u>
<b>Fund Balance June 30, 2022</b>		<u>\$0</u>
<b>Change in Available Balance</b>		<u><u>\$0</u></u>

**GENERAL FUND**

<b>Fund Balance July 1, 2021</b>		\$19,376,928
<b>Receipts</b>		
Transfer from Revenue Fund	\$7,377,153	
Transfer from Construction Fund (Bond/Loan Proceeds)	10,251,847	
Interest	-	
Assessments	-	
Grants and Contributions	-	
	<hr/>	
<b>Total Receipts</b>		<hr/> 17,629,000
<b>Total Balance Before Expenditures</b>		37,005,928
<b>Expenditures</b>		
Capital Equipment/Leases	1,057,250	
Project Resolutions	17,629,000	
Transfer to Revenue Fund	0	
	<hr/>	
<b>Total Expenditures</b>		<hr/> (18,686,250)
<b>Fund Balance June 30, 2022</b>		<hr/> <hr/> \$18,319,678
<b>Allocation of Fund Balance June 30, 2022</b>		
Project Funding		
Capital Reserves	17,626,554	
	<hr/>	
<b>Total Allocation</b>		<hr/> <hr/> \$17,626,554
<b>Unallocated General Fund Balance June 30, 2022</b>		<hr/> \$0
<b>Change in Available Balance</b>		<hr/> <hr/> (\$693,124)

**Resolution Approving the Capital Improvements Program and Budget  
for Fiscal Years 2022-2026**

**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 2022-2026 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 27, 2021;

**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 2022-2026 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 2022-2026 is as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$17,629,000
2023	18,624,000
2024	16,291,000
2025	17,955,000
2026	<u>16,767,000</u>
Total	<u>\$87,266,000</u>

Adopted this 10th day of June 2021.

\_\_\_\_\_  
Raymond E. DuBose, Chair

ATTEST:

\_\_\_\_\_  
Jo Leslie Eimers, Secretary

**Capital Project Resolution for  
Fiscal Year 2022 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 \$17,629,000 is hereby established and expenditures therefrom authorized for the following improvements:

**Expenditures**

**Water Supply Improvements:**

Jordan Lake Raw Water Supply Allocation	\$5,000
Quarry Reservoir Development	15,000
University Lake Permanganate Facility	300,000
Cane Creek Dam Rehabilitation	350,000

Subtotal	670,000
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**Water Treatment and Distribution Improvements:**

WTP Flash Mix Basin Improvements	50,000
WTP Belt Filter Press Replacement	500,000
WTP Finished Water Pump Improvements	50,000
WTP Chemical Facility Improvements	50,000
WTP and WWTP SCADA Master Plan Recommendations	500,000
WTP Electrical Distribution Improvements	2,500,000
WTP Clearwell Rehabilitation	100,000
HVAC Controls – Operations Center and WTP Administration Building	150,000
Reimbursement for Distribution System Improvements	564,000
Water Distribution System Rehabilitation	1,345,000
Water Main Replacement Program	180,000
West Cameron Avenue Water Main Replacement	3,249,000
Distribution System Hydraulic Model	30,000
Distribution System Condition Assessment Program	70,000
Jones Ferry Rd Water Main Replacements	1,633,000

Subtotal	10,971,000
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**Wastewater Collection, Treatment and Disposal Improvements:**

Gravity Sewer Rehabilitation Program	350,000
Rocky Branch Interceptor Replacement	350,000
Morgan Creek Interceptor Replacement	100,000
East Main Street Sewer Rehabilitation	1,165,000
Collection System Basin 28 Rehabilitation	320,000
Collection System Asset Management	50,000

Rogerson Drive Force Main and Pump Station Program Services	100,000
Chapel Hill North Pump Station Rehabilitation	300,000
Rogerson Drive Pump Station Grit Removal Evaluation	30,000
WWTP Clarifier #4 Conversion	1,400,000
WWTP Facilities Planning	235,000
WWTP Fermenter Improvements	883,000
WWTP Administration Building Planning Study	55,000
Biogas Removal System Improvements	250,000
Reclaimed Water Valve/Coupling Rehabilitation	325,000
Reclaimed Water System Water Quality Evaluation	75,000

Subtotal 5,988,000

Total Expenditures \$17,629,000

**Revenues**

Transfers from the General Fund, Bond or Loan Proceeds, and Grants \$17,629,000

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 10th day of June 2021.

