

Orange Water and Sewer Authority

Meeting of the Board of Directors

August 26, 2021

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a regular meeting by virtual means in accordance with the law, on Thursday, August 26, 2021, at 6:00 p.m. utilizing Microsoft Teams software.

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

OWASA staff present: Mary Darr, Robert Epting, Esq. (Epting and Hackney), Vishnu Gangadharan, Robin Jacobs (Epting and Hackney), Simon Lobdell, Andrea Orbich, Dan Przybyl, Nick Rogers, Ruth Rouse, Kelly Satterfield, Allison Spinelli, Todd Taylor, Mary Tiger, Stephen Winters, and Richard Wyatt.

Others present: Meg Holton (UNC Water Resources Manager) and Michelle Mayes.

Motions

1. Yinka Ayankoya made a Motion to approve the Minutes of the July 8, 2021, Meeting of the Board of Directors, second by John Morris and the Motion was unanimously approved.
2. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority approved Resolution Awarding a Construction Contract for the West Cameron Avenue Water Main Replacement Phase 2 Project. (Motion by Ray DuBose, second by Bruce Boehm and the Motion was unanimously approved.)
3. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority approved Resolution Accepting a Revised Low-Interest Loan Offer from the State of North Carolina, and Authorizing Executive Director to Execute and Administer all Related Loan Offer and Acceptance Documents. (Motion by Ray DuBose, second by Bruce Boehm and the Motion was unanimously approved.)
4. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority approved Resolution Amending the Fiscal Year (FY) 2021 Annual Budget. (Motion by Ray DuBose, second by John Morris and the Motion was unanimously approved.)

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Announcements

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

Ms. Eimers asked if any Board Member knows of a conflict of interest or potential conflict of interest with respect to any item on the agenda tonight to disclose the same at this time; none were disclosed.

Ray DuBose announced that on August 19, 2021, the Orange County Climate Council met and received updates on public input for regional transportation plans, solar on Carrboro's new 203 building, and Orange County's progress on creating a climate action plan. He noted the group discussed draft bylaws that are expected to be finished and delivered to local governments in the region later this fall. Mr. DuBose said it has been an honor to service on the Climate Council but after 2 years, he will relinquish his seat. Jody Eimers expressed interest serving on the Orange County Climate Council; and, without objection, the Board agreed Ms. Eimers will now represent the OWASA Board of Directors on the Orange County Climate Council.

Bruce Boehm said that John Morris and he were invited to attend a meeting organized by the Friends of the Mountains to the Sea Trail (MST) on Saturday, August 21, 2021; only Mr. Boehm attended, and he disclosed he supports the MST. Mr. Boehm said other attendees included three members of Orange County Board of County Commissioners, former Orange County Commissioners, former OWASA Board Members, area landowners, and other staff members and volunteers of the Friends of MST. He said the purpose of this meeting was to bring the County Commissioners up to speed on the section of MST trail on OWASA land because County staff are engaged with the organization of this section of the trail. Mr. Boehm noted the Friends of the MST and Orange County Commissioners will work with OWASA to identify a route and provide updates.

Vishnu Gangadharan, Director of Engineering and Planning, announced and re-introduced Allison Spinelli, OWASA's new Engineering Manager – Capital Projects.

#### Petitions and Requests

Ms. Eimers asked for petitions and requests the public, Board and staff; none were received.

#### Item One: 12 Month Board Meeting Schedule

John Morris asked if staff can confirm a preview of Jordan Lake Water Supply Alternatives at the October 14, 2021 meeting and invite Greg Characklis, University of North Carolina at Chapel Hill, to participate in the meeting; staff will follow up.

#### Item Two: Minutes

Yinka Ayankoya made a Motion to approve the Minutes of the July 8, 2021, Meeting of the Board of Directors, second by John Morris and the Motion was unanimously approved. Please see Motion 1.

#### Item Three: Award a Construction Contract for the West Cameron Avenue Water Replacement Phase 2

Simon Lobdell, Utilities Engineer, provided a brief presentation on this item; then he and Allsion Spinelli, Engineering Manager – Capital Projects, responded to questions and comments from Board Members.

