



## Orange Water and Sewer Authority

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

### Agenda

#### Meeting of the OWASA Board of Directors

Thursday, March 10, 2022, 6:00 P.M.

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

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

### 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.
  - Thursday, March 17, 2022 Orange County Climate Council Meeting
  - Thursday, March 24, 2022 OWASA Board of Directors' Virtual Diversity and Inclusion Training
- b. Announcements by Board Members
- c. Announcements by Staff
  - Lakes Open for Recreation on March 26, 2022 (Mary Darr)

### Petitions and Requests

1. Public
2. Board
3. Staff

### Consent Agenda

#### Information and Reports

1. 2021 Affordability Program Update (Mary Tiger)

2. 2021 Energy Management Plan Update (Mary Tiger)

Action

3. Resolution Accepting a Low-Interest Loan Offer from the State of North Carolina, and Authorizing Executive Director to Execute and Administer all Related Loan Offer and Acceptance Documents (Stephen Winters)
4. Resolution Setting the Date of May 12, 2022 for a Public Hearing on OWASA's Fiscal Year 2023 Budget (Stephen Winters)
5. Resolution Setting the Date of May 12, 2022 for a Public Hearing on Proposed Revisions to OWASA's Schedule of Rates, Fees and Charges (Stephen Winters)
6. Resolution Approving Conservation Easement on OWASA Property in Cane Creek Reservoir Watershed (Ruth Rouse)
7. Minutes of the February 10, 2022 Work Session of the Board of Directors (Andrea Orbich)
8. Minutes of the February 24, 2022 Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter in Accordance with N.C. General Statutes 143-318.11.6 (Ray DuBose)

**Regular Agenda**

Discussion

9. Draft Fiscal Year 2023 Budget (Stephen Winters)
10. Increasing Board Member Compensation to Encourage Public Interest in Applying for Appointment to the OWASA Board of Directors (Jody Eimers)
11. Review Board Work Schedule
  - a. Request(s) by Board Committees, Board Members, General Counsel and Staff (Jody Eimers)
  - b. April 14, 2022 Board Meeting (Todd Taylor)
  - c. 12 Month Board Meeting Schedule (Todd Taylor)
  - d. Pending Key Staff Action Items (Todd Taylor)
  - e. Action Items Reoccurring Every 3 to 5+ Years (Todd Taylor)

**Summary of Work Session Items**

12. Executive Director will Summarize the Key Staff Action Items from the Work Session



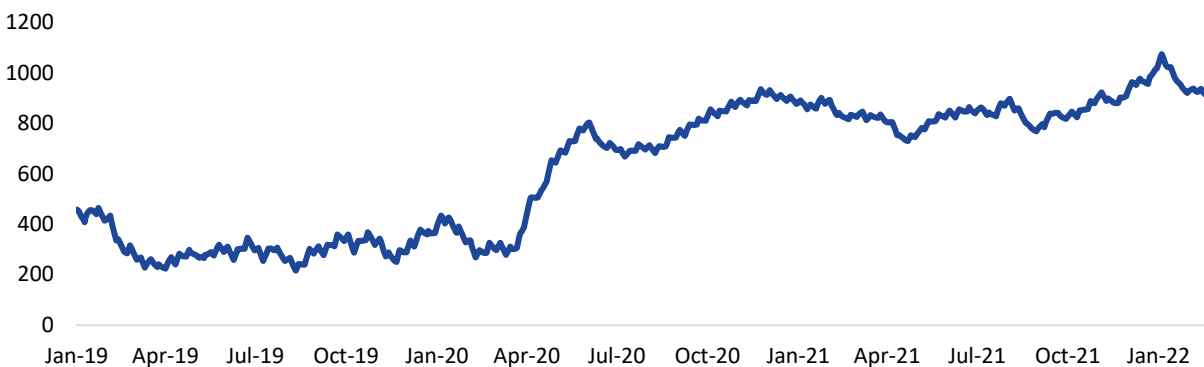
## 2021 AFFORDABILITY PLAN UPDATE

The goal of OWASA’s Affordability Program is to increase community awareness of options to manage and reduce water and sewer bills and to empower low-income customers, and the local agencies that serve them, with information and tools to manage and reduce water and sewer bills. We constantly strive to balance the need to invest in the community’s water and wastewater infrastructure and to maintain affordable rates. This year as the COVID-19 pandemic stretched into its second year, maintaining that balance has been increasingly difficult.

### In 2021

<b>550+</b> Households that are 60+ days past due	<b>\$475</b> Average overdue amount	<b>200</b> Customers received bill assistance from one or more sources
<b>49%</b> Increase in Care to Share donations since 2020	<b>1,075</b> Customers who gave to Care to Share	<b>0</b> Customers had their water shut off

### TOTAL ACCOUNTS PAST DUE (January 2019 – December 2021)





As a result of the economic stress caused by the pandemic and the limitations of in-person engagement opportunities, our Affordability Program once again focused almost exclusively on engaging with the community regarding the disconnection moratorium and the identification and promotion of programs and strategies to provide bill assistance to customers.

### **COMMUNICATING TO CUSTOMERS STRUGGLING TO PAY THEIR BILLS**

We sent emails or letters to all customers with overdue balances in March, August and December. These emails connected customers to financial assistance programs. One focus of this work was to inform our customers with overdue balances about the new federal Low Income Household Water Assistance Program (LIHWAP) which launched in December 2021.

### **BUILDING PARTNERSHIPS**

OWASA staff met one-on-one with 11 of our community partners to discuss their programs and how we can work together more closely to reduce the water bills of our low-income customers. We sent regular emails to our 21 affordability partner organizations and attended monthly Orange County Housing Preservation Council (OCHPC) meetings. These meetings allowed us to keep our partners informed about rate increases, the temporary disconnection moratorium and our plans for when we return to normal collection practices, and how to connect partners' clients with financial assistance programs, such as the new LIHWAP program.

### **PROMOTING WATER CONSERVATION**

In 2021, OWASA provided kits containing toilet leak tablets, low-flow shower heads, and faucet aerators to community partners to install in the homes of low-income customers. We also partnered with the OCHPC to present a workshop in the Northside neighborhood teaching residents how to save money by saving water.

### **GROWING CARE TO SHARE GIFTS**

In November, OWASA celebrated Care to Share Day with a feature on WCHL's Wonderful Water and OWASA's website, social media amplified by our partners, proclamations by the Towns of Chapel Hill and Carrboro, and a media release. We highlighted Care to Share in our annual Water Quality Report Card and postcard that was mailed to all customers. We also emailed and mailed all donors a thank you note and reached out to OWASA vendors and encouraged them to donate through IFC. New this year: OWASA included a printed insert in all mailed water bills encouraging customers to add a monthly on-bill donation to Care to Share and emailed all customers who have shared an email address with us asking them to consider a gift to Care to Share. In 2021, donations were up almost 50% compared to 2020.

## LOOKING AHEAD: 2022

In 2022, we expect much of our affordability program to center around our continued response to the COVID-19 pandemic. **As of February 2022, OWASA has no specific plans to lift the moratorium.**

We have a plan in place to help ease the burden for our customers with overdue balances when we return to normal collection practices. This includes deploying a comprehensive communications strategy and leveraging our partnerships with community organizations to connect customers with financial assistance and sign them up for 6-, 12-, or 18-month extended payment plans.

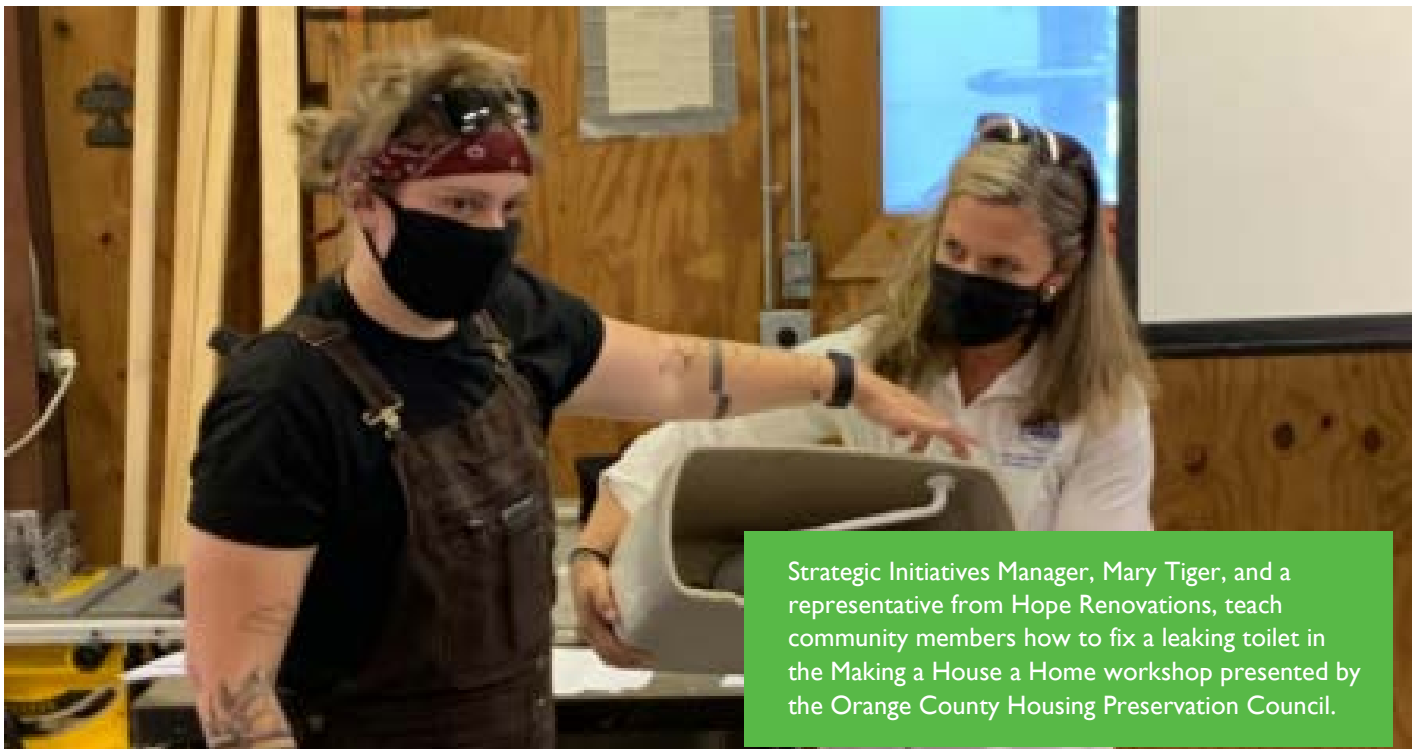
In addition to our COVID-19 response, we will continue our successful partnerships with members of the Orange County Housing Preservation Council and other local organizations to help our low-income customers save water and reduce their bills by:

- Giving away low-flow shower heads, faucet aerators, and toilet leak detection kits to install in low-income households
- Connecting customers to various sources of bill assistance, including LIHWAP
- Delivering another workshop to low-income neighbors on how to save water and fix toilet leaks
- Communicating changes to our rates or collection practices well in advance – in Spanish and other languages spoken in our service area where possible
- Notifying customers of potential leaks with AguaVista
- Encouraging customers to sign up AguaVista

### NEW in 2022

We'll be partnering with a local plumbing company to offer a plumbing tune-up free of charge to interested low-income homeowners. Carrboro Plumbing will donate their services, fixing leaking toilets, showers, and faucets that could cause high water bills.

We hope to serve 20 Chapel Hill and Carrboro families this Spring!

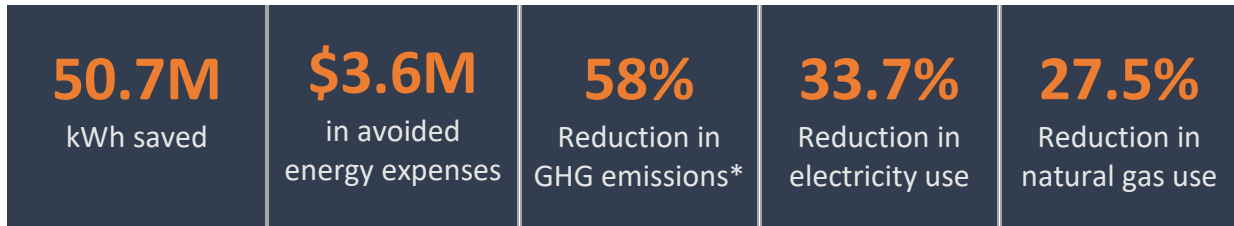


Strategic Initiatives Manager, Mary Tiger, and a representative from Hope Renovations, teach community members how to fix a leaking toilet in the Making a House a Home workshop presented by the Orange County Housing Preservation Council.