Raymond E. DuBose, Chair

ATTEST:

Jo Leslie Eimers, Secretary

**Resolution Updating the Schedule of Employee Classification and Authorized Compensation; Adjusting Affected Employees' Compensation to the Minimum of the Pay Range; and Authorizing Cost of Labor and Merit Pay Increases for Eligible Employees**

**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:

**Now Therefore, Be It Resolved:**

1. That the Board of Directors hereby approves a 1% cost of labor increase for eligible employees who have earned a Meets Expectations, Exceeds Expectations or Exceptional Performance review rating during the June 2021 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 2021 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 2021 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 2021 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 5, 2021.

Adopted this 10<sup>th</sup> day of June 2021.

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Raymond E. DuBose, Chair

ATTEST:

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Jo Leslie Eimers, Secretary

**Agenda Item 6:**

Resolution Honoring the Service of Robert Morgan 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 Robert Morgan.

**Action:**

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

June 10, 2021

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

**Whereas**, upon the pending departure of Robert Morgan as a valued member of the Board of Directors of Orange Water and Sewer Authority on June 30, 2021, it is fitting to recognize and record his exemplary qualifications and service since his original appointment on July 1, 2015, and to thank him on behalf of this community for his valuable service; and

**Whereas**, upon his retirement from successful service as Town Manager in area local governments, Mr. Morgan brought his interest in the people upon whose work the success of any organization depends, and his experience in public management, to his service on the OWASA Board, where he served as Chair of the Human Resources Committee, as well a member of the Finance Committee and the Community Engagement Committee; and

**Whereas**, Mr. Morgan led the Board as Vice Chair from September 2015 through June 2016, and as Chair from July 2017 through June 2018, and his steady presence and wise guidance helped OWASA navigate and prevail through a series of natural disasters and operational stresses; and

**Whereas**, Mr. Morgan strongly supported OWASA's diversity and inclusion program, through which he encouraged all employees, staff, and especially OWASA leadership to appreciate that this organization is made stronger by our common understanding and application of the strengths of all our diverse backgrounds and talents knit together and operating side-by-side to engage and serve our customer community, for whom he advocated strongly, as his neighbors and his friends;

**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 Robert Morgan for his outstanding service, leadership and stewardship as a Member of the OWASA Board of Directors; and the Board wishes for him much happiness in the years ahead.
2. That this Resolution shall 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 presented to him, and another transmitted to the Town of Carrboro under whose appointments he served as a Member of this Board of Directors.

Adopted and presented this 10<sup>th</sup> day of June 2021.

Resolution Honoring the Service of Robert Morgan to the Chapel Hill-Carrboro-Orange County  
Community as a Member of the OWASA Board of Directors

June 10, 2021

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Raymond E. DuBose, P.E., Chair

ATTEST:

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Jo Leslie Eimers, Secretary

**Agenda Item 7:**

Resolution Adjusting the Executive Director's Compensation

**Purpose:**

Consider adjusting the Executive Director's annual salary commensurate with the Board's assessment of his performance.

**Background:**

The OWASA Board held a performance review meeting with the Executive Director on April 22, 2021, to discuss his Accomplishment Report on the Key Focus Areas and other matters related to his performance.

**Information:**

- Draft Resolution submitted by Jody Eimers, Chair of Human Resources Committee

June 10, 2021

## **Resolution Adjusting the Executive Director's Compensation**

**Whereas**, the Board of Directors has reviewed the Executive Director's Accomplishment Report and overall performance for the period September 1, 2020 to June 1, 2021; and

**Whereas**, the Board of Directors has met with the Executive Director to discuss his performance review: and

**Whereas**, the Board of Directors has determined to adjust the Executive Director's compensation as provided herein;

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

1. That the Executive Director's annual base salary is hereby increased by 5.35%.
2. This increase shall be effective the first pay period in July 2021.

Adopted this 10<sup>th</sup> day of June 2021.