Ray DuBose made a Motion to approve the Resolution Awarding a Construction Contract for the West Cameron Avenue Water Main Replacement Phase 2 Project; second by Bruce Boehm and the Motion was unanimously approved. Please see Motion 2.

Ray DuBose made a Motion to approve Resolution Accepting a Revised Low-Interest Loan Offer from the State of North Carolina, and Authorizing Executive Director to Execute and Administer all Related Loan Offer and Acceptance Documents; second by Bruce Boehm and the Motion was unanimously approved. Please see Motion 3.

Item Four: Fiscal Year 2021 Budget Amendment

Ray DuBose made a Motion to approve the Resolution Amending the Fiscal Year 2021 Annual Budget; second by John Morris and the Motion was unanimously approved. Please see Motion 4.

Item Five: Preliminary Financial Report for Twelve-Month Period Ended June 30, 2021

Stephen Winters, Director of Finance and Customer Service, provided a presentation on the Preliminary Financial Report for the 12-month period ended June 30, 2021. Mr. Winters reported all financial performance targets for OWASA were met during this period.

Jody Eimers requested an update on the Infrastructure Act at a future Board meeting and if there are opportunities for Board involvement.

Item Six: Capital Improvements Program Semiannual Report

Allison Spinelli, Engineering Manager – Capital Projects, provided a presentation on the Capital Improvements Program Semiannual Report. She reported that approximately \$15.8 million was invested in 44 active capital projects during the reporting period. This CIP expenditure total was 78 percent of the FY 2021 budget. The coronavirus pandemic had an impact on construction projects, however the majority of budget variances were due to schedule changes.

The Board expressed its deep and sincere appreciation to staff for their commitment to ensuring OWASA's financial stability throughout the challenges of the coronavirus pandemic and requested the Executive Director extend that appreciation to all employees.

Item Seven: Update on OWASA's COVID-19 Information and Discussion by the Board

Todd Taylor, Executive Director, provided an update on OWASA's response to COVID-19, noting staff continues to take proactive measures to ensure the community receives high-quality and reliable water, wastewater, and reclaimed water services. He said the mask mandate was reinstated on August 2<sup>nd</sup> due to the rise of COVID-19 cases. Incentives have been implemented

for employees who get vaccinated and show proof of vaccination; currently, OWASA vaccination rate is at 58% with the hopes of improving with the incentives. Employees who do not provide proof of vaccination by September 1<sup>st</sup> are required to submit a negative test result weekly to report to work.

Mary Tiger, Strategic Initiatives Manager, provided information on how many customers have received bill assistance in the past year and noted other bill assistance programs available (Care to Share, North Carolina HOPE, Orange County Emergency Housing Assistance, Orange County DSS, and the Low-Income Household Water Assistance Program -which begins this fall). She provided an update on the extent and severity of past due customer accounts, including staff's efforts to contact those customers who are in arrears.

Item Eight: COVID Protocols for In-Person Board of Directors Meetings

Todd Taylor, Executive Director, provided an overview of this item. In addition, Mr. Taylor also informed the Board that it may mandate proof of vaccination at in-person Board Meetings, which may include the public attending the meeting. However, until in-person Board Meetings resume, he suggested the Board delay that measure and schedule a discussion prior to implementing in-person Board meeting requirements.

Jody Eimers stated OWASA is operating under guidance from the local governments and said she didn't believe it was necessary to change Board Meeting requirements until they return to in-person meetings. She also said Mr. Taylor should handle whether employee vaccinations should be mandated.

Kevin Leibel said he feels OWASA should mandate vaccination of its employees to protect employees and the public health, even if that results in employee terminations.

Jody Eimers requested other Board Members provide their opinions an employee vaccination mandate.

Yinka Ayankoya said if vaccinations are required, exemptions should be allowed for religious beliefs, to preserve the individual employee's personal health, and she believes vaccinations are a matter of personal choice.

Bruce Boehm said he believes the Board's responsibility is to ensure OWASA employees, contactors, customers, and stakeholders are safe; safety is ensured when OWASA employees wear a mask and maintain social distance and immunizations keep hospitals from overcrowding. Mr. Boehm said if the Towns or County has a primary goal that organizations in its jurisdictions mandate vaccinating employees, he would agree.

