

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

MARCH 27, 2008

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in regular session on Thursday, March 27, 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; Alan Rimer; and William R. Stott. Directors absent: Randolph M. Kabrick, P.E., Chair; Marge Anders Limbert; and Gene Pease.

OWASA staff: Ed Kerwin; John Greene; Mason Crum; Greg Feller; Ed Holland; Andrea Orbich; Kevin Ray; Jane Showerman; and Robert Epting, Esq., Epting and Hackney.

Others present: Carolyn Elfland, Associate Vice-Chancellor for Campus Services, Ray DuBose, Director of Energy Services, Ben Poulson, Associate Director of Energy Services, Meg Holton, Water, Wastewater, and Stormwater Manager, and Kevin T. Robinson, Athletic Department, of the University of North Carolina at Chapel Hill; Doug Chapman, NC Green Industry Council; Marywinne Sherwood, Arcadia Co-Housing Community; Craig S. Chambers, EQR; Anasa Hicks, UNC Daily Tar Heel; and Robert Kirschner, Carrboro resident.

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

MOTIONS ACTED UPON

1. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Clarifying Orange Water and Sewer Authority's Policy on Replacement of Common Four-Inch Sewer Service Lines." (Resolution so titled attached hereto and made a part of these minutes. Motion by Alan Rimer, second by Mac Clarke, and carried by unanimous vote.)

* * * * *

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.

ASSEMBLY OF GOVERNMENT MEETING

Gordon Merklein said that Randy Kabrick and Ed Kerwin will provide a report on OWASA's discussions regarding Jordan Lake at the Orange County Assembly of Governments' meeting on Monday, March 31, 2008, 7:30 P.M., at the Southern Human Services Center.

JANE SHOWERMAN

Kevin Ray introduced Jane Showerman, OWASA's new Customer Service Manager.

COMMITTEE MEETINGS

Gordon Merklein said the Budget and Financial Planning Committee will meet to review the draft Preliminary Operations and Maintenance Budget on Monday, April 7, 2008, at 6:00 PM in the OWASA Boardroom (Mr. Merklein noted that this meeting may need to be rescheduled to Tuesday, April 8th due to a schedule conflict). The Committee will also meet to work with staff and the consultant to evaluate different rate model scenarios on Thursday, April 10, 2008 at 4:00 PM in the OWASA Boardroom.

ITEM TWO: PETITIONS AND REQUESTS

Gordon Merklein asked for petitions and requests from the public.

Marywinne Sherwood, resident of Arcadia Co-Housing Community in Carrboro, petitioned for a change in OWASA's policy regarding rates. The Arcadia Community has an OWASA master meter but private individual meters were installed so each household can measure its water use and for cost-sharing purposes. Ms. Sherwood requested that Arcadia be considered for "budget based" rates and billing rather than the use of the flat water use rate for a community of 34 households who conserve water.

Ed Kerwin said that OWASA has other customers in this situation and OWASA would be obligated to treat them the same. Mr. Kerwin commended and thanked the Arcadia Community for conserving water. Mr. Kerwin recommended that the Board deny this request. He also suggested that he meet with Ms. Sherwood to further discuss this matter.

Mac Clarke commented that the Board recognizes the opportunities for improvement in the rate structure and regulations from the drought of 2001-02 to meet specific problems that have been encountered during the current drought.

The Board agreed with Mr. Kerwin's recommendation.

ITEM THREE: PETITIONS AND REQUESTS

Gordon Merklein asked for petitions and requests from the Board; there were none.

ITEM FOUR: PETITIONS AND REQUESTS

Gordon Merklein asked for petitions and requests from the staff; there were none.

ITEM THREE: QUARTERLY REPORT ON ATTENDANCE AT BOARD OF DIRECTORS' MEETING

The Board received this report as an information item.

ITEM FOUR: STATUS REPORT OF GRANT AGREEMENT WITH THE NORTH CAROLINA CLEAN WATER MANAGEMENT TRUST FUND

The Board received this report as an information item.

ITEM FIVE: CLARIFICATIONS TO THE OWASA POLICY ON REPLACEMENT OF COMMON FOUR-INCH SEWER SERVICE LINES

Alan Rimer made a motion adopt the resolution; the motion was seconded by Mac Clarke and unanimously approved. Please see Motion No. 1 above.

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

The Board received this report as an information item.

ITEM SEVEN: WATER SUPPLY AND DEMAND UPDATE: A. STATUS REPORT ON WATER SUPPLY AND DEMAND; B. BOARD DISCUSSION ON TRANSITIONS BETWEEN WATER SHORTAGE LEVELS

Ed Holland presented supply and demand information and recommended that the Board weigh additional factors, including the availability of water from neighboring utilities, weather forecasts, the hardship and inconvenience of restrictions on customers, and any other factors that the Board might consider appropriate in considering whether to continue or rescind the Stage Three Water Shortage declaration.