\_\_\_\_\_  
Raymond E. DuBose, Chair

ATTEST:

\_\_\_\_\_  
Jo Leslie Eimers, Secretary

**Agenda Item 8:**

Long-Range Water Supply Plan (LRWSP): Guiding Principles for Evaluating Water Supply Alternatives to Reliably Access OWASA’s Allocation of Water in Jordan Lake

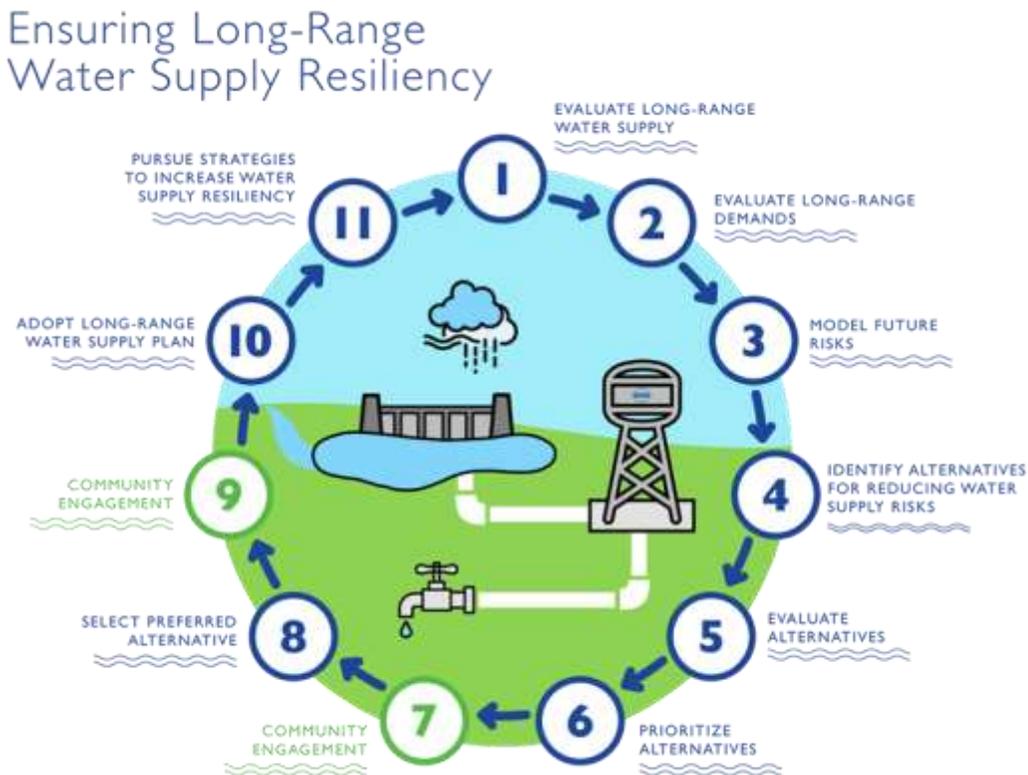
**Purpose:**

To receive approval from the Board of Directors on draft guiding principles and their weighting that will be used to evaluate water supply alternatives to reliably access OWASA’s allocation of water in Jordan Lake.

**Background:**

OWASA is updating our LRWSP to ensure that we have an adequate supply of water for our community through 2070. OWASA has updated our projections of water supply needs, estimated the yield of our planned supplies, evaluated demand management and supply alternatives to meet our long-term needs, and completed an initial round of community engagement. Figure 1 illustrates the LRWSP process; we are currently in Step 8: Select Preferred Alternative.

**Figure 1: Long-Range Water Supply Planning Process**



At its [August 13, 2020 meeting](#), the Board of Directors discussed various supply and demand management alternatives. A group of alternatives that provide reliable access to OWASA's existing allocation to water in Jordan Lake appear to be the most viable candidates to meet future needs following the addition of the Shallow Quarry Reservoir to our water supply portfolio in 2035. The Board agreed with staff's recommendation to further evaluate this group of Jordan Lake alternatives and to move forward with the initial community engagement phase of the LRWSP. After reviewing feedback from the community, the Board requested that guiding principles be developed to steer the evaluation of the suite of Jordan Lake alternatives.