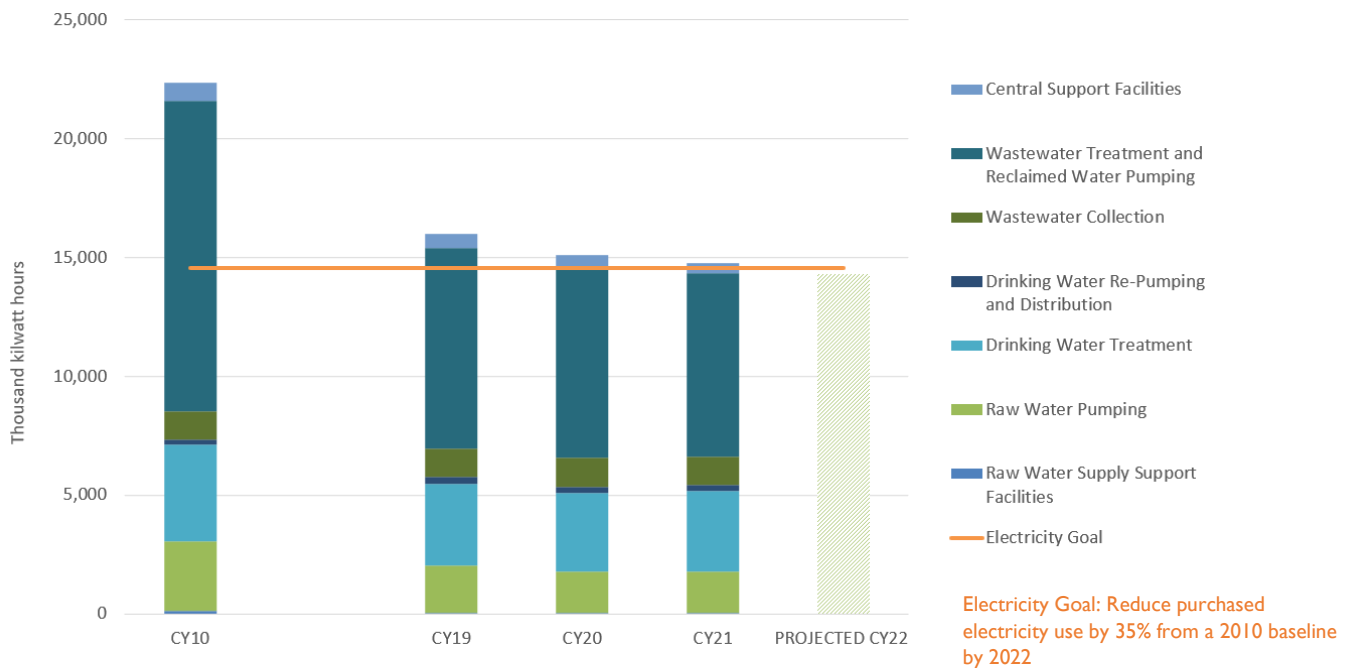
OWASA’s Energy Management Program is a comprehensive and inclusive approach to managing electricity and natural gas use across the organization. Over the past decade, we have made tremendous progress, not just in reducing our energy use and greenhouse gas emissions, but in embedding energy into our decision-making on capital improvements, operations, and maintenance activities. By reducing our use of energy and increasing our use of renewable energy sources, we reduce the environmental impact of our operations, lower operating costs, and improve the reliability of the services we provide.

### IMPACT SINCE 2010 BASELINE



\*Duke Energy has reduced the carbon intensity of their portfolio by 39% since 2010. OWASA’s energy management efforts are responsible for the other 19% reduction in greenhouse gas emissions.

### ELECTRICAL ENERGY USE





## INVESTING IN CLEAN ENERGY

Solar array at Biosolids

After a comprehensive analysis and implementation of energy conservation and investment in cost-effective energy efficiency projects, we identified renewable energy as an important strategy to achieve OWASA’s energy goals. We have engaged in a series of solar lease projects that, through a public-private partnership, will achieve costs savings in the early years of the program.

In late 2020, our first solar lease project, a 145kW ground-mounted solar PV system was connected to the grid. 2021 saw the addition of two more projects: a 102kW solar array on the rooftop of the Administration building and a 62kW system atop the Operations Center. In 2021, our solar PV systems generated over 258,000 kWh (1.1% of our 2010 baseline energy use) and saved OWASA over \$20,000 in purchased power from Duke Energy. **The \$20,000 in savings were greater than the \$19,100 in pro-rated lease payments made for the systems.** With a full year of production from these three systems, we anticipate that they will generate over 420,000 kWh of renewable energy in 2022.

Next up: OWASA will break ground on our fourth – and largest – solar array at Cane Creek Reservoir in Spring 2022. This 350kW project is projected to produce over 524,000 kWh of renewable energy in its first year of operation. This project will take us across the finish line on our Energy Management Plan electricity goal.

*These projects were made possible thanks to solar rebates from Duke Energy and a \$75,000 grant from the Orange County Climate Action Fund.*



OWASA Youth Water Academy scholar, Srinath Iyer, analyzed our solar production data for a service-learning project.



## OTHER 2021 HIGHLIGHTS

Rogerson Drive Pump Station

OWASA's two energy management teams, one at the Wastewater Treatment Plant and the other at the Water Treatment Plant, as well as the CIP Team, completed several key energy-saving projects this year.



### SAVING WATER SAVES ENERGY

In 2021, it took over 2,200 kwh of electricity to treat and deliver a million gallons of potable drinking water and another 3,300 kWh to collect and clean a million gallons of wastewater. Simply put, saving water saves energy. In 2021, our Wastewater Team conducted a water audit that identified opportunities to reduce potable water use, including a modification to the Rogerson Drive Pump Station that will save approximately 200,000 gallons of potable water use per month.



### OPTIMIZING PUMPS

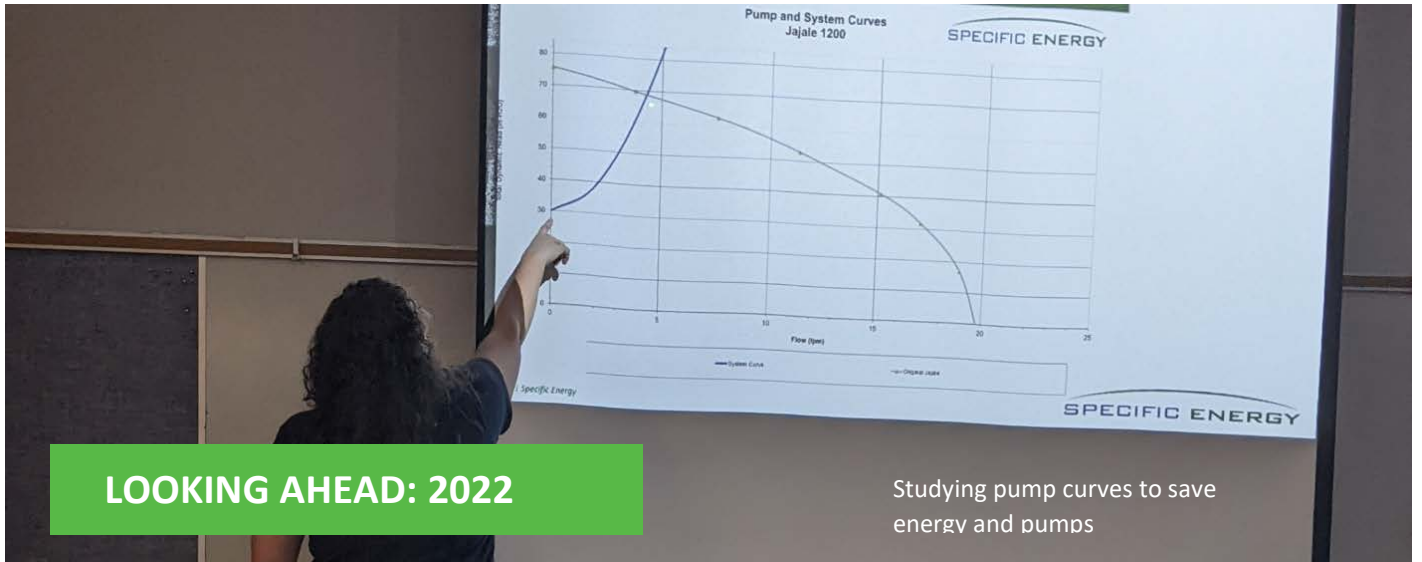
A new finished water pump and a new variable frequency drive (VFD) was installed at the Water Treatment Plant that we estimate will save about 90,000 kWh per year. A second dynamic pump optimization tool was installed at the Rogerson Drive Pump Station in early 2022. This tool will help us visualize how efficiently the pumps are running, which can give staff an early warning sign that the pumps are not operating properly and offer recommendations for energy efficiency.



### BACKWASHING MORE EFFICIENTLY

Sometimes, saving energy doesn't require a huge investment, just a little ingenuity. In 2021, Wastewater Treatment Plant staff gradually reduced the frequency in which they perform high-energy cleanings of filters. Backwashes were gradually reduced from 14 filters cleaned per week to ten. We estimate that this small change will save about 12,000 kWh per year (which is equivalent to the average annual household energy use).





**LOOKING AHEAD: 2022**

Studying pump curves to save energy and pumps

- The Cane Creek Solar array is projected to generate about 524,000 kWh of renewable energy over the course of a year; this represents about 2.3% of OWASA’s energy use in our baseline year of 2010.
- The Wastewater Treatment Plant Master Plan will recommend improvements focused on optimizing treatment and preparing for future needs. We will also consider the operational impacts of co-digestion, which is an economically critical component of a viable biogas-to-energy strategy.
- A new oxidation-reduction potential monitoring program at the Wastewater Treatment Plant has the potential to allow us to turn down the high-energy aeration blowers and increase denitrification.
- An analysis of the non-potable water pumps at the Wastewater Treatment Plant will determine what changes and modifications can be made to this system to make it more energy efficient.
- A preliminary engineering review of wet well mixing strategies at Rogerson Drive Pump Station will consider the capital and operational costs and benefits of alternatives, including energy savings.
- A proposed pump station evaluation of the raw water pump stations at University Lake and Cane Creek will recommend opportunities to operate the pump stations more efficiently.
- Staff continue to build skills through trainings offered through the Dept. of Energy’s Sustainable Wastewater Treatment Infrastructure of the Future (SWIFT) Program and through continuing education training on pump hydraulics and optimization.



**BUILDING A BRIGHTER ENERGY FUTURE**  
 When the Cane Creek solar array connects to the grid, OWASA’s energy efficiency and conservation efforts combined with our 4 solar arrays will allow us to achieve our goal to reduce purchased electricity use by 35% from a 2010 baseline by 2022.

**Agenda Item 3:**

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

**Background:**

On March 14, 2019, the Board of Directors authorized the submittal of an application for a low-interest loan from the state of North Carolina to fund the West Cameron Avenue Water Main Replacement project included in OWASA’s Capital Improvements Program. On April 30, 2019, OWASA requested a \$2,963,000 low-interest loan from the North Carolina Division of Water Infrastructure (DWI) for the planned project, matching OWASA’s budget. Upon completion of alternatives analysis and design, the engineer’s project cost estimate increased to \$4,657,928.

In July 2021, OWASA requested additional loan funds to cover the revised project costs. In August 2021, the NC Local Government Commission authorized the DWI to offer OWASA a low-interest loan for the West Cameron Avenue Water Main Replacement project in the amount of \$4,657,928 million.

The offer is for a 20-year loan with a fixed interest rate of 1.02%, which is about one-third of the current market rate for revenue bonds. The state charges a loan closing, processing, and administration fee and total loan administration fees for this project would be \$93,159.

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

**Staff Recommendation – Action Requested:**

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

Staff recommends approval of the resolution.

**Information:**

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

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

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

**Whereas**, the North Carolina Department of Environmental Quality has offered a State Revolving Loan in the amount of \$4,657,928 for the replacement of the West Cameron Avenue Water Main Replacement project; and

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

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

1. That the Orange Water and Sewer Authority does hereby accept the State Revolving Loan offer in the amount of \$4,657,928; and

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

3. That the Orange Water and Sewer Authority Executive Director and successors so titled, is hereby authorized and directed to furnish such information, as the appropriate state agency may request, in connection with such application or the project; to make the Assurances as contained above; and to execute such other documents as may be required in connection with the application; and

4. That the Orange Water and Sewer Authority has complied substantially or will comply substantially with all federal, state and local laws, rules, regulations, and ordinances applicable to the project, and to federal and state grants and loans pertaining thereto.

Adopted this 10th day of March 2022.

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Jo Leslie Eimers, Chair

ATTEST:

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John N. Morris, Secretary

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

**Funding Offer and Acceptance**

**Legal Name and Address of Applicant:**

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

**Project Number:**

**H-SRF-F-20-1981**

Project Number:

N/A

CFDA Number:

66.468

**Funding Program:**

Drinking Water	<input checked="" type="checkbox"/>	Additional Amount for Funding Increases	Previous Total	Total Offered
Wastewater	<input type="checkbox"/>			
State Revolving Fund (SRF)	<input checked="" type="checkbox"/>	\$1,694,928	\$2,963,000	\$4,657,928
State Reserve Loan (SRP)	<input type="checkbox"/>			
State Reserve Grant (SRP)	<input type="checkbox"/>			
State Emergency Loan (SEL)	<input type="checkbox"/>			
Asset Inventory & Assessment Grant (AIA)	<input type="checkbox"/>			
Merger/Regionalization Feasibility Grant (MRF)	<input type="checkbox"/>			

**Project Description:**

*West Cameron Avenue Water Main Replacement project: 1) Abandon approximately (~) 2,200 LF of existing 12-inch asbestos-cement (AC) water main & ~ 2,200 LF of parallel 12-inch cast-iron (CI) water main within the railroad right-of-way; 2) Abandon ~ 3,100 LF of existing 12-inch AC mains & ~ 3,100 LF of parallel 12-inch CI mains along West Cameron Avenue; 3) Install ~ 3,100 LF of 12-inch Ductile Iron Pipe (DIP) mains along West Cameron Avenue; 4) Replace in-kind ~ 650 LF of 2-inch galvanized waterlines along Cameron Court with 2-inch PVC mains; and 5) Replace & re-connect all affected services, hydrants, etc.*

**Total Financial Assistance Offer:**

**\$4,657,928**

Total Project Cost:

\$4,657,928

**Estimated Closing Fee\*:**

**\$93,159**

For Loans

Principal Forgiveness:

\$ - 0 -

Interest Rate (Per Annum):

1.02%

Maximum Loan Term (Years):

20

*\*Estimated closing-fee calculation based on total grant and/or loan amount(s).*


**Pursuant to North Carolina General Statute 159G:**

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

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

For The State of North Carolina:

**Jon Risgaard, Acting Director, Division of Water Infrastructure  
North Carolina Department of Environmental Quality**

	<b>8/5/2021</b>
Signature	Date

On Behalf of:

**Orange Water and Sewer Authority**

Name of Representative in Resolution:

**Mr. Todd Taylor**

Title (Type or Print):

**Executive Director**

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

..... Signature	..... Date
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## STANDARD CONDITIONS FOR FEDERAL SRF LOANS

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

**ASSURANCES**

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

**Acknowledgement of Standard Conditions and Assurances**

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

..... Signature	..... Date
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**Agenda Item 4:**

Resolution Setting the Date of May 12, 2022, for a Public Hearing on OWASA’s Fiscal Year 2023 Budget

**Purpose and background:**

Section 159-12 of the General Statutes (G.S.) of North Carolina requires that before adopting the annual budget, the Board shall hold a public hearing at which time any persons who wish to be heard on the budget may comment. Historically, the OWASA Board of Directors has conducted the public hearing during the month of May. Statutes also require that the proposed budget be filed with the Clerk to the Board where it shall remain available for public inspection until the budget ordinance is adopted.

