

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

JANUARY 24, 2008

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in regular session on Thursday, January 24, 2008, at 7:00 P.M., at the Chapel Hill Town Hall.

Directors present: Gordon Merklein, Vice Chair; Braxton Foushee, Secretary; Fred Battle; Michael A. (Mac) Clarke; Marge Anders Limbert; Gene Pease; Alan Rimer; and William R. Stott. Directors absent: Randolph M. Kabrick, P.E., Chair.

OWASA staff: Ed Kerwin; John Greene; Gwen Burston; Mason Crum; Patrick Davis; Greg Feller; Ed Holland; Andrea Orbich; Dan Przybyl; Paula Thomas; and Robert Epting, Esq., Epting and Hackney.

Others present: Ray DuBose, Director of Energy Services, Ben Poulson, Associate Director of Energy Services, and Meg Holton, Water, Wastewater, and Stormwater Manager, University of North Carolina at Chapel Hill; Sarah Bruce, Triangle J Council of Government; Lauren Hills, NBC 17; David Crow, Daily Tar Heel; Mike Dickinson, Dickie Dickinson, and Beth Kelly of Dickinson Garden Center; Doug Chapman, NC Green Industry Council; Rodney M. White, Sue Hinson, and Doug Daull of Southern States; Frank Robertson, Plantworks Nursery; Amanda Johnson; Matthew Arnsberger, Piedmont Environmental Landscaping; Emily Stephenson; Grey Robinson; Todd Barber, Bland Landscaping; Ken Robinson and Brad Williams, Williams Landscaping Services; Penny Rich; Mary Tiger; Todd Baker; Dave and Margot Ringenburg; Corey Inscoe, UNC Student; Hank and Renate Rodenburg; Michael Hemenway, Kevin DeNardo and David Lee of Bland Landscaping; Michael Collins; Dolly Huntin; Nicole Duncan, UNC Student; Frances Kovens; Jim Ward, NC Botanical Garden and Chapel Hill Mayor Pro-tem; Aaron Nelson, Carrboro-Chapel Hill Chamber of Commerce; Todd Baker; Jean Bernard, Petal Stone Landscape Design & Consulting; Peg Parker; James Edwards, Jim Bobs Landscaping Inc.; Tommy Roberts; Jennifer Rogers; Audrey Stewart, DCRP; and Kelly Veri.

There being a quorum present, Vice Chair Gordon Merklein called the meeting to order.

MOTIONS ACTED UPON

1. Marge Anders Limbert made a motion to approve the Minutes of the November 8, 2007 Board Meeting; the motion was seconded by Gene Pease and unanimously approved.

2. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Authorizing Renewal of Insurance Coverage for Employee Life, Dependent Life, and Accidental Death and Dismemberment to Guarantee Mutual Life

Company.” (Resolution so titled attached hereto and made a part of these minutes. Motion by Marge Anders Limber, second by Gene Pease, and carried by unanimous vote.)

3. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled “Resolution Authorizing the Renewal of Long-Term Disability Insurance with Standard Insurance Company.” (Resolution so titled attached hereto and made a part of these minutes. Motion by Marge Anders Limbert, second by Gene Pease, and carried by unanimous vote.)

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ITEM ONE: ANNOUNCEMENTS

CONFLICT OF INTEREST

Gordon Merklein said 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. There were none.

COMMITTEE MEETING

Gene Pease announced that Board is tentatively scheduled to meet Saturday, March 1, 2008 for a Board retreat, although due to possible conflicts it may be rescheduled. The agenda for this retreat will be sent to the Board in the Board’s February 24, 2008 agenda mailing.

Alan Rimer said the that Board’s Natural Resources and Technical Systems Committee will meet on Monday, January 28, 2008 at 5:30 P.M. in the OWASA Boardroom to discuss water conservation and demand management.

OWASA Master Plan

Ed Holland said that staff updated the Carrboro Board of Aldermen on Monday, January 15, 2008 on OWASA’s Master Plan Update as well as an update water supply and demand trends.

CODERED

Dan Przybyl said that OWASA has joined with the Town of Chapel Hill and Town of Carrboro to implement an automated emergency notification system. For those customers who have not yet registered for this service, please visit OWASA’s website to register your telephone number(s) under the CodeRed icon.

ITEM TWO: PETITIONS AND REQUESTS

Gordon Merklein asked for petitions and requests from the public, the Board and staff. There were none.

ITEM THREE: VISION CARE PLAN REPORT

The Board received this report as an information item.

ITEM FOUR: MERIT PAY DISTRIBUTION

The Board received this report as an information item.