Staff developed draft guiding principles for the Board's review based on feedback heard during the community engagement process as summarized in the [March 11, 2021 Board agenda](#), comments heard from Board members over the history of the update of this LRWSP, and OWASA's [mission, vision and values](#). These draft guiding principles were presented to the Board at its [May 13, 2021 meeting](#). The Board provided feedback on the draft guiding principles and requested that staff include priority buckets of "high", "medium" and "low" that will further help guide the Board in narrowing the list to a preferred supply alternative. Based on Board feedback, staff has also included an Introduction section to the Guiding Principles to summarize assumptions.

It should be noted that OWASA has not abandoned the other supply alternatives discussed at the August 13, 2020 Board meeting. The Jordan Lake alternatives required additional analyses; one of the Jordan Lake alternatives was not fully evaluated since it requires information that was not available at the time of the prior analyses. The purpose of this next step is to select one Jordan Lake alternative to evaluate against other viable water supply alternatives.

### **Draft Guiding Principles:**

#### **Introduction to Guiding Principles**

OWASA has developed the following guiding principles to aid in evaluating and comparing viable water supply alternatives to reliably access OWASA's allocation of water in Jordan Lake. The guiding principles include factors that staff can quantify or use to compare alternatives on a qualitative basis. While all the social, environmental, and economic factors addressed in the guiding principles are important to consider when evaluating this group of water supply alternatives, they are ranked as High, Medium, or Low to assist with the evaluation.

The Board of Directors will use the guiding principles to guide their discussion but may also use other factors including their best judgment to select the most viable alternative. While these guiding principles may only be used to evaluate Jordan Lake alternatives, OWASA has not abandoned other supply alternatives. These guiding principles will be used to narrow down the Jordan Lake alternatives to compare to other viable water supply alternatives. OWASA is committed to hearing feedback from our customers and will consider diverse perspectives as the Board makes its decisions concerning future water supply.

OWASA's core assumptions of our Long-Range Water Supply Plan (LRWSP) will be maintained regardless of which supply alternative is ultimately selected. These assumptions include:

- OWASA's service area as defined in the Water and Sewer Management, Planning and Boundary Agreement will remain unchanged, and we will not be required to provide water service beyond the existing Urban Service Area boundary of Carrboro and Chapel Hill.
- OWASA will continue with planned activities to develop the Shallow Quarry Reservoir alternative; this additional supply will be available by approximately 2035 and is included in our estimated yield.
- OWASA will develop our water supply portfolio to meet our community's drinking water needs for the next two generations (to 2070).
- OWASA will continue to use our local water supplies in Cane Creek Reservoir, University Lake, and the Quarry Reservoir as our primary water sources to the maximum extent practicable.
- OWASA will continue to support and encourage the water conservation ethic embraced by our community, including UNC – Chapel Hill's continued use of reclaimed water. Demand management (conservation) alternatives that are financially viable will be included in OWASA's Water Conservation Plan, which will be an appendix to the LRWSP.

#### Draft Guiding Principles

1. We will continue to provide the community with high-quality drinking water that meets or surpasses federal and state public health requirements regardless of the source(s) of supply. Any supply alternative that cannot meet this guiding principle will be eliminated from further consideration.
2. We will consider the following factors for each supply option:
  - a. High Priority
    - i. ability to reduce our vulnerability to extended drought conditions
    - ii. ability to improve the reliability and resiliency of our water supply including addressing single points of failure;
    - iii. rate impact on current customers.
  - b. Medium Priority
    - i. rate impact on future customers;
    - ii. incremental long-term impacts on the environment from operation of the infrastructure needed to support the water supply;
    - iii. incremental impacts on the community from OWASA's participation in the construction and operation of the water supply source including impacts to landowners, recreation, and transportation.

- c. Low Priority
  - i. flexibility to change course as we learn more about future customer demands, growth, climate impacts, and other uncertainties;
  - ii. support for regional water supply planning efforts, recognizing that we rely on neighboring water utilities to supply water during our occasional planned and unplanned interruptions to water supply;
  - iii. incremental short-term impacts on the environment from development of the water supply and construction of the associated infrastructure including temporary impacts to streams, wetlands, aquatic and terrestrial habitat, and other environmental considerations.