Doug Chapman, NC Green Industry, encouraged the Board to move to Stage Two Water Shortage restrictions.

Carolyn Elfland, Associate Vice-Chancellor for Campus Services of the University of North Carolina at Chapel Hill, said that she believes we have a short- and long-term water supply problem and that the Cane Creek Reservoir watershed is insufficient to keep the reservoir filled reliably in drought conditions. She said that the University supports OWASA exploring the Jordan Lake alternative.

Ms. Elfland stated that the University's water consumption is 13 percent below the University's use in 2001-2002 despite major increases in student population and building square footage. The University has installed low-flow showerheads, waterless urinals, and dual-flush valves on toilets. It has also built underground cisterns to store non-potable water for irrigation. The University is funding construction of the reclaimed water system, and recently decided to move forward with Phase II of the reclaimed water system. It also plans to install dual piping for new construction to enable future use of reclaimed water for toilet flushing.

Lastly, Ms. Elfland said the University has a major need to water the University's NCAA athletic fields. This turf is engineered soil that is designed to drain rapidly and requires irrigation at specific intervals. If irrigation is not applied, the soil can become as hard as concrete and pose a health and safety hazard for athletes. The water use restrictions in effect do not allow irrigation with OWASA water, and not irrigating these fields is an unacceptable risk for athletic safety reasons. Ms. Elfland requested the Board consider purchasing water from neighboring utilities to allow this irrigation by the University. The amount of irrigation water needed for each field is known.

Alan Rimer asked about the economic impact for the community.

Ms. Elfland said the University is working to establish "Tar Heel Town" as an all-day event following athletic events and has looked at a "Fifth Quarter" event with the Chamber of Commerce to stimulate the economy.

Mr. Rimer said reclaimed water is an important source of water for irrigation purposes.

Braxton Foushee asked how many fields need to be watered.

Kevin Robinson, with UNC Athletics, said three fields are native soil fields, the football field is sand-based, and two additional fields are astro-turf. All of the fields have drain lines in them so that if there is a rain event, the water drains quickly in order not to impact play. The recommended amount of water per field is one inch per week but the astro-turf and sand-based fields require a bit more water.

Robert Epting said the Sale and Purchase Agreement with the University gives the University the right to purchase water from other sources via OWASA's distribution system if OWASA is not able to provide the quantities that the University needs.

Mac Clarke said he would like more information before he would support changing restrictions.

Mr. Merklein asked for clarification from Mr. Epting regarding how the Board can allow the University to irrigate athletic fields but not other customers.

Mr. Epting said that the provision in the Sale and Purchase Agreement states that because OWASA is the only water supply source for the University, in the event OWASA cannot meet the University's needs the University has the right to purchase water and OWASA has to convey it.

Mr. Clarke said that if the water supply is restricted, wouldn't OWASA restrict each customer class equally? Mr. Clarke also inquired if staff has an informal indication from the City of Durham if the City would sell water to OWASA.

Mr. Kerwin said that he talked with staff at the City of Durham and they are willing to sell water.

Fred Battle asked if pool owners are purchasing water from other sources.

Mr. Kerwin said pool owners are purchasing water from other sources to top off pools.

Mr. Foushee said that if OWASA's contract with the University provides that OWASA would convey water purchased by the University from other sources, then we will.

Mr. Rimer said that he would like an estimate of the expected water savings from Stage Two versus Stage Three restrictions.

Mr. Kerwin said that staff would provide the information to the Board at the April 10th meeting.

Mr. Battle said that as former athlete he supports the University and the safety of the athletes.

The Board agreed to defer further action until the April 10th meeting.

Mr. Kerwin said that if the area benefits from significant rain before the April 10th meeting, the Board could choose to meet earlier and change the water use restrictions.

ITEM EIGHT: DRAFT FISCAL YEAR 2009 SUMMARY OF CRITICAL AND STRATEGIC ISSUES AND DRAFT PLANNING ASSUMPTIONS AND BACKGROUND INFORMATION

Kevin Ray summarized the Draft Fiscal Year 2009 Summary of Critical and Strategic Issues and Draft Planning Assumption and Background Information.

ITEM NINE: BOARD DISCUSSION OF THE MARCH 13, 2008 PLANNING RETREAT

There was no discussion on this item.

Orange Water and Sewer Authority

March 27, 2008

Page 6

There being no further business to come before the Board, the meeting was adjourned at 8:00 P.M.