ITEM FIVE: SEMI-ANNUAL CONTRACTOR AND CONSULTANT PERFORMANCE REPORT

The Board received this report as an information item.

ITEM SIX: MINUTES

Marge Anders Limbert made a motion to approve the Minutes of the November 8, 2007 Board Meeting; the motion was seconded by Gene Pease and unanimously approved. Please see Motion No. 1 above.

ITEM SEVEN: RESOLUTION AUTHORIZING RENEWAL OF INSURANCE COVERAGE FOR EMPLOYEE LIFE, DEPENDENT LIFE, AND ACCIDENTAL DEATH AND DISMEMBERMENT TO GUARANTEE MUTUAL LIFE COMPANY

Marge Anders Limbert made a motion to approve the resolution; the motion was seconded by Gene Pease and unanimously approved. Please see Motion No. 2 above.

ITEM EIGHT: RESOLUTION AUTHORIZING THE RENEWAL OF LONG-TERM DISABILITY INSURANCE WITH STANDARD INSURANCE COMPANY

Mac Clarke noted the short deadline of this renewal and requested that future contracts are proposed with sufficient review time for the Board before the deadline.

Marge Anders Limbert made a motion to approve the resolution; the motion was seconded by Gene Pease and unanimously approved. Please see Motion No. 3 above.

ITEM NINE: PUBLIC FORUM; "THE STATE OF OUR LOCAL WATER SUPPLY"

Ed Kerwin made a presentation regarding the current drought, water supply and demand, proposed changes in Stage Two and Stage Three water use restrictions on irrigation, and options for meeting the community's water needs if the drought continues for an extended period.

Gordon Merklein asked for comments from the public.

David Lee, Bland Landscaping from Apex, North Carolina, said that OWASA does a good job of communicating to the public. Mr. Lee also represents the Green Industry in North Carolina. He said that he agrees with OWASA's position, but would like to be treated equally; his industry does not like irrigation water waste. He would like to see OWASA keep the hand watering option in the conservation standards as well as an establishment period for new plantings.

Aaron Nelson, CEO of the Carrboro-Chapel Hill Chamber of Commerce, proposed the following changes for the Board's consideration:

2. Irrigation with OWASA-supplied potable water is prohibited, except by persons regularly engaged in the sale or maintenance of plants, who shall be allowed to efficiently irrigate their or their clients' commercial stock in trade.

Or

2. Irrigation with OWASA-supplied potable water is prohibited, except by persons ~~regularly~~ professionally engaged in the sale or maintenance of plants, who shall be allowed to efficiently irrigate their or their clients' their commercial stock in trade.

Mr. Nelson thanked the Board for their time and urged them not to act this evening on the proposed changes to Water Conservation Standards.

Mr. Merklein reminded the audience that the agenda item being discussed is "The State of Our Local Water Supply" and anyone that would like to comment on the Water Conservation Standards could do so when that item is discussed later in the agenda.

Sue Hinson, Garden Center Manager of Southern States in Carrboro, suggested that OWASA provide the right kinds of information to customers on how much to water plants/grass. Most homeowners/customers she has talked with about watering, water too much; therefore education is the key and OWASA can do more for customers by mailings, radio, pamphlets, etc.

Penny Rich, former OWASA Board member, said that the OWASA Board and staff do a good job at water conservation and educating the public, but of course we can do more. Perhaps education between municipalities can be more effective and OWASA can pursue additional education by starting with the kids.

Ray DuBose, Director of Energy Services at the University of North Carolina, said that UNC is saving water by installing many water-saving devices across campus and is in the process of implementing a reclaimed water system that will serve the chiller plants. All of these efforts have help to lower the water demand of the students. Mr. DuBose stated that the University and UNC Hospitals are risk intolerant and simply cannot run out of water.

Jim Ward, Chapel Hill Mayor Pro-tem and Curator of the N.C. Botanical Garden, urged the Board to not act tonight on the proposed changes to the Water Conservation Standards. He also inquired if OWASA had looked at capturing the water when crews flush water lines; asked what role is the school system playing in educating students on water conservation; and he also wondered about unregulated use of well water. Mr. Ward said he was comfortable with OWASA telling him how much water to use, but not comfortable with OWASA telling him how to use that water. OWASA should encourage the community to use water-saving devices daily and new developments could be plumbed with dual pipes for reclaimed and potable water.

Hank Rodenberg, resident, said that he appreciates what OWASA is doing and requested that OWASA tell him how much water to use, but that he would decide how to use the water whether it be to bathe or to water his plants. He encouraged the Board to raise water rates and perhaps to make the differential even greater to further encourage water conservation.