**Next Steps and Action Needed:**

No formal motion or action is needed. However, if the Board is comfortable with the guiding principles, they may elect to approve them this evening.

Once the Board approves the guiding principles, the following steps are planned to complete the LRWSP:

1. Staff will develop a Guiding Principles document that includes the Introduction to Guiding Principles above and post it to the [LRWSP webpage](#).
2. Staff with consultant assistance evaluates the Jordan Lake alternatives against the guiding principles in Fiscal Year (FY) 22 (assuming funding included in the draft FY 22 budget is approved).
3. Staff presents the Jordan Lake alternatives analysis to the Board along with a proposed community engagement plan (CEP).
4. The Board selects a preferred supply alternative and approves the CEP.
5. Staff implements the CEP.
6. Staff summarizes the feedback from the community and presents the final draft of LRWSP to Board for review.
7. Staff incorporates feedback from the Board, finalizes the LRWSP, and commences implementation.

**Agenda Item 9:**

Review Board Work Schedule

**Purpose:**

- a) Request(s) by Board Committees, Board Members, Counsel and Staff
- b) July 8, 2021 Board Work Session
- c) August 26, 2021 Board Meeting
- d) Review 12 Month Board Meeting Schedule
- e) Review Pending Key Staff Action Items
- f) Review Staff Action Items Recurring Every 3 to 5+ Years

**Information:**

- Draft agenda for the July 8, 2021 Work Session
- Draft agenda for the August 26, 2021 Meeting
- 12 Month Board Meeting Schedule
- Pending Key Staff Action Items from Board Meetings
- Staff Action Items Recurring Every 3 to 5+ Years

June 10, 2021

**Agenda**  
**Work Session of the OWASA Board of Directors**  
**Thursday, July 8, 2021, 6:00 P.M.**

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](mailto:aorbich@owasa.org).

The Board of Directors appreciates and invites the public to attend and observe its meetings. 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](mailto:board_and_leadership@owasa.org) or via US Postal Service (Clerk to the Board, 400 Jones Ferry Road, Carrboro, NC 27510).

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. The Board may take action on any item on the agenda.

**Announcements**

- a. Announcements by the Chair
  - Any Board Member who knows of a conflict of interest or potential conflict of interest with respect to any item on the agenda tonight is asked to disclose the same at this time.
- b. Announcements by Board Members
- c. Announcements by Staff
- d. Additional Comments, Suggestions, and Information Items by Board Members (Chair)

**Consent Agenda**

Information and Reports

1. Quarterly Report on Board and Committee Meeting (Andrea Orbich)

Action

2. Minutes of the June 10, 2021 Work Session of the Board of Directors (Andrea Orbich)

**Regular Agenda**

Information and Reports

3. Diversity and Inclusion Program Update – January to June 2021 (Stephanie Glasgow)
4. Strategic Plan Update (Mary Tiger)

Discussion

5. Review Executive Director Proposed Work Plan (Todd Taylor)
6. Review Board Work Schedule
  - a. Request(s) by Board Committees, Board Members and Staff (Chair)
  - b. August 26, 2021 Board Meeting (Todd Taylor)
  - c. September 9, 2021 Work Session (Todd Taylor)
  - d. 12 Month Board Meeting Schedule (Todd Taylor)

- e. Pending Key Staff Action Items (Todd Taylor)

**Summary of Work Session Items**

- 6. Executive Director will summarize the key staff action items from the Work Session

DRAFT

**Agenda**  
**Meeting of the OWASA Board of Directors**  
**Thursday, August 26, 2021, 7:00 P.M.**

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**Announcements**

1. Announcements by the Chair
  - A. 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.
2. Announcements by Board Members
3. Announcements by Staff
4. Additional Comments, Suggestions, and Information Items by Board Members (Chair)

**Petitions and Requests**

1. Public
2. Board
3. Staff

**Consent Agenda**

Action

1. Minutes of the July 8, 2021 Work Session of the Board of Directors (Andrea Orbich)

**Regular Agenda**

Discussion and Action

2. Resolution Awarding a Construction Contract for the West Cameron Avenue Water Main Replacement Phase 2 (Simon Lobdell)

Information and Reports

3. Preliminary Financial Report for the Twelve-Month Period Ended June 30, 2021 (Stephen Winters)
4. Capital Improvements Program Semiannual Report (Engineering Manager - CIP)

**Summary of Work Session Items**

5. Executive Director will summarize the key staff action items from the Board Meeting and note significant items for discussion and/or action expected at the next meeting.