Enclosures

**RESOLUTION CLARIFYING ORANGE WATER AND SEWER AUTHORITY'S
POLICY ON REPLACEMENT OF COMMON FOUR-INCH SEWER SERVICE LINES**

WHEREAS, OWASA's current policy on sewer service extensions for new development requires that each lot or parcel to be served shall have a public sewer extended on or immediately adjacent to that lot or parcel and that each private lateral serving a particular lot or parcel be tied directly into the public sewer (common service laterals, defined as a lateral serving more than one home, are not allowed);

WHEREAS, there are a number of pre-existing private, common four-inch sewer service lines in the OWASA service area and most of these common lines cross more than one property, and few have recorded easements or maintenance agreements among property owners;

WHEREAS, after recognizing the challenges that come with multiple property owners being involved with the operation and maintenance of a common sewer service lateral and the cost associated with replacing these lines as they begin to deteriorate, the OWASA Board, on October 26, 1995, adopted a policy outlining the conditions and requirements for OWASA's assumption of responsibility for maintenance and replacement of common service laterals;

WHEREAS, it is desirable to clarify the October 26, 1995 policy;

NOW, THEREFORE, BE IT RESOLVED:

1. That the "Resolution Adopting Policy on Replacement of Common Four-inch Sewage Collection Lines" adopted October 26, 1995 is hereby rescinded.
2. That the "Resolution Adopting Policy on Replacement of Common Four-inch Sewer Service Lines" dated March 27, 2008 and attached hereto is hereby adopted.
3. That the Executive Director is authorized and empowered to implement and interpret the policy.
4. That the policy shall be effective upon adoption.

Adopted this 27th day of March, 2008.

ORANGE WATER AND SEWER AUTHORITY

POLICY ON REPLACEMENT OF COMMON FOUR-INCH SEWER SERVICE LINES

PURPOSE:

The purpose of this policy is to establish the conditions and requirements for OWASA's assumption of responsibility for maintenance and replacement, when deemed necessary, of nonconforming common four-inch sewer service lines.

BACKGROUND:

OWASA's current policy on sewer service extensions for the development of new parcels requires that each lot or parcel to be served shall have a public sewer extended on or immediately adjacent to that lot or parcel and that each private lateral serving a particular lot or parcel be tied directly into the public sewer (**common service laterals, defined as a lateral serving more than one home, are not allowed**).

However, there are a number of pre-existing private, common four-inch sewer service lines in the OWASA service area which cross more than one property and many have no recorded easements.

Recognizing the challenges that come with multiple property owners being involved with the operation and maintenance of a common sewer service lateral and the cost associated with replacing these lines as they begin to deteriorate, this policy outlines the conditions and requirements in order for OWASA to assume responsibility for maintenance and eventual replacement of common sewer service laterals.

POLICY:

1. Prior to OWASA assuming maintenance responsibilities, all owners of property that the common line crosses will provide to OWASA a signed statement indicating a willingness to provide to OWASA, without remuneration, the easements necessary to allow OWASA's assumption of maintenance responsibilities for the designated portion of the common 4-inch sewer service line.
2. Unless otherwise approved by OWASA, the easement to be granted to OWASA shall meet the standards of OWASA and be no less than 30 feet in width.
3. OWASA will prepare the necessary survey and easement documents at no cost to the benefitting parties and will have the documents officially recorded.
4. OWASA will install a manhole on the common service lateral at no cost to the benefitting properties that will delineate the point where OWASA maintenance responsibility begins.

5. OWASA will notify all benefitting parties of its intention to accept maintenance responsibility and the responsibility for replacement, when deemed necessary, of the designated portion of the nonconforming common four-inch sewer service lines after the necessary documents have been recorded and the manhole has been installed.
6. Replacement of the portion of the line where OWASA has assumed maintenance responsibility will be performed at OWASA's discretion as part of its Capital Improvement Program. OWASA staff will prioritize the work according to public health needs, pipe condition, maintenance history, neighborhood petitions, crew availability and finances. All costs associated with this replacement will be borne by OWASA. However, each property owner will be required to separately connect to the newly installed main within 90 days. All required actions and costs associated with connecting to this new main will be at the sole expense of the benefitting party.
7. OWASA will assume no operation, maintenance or replacement responsibilities for common service laterals when public sewer is already adjacent to or abutting property or properties being served by a common service lateral. In these cases, when the common sewer service line is abandoned all required actions and costs associated with connecting to the public sewer will be at the sole expense of the benefitting party.

INTERPRETATION AND REVISIONS

Implementation and interpretation of the *Policy on Replacement of Common Four-Inch Sewer Service Lines* is the responsibility of the Executive Director and designated staff.

APPEALS

The appeal of the decisions or interpretations of the Executive Director regarding the implementation of the *Policy on Replacement of Common Four-Inch Sewer Service Lines* may be made in writing to the Board of Directors of the Orange Water and Sewer Authority. The appeal should state clearly and specifically the relief sought and reason therefore.