Dickie Dickerson, Dickenson Garden Center in Chapel Hill, said that the current Water Conservation Standards in effect are good. He requested that consideration be made for the Green Industry and how the proposed change would economically impact the State, and said that perhaps the Board could do an environmental or economic impact study of the proposed changes.

Mr. Merklein thanked the public for their comments.

ITEM TEN: RECOMMENDED REVISION OF OWASA'S WATER CONSERVATION STANDARDS AND RELATED ORDINANCES ADOPTED BY THE TOWNS OF CHAPEL HILL AND CARRBORO AND ORANGE COUNTY

Gordon Merklein asked for comments from the public on the proposed changes to the Water Conservation Standards.

Doug Chapman, representing the Green Industry, said that the proposed changes are flawed and that the Board should rethink Stages II and III and he encouraged the Board to not adopt the proposed changes. He said that people move to North Carolina because it is green and if the proposed changes are approved, they will put people out of business.

Ken Robinson, Williams Landscape Services in Chapel Hill, said he is against the proposed changes. He said he is in favor of the efficient use of water, and that green plants are necessary for our community. Education is necessary for water conservation, especially regarding irrigation systems.

Sue Hinson, Southern States in Carrboro, said it is difficult to measure one-half inch when watering with a bucket, but that a hose would be more efficient. She said the only change in demand in January is that the students returned. She likes the standards as is and encouraged the Board to not change them.

Braxton Foushee asked Ms. Hinson what is efficient for plant/grass to survive.

Ms. Hinson said she did not agree with the proposed Stage III Water Shortage recommendations.

Rodney White, Manger of Southern States, said that the implementation of Stage III would put Southern States and other nurseries out of business. While he understands the restrictions and appreciates all that OWASA is doing, moving to Stage III would be devastating to the industry.

Frank Robertson, Plantworks Nursery, said that he has information to provide if needed and questioned a press release that OWASA sent out last fall on forbidding plantings in the fall. He said the use of education by using local designers on irrigation systems and plantings will grow the infrastructure to fit the industry. Please do not single out the Green Industry as the only one who uses water. The Green Industry is willing to assist.

Penny Rich said that OWASA now offers reclaimed water for free from the Mason Farm Wastewater Treatment Plant. She also stated that others are also trying to conserve, but she agrees that if OWASA goes to Stage II our area is in bad shape and the community needs water to live.

Doug Chapman, nursery plant grower, said he would like to see a minimum of two days per week of irrigation and a 30-day variance for landscape plantings at new homes.

Ken Robinson, Williams Landscape Services, said the most important part of an irrigation system is the design. He also stated that soaker hoses are not efficient and lawns are not critical.

Todd Baker, residential customer, said that Durham should have water conservation ordinances similar to those for OWASA customers if OWASA is going to sell them water.

Braxton Foushee said that he supports the assistance that OWASA gave the City of Durham.

Aaron Nelson, Carrboro-Chapel Hill Chamber of Commerce, apologized for speaking out of turn earlier. He stated that outdoor use of water is obvious, but encouraged changing behavior. He believes that a State created loan fund for conservation improvements is needed. He also felt that the mere discussion of a proposed Stage III implementation may be more effective than actually declaring Stage III.

Mike Dickerson, Dickenson Garden Center, said they are in a similar situation as Southern States and echoed what Mr. White said. He stated that his business is retail as well as landscaping and the proposed changes in water conservation standards would have a severe economic impact on the Green Industry and community if the Board approves the proposed changes. He offered to work with OWASA to provide information to customers during the drought.

Jim Ward, Chapel Hill Mayor Pro-tem and Curator of N.C. Botanical Garden, said that if the Board is going to further restrict the use of potable water, then OWASA needs to help customers obtain other alternative supply sources, such as bulk fill reclaimed water. He said that if necessary, OWASA should spend money to help make that happen. Mr. Ward also stated that OWASA needs to increase its conservation education and awareness efforts by going out into the community, such as attending meeting of civic organizations, church groups, homeowners associations, etc. Mr. Ward said that over the long-term, the use of potable water for irrigation should be discontinued and the planned reclaimed water system should be expanded. However, in light of the potential hardship on the green industry and the limited additional near-term water savings that could be expected, he requested that the Board not approve the proposed revisions to the Water Conservation Standards.

Mr. Robertson said that reclaimed water and the delivery of it to the businesses customers are not effective; the customers have no way of obtaining it because they do not have the transportation.

Dickie Dickerson said he observed that most homeowners/customers do not know what the restrictions are, and not everyone is informed.