Notice of the time and place of the public hearing shall be advertised prior to the date of the public hearing, and a copy of the budget is to be provided to news media in the county. Additionally, the notice is to be mailed to the University of North Carolina at Chapel Hill, the Towns of Chapel Hill and Carrboro, and to Orange County.

The attached resolution sets May 12, 2022, as the date of the public hearing on OWASA’s FY 2023 budget. Adoption of the budget is tentatively scheduled for June 9, 2022.

**Action Requested:**

Approve Resolution Setting the Date of May 12, 2022, for a Public Hearing an OWASA’s Fiscal Year 2023 Budget

**Information:**

- Resolution Setting the Date of May 12, 2022, for a Public Hearing on OWASA’s Fiscal Year 2023 Budget

**Resolution Setting the Date of May 12, 2022, for a Public Hearing on  
OWASA’S Fiscal Year 2023 Budget**

**Whereas**, Section 159-12 of the General Statutes of North Carolina requires a Public Hearing on the budget for the ensuing fiscal year; and

**Whereas**, in accordance with Section 7.05 of the Bond Order, and Section 159-13 of the General Statutes of North Carolina, the Board of Directors of Orange Water and Sewer Authority shall adopt an Annual Budget for the Fiscal Year 2023 on or before the first day of July 2022; and

**Whereas**, said proposed Budget will be placed with the Clerk to the Board and will be available for public inspection;

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

1. That a virtual Public Hearing is hereby set for Thursday, May 12, 2022, at 6:00 P.M., using Microsoft Teams, for the purpose of receiving public comment on the proposed Fiscal Year 2023 budget.
2. That any interested persons may appear in-person, or by agent or attorney, and present any comments they may have regarding the proposed budget.
3. That notice of the time and place of the Public Hearing shall be advertised and provided at least ten days prior to the date fixed above for the Public Hearing to The University of North Carolina at Chapel Hill, and to the Towns of Chapel Hill and Carrboro and to Orange County.

Adopted this 10th day of March 2022.

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Jo Leslie Eimers, Chair

ATTEST:

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John Morris, Secretary



**Agenda Item 5:**

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

**Purpose and background:**

Although there is no statutory requirement for a water and sewer authority to hold a public hearing on proposed revisions to rates, OWASA historically has held such a public hearing in conjunction with the public hearing on the annual budget during the month of May. Information on the annual budget and revisions to rates provided by staff during the public hearings is typically combined into a single presentation.

Any proposed adjustment to rates, fees and other charges will be recommended to become effective during the new fiscal year. The Agreement of Sale and Purchase with the University of North Carolina at Chapel Hill requires that the University be provided a 90-day notice prior to implementing changes in rates, fees and charges.

The attached resolution sets May 12, 2022, as the date for a public hearing on revisions to rates, fees and charges. Receiving public comment at the hearing will provide sufficient time to consider public input; adopt a revised schedule of rates, fees and other charges before July 1, 2022.

**Action Requested:**

Approve Resolution Setting the Date of May 12, 2022, for a Public Hearing on Proposed Revisions to OWASA’s Schedule of Rates, Fees and Charges.

**Information:**

- Resolution Setting the Date of May 12, 2022, for a Public Hearing on Proposed Revisions to OWASA’s Schedule

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

**Whereas**, the Orange Water and Sewer Authority must charge fees sufficient to provide financial resources to recover the cost of ongoing operations, pay for capital improvements, and provide sufficient financial resources to ensure sustainable fiscal strength and stability; and

**Whereas**, due to COVID-19 public health concerns and in compliance with local governments “stay-at-home” orders, the OWASA Board of Directors is conducting this meeting virtually utilizing Microsoft Teams; and

**Whereas**, Section 162A-6 of the General Statutes of North Carolina and Section 7.04 of the Amended and Restated Bond Order adopted September 13, 2001, provide for the revision of such rates, fees and charges;

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

1. That a virtual Public Hearing is hereby set for Thursday, May 12, 2022, at 6:00 P.M., using Microsoft Teams, for the purpose of receiving public comment on any proposed adjustments to Orange Water and Sewer Authority’s rates, fees and charges.
2. That any interested persons may appear in person, or by agent or attorney, to present comments on the proposed modifications to the current schedule of rates, fees and charges.
3. That notice of the time and place of the Public Hearing shall be advertised and shall be provided at least ten days prior to the date fixed above for the Public Hearing to the University of North Carolina at Chapel Hill, Town of Carrboro, Town of Chapel Hill, and Orange County.

Adopted this 10th day of March 2022.

\_\_\_\_\_  
Jo Leslie Eimers, Chair

ATTEST:

\_\_\_\_\_  
John Morris, Secretary

## **Agenda Item 6:**

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

### **Purpose:**

To receive approval from the Board of Directors to execute a conservation easement with the North Carolina Land and Water Fund to meet legal commitments.

### **Background:**

As part of OWASA's critical lands program to maintain water quality in Cane Creek Reservoir, OWASA acquired a 2/3 undivided interest in the 80-acre Annie Deane Heirs property in 2002. The remaining 1/3 interest was obtained on July 9, 2021 after the Board approved the purchase at its July 8, 2021 meeting.

The North Carolina Clean Water Management Trust Fund (now called the North Carolina Land and Water Fund) provided grant funds of \$277,774 to reimburse a portion of the purchase price for the 2/3 interest. In return, OWASA promised to use its best efforts to acquire the other 1/3 interest, and once the remaining 1/3 interest was acquired, to convey a conservation easement to the state on 300 foot stream buffers along the streams located on the property. In 2004 OWASA signed a Reimbursement Agreement and granted a Deed of Trust to the state to secure these obligations.

Subsequent to the July 8, 2021 purchase of the remaining 1/3 interest, staff and counsel worked with the North Carolina Land and Water Fund to develop an easement which provides mutually acceptable terms to meet the requirements of the 2004 Reimbursement Agreement and permanently protect the 300 foot stream buffers on the property. Once the easement is recorded the state will release the 2004 Deed of Trust.

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

Staff and 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 Conservation Easement in Cane Creek Reservoir Watershed on Orange Water and Sewer Authority Land.*

### **Information:**

- Resolution to Authorize Conservation Easement in Cane Creek Reservoir Watershed on Orange Water and Sewer Authority Land
- Conservation Easement: Deane Property

March 10, 2022

**Resolution to Authorize Conservation Easement in Cane Creek Reservoir Watershed on Orange Water and Sewer Authority Land**

**Whereas**, in order to protect water quality in the Cane Creek Reservoir watershed, Orange Water and Sewer Authority (OWASA) supports efforts to preserve and protect properties crossed by streams and wetlands tributary to the Cane Creek Reservoir; and,

**Whereas**, OWASA purchased 2/3 interest in a parcel containing streams adjacent to Cane Creek Reservoir in 2002 to help protect water quality in the Reservoir; and,

**Whereas**, OWASA received grant funds from the North Carolina Clean Water Management Trust Fund (Fund, now called the North Carolina Land and Water Fund) to reimburse a portion of the purchase price of the 2/3 interest in the parcel; and,

**Whereas**, OWASA and the Fund entered into an agreement in 2004 which obligated OWASA to purchase the remaining 1/3 interest and subsequently to protect permanently 300 foot riparian buffers on the streams on the property; and,

**Whereas**, OWASA purchased the remaining 1/3 interest on July 9, 2021; and,

**Whereas**, OWASA desires to fulfill on its obligations to the Fund:

**Now, therefore be it resolved:**

1. That the Orange Water and Sewer Authority (OWASA) Board of Directors, having been fully advised of the details and terms of the Conservation Easement proposed to be conveyed to the North Carolina Land and Water Fund, and having found that providing the proposed Conservation Easements will afford material protection to the water resources of Cane Creek Reservoir and fulfill OWASA's legal obligations to the Fund, hereby approves the proposed Conservation Easement and authorizes the Chair and Secretary of the Board of Directors to execute the Easement on behalf of OWASA.

Adopted this 10<sup>th</sup> day of March 2022.

\_\_\_\_\_  
Jo Leslie Eimers, Chair

ATTEST:

\_\_\_\_\_  
John N. Morris, Secretary

CONSERVATION EASEMENT  
Deane Property

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Prepared by: Robin Lackey Jacobs and North Carolina Land and Water Fund

After Recording Return to: Orange Water & Sewer Authority, 400 Jones Ferry Road, Carrboro, NC 27510

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NORTH CAROLINA  
Tax Parcel No. 9830-69-1327

ORANGE COUNTY  
NCLWF No. 2001A-025

THIS DEED OF CONSERVATION EASEMENT (“**Conservation Easement**”) is made, given, granted, and executed on this the \_\_\_ day of \_\_\_\_\_, 2021 by and between ORANGE WATER AND SEWER AUTHORITY, a public body and body politic and corporate created and existing under Article 1, Chapter 162A of the North Carolina General Statutes (“**Grantor**”), its address being: 400 Jones Ferry Road, Carrboro, NC 27510, and the STATE OF NORTH CAROLINA (“**Grantee**” or “**State**”), its address being: Attn: NCLWF Real Property Agent, State Property Office, 1321 Mail Service Center, Raleigh, NC 27699-1321, acting by and through NORTH CAROLINA LAND AND WATER FUND a.k.a. North Carolina Clean Water Management Trust Fund, a division of the North Carolina Department of Natural and Cultural Resources (“**Fund**”), its address being: Attn: Contract Administrator, North Carolina Land and Water Fund, 1651 Mail Service Center, Raleigh, North Carolina 27699-1651. Grantor and Grantee may hereinafter be referred to individually as a “**Party**” or collectively as the “**Parties**.”

RECITALS

A. Grantor owns in fee simple absolute certain real property lying and being in Bingham Township, Orange County, North Carolina, which consists of 80.432 acres, and which is more particularly described in “**Exhibit A**” which is attached hereto and incorporated herein by reference as if fully set forth herein (the “**Property**”).

B. Grantor is a North Carolina public water and sewer authority. Grantor’s Water Supply and Treatment Department and Engineering and Planning Department will help manage and maintain the Property.

C. The State has enacted the Conservation and Historic Preservation Agreements Act (the “**Act**”), Chapter 121, Article 4 of the North Carolina General Statutes (“**N.C.G.S.**”), which provides for the enforceability of restrictions, easements, covenants, and conditions “appropriate to retaining land or water areas predominantly in their natural, scenic or open condition . . . .”

D. The North Carolina Land and Water Fund a.k.a. North Carolina Clean Water Management Trust Fund is authorized by N.C.G.S. Chapter 143B, Article 2, Part 41 to acquire land and interests in land on behalf of the State:

- for riparian buffers for the purposes of providing environmental protection for surface waters and urban drinking water supplies and establishing a network of riparian greenways for environmental, educational, and recreational uses,
- for the purpose of protecting and conserving surface waters and enhancing drinking water supplies, including the development of water supply reservoirs,
- to provide buffers around military bases to protect the military mission,
- that represent the ecological diversity of North Carolina, including natural features such as riverine, montane, coastal, and geologic systems and other natural areas to ensure their preservation and conservation for recreational, scientific, educational, cultural, and aesthetic purposes, and
- that contribute to the development of a balanced State program of historic properties.

E. Grantor and Grantee have agreed to set aside a **47.019-acre** area of the Property for the purpose of creating a conservation easement. The area is hereinafter referred to as the “**Easement Area.**” The Easement Area is described in “**Exhibit B**” which is attached hereto and incorporated herein by reference as if fully set forth herein.

The Easement Area has the following conservation values and serves the following conservation purposes:

- to preserve, enhance, restore, and maintain the natural features and resources of the riparian buffer, to control runoff of sediment, and to improve and maintain the water quality, of portions of Cane Creek Reservoir and its tributaries, and
- to preserve and maintain the natural features and resources of the riparian buffer, and to provide environmental, educational, and recreational uses, including riparian greenway along portions of Cane Creek Reservoir and its tributaries.

Moreover, Grantor and Grantee recognize that the Easement Area has other conservation values and purposes, including fish and wildlife conservation, open space values, and scenic values (hereinafter, collectively with the conservation values described in this **Section E** of the Recitals and the conservation purposes of this Conservation Easement, the “**Conservation Values**”).

F. Grantor has received or will receive a grant from Fund in accordance with Grant Contract No. 2001A-05 between Grantor and Fund dated October 24, 2002 (the “**Grant Contract**”). In the Grant Contract, Grantor agreed to enter into this Conservation Easement. A related Reimbursement Agreement is dated March 12, 2004, and a related Deed of Trust is recorded at Book 3407, Page 195, Orange County Register of Deeds. The Grant Contract and the related Reimbursement Agreement are on file and available for public inspection in the offices of Grantor and Fund. The Grant Contract and this Conservation Easement are collectively referred to herein as the “**Project**.”

G. Grantor and Grantee acknowledge that the Easement Area is currently unencumbered except as permitted in **Article V** of this Conservation Easement. The Easement Area’s characteristics, its current use, and its state of improvement are described in a Baseline Documentation Report (the “**BDR**”), which was required under the Grant Contract and is on file and available for public inspection in the offices of Grantor and Fund. The Parties acknowledge that the BDR is the appropriate basis for monitoring compliance with the objectives of preserving the Conservation Values and that it is not intended to preclude the use of other evidence (e.g. surveys, appraisals) to establish the condition of the Easement Area at the time of the execution of this Conservation Easement if there is a controversy over such condition.

NOW, THEREFORE, in consideration of the premises and the mutual benefits recited herein, together with other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, Grantor hereby unconditionally and irrevocably gives, grants, and conveys forever and in perpetuity to Grantee, its successors and assigns, and Grantee hereby accepts, this Conservation Easement of the nature and character and to the extent hereinafter set forth in, on, over, under, through, above, and across the Easement Area, together with the right and easement to preserve and protect the Conservation Values.

The purpose of this Conservation Easement is to protect and preserve the Conservation Values as outlined above in **Section E** of the Recitals including the conservation purposes and it shall be so held, maintained, and used therefor. Grantor hereby conveys to Grantee all development rights that are now or hereafter allocated to, or are implied or inherent in, the Easement Area, and the Parties agree that such rights are terminated and extinguished, and may not be used on or transmitted to any portion of the Property, as it now or hereafter may be bounded or described, or to any other property. It is the further purpose of this Conservation Easement to prevent any use of the Easement Area that will impair or interfere with the preservation of the Conservation Values. Grantor intends that this Conservation Easement will restrict the use of the Easement Area to such activities as are consistent with the Conservation Values.