Ray DuBose said he is impressed with OWASA's policies implemented and would like to see how they progress over time. He suggested the Board receive updates at future meetings.

Mr. Leibel said he is for mandating employee vaccinations and the Board should go on record mandating employee vaccinations.

Ms. Eimers said she supports vaccinations and OWASA's policies for employees to include incentivizing vaccinations.

John Morris said the Board should place an item on a future agenda to discuss the mandate before deciding.

The Board agreed updates would be provided on the OWASA employee vaccination rates and local government/organizations vaccine policies for the next Board meeting.

Mr. Taylor noted the Town of Carrboro has implemented a vaccine mandate for their employees with religious/medical exemptions and he is not opposed to using a mandate. Mr. Taylor said, based on tonight's discussion, would the Board support his decision to implement a vaccine mandate based on OWASA employee vaccination rates or action by local governments, or would the Board want to discuss the topic prior to a decision.

Mr. Boehm commented Mr. Taylor is responsible for the safety of OWASA employees and if Mr. Taylor feels an employee vaccination mandate is best, he would be supportive.

Ms. Eimers requested each Board Member express their preference if Mr. Taylor were to implement mandating employee vaccination via Board Member roll call.

Ms. Ayankoya said she does not support Mr. Taylor's making a consideration of an employee vaccination mandate, she believes vaccinations should be a matter of personal choice.

Mr. Boehm said he supports Mr. Taylor's suggestion.

Mr. DuBose said he supports Mr. Taylor's authority to make the decision whether to require employees to be vaccinated, when and if he feels the need to implement a vaccine mandate and if he does.

Mr. Eimers said she supports Mr. Taylor's making the decision. She also said if Mr. Taylor does not implement a mandate, and the Board thinks he should, she would reserve the right of the Board to inform him to implement a mandate.

Mr. Leibel said he supports Mr. Taylor's suggestion, but that he believes the Board should go ahead and mandate vaccinations.

Mr. Morris said he recognizes Mr. Taylor's authority to make the employee vaccine mandate decision.

Robert Epting summarized that while five Board Members supported allowing the Executive Director to have the authority to determine whether to require employee vaccination; and noted that Ms. Ayankoya did not appear to support the decision.

Item Nine: Summary of Board Meeting Action Items

Todd Taylor summarized the following staff action items and provided an overview of the next Board meeting:

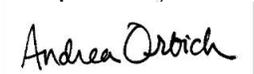
- Notify Orange County Climate Council that Jody Eimers will replace Ray DuBose on the Council as an OWASA Board Member representative;
- Confirm the review of Jordan Lake Water Supply Alternatives at the October 14, 2021 meeting and invite Greg Characklis to participate;
- Update on the Infrastructure Act and opportunities for Board involvement;
- Provide regular updates on OWASA employee vaccination rates and local government/organizations vaccine polices; and
- Agenda items for the September 9, 2020, virtual Board Work Session:
  - o Resolution Authorizing OWASA's Executive Director to Apply for Loans from the State of North Carolina;
  - o Annual Report on Disposal of Surplus Personal Property;
  - o Diversity and Inclusion Program Progress Report and Equal Employment Opportunity/Affirmative Action Report for Fiscal Year 2021
  - o Strategic Plan Update
  - o Closed Session to conduct the annual review of General Counsel
- Agenda items for the September 23, 2020, virtual Annual Meeting:
  - o Presentation of OWASA's annual financial report;
  - o PFAS Cost Recovery Opportunity;
  - o Forest Management Program Update; and
  - o Resolution Appointing OWASA General Counsel.

Item Nine: Closed Session

Without objection, the Board of Directors convened in a closed session for the purpose of discussing a personnel matter as provided in N.C. General Statutes 143.318.11(6).

Following the Closed Session, the Board reconvened in open session, reported no action was taken in the closed session, and the meeting was adjourned at 8:46 p.m.

