

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

JUNE 10, 2010

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in regular session on Thursday, June 10, 2010, at 7:00 P.M., in OWASA's Community Room.

Directors present: Randy Kabrick, P.E., Chair; Gordon Merklein, Vice Chair; Braxton Foushee, Secretary; Fred Battle; Michael A. (Mac) Clarke; Joyce C. Preslar; Alan Rimer, P.E.; William R. Stott; and Amy Witsil.

OWASA staff: Ed Kerwin; John Greene; Mason Crum; Jan Bryant-Berry; Stuart Carson; Patrick Davis; Greg Feller; Stephanie Glasgow; Ed Holland; Heidi Lamay; Andrea Orbich; Kevin Ray; Stephen Winters; and Robert Epting, Esq., Epting and Hackney.

Others present: Meg Holton, Water, Wastewater, and Stormwater Manager, UNC.

There being a quorum present, Chair Randy Kabrick called the meeting to order.

MOTIONS ACTED UPON

1. Mac Clarke made a motion to approve the Minutes of the May 13, 2010 Board Meeting; the motion was seconded by William Stott and carried by unanimous vote.

2. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Authorizing Renewal of Property, Liability, Workers' Compensation, Inland Marine, Automobile, Boiler and Machinery, Crime, Excess Liability and Umbrella Liability Insurance Policies through the North Carolina League of Municipalities Risk Management Services." (Resolution so titled attached hereto and made a part of these minutes. Motion by Mac Clarke, second by William Stott, and carried by a unanimous vote.)

3. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Authorizing the Renewal of the Medical Insurance Contract with Blue Cross Blue Shield of North Carolina." (Resolution so titled attached hereto and made a part of these minutes. Motion by Mac Clarke, second by William Stott and carried by unanimous vote.)

4. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Authorizing Executive Director to Execute Contract with Blue Cross Blue Shield of North Carolina for Dental Insurance." (Resolution so titled attached hereto and made a part of these minutes. Motion by Mac Clarke, second by William Stott and carried by unanimous vote.)

5. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Adopting Schedule of Rates, Fees and Charges Applicable to All Customers On or After October 1, 2010." (Resolution so titled attached hereto and made a part of these minutes. Motion by Fred Battle, seconded by Gordon Merklein and carried by unanimous vote.)

6. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution of Adopting the Annual Budget for Orange Water and Sewer Authority for Fiscal Year July 1, 2010 through June 30, 2011." (Resolution so titled attached hereto and made a part of these minutes. Motion by Alan Rimer, seconded by Mac Clarke and carried by unanimous vote.)

7. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Approving Capital Improvements Program for Fiscal Years 2011-2025 Including Five-Year Capital Improvements Budget for Fiscal Years 2011-2015." (Resolution so titled attached hereto and made a part of these minutes. Motion by Gordon Merklein, seconded by Mac Clarke and carried by unanimous vote.)

8. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Capital Project Resolution for Water Supply Improvements." (Resolution so titled attached hereto and made a part of these minutes. Motion by Alan Rimer, seconded by Mac Clarke and carried by unanimous vote.)

9. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Capital Project Resolution for Water Treatment and Distribution Improvements." (Resolution so titled attached hereto and made a part of these minutes. Motion by Gordon Merklein, seconded by Mac Clarke and carried by unanimous vote.)

10. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Capital Project Resolution for Wastewater Collection, Treatment and Disposal Improvements." (Resolution so titled attached hereto and made a part of these minutes. Motion by William Stott, seconded by Mac Clarke and carried by a vote of 8 to 1 with Braxton Foushee opposed.)

11. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Capital Project Resolution for Support Services Facility Improvements." (Resolution so titled attached hereto and made a part of these minutes. Motion by Mac Clarke, seconded by Gordon Merklein and carried by unanimous vote.)

12. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution of Orange Water and Sewer Authority Schedule of Employee Classification and Authorized Compensation Effective October 1, 2010." (Resolution so titled attached hereto and made a part of these minutes. Motion by William Stott, seconded by Mac Clarke and carried by unanimous vote.)

13. Braxton Foushee made a motion that OWASA retain ownership of the Cane Creek Mitigation Tract acquired by OWASA as a condition of its U.S. Army Corps of Engineers 404 Permit for construction of the Cane Creek Reservoir; the motion was seconded by William Stott and carried by a vote of seven to two with Alan Rimer and Amy Witsil opposed.

14. Mac Clarke made a motion to elect Gordon Merklein as Chair; the motion was seconded by William Stott and carried by unanimous vote.

15. Mac Clarke made a motion to elect Alan Rimer as Vice Chair; the motion was seconded by William Stott and carried by unanimous vote.

16. Mac Clarke made a motion to elect Braxton Foushee as Secretary; the motion was seconded by William Stott and carried by unanimous vote.

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ITEM ONE: ANNOUNCEMENTS

CONFLICT OF INTEREST

Randy Kabrick 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.

JUNE 24, 2010 BOARD MEETING

Randy Kabrick said the June 24, 2010 OWASA Board of Directors' meeting has been canceled; the next regularly scheduled meeting of the Board will be July 8, 2010 in the OWASA Community Room.

ITEM TWO: PETITIONS AND REQUESTS FROM THE PUBLIC, BOARD, AND STAFF

Randy Kabrick asked for petitions and requests from the public, the Board and staff; there were none.

ITEM THREE: MINUTES

Mac Clarke made a motion to approve the Minutes of the May 13, 2010 Board Meeting; the motion was seconded by William Stott and carried by unanimous vote. Please see Motion No. 1 above.