FURTHER, for the purpose of providing uninterrupted access to the Easement Area, Grantor grants and conveys unto Grantee, its successors and assigns, a perpetual right of ingress, egress, and regress to and from the Easement Area (1) across the Property, (2) in any right-of-way appurtenant to the Property including Mount Mitchell Road (a/k/a Mt Mitchell Rd), a private road, and (3) across any other lands owned by Grantor.

## ARTICLE I. DURATION OF EASEMENT

This Conservation Easement shall be perpetual. It is an easement in gross, runs with the land, and is enforceable by Grantee, its successors and assigns, against Grantor, its representatives, successors, assigns, lessees, agents, and licensees.

## ARTICLE II. RIGHTS RESERVED TO GRANTOR

Grantor reserves the right accruing from the fee simple ownership of the Property to engage in or permit others to engage in the uses of the Easement Area that are not inconsistent with this Conservation Easement or the Conservation Values. All rights reserved by Grantor are reserved for Grantor and its successors and assigns. The specific reserved rights listed below in this **Article II** are considered to be consistent with this Conservation Easement and the Conservation Values. Grantor shall continue to own and may use the Property in any lawful manner that is consistent with this Conservation Easement and the Conservation Values. The Parties acknowledge and agree that they have no right to agree to any activity that would result in the termination of this Conservation Easement.

The Easement Area shall be restricted from any development or usage that would impair or interfere with the Conservation Values including the purposes of this Conservation Easement. The following uses are reserved as indicated:

A. Access and Use. Grantor reserves the right to allow access and use of the Easement Area for the purposes of the activities permitted herein. Grantor reserves the right to generate income from individuals and groups related to the activities permitted under the rights reserved herein, so long as the activities are not detrimental to the Conservation Values.

B. Passive Recreational Use. Grantor reserves the right to engage in and to permit others to engage in passive recreational uses of the Easement Area that do not require surface alteration of the land and pose no threat to the Conservation Values. By way of illustration, such passive recreational uses may include hiking, walking, scientific study, animal/plant observation, nature and environmental education, historic tours, photography, so long as such uses are consistent with the maintenance of the Conservation Values, and such uses are subject to all applicable federal, state, and local laws and regulations.

C. Existing Roads and Trails. Grantor reserves the right to maintain existing unpaved roads and trails in the Easement Area. These roads and trails shall not be paved without prior written approval of Fund. The existing roads and trails may be stabilized with gravel and permanent vegetation. Associated ditches, culverts, stream crossings, and bridges may be maintained and replaced as necessary as maintenance of the road or trail. All necessary care shall be taken to maintain existing roads and trails in a manner so as not to impair any Conservation Values. Existing roads and trails shall not be realigned without the prior written approval of Fund.



D. Motorized Vehicles. Grantor reserves the right to use motorized vehicles on allowed roads and trails for management, maintenance, or stewardship purposes.

E. New Trails. Grantor reserves the right to construct and maintain new natural surface trails for the purpose of hiking. All trails must be located a minimum distance of fifty (50) feet from the top of the bank of all surface water, unless such locations are physically impracticable, and must be located so as not to impair the Conservation Values. All trail construction involving soil disturbance must follow best practices for sustainable trail design and construction and must have prior written approval by Fund. When required by the terrain, trails may include boardwalks, ramps, and handrails to the extent necessary. Trails may include stream crossings up to ten (10) feet wide, provided they are permitted by all applicable regulatory authorities. All necessary care shall be taken to construct and maintain trails in a manner so as not to impair any Conservation Values either during or after construction. Fund shall have the authority to require the closure of any trail that is detrimental to any Conservation Values. All realignments of trails are subject to the requirements of this Paragraph.

F. Trail and Recreational Accessories. Grantor reserves the right to construct and maintain park benches, litter receptacles, and directional, educational, and informational signs along existing trails and approved new trails. All necessary care shall be taken to construct and maintain trail and recreational accessories in a manner so as not to impair any Conservation Values either during or after construction. Fund shall have the authority to require the removal of any trail or recreational accessory that is detrimental to any Conservation Values.

G. Vegetation Management. Grantor reserves the right to manage vegetation for boundary marking, fencing, signage, fire containment, disease control, insect control, invasive exotic plant control, and removal of conditions that threaten life or property. Methods of vegetation management may include, but are not limited to, selective cutting, prescribed burning, and application of herbicides or pesticides.

H. Native Community Restoration, Management, and Maintenance. Grantor reserves the right to perform all activities necessary to restore, manage, or maintain the native plant and animal communities in the Easement Area, provided, however, that the conversion of one habitat type to a native habitat type requires prior written approval of Fund. All necessary care shall be taken to protect all Conservation Values, and restoration, management, and maintenance activities shall be carried out in a manner so as not to impair any Conservation Values either during or after the activities.

I. Stream/Wetland Restoration. Grantor reserves the right to perform all activities necessary to restore and stabilize streams and wetlands to enhance water quality on the Easement Area. Such activities shall be based upon prevailing design and permitting standards. Restoration and stabilization activities shall be based on a design using as many natural materials as possible, shall require prior written approval of Fund, and shall be subject to all applicable regulatory authorities.

J. Signs. Grantor reserves the right to post the following signs: no trespassing signs, local, state, or federal traffic or similar information signs, for sale or lease signs, signs

identifying the Conservation Values of the Easement, signs identifying Grantor as owner of the Property, signs identifying the funders or the holders of Conservation Easements, educational signs, directional signs, and interpretative signs.

### ARTICLE III. PROHIBITED AND RESTRICTED ACTIVITIES

Any activity on, or use of, the Easement Area that is inconsistent with this Conservation Easement or the Conservation Values is prohibited. The Easement Area shall be maintained in its natural, scenic, wooded, and open condition and restricted from any development or use that would impair or interfere with this Conservation Easement or the Conservation Values.

Without limiting the generality of the immediately foregoing Paragraph, the following activities and uses are expressly prohibited or restricted in the Easement Area as stated, except to the extent of rights specifically reserved to Grantor in **Article II**. When an activity or use is prohibited or restricted in, within, on, or of the Easement Area, the activity or use is prohibited or restricted in, on, over, under, through, above, and across the Easement Area.

A. Industrial and Commercial Use. Industrial and commercial activities and any rights of passage for such purposes are prohibited in the Easement Area.

B. Agricultural, Grazing and Horticultural Use. Agriculture, grazing, horticultural, and animal husbandry operations and any rights of passage for such purposes are prohibited in the Easement Area.

C. Disturbance of Natural Features, Plants, and Animals. There shall be no cutting or removal of trees and no disturbance of other natural features within the Easement Area.

D. Construction of Structures or Improvements. There shall be no constructing or placing of any temporary or permanent structure, improvement, building, fixture, mobile home, asphalt, concrete, or other pavement, billboard or other advertising display, antenna, utility pole, tower, conduit, line, or facility in the Easement Area.

E. Motorized Vehicles. Use of motorized vehicles in the Easement Area is prohibited.

F. Signs. Signs are not permitted in the Easement Area.

G. Mineral Use, Excavation, Dredging. There shall be no filling, excavation, dredging, mining, or drilling in the Easement Area. There shall be no removal of topsoil, sand, gravel, rock, peat, minerals, hydrocarbons, or other materials from the Easement Area. There shall be no change in the topography of the land in the Easement Area in any manner.

H. Wetlands and Water Quality. There shall be no pollution or alteration of surface waters in the Easement Area. There shall be no construction or other activities that would be detrimental to water quality or that would alter the natural water levels, drainage, sedimentation, or water flow in, on, or over the Easement Area or into any surface waters. There shall be no

construction or other activities that would cause soil degradation or erosion. There shall be no diking, dredging, alteration, draining, filling, or removal of wetlands.

I. Dumping. Dumping of soil, trash, ashes, garbage, waste, abandoned vehicles, appliances, machinery, or other materials in the Easement Area is prohibited.

J. Conveyance and Subdivision. The Easement Area shall not be divided, subdivided, or partitioned. No property interest in the Easement Area, including but not limited to the fee simple interest, shall be divided, subdivided, or partitioned. Without limiting the foregoing, the Easement Area shall not be conveyed except in its current configuration as a single parcel of property.

K. Open Space and Development Rights. The Easement Area shall not be used to satisfy open space or density requirements of any cluster or other development scheme or plan. The development rights encumbered by this Conservation Easement shall not be transferred to any other land pursuant to a transfer of development rights scheme, a cluster development arrangement, or otherwise.

L. Mitigation. There shall be no use of the Easement Area or any portion thereof to satisfy compensatory mitigation requirements under 33 USC Section 1344, N.C.G.S. §143-214.11 or any successor or replacement provision of the foregoing.

#### ARTICLE IV. ENFORCEMENT AND REMEDIES

A. Enforcement and Remedies. Grantee has the right to prevent and stop any violation of this Conservation Easement, including, but not limited to, preventing and stopping any activity on or use of the Easement Area that is inconsistent with this Conservation Easement or its purposes, and to require the prompt restoration to the condition required by this Conservation Easement of such areas or features of the Easement Area that may have been damaged by such violation, activity, or use. Upon any breach of the terms of this Conservation Easement by Grantor that comes to the attention of Grantee, Grantee, may notify Grantor in writing of such breach. Grantor shall have ninety (90) days after receipt of such notice to correct the conditions constituting such breach. If the breach remains uncured after ninety (90) days, Grantee may enforce this Conservation Easement by legal proceedings for damages, injunctive relief, and any other legal or equitable remedy. Grantee shall also have the power and authority, consistent with its statutory authority: (a) to prevent any impairment of the Easement Area by acts which may be unlawful or in violation of this Conservation Easement, (b) to otherwise preserve or protect its interest in the Easement Area, and (c) to seek damages from any appropriate person or entity. Notwithstanding the foregoing, Grantee has the immediate right, without notice, to obtain a temporary restraining order, injunction, or other appropriate relief if a breach or threatened breach of the terms of this Conservation Easement is or would irreversibly or materially impair the benefits to be derived from this Conservation Easement. Grantor and Grantee acknowledge that under such circumstances damage to Grantee would be irreparable and remedies at law will be inadequate. The rights and remedies of Grantee provided hereunder shall be in addition to, and not in lieu of, all other rights and remedies available to Grantee in

connection with this Conservation Easement, including, without limitation, those set forth in the Grant Contract under which this Conservation Easement was obtained.

B. Access for Inspection and Right of Entry. Grantee shall have the right, by and through its agents and employees, to enter the Property to inspect the Property for compliance with this Conservation Easement at all reasonable times and with prior notice and, if necessary, cross other lands owned by Grantor for the purposes of (1) inspecting the Property to determine if Grantor is complying with this Conservation Easement and its purposes, (2) enforcing the terms of this Conservation Easement, (3) taking any and all actions with respect to the Easement Area as may be necessary or appropriate with or without order of the Court, to remedy or abate violations hereof, and (4) making scientific and educational observations and studies and taking samples in such a manner as will not disturb the quiet enjoyment of the Property by Grantor.

C. Termination and Proceeds of Property Rights Created. This Conservation Easement gives rise to a property right that is immediately vested in Grantee at the time of recordation, with a fair market value that is equal to the proportionate value that the Conservation Easement bears to the full value of the whole Property, as if unencumbered by the Conservation Easement, on the date of the recording of this Conservation Easement. This proportionate value shall remain constant. For the purposes of determining any distribution of proceeds pursuant to this Paragraph, Grantor's proportionate contribution to the purchase price shall be deemed to be 63%, and Grantee's proportionate contribution to the purchase price shall be deemed to be 37%. "**Proceeds of Sale**" shall mean the cash value of all money and property paid, transferred, or contributed in consideration for, or as otherwise required as a condition to, the taking of, sale of, exchange of, involuntary conversion of, or severance damages to, the Property or part thereof, and any money, damages, or just compensation otherwise awarded as a result of judicial proceedings, *minus* Grantor's reasonable expenses from such transaction or proceeding. If any Proceeds of Sale are due, payable, or otherwise obligated to the United States government or any department or agency thereof related to funding provided to Grantor, then any such obligation shall be paid or satisfied solely from Grantor's portion of the Proceeds of Sale.

1. Eminent Domain. Whenever all or part of the Property is taken by eminent domain, threatened to be taken by an entity with the power of eminent domain, or acquired, or sought to be acquired, by negotiated sale in lieu of condemnation, whether by public, corporate, or other authority, Grantor shall immediately give notice to Grantee and Fund, and shall take all appropriate actions related to such taking or negotiated sale in coordination with and with the prior written approval of Grantee and Fund, to recover the full fair market value (without regard to any diminution in value attributable to the Conservation Easement) of the taking or acquisition and all incidental, direct, and severance damages resulting from the taking or acquisition. Grantee, its successors and assigns, shall be entitled to its proportionate share of the Proceeds of Sale which shall include, but not be limited to, the proceeds of such taking of, sale of, exchange of, involuntary conversion of, and severance damages to, of the Property or any part thereof, and any damage or just compensation otherwise awarded with respect to any judicial proceedings, according to Grantee's proportional interest in the value of the Property as determined under Treasury Regulations §1.170A-14(g)(6)(ii) or any successor regulation.

As allowed by N.C.G.S. §146-30(a), Grantee shall use its share of the Proceeds of Sale in a manner consistent with the purpose(s) of the Conservation Easement as set forth herein. Notwithstanding the foregoing, all Proceeds of Sale shall be distributed among the Parties according to each Party's respective contribution to the purchase price of the Property and this Conservation Easement as specified above. Nothing herein limits Grantee's right to be included as a named party in any eminent domain action or its right to just compensation for the taking of its property interest.