**Closed Session**

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

## OWASA Board of Directors – 12 Month Board Meeting Schedule (June 4, 2021)

Month	Board Meetings		Committee Meetings & Other Board Items
	Work Session	Business Meeting	
June 2021	Guidance on Individual BOD Member Interactions with OWASA Staff Members Private Access & Utility Easement & Road Maintenance Agreement off Bradshaw Quarry Road Approve FY 22 Budget and Rates (including Employee Merit Pay decision) (C) Resolution Honoring the Service of Robert Morgan ED Compensation LRWSP – Guiding Principles Election of Officers (C) CS - Discuss a Potential Real Property Acquisition 6/10/2021	Canceled           6/24/2021	<i>Incoming Executive Committee to interview Strategic Plan consultants (6-21-2021)</i>  <i>Meeting between the CHTC OWASA Committee &amp; CH Appointees to the BOD (TBD)</i>
July 2021	D&I Update (C) Strategic Plan Update Review Proposed ED Work Plan 7/8/2021	Canceled           7/22/2021	<i>Possible welcome of new Board member(s)</i>
August 2021	Canceled           8/12/2021	Award of West Cameron Avenue Water Main Replacement Phase 2 Construction Contract Preliminary 12 Month Financial Report (C) CIP Semiannual Report (C) CS – Prepare for GC Annual Review (C) 8/26/2021	<i>Meeting between the BOCC Members &amp; Orange County Appointees to the BOD (TBD)</i>
September 2021	Annual Report on Disposal of Surplus Personal Property (C) EEO/Affirmative Action Report and D&I Update (C) Strategic Plan Update CS – Prepare for GC Annual Review (C) 9/9/2021	Annual Report and Financial Audit (C) Approve GC Engagement (C) Forest Management Program Update   (Annual Meeting of the BOD) 9/23/2021	<i>Meeting between the BOCC Members &amp; Orange County Appointees to the BOD (TBD)</i>
October 2021	Strategic Plan Update           10/14/2021	Strategic Trends Report (C) Annual Update of the Energy Management Plan (C) Q1 Financial Report (C) 10/28/2021	
November 2021	(Tentative) LRWSP – Draft Alternatives Analysis and CEP 11/11/2021	<i>Holiday – no meeting</i>	<i>Strategic Plan Work Session (TBD)</i>
December 2021	CS – Prepare for ED Interim Review (C) 12/9/2021	<i>Holiday – no meeting</i>	<i>Strategic Plan Work Session (TBD)</i>
January 2022	Appoint Audit Firm (C) Employee Health and Dental Insurance Update for FY 23 (C) D&I Update (C) (Tentative) LRWSP – Select Alternative and Approve CEP CS – ED Interim Performance Review (C) 1/13/2022	2021 Annual Lakes Recreation Report (C) CIP Semiannual Report (C) Q2 Financial Report (C) Discuss FY 23 Budget Calendar and Planning Assumptions (C)           1/27/2022	<i>Strategic Plan Work Session (TBD)</i>
February 2022	Department Managers FY 23 Budget Presentations (C) Reliability and Resiliency Improvements Update (C) Affordability Program Update (C) CS – Prepare for GC Interim Review (C) 2/10/2022	CS – GC Interim Review (C)           2/24/2022	<i>Strategic Plan Work Session(s) (TBD)</i>