Respectfully submitted by:



Andrea Orbich  
Executive Assistant/Clerk to the Board

Attachments

**Resolution Awarding a Construction Contract for the West Cameron Avenue  
Water Main Replacement Phase 2 Project**

**Whereas**, there is a need to rehabilitate the water mains in the West Cameron Avenue corridor due to their age and condition; and

**Whereas**, advertisement to bid was published on the websites of the Greater Diversity News, publishing the advertisement on the websites of the State of North Carolina Interactive Purchasing System (NC IPS) and OWASA, and posting advertisement in multiple plan rooms on May 17, 2021; and

**Whereas**, after receiving only two bids on the first bid opening date of June 17, 2021 the project was re-bid; and

**Whereas**, two bids were subsequently received on June 25, 2021; and

**Whereas**, Moffat Pipe, Inc. of Wake Forest NC has been determined to be the low responsive, responsible bidder for the project; and

**Whereas**, on May 14, 2020 the Board approved a resolution authorizing funds for this project as part of the State Reserve Program loan: and

**Whereas**, on August 3, 2021 the NC Local Government Commission formally approved the increase of additional funds for our existing Revolving Loan (WIF -1981) by \$1,694,920 for a total loan of \$4,657,928.

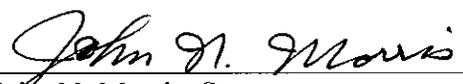
**Now, Therefore, Be It Resolved:**

1. That the Orange Water and Sewer Authority Board of Directors awards the construction contract to Moffat Pipe Inc., the low responsive, responsible bidder for the West Cameron Avenue Water Main Replacement, Phase 2, in accordance with the approved plans and specifications, in the amount of \$3,322,095.00, subject to such change orders as may apply.
2. That the Executive Director be, and hereby is, authorized to execute said contract, subject to prior approval of legal counsel, and to approve and execute change orders and such documents as may be required in connection with the construction contract.
3. That the tentative award is contingent upon the approval of the North Carolina Department of Environmental Quality.

Adopted this 26th day of August, 2021.

  
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Jo Leslie Eimers, Chair

ATTEST:

  
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John N. Morris, Secretary

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

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

**Whereas**, the North Carolina Department of Environmental Quality had previously offered a State Revolving Loan in the amount of \$2,963,000 for the replacement of the West Cameron Avenue Water Main; and

**Whereas**, the costs of the final scope have escalated from the time of the initial loan offer; and

**Whereas**, on May 14, 2020 the Board approved a resolution authorizing funds for this project as part of the State Revolving Fund loan; and

**Whereas**, on August 3, 2021 the North Carolina Local Government Commission formally approved the increase of additional funds for our existing Revolving Loan (WIF -1981) by \$1,694,920 for a total loan amount of \$4,657,928; and

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

**Now, Therefore, Be It Resolved:**

1. That the Orange Water and Sewer Authority does hereby accept the revised State Revolving Loan offer in the amount of \$4,657,928.
2. That the Orange Water and Sewer Authority does hereby give assurances to the North Carolina Department of Environmental Quality that they will adhere to all applicable items specified in the standard "Conditions" and "Assurances" of the Department's funding offer, awarded in the form of a State Revolving Loan.
3. That the Orange Water and Sewer Authority Executive Director and successors so titled, is hereby authorized and directed to furnish such information, as the appropriate state agency may request, in connection with such application or the project; to make the Assurances as contained above; and to execute such other documents as may be required in connection with the application.
4. That the Orange Water and Sewer Authority has complied substantially or will comply substantially with all federal, state and local laws, rules, regulations, and ordinances applicable to the project, and to federal and state grants and loans pertaining thereto.

Orange Water and Sewer Authority

August 26, 2021

Page 2

Adopted this 26th day of August, 2021.