2. Changed Conditions. If a subsequent, unexpected change in conditions surrounding the Property makes impossible or impractical the continued use of the Property or any part thereof for the purposes of this Conservation Easement as set forth herein, and the Conservation Easement is extinguished in whole or in part by judicial proceeding, Grantee, its successors and assigns, shall be entitled to its proportionate share of the Proceeds of Sale which shall include, but not be limited to, the proceeds of any sale, exchange, or involuntary conversion of the Property or any part thereof, and any damage award with respect to any judicial proceedings according to Grantee's proportional interest in the value of the Property as determined under Treasury Regulations §1.170A-14(g)(6)(ii) or any successor regulation. As allowed by N.C.G.S. §146-30(a), Grantee shall use its share of the Proceeds of Sale in a manner consistent with the purpose(s) of the Conservation Easement as set forth herein. Notwithstanding the foregoing, all Proceeds of Sale shall be distributed among the Parties according to each Party's respective contribution to the purchase price of the Property and this Conservation Easement as specified above. Nothing herein limits Grantee's right to be included as a named party in any judicial proceedings related to changed conditions.

D. Acts Beyond Grantor's Control. Nothing contained in this Conservation Easement shall be construed to entitle Grantee to bring any action against Grantor for any injury or change in the Easement Area resulting from the acts of third parties not authorized by Grantor, or from causes beyond Grantor's control, including, without limitation, fire, flood, storm, and earth movement, or from any prudent action taken in good faith by Grantor under emergency conditions to prevent, abate, or mitigate significant injury to life, property, or the Easement Area, resulting from such causes.

E. Costs of Enforcement. Any costs incurred by Grantee in enforcing the terms of this Conservation Easement against Grantor, including, without limitation, any costs of restoration necessitated by Grantor's acts or omissions in violation of the terms of this Conservation Easement, shall be borne by Grantor.

F. No Waiver. Any forbearance by Grantee to exercise its rights hereunder in the event of any breach of any term set forth herein shall not be deemed or construed to be a waiver by Grantee of such term or of any subsequent breach of the same or of any other term of this Conservation Easement or of Grantee's rights. No delay or omission by Grantee in exercise of any right or remedy shall impair such right or remedy or be construed as a waiver.

## ARTICLE V. TITLE

Grantor covenants, represents, and warrants (i) that Grantor is the sole owner and is seized of the Property including the Easement Area in fee simple and has good right to grant and convey this Conservation Easement, (ii) that there is legal access to the Property and the Easement Area via private road Mount Mitchell Road (a/k/a Mt Mitchell Rd) to a public street, (iii) that the Property and Easement Area are free and clear of any and all encumbrances, except those permitted exceptions outlined below, none of which would nullify, impair, or limit in any way the terms or effect of this Conservation Easement, (iv) that Grantor shall defend its and Grantee's title against the claims of all persons whomsoever, and (v) that Grantee, its successors and assigns, shall have the right to monitor and defend the terms of this Conservation Easement. The following are permitted exceptions to the above covenants, representations, and warranties: none.

## ARTICLE VI. MISCELLANEOUS

A. Stewardship of the Conservation Easement. Pursuant to the terms of the Grant Contract and any contract for stewardship of the Easement Area entered into pursuant to the Grant Contract, Orange Water and Sewer Authority will monitor and observe the Easement Area in perpetuity to assure compliance with the purposes and provisions of this Conservation Easement and the provisions of the Grant Contract, and that it will report on the condition of the Easement Area, or provide for such reporting, to State and Fund no less frequently than once a year, and further will report immediately to State and Fund any observed and/or known violations of this Conservation Easement or the Grant Contract. The Parties acknowledge that this obligation to monitor the Easement Area is assignable provided such assignment is made with the prior written approval of Fund and evidenced by a written instrument signed by the Parties thereto and recorded in the Office of the Register of Deeds of Orange County. Provided further, that any such assignment of Orange Water and Sewer Authority's obligation to monitor the Easement Area shall include a right of entry onto the Property for the assignee of said monitoring obligation, and shall require the monitoring to be carried out in accordance with and subject to Fund's internal stewardship policies and procedures. The Parties specifically acknowledge that neither Orange Water and Sewer Authority's obligation to monitor the Easement Area, nor its assignment of said obligation, shall have any effect on the rights and obligations of the Grantee of this Conservation Easement. The obligation to provide monitoring will survive any transfer of Grantor's fee interest in the Property.

B. Subsequent Transfers of the Fee or Other Interests; Licenses. Grantor agrees for itself, its successors and assigns, that in the event it intends to transfer the Property, any interest in the Property, any portion of the Property that includes the Easement Area, or any license to use the Easement Area, to notify Grantee and Fund in writing of the names and addresses of any party to whom the Property, any interest in the Property, any portion of the Property that includes the Easement Area, or any license to use the Easement Area, is to be transferred, the nature of the interest or license to be transferred, and the terms and conditions of the intended transfer, at least sixty (60) days before the transfer is intended to be consummated. Grantor, for itself, its successors and assigns, further agrees to make specific reference to this Conservation Easement in a separate paragraph of any subsequent lease, deed, license, or other legal instrument by which

any interest or license in the Property is conveyed. The Property owner shall not convey the Property or any interest or license therein, and shall not incur, assume, or suffer to exist any lien, upon or with respect to the Property, without disclosing to the prospective transferee the Conservation Easement, the obligations of the Property owner, and the limitations on use of the Property. No interest or license in the Property shall be transferred except in writing in accordance with the above. Nothing in this Paragraph abrogates or limits **Paragraph J of Article III** hereof.

C. Subsequent Transfers of the Conservation Easement. The Parties hereto recognize and agree that the benefits of this Conservation Easement are in gross and assignable with any such assignee having all the rights and remedies of Grantee hereunder. The Parties hereby covenant and agree, that in the event this Conservation Easement is transferred or assigned, the transferee or assignee of the Conservation Easement will be a qualified organization as that term is defined in Section 170(h)(3) of the Internal Revenue Code of 1986 (the “**Code**”), as amended, or any successor section, and the regulations promulgated thereunder that is organized or operated primarily for one of the conservation purposes specified in Section 170(h)(4)(A) of the Code, a holder as that term is defined in the Act or any successor statute, and a qualified grant recipient pursuant to N.C.G.S. Chapter 143B, Article 2, Part 41. The Parties further covenant and agree that the terms of the transfer or the assignment will be such that the transferee or assignee will be required to continue to carry out in perpetuity the purpose(s) of the Conservation Easement that the contribution was originally intended to advance as set forth herein, but acknowledge specifically that any transfer or assignment of the Conservation Easement shall have no effect on Orange Water and Sewer Authority’s obligation to provide stewardship of the Conservation Easement as set forth in this **Article VI**.

D. Existing Responsibilities of Grantor and Grantee Not Affected. Other than as specified herein, this Conservation Easement is not intended to impose any legal or other responsibility on Grantee, or in any way to affect any existing obligation of Grantor as owner of the Property, which includes the Easement Area. Among other things, this shall apply to:

1. Taxes. Grantor shall continue to be solely responsible for payment of all taxes and assessments levied against the Property, including the Easement Area. If Grantee is ever required to pay any taxes or assessments on its interest in the Easement Area, Grantor shall reimburse Grantee for the same.
2. Upkeep and Maintenance. Grantor shall continue to be solely responsible for the upkeep and maintenance of the Property, including the Easement Area, to the extent it may be required by law. Grantee shall have no obligation for the upkeep or maintenance of the Easement Area.
3. Liability and Indemnification. If Grantee is ever required by a court to pay damages resulting from personal injury or property damage that occurs on the Property, including the Easement Area, Grantor shall indemnify and reimburse Grantee for these payments, as well as reasonable attorneys’ fees and other expenses of defending itself, unless Grantee has committed

a deliberate act that is determined to be the sole cause of the injury or damage.

E. Conservation Purpose. Grantor and Grantee, each for itself, and its respective successors and assigns, agree that this Conservation Easement shall be held exclusively for conservation purposes set forth by the Grant Contract, this Conservation Easement, and as specified in Section 170(h)(4)(A) of the Code. Further, this Conservation Easement shall be construed to promote the purposes of the Act and such purposes of this Conservation Easement as are defined in Section 170(h)(4)(A) of the Code.

F. Recording. Grantee shall record this instrument and any amendment hereto in the official records of Orange County, North Carolina, and may re-record it at any time as may be required to preserve Grantee's rights.

G. Notices. Any notices shall be sent by registered or certified mail, return receipt requested, to the Parties at their addresses shown below, and each Party may update its information by a notice sent in accordance with this Paragraph:

If to Grantee:  
NC Land and Water Fund (CWMTF)  
1651 Mail Service Center  
Raleigh, NC 27699-1651

If to Grantor:  
Orange Water and Sewer Authority  
400 Jones Ferry Road  
Carrboro, NC 27510  
Attn: Executive Director

H. Amendments. Grantor and Grantee, or their successors in interest in the Property, are free to jointly amend this Conservation Easement to meet changing conditions, provided that no amendment will be allowed that is inconsistent with the purposes of this Conservation Easement or affects the perpetual duration of this Conservation Easement. Such amendments require the prior written approval of both Grantor and Grantee and shall be effective upon recording in the public records of Orange County, North Carolina.

I. Environmental Condition of the Property. Grantor warrants, represents, and covenants to Grantee that to the best of its knowledge after appropriate inquiry and investigation: (a) the Property described herein is and at all times hereafter will continue to be in full compliance with all federal, state, and local environmental laws and regulations, (b) as of the date hereof, there are no hazardous materials, substances, wastes, or environmentally regulated substances (including, without limitation, any materials containing asbestos) located on, in, or under the Property or used in connection therewith, (c) that there are no environmental conditions existing on the Property that may prohibit or impede use of the Easement Area for the purposes set forth herein, and (d) Grantor will not allow such conditions.

J. Indemnity. Grantor agrees to the fullest extent permitted by law, to protect, indemnify, and hold harmless Grantee from and against all claims, actions, liabilities, damages, fines, penalties, costs, expenses, and attorneys' fees suffered or incurred as a direct or indirect result of any violation of any federal, state, or local environmental or land use law or regulation



or of the use or presence of any hazardous substance, hazardous waste, or other regulated material in, on, or under the Property.

K. Entire Agreement. The Recitals set forth above and the exhibits, if any, attached hereto are incorporated herein by reference. This instrument, including the Grant Contract incorporated by reference herein, sets forth the entire agreement of the Parties with respect to the Project and supersedes all prior discussions, negotiations, understandings, and agreements relating to the Project. To the extent that this Conservation Easement is in conflict with the Grant Contract, the terms of this Conservation Easement shall control.

L. Interpretation and Severance. This Conservation Easement shall be construed and interpreted under the laws of the State and the United States, and any ambiguities herein shall be resolved so as to give maximum effect to the conservation purposes sought to be protected herein. The normal rule of construction of ambiguities against the drafting party shall not apply in the interpretation of this Conservation Easement. Further, this Conservation Easement shall be construed to promote the purposes of the Act, which authorizes the creation of conservation agreements for purposes including those set forth herein, and such conservation purposes as are defined in Section 170(h)(4)(A) of the Code. If any provision of this Conservation Easement is found to be invalid, the remainder of the provisions of this Conservation Easement, and the application of such provisions to persons or circumstances other than those as to which it is found to be invalid, shall not be affected thereby and shall remain in full force and effect.

M. Parties. Every provision of this Conservation Easement that applies to Grantor or to Grantee or to Fund shall likewise apply to their respective executors, administrators, successors, and assigns.

N. No Extinguishment through Merger. The Parties agree that the doctrine of extinguishment by merger shall not apply to this Conservation Easement because of the public interest in its enforcement. The Parties agree that this Conservation Easement and its terms shall survive any coming together of the ownership of the fee interest and the Conservation Easement interest in the Easement Area, and that this Conservation Easement shall not be merged into the fee interest. Further, the Parties agree that if Grantee, or any successor in interest to Grantee, acquires title to any fee interest in the Easement Area (i) said owner shall observe and be bound by the obligations and the restrictions imposed upon the Easement Area by this Conservation Easement and (ii) this Conservation Easement shall not be extinguished through the doctrine of merger in any way in view of the public interest in its enforcement.

O. Subsequent Liens. No provision of this Conservation Easement shall be construed as impairing the ability of Grantor to use the Property for collateral for borrowing purposes, provided that any mortgage or lien arising therefrom shall be subordinate to this Conservation Easement.

P. Gender. The designations Grantor, Grantee, State, and Fund, as used herein shall include the persons or entities indicated and their administrators, successors, and assigns, and shall include the singular, plural, masculine, feminine, or neuter as the context may require.

Q. Headings. The headings of the various sections of this Conservation Easement have been inserted for convenience only and shall not modify, define, limit, or expand the express provisions of this Conservation Easement.

TO HAVE AND TO HOLD unto Grantee, its successors and assigns, forever. The covenants agreed to and the terms, conditions, restrictions, and purposes imposed as aforesaid shall be binding upon Grantor and Grantor's representatives, successors and assigns, and shall continue as a servitude running in perpetuity with the Property.

**IN WITNESS WHEREOF**, Grantor, by authority duly given, has hereunto caused these presents to be executed under seal in such form as to be binding, the day and year first above written, and Grantee accepts this Conservation Easement by the recording hereof in the public records.

**GRANTOR:**

**ORANGE WATER AND SEWER AUTHORITY**

**By:** \_\_\_\_\_ **(SEAL)**  
Jo Leslie Eimers, Chair of the Orange Water and Sewer  
Authority Board of Directors

**ATTEST:**

**By:** \_\_\_\_\_  
John N. Morris, Secretary of the Orange Water  
and Sewer Authority Board of Directors

**[Affix Official Seal]**

**STATE OF NORTH CAROLINA**  
**COUNTY OF** Orange

I, the undersigned Notary Public of the aforesaid county, North Carolina, do hereby certify that John N. Morris personally appeared before me this day and acknowledged that he is the Secretary of Orange Water and Sewer Authority Board of Directors and that by authority duly given and as the act of the Authority, the foregoing instrument was signed in its name by its Chair of the Board of Directors, Jo Leslie Eimers, sealed with its official seal, and attested by himself as its Secretary.

Witness my hand and notarial seal this the \_\_\_\_\_ day of \_\_\_\_\_, 2022.