## OWASA Board of Directors – 12 Month Board Meeting Schedule (June 4, 2021)

Month	Board Meetings		Committee Meetings & Other Board Items
	Work Session	Business Meeting	
March 2022	FY 23 Draft Operating and Capital Equipment Budgets  3/10/2022	Set date for Public Hearings – FY 23 Budget & Rates FY 23 Draft Budgets and Rate Adjustment  3/24/2022	
April 2022	Review Employee Health and Dental Insurance Renewals FY 23 Draft Budget and Rate Adjustment Strategic Plan Update BOD Eligible for Nominations to Election as Board Officers (include Officer descriptions) Planning for BOD Self-Assessment  4/14/2022	Q3 Financial Report Authorize Staff to Publish FY23 Budget and Rate Information BOD Eligible for Nominations to Election as Board Officers (include Officer descriptions – if needed)  4/28/2022	
May 2022	Approve Employee Insurance Renewals Employee Merit Pay for FY23 CS – Prepare ED Annual Review  5/12/2022	Public Hearings – FY 23 Budget and Rates CS –ED Annual Performance Review (Public Hearings)  5/26/2022	

The 12 Month Board Meeting Schedule shows Strategic Plan initiatives and other priority efforts that the Board and staff plan to give greatest consideration to during the next twelve months. The schedule also shows major recurring agenda items that require Board action, or items that have been scheduled in response to the Board's prior standing request. This schedule does not show all the items the Board may consider in a work session or business meeting. It also does not reflect meetings at which the Board will discuss and act on the update of the Strategic Plan.

The 12 Month Board Meeting Schedule will be reviewed and updated at each monthly work session and may also be discussed and updated at the Board's business meetings.

In addition to the initiatives shown in this schedule, staff will be working on other Strategic Plan and organizational priorities that are not expected to require major additional discussion with the Board except as part of budget deliberations.

The schedule implies that the following Strategic Plan initiatives would be addressed beyond the 12-month period. The Board may conclude that one or more of the following initiatives are higher priority. The schedule will be revised as needed to reflect the Board's priorities, and any additional initiatives that the Board may decide to address.

- Development of a plan and policy framework for OWASA lands is considered a longer-term priority. The NRTS Committee discussed this issue in September 2017 and determined it was lower priority than Forest Management.
- Water Conservation Plan will be prepared concurrent with update of the Long-Range Water Supply Plan.

The OWASA Board determines which topics it wants to explore as a full Board (potentially in a work session format) 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:

(C)	Recurring agenda item (generally these are "required" items)	BOCC	Orange County Board of County Commissioners
AV/AMI	Agua Vista/Advanced Metering Infrastructure	BOD	Board of Directors
		CE	Community Engagement

## OWASA Board of Directors – 12 Month Board Meeting Schedule

(March 2021 to February 2022)

CEP	Community Engagement Plan	LRWSP	Long-Range Water Supply Plan
CHTC	Chapel Hill Town Council	MOA	Memorandum of Agreement
CIP	Capital Improvements Program	MWBE	Minority/Women-owned Business Enterprises
COLA	Cost of Labor Adjustment	MST	Mountains-to-Sea Trail
CS	Closed Session of the Board	MFMM	Multi-Family Master Meter
CTC	Carrboro Town Council	NCDOT	North Carolina Department of Transportation
CY	Calendar Year	NRTS	Natural Resources and Technical Services
D&I	Diversity and Inclusion	OC	Orange County
ED	Executive Director	Q	Quarter
EEO	Equal Employment Opportunity	RFP	Request for Proposals
EPA	Environmental Protection Agency	SRF	State Revolving Fund
FY	Fiscal Year	SOW	Scope of Work
GC	General Counsel	TBD	To Be Determined
HR	Human Resources	WTP	Water Treatment Plant
KPI	Key Performance Indicator	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.	5-27-2021	Incorporate Board feedback on Guidance on Individual Board Member Interactions with OWASA Staff.	6-10-2021	Taylor	Completed.
2.	5-27-2021	Update 12 Month Board Meeting Calendar with new Executive Director interim and annual performance review dates.	NA	Taylor	Completed.
3.	5-13-2021	Incorporate Board feedback and add prioritization of high, medium, or low in the Long-Range Water Supply Plan Guiding Principles.	6-10-2021	Rouse	Completed.
4.	5-13-2021	Cancel the June 24, July 22, and August 12 Board Meetings.	NA	Orbich	Completed.
5.	4-22-2021	Provide local elected Councils/Board information about outstanding bills and assistance of OWASA Customers.	NA	Tiger	Completed.
6.	4-22-2021	Provide an update on lake recreation schedule.	TBD	Darr Riley	Completed – emailed the Board on 5-28-2021.
7.	3-11-2021	Organize a Board/staff field trip to biosolids property to better inform and understand stream and wetland mitigation banking.	NA	Tiger	Goal: Fall field trip when weather is good and COVID is less of a threat
8.	12-10-2020	Review water main replacement model effectiveness metric.	NA	Gangadharan Spinelli	Staff is conducting additional analysis on historical break data before bringing a recommendation back to Board.