*Jo Leslie Eimers*

Jo Leslie Eimers, Chair

ATTEST:

*John N. Morris*

John N. Morris, Secretary

## **Resolution Amending the Fiscal Year (FY) 2021 Annual Budget**

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

**Whereas**, OWASA has adopted an Energy Management Plan with the goal of reducing purchased electricity by 35% by the end of Calendar Year 2022 compared to the Calendar Year 2010 baseline; and

**Whereas**, OWASA has determined that installing solar energy equipment and using the energy it produces will help to achieve its energy management goals; and

**Whereas**, solar equipment has been installed at three OWASA-owned sites at a cost, net of rebates, of \$458,074; and

**Whereas**, staff has determined that entering into lease arrangements to finance the equipment provides OWASA the ability to use energy savings to offset the annual lease costs; and

**Whereas**, OWASA has received rebates toward the cost of this equipment in the amount of \$195,000; and

**Whereas**, staff has determined that the solar equipment should be classified as capital equipment; and

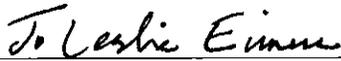
**Whereas**, the FY 2021 capital equipment budget does not have adequate funds to cover the entire cost of the equipment; and

**Whereas**, staff has determined that FY 2021 operating costs are approximately \$1.5 million under budget, and this budget amendment will have no impact on funds needed for other purposes in FY 2021;

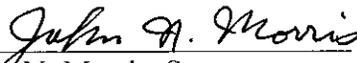
### **Now, Therefore, Be It Resolved by the Orange Water and Sewer Authority Board of Directors:**

1. That pursuant to the provisions of North Carolina G.S. 159-15, the Official Budget of Orange Water and Sewer Authority for the FY 2021 is amended as set forth in Attachment A.
2. That \$210,000 in the operating budget be transferred to the capital equipment budget as set forth in Attachment A.
3. That the Executive Director is authorized and instructed to implement the revised budget as herein set forth.

Adopted this 26th day of August 2021.

  
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Jo Leslie Eimers, Chair

**ATTEST:**

  
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John N. Morris, Secretary

**ORANGE WATER AND SEWER AUTHORITY**  
**FISCAL YEAR 2021 ANNUAL BUDGET**  
**STATEMENT OF INCOME, EXPENSE AND DEBT SERVICE**

	Amended Annual Budget	Amendment	FY 2021 Amended Budget
Operating Revenue			
Water	\$17,701,102		\$17,701,102
Sewer	17,018,502		17,018,502
Reclaimed Water	463,200		463,200
Service Initiation Fee	18,820		18,820
Other	922,685		922,685
Refunds and Adjustments	(198,125)		(198,125)
Total Operating Revenue	<u>35,926,184</u>	0	<u>35,926,184</u>
Operating Expense			
General and Administrative	7,836,615		7,836,615
Operations	15,353,729		15,353,729
Total Operating Expense	<u>23,190,344</u>	0	<u>23,190,344</u>
Net Operating Income	<u>12,735,840</u>	0	<u>12,735,840</u>
Non-operating Revenue			
Customer Fees	1,081,490		1,081,490
Interest	81,296		81,296
Total Net Income	<u>13,898,626</u>	0	<u>13,898,626</u>
Debt Service			
Existing	7,568,498		7,568,498
New	1,499,760		1,499,760
Total Debt Service	<u>9,068,258</u>		<u>9,068,258</u>
Net Income Less Debt Service	<u>\$4,830,368</u>	<u>\$0</u>	<u>\$4,830,368</u>
General Fund			
Resources			
Transfer From Revenue	\$4,830,368		\$4,830,368
Transfer from Construction Fund (loan proceeds)	15,488,632		15,488,632
Grants and Contributions	0		0
Annual Income Available for Capital	<u>20,319,000</u>	0	<u>20,319,000</u>
Capital Expenditures			
Project Ordinances			
General Fund Contribution	4,670,368	(210,000)	4,460,368
Funded by Bond Proceeds	15,488,632		15,488,632
Total Project Resolutions	<u>20,159,000</u>	(210,000)	<u>19,949,000</u>
Capital Equipment	864,500	210,000	1,074,500
Total Capital Outlay	<u>21,023,500</u>	0	<u>21,023,500</u>
Annual General Fund Balance	(704,500)		(704,500)
General Fund Beginning Balance	<u>19,368,140</u>		<u>19,368,140</u>
General Fund Ending Balance	18,663,640		18,663,640
Project Funding	(81,500)		(81,500)
Reserves	<u>18,745,140</u>		<u>18,745,140</u>
Unallocated General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>