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

Printed Name: \_\_\_\_\_

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

STAMP/SEAL

**EXHIBIT A**

**LEGAL DESCRIPTION OF PROPERTY  
PROPERTY OF ORANGE WATER AND SEWER AUTHORITY  
BINGHAM TOWNSHIP  
ORANGE COUNTY, NORTH CAROLINA**

BEING all of that tract of land containing 80.432 acres, more or less, shown on the plat of survey prepared by Charles R. Billings, RLS, dated August 15, 2000, entitled "RIPARIAN BUFFER DEDICATION PLAT, ORANGE WATER AND SEWER AUTHORITY, Owner Annie B. Dean Heirs" recorded in Plat Book 89, Page 148, Orange County Registry, to which plat reference is hereby made for a more particular description of said tract.

## **EXHIBIT B**

### **LEGAL DESCRIPTION OF NCLWF EASEMENT AREA**

BEING all of that area containing 47.019 acres, more or less, shown as “Riparian Buffer” on the plat of survey prepared by Charles R. Billings, RLS, dated August 15, 2000, entitled “RIPARIAN BUFFER DEDICATION PLAT, ORANGE WATER AND SEWER AUTHORITY, Owner Annie B. Dean Heirs” recorded in Plat Book 89, Page 148, Orange County Registry, to which plat reference is hereby made for a more particular description.

Together with those rights of access described on page 3 of this Conservation Easement.

## Agenda Item 7:

Orange Water and Sewer Authority  
Virtual Work Session of the Board of Directors  
February 10, 2022

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

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

OWASA staff attending virtually: Mary Darr, Monica Dodson, Jesse DuClau, Robert Epting (Epting and Hackney), Vishnu Gangadharan, Christopher Giesting, Coleman Olinger, Andrea Orbich, Ruth Rouse, Allison Spinelli, Todd Taylor, Mary Tiger, Stephen Winters, and Richard Wyatt.

Others attending virtually: Ben Poulson (UNC), Kat Hope Pritchard, and Kelly Satterfield.

### Motions

1. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Awarding a Construction Contract for the Jones Ferry Road Water Treatment Plant Belt Filer Press Improvements Project. (Motion by Bruce Boehm, second by Ray DuBose and the motion unanimously approved.)
2. Bruce Boehm made a Motion to approve the Minutes of the January 13, 2022, Work Session of the Board of Directors; second by Ray DuBose, and the Motion was unanimously approved.
3. Bruce Boehm made a Motion to approve the Minutes of the January 27, 2022, Closed Session for the purpose of discussing a personnel matter in accordance with N.C. General Statutes 143-318.11.6; second by Ray DuBose, and the Motion was unanimously approved.
4. Todd BenDor made a Motion to approve a trial period of one (1) regular Board meeting per month beginning March 10, 2022; second by Ray DuBose and the Motion was unanimously approved.
5. Ray DuBose made a Motion to increase Board Member compensation from \$50 to \$100 per meeting beginning March 10, 2022; second by Todd BenDor and the motion failed with a vote of four to two.

\* \* \* \* \*

### Announcements

Chair Jody Eimers announced that due to COVID-19 public health concerns, the OWASA Board of Directors held the meeting virtually utilizing Microsoft Teams software. Chair Eimers stated

that Board Members, General Counsel, and staff participated in the meeting remotely by virtual means.

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

John Morris announced a meeting between the Chapel Hill Town Council OWASA Committee and Chapel Hill Appointees to the OWASA Board on Tuesday, February 15, 2022 at 10:00 a.m. via Zoom.

Ray DuBose announced that Jody Eimers, Ruth Rouse, and he will provide OWASA's Annual Update to the Orange County Board of County Commissioners virtually on February 17, 2022, at 7:00 p.m.

Item One:     Resolution Awarding a Construction Contract for the Jones Ferry Road Water Treatment Plant Belt Filter Press Improvements Project

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

Item Two:     Minutes

Bruce Boehm made a Motion to approve the Minutes of the January 13, 2022, Work Session of the Board of Directors; second by Ray DuBose, and the Motion was unanimously approved. Please see Motion 2.

Item Three:   Minutes

Bruce Boehm made a Motion to approve the Minutes of the January 27, 2022, Closed Session for the purpose of discussing a personnel matter in accordance with N.C. General Statutes 143-318. 11.6; second by Ray DuBose, and the Motion was unanimously approved. Please see Motion 3.

Item Four:    Long-Range Water Supply Plan: Next Steps for Community Engagement

The Board expressed appreciation for the update and provided comments and feedback on the community engagement next steps which included: the possibility of sending out a mailing; clarifying information on drinking water quality and acknowledging improvements made in watershed protection; use of list serves, emails, and social media.

Item Five:     Reliability and Resiliency Improvements Update

The Board expressed appreciation for the update and suggested the report specifically state a detailed flood study for the Mason Farm Wastewater Treatment Plant will be considered for a future Capital Improvements Program (CIP).

Item Six: Operating Department Managers Fiscal Year 2023 Budget Development Information

The Board received this as an information item.

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

The Board had a robust discussion on this topic and Chair Eimers noted she would develop communication for the Board's review prior to distribution to all customers to apply for the OWASA Board of Directors.

Item Eight: Review Board Work Schedule

Todd BenDor made a Motion to approve a trial period of one (1) regular Board meeting per month beginning March 10, 2022; second by Ray DuBose and the Motion was unanimously approved. Please see Motion no. 4.

Ray DuBose made a Motion to increase Board Member compensation from \$50 to \$100 per meeting beginning March 10, 2022; second by Todd BenDor and the motion failed with a vote of four to two. Please see Motion no. 5.

The Board agreed to continue the discussion of Board Member compensation at the February 24, 2022 meeting.

Item Nine: Summary of Work Session Items

Todd Taylor said updated Pending Key Staff Action items include:

- Incorporate Board feedback into the Community Engagement Plan for the Long-Range Water Supply Plan;
- Incorporate Board feedback in the 2023 Reliability and Resiliency Report;
- Implement the new 12 Month Board Meeting Schedule to include quarterly and annual reports in consent agendas; and
- Schedule Board Member compensation discussion for the February 24<sup>th</sup> Board Meeting.

Item Ten: Closed Session

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

Following the Closed Session, the Board reconvened in open session, reported no action was taken in the Closed Session, and the meeting adjourned at 8:40 p.m.

Respectfully submitted by:



Andrea Orbich  
Executive Assistant/Clerk to the Board

Attachments

DRAFT

**Agenda Item 8:**

Orange Water and Sewer Authority

Closed Session of the Board of Directors

February 24, 2022

The Board of Directors of Orange Water and Sewer Authority met virtually in Closed Session on Thursday, February 24, 2022, following the Board meeting.

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

General Counsel present: Robert Epting and Robin Jacobs, Epting and Hackney.

\*\*\*\*\*

**Item One**

The Board of Directors met in Closed Session with General Counsel to evaluate the semiannual summary of significant activities of General Counsel from September 2021 to February 2022.

No official action was taken at the meeting.

The meeting was adjourned at 7:37 p.m.

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

## **Agenda Item 9:**

Draft Fiscal Year 2023 Budget

### **Purpose:**

The purpose of this discussion is to provide a draft of the Fiscal Year (FY) 2023 budget and the rate adjustment needed to support it.

The Board of Directors is scheduled to discuss these topics again at its meeting on April 14, 2022, is scheduled to hold public hearings, tentatively scheduled for May 12, 2022, and make final budget and rates decisions at its June 9, 2022, Board meeting.

### **Budget preparation efforts to date:**

The initial draft FY 2023 budget includes the operating expenses, capital equipment additions, and capital improvements that staff believes are necessary to provide services at a level customers expect, recruit and maintain a high-performing workforce, and help ensure that the water and sewer system is resilient and reliable. It also includes several initiatives that staff believes support elements of the updated strategic plan.

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

This agenda packet includes the impact that this draft budget would have on monthly water and sewer rates. It also includes an alternative scenario that would be accompanied by a lower rate increase than what would be necessary to fund all of the items in the draft.

Staff's goal for this discussion is to get direction from the Board about its position on a rate increase for FY 2023. Staff will then present a revised draft budget at the Board's meeting on April 14, 2022.

### **Summary of the draft FY 2023 budget:**

Expenses in the draft FY 2023 operating budget total approximately \$26.5 million. This is about 11.8% greater than the FY 2022 operating budget and about 5.0% higher than we projected for FY 2023 last year. For the five-year period from FY 2023-2027, Capital Improvements Program (CIP) expenditures are about \$10 million more than projected last year. Inflation is having a significant impact on costs.

### **Assumptions and highlights:**

The following outlines some of the more significant items impacting this draft of the operating budget.

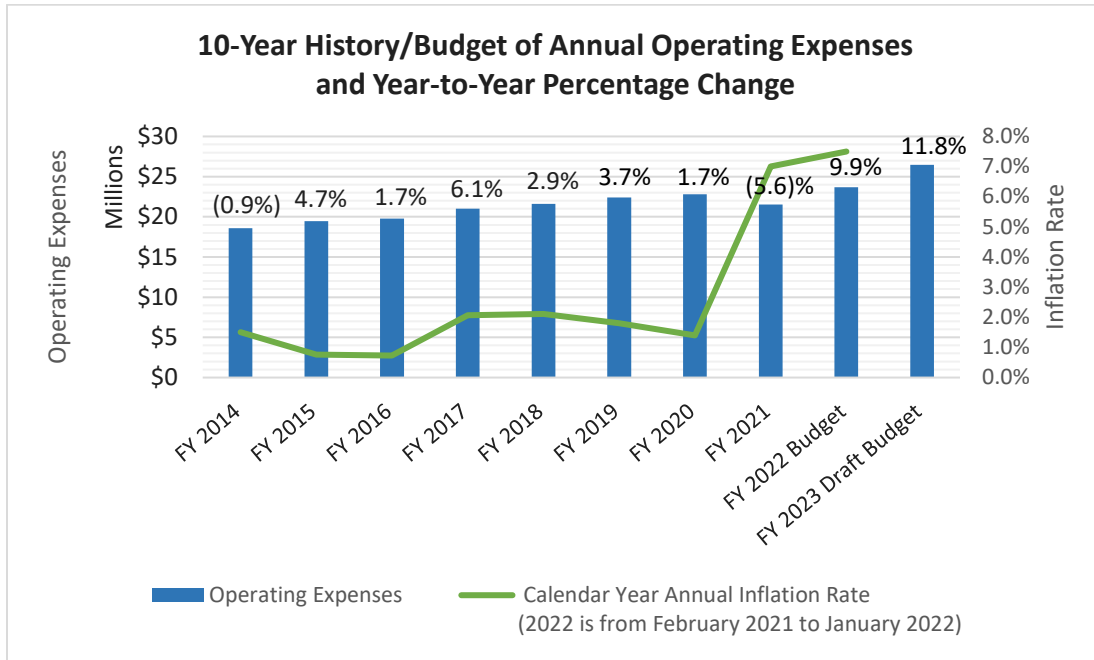
- 3% vacancy allowance – the personnel compensation budget has been reduced by about \$300,000, to account for position vacancies.
- Based on preliminary indications from our health insurance consultant, we have included a 10% increase in health insurance costs. This will be adjusted as necessary as we receive more information from our health insurance provider.

March 10, 2022

- A placeholder for a 5% merit and cost of labor (combined) increase is included. The Board is scheduled to discuss employee wage increases on May 12, 2022.
- 139 staff positions funded for FY 2023 including four proposed additions.
- Increase in OWASA's contribution to employee's deferred compensation plan (457) accounts from 3% of wages to 3.5%. Peer organizations contribute 5% or more of wages to their employee's accounts. To remain competitive in the marketplace, staff's proposal is to increase OWASA's contribution to 5% over the next four years.
- 10% to 40% increase in the price of chemicals used in drinking water production and wastewater processing.
- Each operating department, Water Supply and Treatment, Distribution and Collection, and Wastewater Treatment and Biosolids Recycling, plans to continue participating in the Partnership for Safe Water and Partnership for Clean Water programs.
- Computerized Maintenance Management System – Funds are included in the draft FY 2023 budget to investigate options for replacing the system used to manage maintenance of our “vertical” assets. This project has been deferred in the two previous fiscal years.
- Utility billing and financial system – Our system for billing and managing customer accounts has been difficult and expensive to maintain for many years. Software updates frequently break existing functionality and vendor support is poor. Software is based on outdated technology and prevents OWASA from opportunities that are available with modern platforms. Staff anticipates moving to a cloud-based system. Implementation would occur over a two-year period.
- Transition our geographic information system (GIS) to a new platform, required because support for our existing system expires in March 2026. The new system will enhance functionality.
- An allowance of \$100,000 for as yet unidentified strategic initiatives that may be included in the revised strategic plan scheduled to be completed in spring 2022.

**Operating budget comparative information:**

While we continue to focus on optimizing processes and reducing costs, operating expenses have increased by an average of 3.6% per year over the past ten years, including the FY 2022 budget and FY 2023 draft budget. In the graph below, percentage change from prior year is indicated above the blue bars. Also, as you can see, the rate of inflation (represented by the green line) has risen considerably to 7.5% for the 12-month period ending in January 2022.



**Significant items in the draft budget:**

The draft FY 2023 budget includes funding for several items that were deferred in prior years and also provides funds for new initiatives. Some increases in costs are due to inflationary pressure and supply chain issues.

The following highlights significant items in the draft budget.