## 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 (Note: the Board agreed to consider updating the 1996 Cane Creek Reservoir Watershed Study as part of the Strategic Plan process following completion of the Long-Range Water Supply Plan)	<ol style="list-style-type: none"> <li>1) Participate with and guide staff to develop an updated draft Strategic Plan</li> <li>2) Invite and consider customer and stakeholder feedback on draft Plan</li> <li>3) Approve Strategic Plan</li> <li>4) Provide staff resources and guidance needed to execute the Plan</li> </ol>	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"> <li>1) If staff identifies a policy or material change in the update of the Plans, Board guidance is required</li> <li>2) Approve Plans</li> </ol>	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"> <li>1) Provide staff feedback and guidance on assumptions and methods to develop demand projections</li> <li>2) Invite and consider stakeholder feedback on draft demand projections</li> </ol>	2028 (will be sooner if water demands post COVID continue to be lower than anticipated)	2029	10 years	Planning and Development Manager

## 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
4.	Cost of Service Rate Study	<p>1) Ensure OWASA's rates, fees and charges continue to meet the goals of the organization (e.g. sustainability, conservation, affordability, etc.)</p> <p>2) Update cost allocations and adjust rates as necessary. NC General Statues requires review of System Development Fees every 5 years.</p>	<p>1) Provide guidance to staff on draft Rate Study</p> <p>2) Invite and consider customer and stakeholder feedback on draft Rate Study</p> <p>3) Approve Rate Study and annual update of rates, fees and charges as needed</p>	2022	2023	5 years	Director of Finance and Customer Service
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.	<p>1) Assign 1 or 2 Board Members to participate on staff's panel to select a best-qualified audit firm</p> <p>2) Award annual contract to audit firm</p>	Winter 2021	Spring 2022	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.	<p>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</p> <p>2) Approve financial institution</p>	2028	2029	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.	<p>1) Provide guidance to staff about goals and objectives for employee total compensation</p> <p>2) Approve Employee Classification, Pay and Compensation Study &amp; Pay Administration Guidelines</p>	2021	2022	5-7 years	Director of Human Resources and Safety

## 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
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"> <li>1) Provide guidance to staff about OWASA's Financial Management objectives</li> <li>2) If needed, approve update to Financial Management Policy</li> </ol>	2021	2022	5 years	Director of Finance and Customer Service
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"> <li>1) Provide guidance to staff on staff's recommended updates to various Board policies.</li> <li>2) As needed, approve policy updates</li> </ol>	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"> <li>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</li> </ol>	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"> <li>1) Provide guidance to staff on staff's recommended updates to various topics within the HR Policy.</li> <li>2) As needed, approve policy updates</li> </ol>	As needed	As needed	As needed	Director of Human Resources and Safety

## **Agenda Item 10:**

Report of the Nominating Committee for Election of Officers

### **Background:**

The Bylaws of Orange and Sewer Authority state 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 April 22, 2021 meeting, nominations were made and seconded for Board Members who are available for election to office. In accordance with this information, the persons nominated for election as Chair are:

- Yinka Ayankoya
- Jody Eimers

Board Members nominated for election as Vice Chair are:

- Yinka Ayankoya
- Jody Eimers

Board Members nominated for election as Secretary are:

- John Morris

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.

A Board Member who must be absent from the June 10, 2021 meeting may vote by proxy in the Election of Officers by submitting a written, dated and signed statement of his or her vote for each office, to the Clerk to the Board prior to beginning of the June 10<sup>th</sup> 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 10, 2021