Gene Pease said that the OWASA Board and staff have thoroughly and thoughtfully reviewed this item and have not rushed to any decision. He stated that he would not vote on this item tonight.

Alan Rimer said that he will not vote on this item and reiterated Mr. Pease's comments. The message tonight is that it is important for the attendees (landscapers, nurseries, etc.) to educate their customers and perhaps attend more Board meetings to provide input to the Board and staff.

William Stott agreed that it is important to educate the community and balance concerns and interests.

Fred Battle said he will vote for human needs not the landscaping needs.

Marge Anders Limbert said she would not be favor of the changes at this time.

Braxton Foushee requested the Green Industry's comments at future meetings.

Mac Clarke reminded the public that all meetings are open to the public and information is available on line at OWASA's website. Mr. Clarke said he is not in favor of acting on this item tonight. He also said that the sale of water to Durham was for 30 days only and to the City's credit they are in the implementing an emergency water interconnection with the Town of Cary.

Mr. Merklein said that the time to plan for a drought is not during a drought, work is needed regarding reclaimed water, and that it is important to address what is an acceptable use of potable water.

Ed Kerwin suggested that based on the Board's comments and feedback from the public, the Board should not act on the proposed changes tonight.

The Board decided not to adopt the proposed changes to the Stage Two and Stage Three Water Use Standards/water use restrictions.

ITEM ELEVEN: MONTHLY REPORT OF DROUGHT IMPACT ON REVENUES, COST AND DEBT SERVICE

The Board received this report as an information item.

ITEM TWELVE: INFORMATION TECHNOLOGY UPDATE

This item was tabled until the Board's February 14, 2008 meeting.

There being no further business to come before the Board, the meeting was adjourned at 9:45 P.M.

Enclosures

RESOLUTION AUTHORIZING AWARD OF INSURANCE COVERAGES FOR
EMPLOYEE LIFE, DEPENDENT LIFE AND ACCIDENTAL DEATH AND
DISMEMBERMENT

WHEREAS, Employee Life, Dependent Life and Accidental Death and Dismemberment Insurance coverage in effect for Orange Water and Sewer Authority will expire in February 2008; and

WHEREAS, Guarantee Mutual Life Insurance Company has provided life insurance coverage to the Orange Water And Sewer Authority since 1994; and

WHEREAS, Guarantee Mutual Life Company has offered to renew the group life insurance policy for one year at a rate of \$.290 per \$1,000 of benefit, Accidental Death and Dismemberment Insurance at \$.050 per \$1,000 and Dependent Life at \$1.880 per family; and

WHEREAS, the current life insurance rate is \$.260 per \$1,000 of benefit and the new rate will result in a premium increase of \$4,180.

WHEREAS, The Chair of the OWASA Human Resources Committee has been apprised of the conditions of the offer to renew and recommends the renewal.

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors of Orange Water and Sewer Authority renew the contract with Guarantee Mutual Life Company through George S. Williams, CPCU, Durham, North Carolina for employee life insurance at a rate of \$.290 per \$1,000 of benefit.
2. That the coverage include a benefit equal to twice the employee's basic annual salary with a maximum benefit of \$100,000; a \$5,000 dependent spouse benefit; and a \$5,000 dependent child benefit for each child in the family.
3. That the coverage include a \$5,000 life insurance benefit for future retirees of OWASA.
4. That the term of the above insurance coverage shall be for the period ending February 2009.

Adopted this 24th day of January 2008.

**RESOLUTION AUTHORIZING THE RENEWAL OF LONG-TERM
DISABILITY INSURANCE WITH STANDARD INSURANCE COMPANY**

WHEREAS, Long-Term Disability insurance coverage for the Orange Water and Sewer Authority will expire in February 2008; and

WHEREAS, George S. Williams, CPCU, reviewed the offer from Standard to renew our contract for one year; and

WHEREAS, Mr. Williams recommended that OWASA accept the offer from Standard; and

WHEREAS, Standard Insurance Company has offered to renew our coverage for one year at a rate of .625% of Insured Earnings; and

WHEREAS, the Human Resources Committee Chair has recommended that we accept the offer from Standard;

NOW, THEREFORE BE IT RESOLVED:

1. That the Board of Directors of the Orange Water And Sewer Authority renew the contract with Standard Insurance Company through George S. Williams, CPCU, Durham, NC for Long-Term Disability insurance.

2. That the coverage include a benefit of 60% of basic monthly compensation for eligible employees.

3. That the term of the above insurance coverage shall be for one year.

Adopted this 24th day of January 2008.