Expenditure	Increase	Explanation
<b>Increases significantly impacted by inflation and/or not within OWASA’s control</b>		
Salaries and wages *	\$435,000	• 5% merit/COLA increase placeholder.
Contributions to Local Government Employee Retirement System	\$73,000	• The mandatory contribution increased from 11.35% to 12.10% of wages.
Increase in chemicals expense	\$675,000	• Due to anticipated price increases of between 10% and 40%.
Maintenance	\$122,500	<ul style="list-style-type: none"> <li>• Increase in costs to adjust valve and manhole covers due to the Town of Chapel Hill’s street resurfacing plans for FY 2023.</li> <li>• Some maintenance items deferred in FY 2021 now scheduled for FY 2022</li> <li>• Increase in meter maintenance to replace out-of-warranty equipment and to repair up to 15 large meters</li> </ul>
Subtotal	\$1,305,500	
<b>Increases related to items deferred in prior years</b>		

<b>Expenditure</b>	<b>Increase</b>	<b>Explanation</b>
Apprentice program *	\$46,000	<ul style="list-style-type: none"> <li>Two apprenticeships: one for the Water, Supply and Treatment department and one for the Wastewater Treatment and Biosolids Recycling department.</li> <li>Funding assumes program will start midyear.</li> </ul>
Consultant assistance in identifying a replacement for OWASA's Computerized Maintenance Management System	\$125,000	<ul style="list-style-type: none"> <li>Project will help identify a solution to meet our maintenance management needs.</li> <li>The cost of a replacement solution and its implementation will impact future year's budgets.</li> </ul>
Replacement of OWASA's utility billing and financial system	\$250,000	<ul style="list-style-type: none"> <li>Software is poorly supported, based on outdated technology, and prevents OWASA from taking advantage of opportunities that are available with a modern platform.</li> <li>Half of the anticipated cost is included in the draft FY 2023 budget with half planned for FY 2024.</li> </ul>
Migrate geographic information system (GIS) to new platform	\$60,000	<ul style="list-style-type: none"> <li>Required because support for current system will expire in March 2026.</li> <li>Project will impact our FY 2024 and FY 2025 budgets by about \$75,000 each year.</li> </ul>
Update construction standards and specifications	\$50,000	<ul style="list-style-type: none"> <li>Consultant assistance to update OWASA's construction standards and specifications.</li> <li>This project was deferred in the last two budget cycles.</li> </ul>
Subtotal	\$531,000	
<b>Increases related to new initiatives and programs</b>		
Four new employee positions *	\$370,000	<ul style="list-style-type: none"> <li>Additional positions to support programs and help meet organizational objectives (see position descriptions below).</li> </ul>
Contributions to employee's deferred compensation accounts*	\$49,000	<ul style="list-style-type: none"> <li>First year of a four-year plan to increase employer contributions from 3% to 5% of wages.</li> </ul>
Compensation Study *	\$100,000	<ul style="list-style-type: none"> <li>Project to ensure OWASA's employee position classifications and compensation are appropriate for maintaining a diverse and high-performing workforce.</li> </ul>
Strategic initiatives *	\$100,000	<ul style="list-style-type: none"> <li>Placeholder funds to implement initiatives that are expected to be identified in OWASA's updated strategic plan.</li> </ul>
Evaluation of alternatives for accessing our Jordan Lake allocation	\$30,000	<ul style="list-style-type: none"> <li>Consulting assistance to evaluate alternatives for accessing Jordan Lake water as part of the update to OWASA's long-range water supply plan.</li> </ul>
Subtotal	\$649,000	
<b>Total</b>	<b>\$2,485,500</b>	

- \* One of the initiatives identified in the draft updated strategic plan is “employee recruitment, retention, and development.” Staff believes this budget item contributes to achieving this goal.

### **Proposed additional staff positions:**

OWASA has operated its system with 135 staff positions since FY 2018. During the intervening time, we have taken on new initiatives, responsibilities, and programs and have recognized the need for additional personnel. Our teams identified the need for nine new positions. Due to the impact adding nine positions would have on our budget, we propose to add four of these positions in FY 2023 and the rest gradually over the next few years. The following briefly describes the positions proposed to be added in FY 2023.

- Diversity and Inclusion Specialist – To provide better support for OWASA’s Diversity and Inclusion program. This position will be responsible for developing and implementing strategies and programs in areas including recruitment, training, leadership, cross-cultural competencies for employees, and community relationships.
- Utility Mechanic – To provide more resources for our Sewer Maintenance and Repair Crew. This position will help increase the work our collection system team is able to perform, help clear a backlog of repairs our preventative maintenance crew has found and continues to find, and help us get closer to meeting our goal of zero reportable sewer overflows. Based on our analysis, we have found that hiring subcontractors to perform this work is not cost-effective.
- Supervisory Control and Data Acquisition (SCADA) System Coordinator – The recently completed SCADA Master Plan recommended hiring a staff person to operate, control, monitor, analyze, and report on OWASA’s treatment plants, reclaimed water system, reservoirs, pump stations, and storage tanks. One of the deficiencies identified in the Master Plan is the lack of dedicated staff to support the SCADA system. We rely heavily on outside consultants to provide modifications and troubleshooting. The position will oversee implementation of Master Plan recommendations and reduce our reliance on consultants for some elements of managing the SCADA system. We believe this position supports the strategic priority of “service reliability and resiliency.”
- Engineering Associate – The demand for construction plan review and surveying services exceeds available resources. The addition of an Engineering Associate will help us meet plan review needs, enhance the quality and timeliness of reviews, and enhance coordination with local partners; this will benefit OWASA and the development community. This position will also perform survey work, enhance the accuracy of our Geographic Information System (GIS), and eliminate the need for part-time temporary assistance. We believe this position also supports the strategic priority of “service reliability and resiliency.”

### **Significant items not included in the draft FY 2023 budget:**

While the draft FY 2023 budget includes several projects and initiatives that were deferred in previous years, the following are needs staff has identified that are not included.

- Five additional new employee positions
  - Construction Inspector
  - Sustainability and Outreach Coordinator (Full-time)
  - Procurement Coordinator
  - Utility Mechanic
  - Administrative Assistant for Treatment Plants
- Funds 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 \$800,000 per year.

- Funds for securing access to OWASA's allocation of water from Jordan Lake.

### **Summary of draft CIP budget:**

	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>5-yr Total</b>
Draft FY 2023 budget	\$21,379	\$21,908	\$28,530	\$20,942	\$12,348	\$105,107
FY 2023 budget projected last year	\$18,624	\$16,291	\$17,956	\$16,768	\$25,512	\$95,151

### **Draft FY 2023 capital equipment budget:**

The draft FY 2023 capital equipment budget is approximately \$1.3 million and slightly less than was projected last year.

### **Budget impact on rates:**

To generate the funds necessary for implementing the draft FY 2023 budget, a 15% rate increase would be needed. Even with that significant rate increase, we would still fall short of meeting our financial management objectives including the stipulation that we achieve a debt service coverage ratio (DSCR) of at least 2.0. (This means our net income needs to be at least twice the amount of our debt payments.) In this draft of the FY 2023 budget our DSCR is projected to be 1.7. While a DSCR of 2.0 is considered excellent, 1.5 or above is considered very good. Our bond order, the contract we have with our bondholders, requires that we maintain a DSCR of 1.2.

### **Last year rate increase projections for FY 2023 to FY 2027**

	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
Rate increase	7%	5%	5%	4%	4%
Monthly bill for the average use of 4,000 gals	\$85.02	\$89.26	\$93.73	\$97.47	\$101.38
Difference from prior year	\$5.56	\$4.24	\$4.47	\$3.74	\$3.91

### **Projected rate increases necessary to fund the draft FY 2023 budget**

	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
Rate increase	15%	6%	6%	6%	6%
Monthly bill for the average use of 4,000 gals	\$91.36	\$96.83	\$102.65	\$108.26	\$114.16
Difference from prior year	\$11.90	\$5.47	\$5.82	\$5.61	\$5.90
DSCR	1.7	1.9	1.6	1.7	2.0

### **Alternative rate scenario**

As an alternative, staff has analyzed what level of cost reductions would be necessary to reduce the FY 2023 rate increase from 15% to 9%, two percentage points greater than last year's projection. Reductions would need to come from both the operating and CIP budgets over multiple years.



	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Operating expenses	\$(1,100)	\$(825)	\$(865)	\$(900)	\$0
CIP expenditures	\$(4,000)	\$(4,000)	\$(4,000)	\$0	\$0

If costs in the draft FY 2023 budget are reduced by these amounts, the following rate increases will provide sufficient funding.

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Rate increase	9%	7%	6%	6%	6%
Monthly bill for the average use of 4,000 gals	\$86.64	\$92.73	\$98.29	\$103.18	\$108.33
Difference from prior year	\$11.90	\$5.47	\$5.82	\$5.61	\$5.90
DSCR	1.7	1.9	1.6	1.7	2.0

Staff requests that the Board provide its feedback on the level of rate increase we should target. With this feedback, staff will use its professional judgement to reduce expenditures to achieve the Board’s target and present this information at the April 14, 2022 Board meeting.

**Observations about OWASA’s expense categories:**

The following charts provide perspective regarding OWASA’s operating expenses.

Operating Expenses	FY 2023 Draft Budget	Percent of Total
Total wages	\$9,975,721	38%
Payroll taxes, benefits, other employee expenses	4,265,580	16%
Electricity, phones, waste disposal	1,675,725	6%
Chemicals	3,279,777	12%
Other materials and supplies	847,498	3%
Maintenance	3,809,365	14%
Professional services	1,989,595	8%
Postage, advertising, printing	241,811	1%
Employee training and development	203,930	1%
Dues and memberships	155,813	1%
Rents and leases	103,200	0%
Other	187,014	1%
Construction credits	(275,000)	(1)%
Total	\$26,460,029	100%

These expenses make up 90% of the total

Five expense categories, critical to OWASA's ability to meet its performance objectives, make up approximately 90% of total operating expenses.

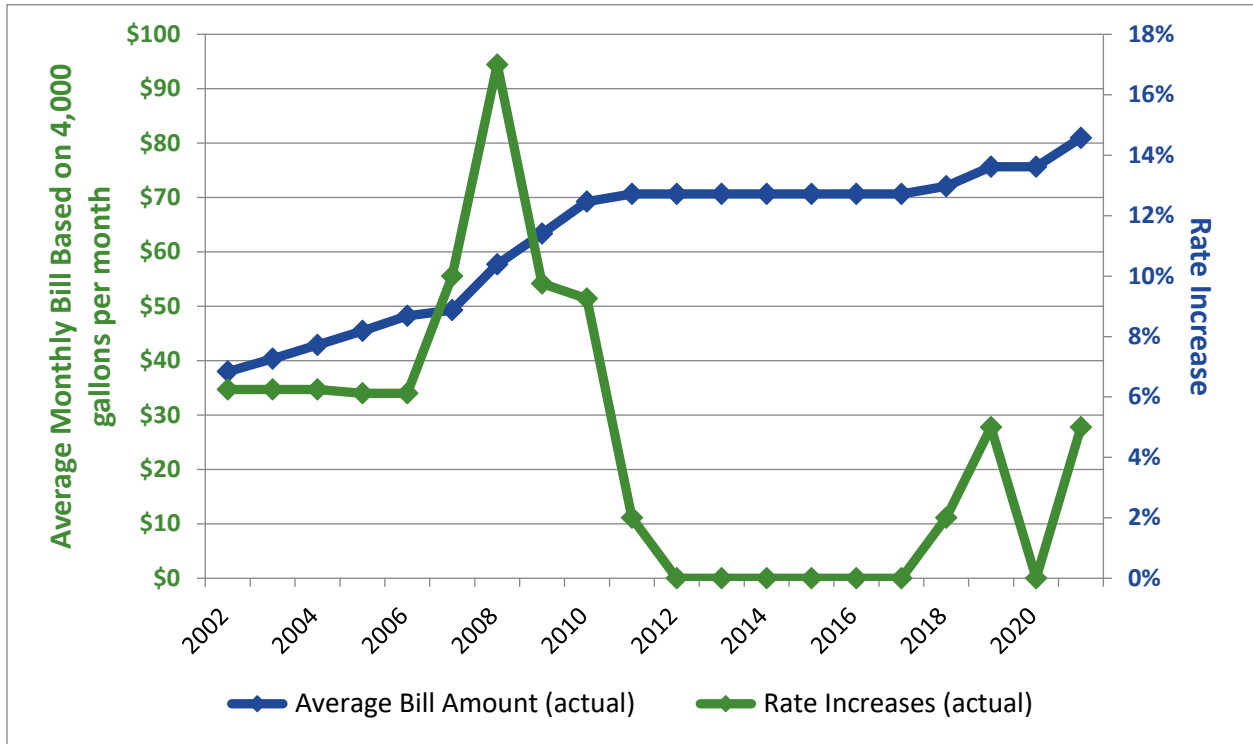
- Employee compensation, taxes and benefits typically account for between 53% and 56% of total annual operating expenses. FY 2023 expenses in the draft budget are about 54% of the total.
  - Over the last six years, the annual increase in salaries and wages has been between 2% and 4%. Based on the Board's stated intentions, future merit increases will be at least 2.9%. Cost of labor will be determined based on market data and we expect it to be much higher than recent years.
  - Mandatory employer contributions to the Local Government Employees Retirement System for FY 2023 will be 12.10% of total employee wages. (While not an OWASA expense, employees are required to contribute 6% of wages.)
  - Employer-paid federal payroll taxes are 7.65% of total wages.
  - Health-related employee insurance makes up about 7% of FY 2023 expenses. Rates are a function of benefits offered and claims experience.
- Electricity, waste disposal, and telephone costs are about 6% of total expenses.
- Chemicals expense is 10% to 12% of total expenses each year. The unit price of chemicals is somewhat volatile; it has increased significantly in FY 2022 and is expected to increase again in FY 2023. The quantity used by our drinking water and wastewater treatment plants is impacted by the volume and condition of the water entering the plants.
- Total maintenance expenses make up about 14% of total expenses.

Reducing expenditures in these categories is difficult without compromising service levels.

#### **Historical budget and rates information:**

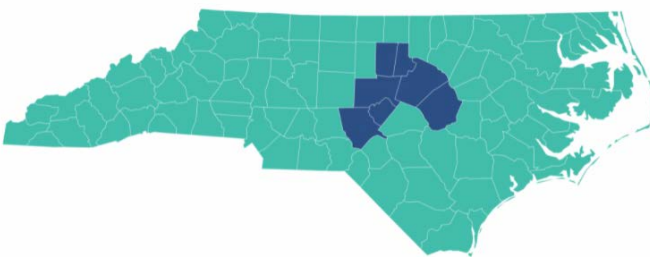
##### **History of rate increases and average monthly bills**

The following shows past rate increases and the amount of the average bill for single-family individually metered residences based on our system-wide average monthly water use of 4,000 gallons. When we have rate increases, they typically go into effect on October 1<sup>st</sup>.

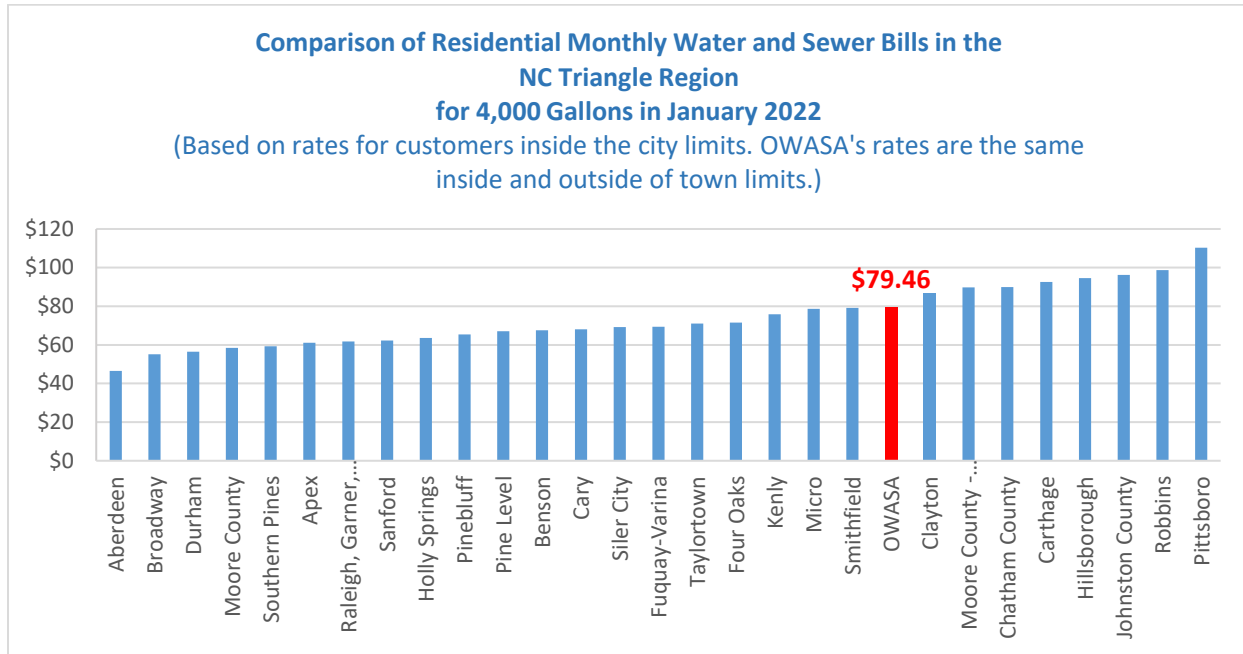


As you can see, OWASA did not raise rates for the six-year period from 2012 to 2017.

When compared to the water and sewer rates of the 29 utilities that make up the Triangle J Council of Governments, OWASA’s current monthly rates are \$7.87 or 11% above the median and \$31.82 or 29% below the maximum.



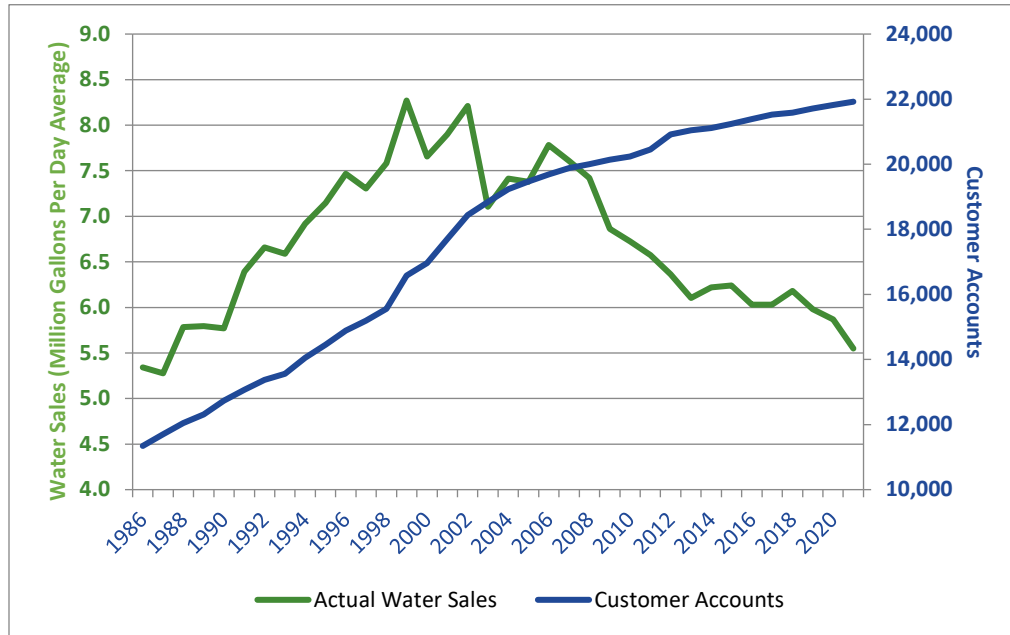
Triangle J Council of Government membership includes Chatham, Durham, Johnston, Lee, Moore, Orange and Wake counties.



For perspective, six utilities in this group serve less than 1,000 accounts, 13 serve between 1,000 and 10,000, and seven serve between 10,000 and 35,000 (OWASA serves about 22,000). Cary, Durham and Raleigh serve 71,500, 98,200 and 195,000 accounts, respectively.

**History of water sales and account growth**

OWASA’s customers have done an excellent job of conserving water. Water consumption in FY 2021 was about the same as it was in FY 1988, over 30 years ago. During this same period, the number of customer accounts served has increased by over 80%. While this is great news and provides many benefits to the community and OWASA, lower volume sales results in lower revenue which leads to pressure on water and sewer rates. Based on our analysis, we project demand for our services to remain flat for at least the next several years.



**Budget and rate setting next steps:**

Public hearings on the budget and rates are tentatively scheduled for May 12, 2022. A final budget and proposed rate schedule are tentatively scheduled to be presented for approval at the Board meeting on June 9, 2022.

1. Staff will incorporate feedback from the March 10 Board meetings into the budget and financial plan.
2. Staff will present a revised draft FY 2023 budget including a detailed draft of the capital improvements program budget, and a rate adjustment recommendation at the Board’s meeting on April 14, 2022. Staff will also ask for the Board’s authorization to publicize budget and rate information in advance of the public hearings.
3. Staff will prepare a revised (if necessary) draft of the FY 2023 budget and rate adjustment recommendation for presentation at the public hearings.
4. At the public hearings, the Board will receive and consider comments from customers and other stakeholders.
5. After considering public input, the Board of Directors will discuss and provide guidance to staff on the final draft of the FY 2023 budget and rate adjustment recommendation.
6. Staff will finalize the FY 2023 budget and rate adjustment recommendation and is scheduled to present it for adoption by the Board of Directors at its meeting on June 9, 2022.

**Board action requested:**

- Review the draft FY 2023 budget, provide feedback, and identify additional information needed for future budget discussions.
- Staff would like to get direction from the Board about its position on a rate increase for FY 2023.

**Agenda Item 10:**

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

**Purpose:**

The Board will review and discuss Board Member compensation.

OWASA Board members currently receive \$50 per meeting. At its last meeting, the Board considered raising that stipend to \$100.00 per meeting, and asked Counsel to prepare a Motion to effect such a change. For that purpose, the Board is considering the following Motion:

*“Motion that Board Member compensation be increased to \$100.00 per meeting, to include Board meetings, Committee Meetings, and Special Meetings, and the Board Chair compensation be increased to \$300 monthly, effective March 10, 2022.”*

**Action:**

Board discussion, feedback and possible approval to increase Board Member compensation.

March 10, 2022

**Agenda Item 11:**

Review Board Work Schedule

**Purpose:**

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

**Information:**

- Draft April 14, 2022 Board Meeting Agenda
- 12 Month Board Meeting Schedule
- Pending Key Staff Action Items from Board Meetings
- Action Items Recurring Every 3 to 5+ Years

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

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

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

**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.
  - Thursday, April 21, 2022 Orange County Climate Council Meeting
- b. Announcements by Board Members
- c. Announcements by Staff
  - April 27, 2022 Chapel Hill Town Council Meeting to provide an update on OWASA's Long-Range Water Supply Plan (Todd Taylor)

**Petitions and Requests**

- 1. Public
- 2. Board
- 3. Staff

**Consent Agenda**

**Action**

- 1. Resolution Amending the Fiscal Year 2022 Budget (Stephen Winters)
- 2. Minutes of the February 24, 2022 OWASA Board of Directors Meeting (Andrea Orbich)



3. Minutes of the March 10, 2022 OWASA Board of Directors Meeting (Andrea Orbich)

**Regular Agenda**

**Discussion and Action**

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

**Discussion**

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

**Summary of Work Session Items**

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

## OWASA Board of Directors - 12 Month Board Meeting Schedule (March 4, 2022)

Meeting Date	Agenda Items	Committee Meetings & Other Board Items
March 10 2022	Approve Resolution to Accept Low-Interest SRF Loan Set Date for Public Hearings on FY 23 Budget & Rates Conservation Easement on Deane Heirs Property FY 23 Draft Budget and Rate Adjustment Board Member Compensation	Virtual D&I Training (3-24-2022) OWASA Orientation for Newly Elected CHTC Officials (3-14-2022)
April 14 2022	FY 22 Budget amendment Discuss Draft Fiscal Year 2023 Budget and Authorize Staff to Publish Fiscal Year 2023 Budget and Rate Information LRWSP – update on conversations with WIP (tentative) BOD Eligible for Nominations to Election as Board Officers (include Officer descriptions) Planning BOD Self-Assessment	OWASA LRWSP Update for CHTC (4-27-2022) Strategic Plan Work Session (TBD) Mitigation Banking Field Trip (TBD) Meeting between the BOCC Members & OC Appointees to the BOD (TBD)
May 12 2022	Public Hearings – FY 23 Budget and Rates Approve Employee Insurance Renewals Discuss Employee Merit Pay for FY 23 CS – Prepare ED Annual Review	Annual Update for CTC (TBD) Meeting between the CHTC OWASA Committee & Chapel Hill Appointees to the BOD (TBD)
June 9 2022	Receipt of the OC Board of Health Report on Drinking Water Fluoridation Bylaw Amendment regarding Annual Meeting Schedule Approve FY 23 Budget and Rates (including Employee Merit Pay decision) Update on LRWSP Community Engagement (tentative) Election of Officers CS – ED Annual Performance Review	
July 14 2022	CS – Prepare GC Annual Review	Possible welcome of new Board Member(s)
August 11 2022	CS – GC Annual Review	
September 8 2022	Review Draft Strategic Plan Approve GC Engagement	Meeting between the BOCC Members & OC Appointees to the BOD (TBD)
October 13 2022	Annual Meeting of the Board – Annual Report and Financial Audit Approve Strategic Plan Update on Development of New Budget Format	Meeting between the CHTC OWASA Committee & Chapel Hill Appointees to the BOD (TBD)
November 10 2022	TBD	
December 8 2022	CS – Prepare for ED Interim Review	
January 12 2023	Approve Audit Firm Contract Discuss FY 23 Budget Calendar and Assumptions CS – ED Interim Performance Review	OWASA Orientation for newly elected officials
February 9 2023	CS – Prepare for GC Interim Review	Annual Update to BOCC (TBD) Meeting between the CHTC OWASA Committee & Chapel Hill Appointees to the BOD (TBD)

Recurring Reports (included as part of monthly Consent Agendas)

- **January** - Employee Health and Dental Insurance Update; 2022 Annual Lakes Recreation Report; CIP Semiannual Report; D&I Update

## OWASA Board of Directors - 12 Month Board Meeting Schedule (March 4, 2022)

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

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

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

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

### Abbreviations Used in Draft Schedule:

☺	Recurring agenda item (generally these are “required” items)	JL	Jordan Lake
BOCC	Orange County Board of County Commissioners	KPI	Key Performance Indicator
BOD	Board of Directors	LRWSP	Long-Range Water Supply Plan
CCR	Cane Creek Reservoir	MOA	Memorandum of Agreement
CE	Community Engagement	MWBE	Minority/Women-owned Business Enterprises
CEP	Community Engagement Plan	MST	Mountains-to-Sea Trail
CHTC	Chapel Hill Town Council	MFMM	Multi-Family Master Meter
CIP	Capital Improvements Program	NCDOT	North Carolina Department of Transportation
COLA	Cost of Labor Adjustment	NRTS	Natural Resources and Technical Services
CS	Closed Session of the Board	OC	Orange County
CTC	Carrboro Town Council	Q	Quarter
CY	Calendar Year	RFP	Request for Proposals
D&I	Diversity and Inclusion	SRF	State Revolving Fund
ED	Executive Director	SOW	Scope of Work
EEO	Equal Employment Opportunity	TBD	To Be Determined
EPA	Environmental Protection Agency	WTP	Water Treatment Plant
FY	Fiscal Year	WWTP	Wastewater Treatment Plant
GC	General Counsel		
HR	Human Resources		

## Pending Key Staff Action Items from Board Meetings

No.	Date	Action Item	Target Board Meeting Date	Person(s) Responsible	Status
1.	2-24-2022	Schedule Board Diversity and Inclusion training virtually.	3-24-2022	Taylor Orbich	Completed.
2.	2-24-2022	Reschedule Board compensation to encourage public interest to apply for appointment to the OWASA Board.	3-10-2022	Orbich	Completed.
3.	2-24-2022	Incorporate Board feedback in the Strategic Priorities.	TBD	Tiger	Completed.
4.	2-24-2022	Provide follow-up information on rate study timing.	TBD	Winters	
5.	2-10-2022	Incorporate Board feedback in the Long-Range Water Supply Plan Community Engagement Plan.	NA	Rouse Tiger	Completed.
6.	2-10-2022	Incorporate Board feedback in the Reliability and Resiliency Report.	2-9-2023	Gangadharan	
7.	2-10-2022	Implement the new 12 Month Board Meeting Schedule to include quarterly and annual reports linked to agendas.	3-10-2022	Orbich	Completed.
8.	1-27-2022	Add lake recreation discussion, to include draft plan with answers to common questions that will be added to annual recreation report, to the 12 Month Board Meeting Calendar.	TBD	Darr Riley	
9.	10-28-2021	Evaluate trends in the labor market, cyber security, etc.	NA	Taylor Directors	

## 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, 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>	FY 2023	FY 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>	2029	2030	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>	2022	2023	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>	FY 2022	FY 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