ITEM FOUR: RESOLUTION AUTHORIZING RENEWAL OF PROPERTY, LIABILITY, WORKERS' COMPENSATION, INLAND MARINE, AUTOMOBILE, BOILER AND MACHINERY, CRIME, EXCESS LIABILITY AND UMBRELLA LIABILITY INSURANCE POLICIES THROUGH THE NORTH

CAROLINA LEAGUE OF MUNICIPALITIES RISK MANAGEMENT SERVICES

Mac Clarke made a motion to adopt the resolution; the motion was seconded by William Stott and carried by unanimous vote. Please see Motion No. 2 above.

ITEM FIVE: RESOLUTIONS AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE CONTRACTS WITH BLUE CROSS BLUE SHIELD OF NORTH CAROLINA FOR HEALTH AND DENTAL INSURANCE

Mac Clarke made a motion to adopt the Resolution Authorizing the Renewal of the Medical Insurance Contract with Blue Cross Blue Shield of North Carolina; the motion was seconded by William Stott and carried by unanimous vote. Please see Motion No. 3 above.

Mac Clarke made a motion to adopt the Resolution Authorizing Executive Director to Execute Contract with Blue Cross Blue Shield of North Carolina for Dental Insurance; the motion was seconded by William Stott and carried by unanimous vote. Please see Motion No. 4 above.

ITEM SIX: APPROVAL OF ANNUAL BUDGET, 15-YEAR CAPITAL IMPROVEMENTS PROGRAM (CIP) AND RATE INCREASES FOR FISCAL YEAR (FY) 2011: RESOLUTION ADOPTING SCHEDULE OF RATES, FEES AND CHARGES APPLICABLE TO ALL CUSTOMERS ON OR AFTER OCTOBER 1, 2010; RESOLUTION ADOPTING THE ANNUAL BUDGET FOR ORANGE WATER AND SEWER AUTHORITY FOR FY 2011; AND RESOLUTION APPROVING THE CIP FOR FY 2011-2025 INCLUDING THE CAPITAL IMPROVEMENTS BUDGET FOR FY 2011-2015 AND THE ACCOMPANYING CAPITAL PROJECT RESOLUTIONS

Fred Battle made a motion to adopt the Resolution Adopting Schedule of Rates, Fees, and Charges Applicable to All Customer On and After October 1, 2010; the motion was seconded by Gordon Merklein and carried by unanimous vote. Please see Motion No. 5 above.

Alan Rimer made a motion to adopt the Resolution Adopting the Annual Budget for Orange Water and Sewer Authority for the Fiscal Year July 1, 2010 through June 30, 2011; the motion was seconded by Mac Clarke and carried by unanimous vote. Please see Motion No. 6 above.

Gordon Merklein made a motion to adopt the Resolution Approving Capital Improvements Program for Fiscal Years 2011-2025 Including Five-Year Capital Improvements Budget for Fiscal Years 2011-2015; the motion was seconded by Mc Clarke and carried by unanimous vote. Please see Motion No. 7 above.

Alan Rimer made a motion to adopt the Capital Project Resolution for Water Supply Improvements; the motion was seconded by Mac Clarke and carried by unanimous vote. Please see Motion No. 8 above.

Gordon Merklein made a motion to adopt the Capital Project Resolution for Water Treatment and Distribution Improvements; the motion was seconded by Mac Clarke and carried by unanimous vote. Please see Motion No. 9 above.

William Stott made a motion to adopt the Capital Project Resolution for Wastewater Collection, Treatment and Disposal Improvements; the motion was seconded by Mac Clarke and carried by a vote of eight to one with Braxton Foushee opposed. Please see Motion No. 10 above.

Mac Clarke made a motion to adopt the Capital Project Resolution for Support Services Facility Improvements; the motion was seconded by Gordon Merklein and carried by a unanimous vote. Please see Motion No. 11 above.

Mr. Clarke asked whether serial capital project resolutions might be adopted in one summary resolution.

Kevin Ray said he would review and report back to the Board.

ITEM EIGHT: RESOLUTION ADOPTING THE SCHEDULE OF EMPLOYEE CLASSIFICATION AND AUTHORIZED COMPENSATION EFFECTIVE OCTOBER 1, 2010

Fred Battle said he wanted to be sure that all employees earn a living wage.

Alan Rimer asked, within the pay ranges, is the bottom of any pay range equal to a living wage.

Ed Kerwin said yes but that he would report back to the Board with specific information.

William Stott made a motion to adopt the resolution; the motion was seconded by Mac Clarke and carried by unanimous vote. Please see Motion No. 12 above.

Mr. Kerwin expressed his gratitude and appreciation to the Board for their support for the needed rate increase. Mr. Kerwin said staff will continue work hard to achieve greater efficiencies while delivering high quality water and sewer services.

ITEM ELEVEN: LAND MANAGEMENT OPTIONS FOR OWASA'S RAY HEIRS AND CANE CREEK MITIGATION PROPERTIES

Ed Holland reported that the Board's Natural Resources/Technical Systems (NRTS) Committee's recommendation is that no further action be taken on the Ray Heirs tract until a written response is received from the Carrboro Board of Aldermen regarding their interest in purchasing the property. If the Board of Aldermen reports no interest, then the Committee recommended that the property be considered surplus and that staff would prepare plans for its sale through an open, competitive process when market conditions are favorable.

Ed Kerwin said that the Carrboro Town Manager reported that the Carrboro Board of Aldermen would likely consider OWASA's offer at their June 15, 2010 meeting. The Town Manager indicated that staff would likely recommend a "no interest" response.

The OWASA Board agreed that no further action be taken until after the June 15, 2010 Carrboro Board of Aldermen meeting. If the Carrboro Board responds with no interest in purchasing the property, then it should be considered surplus, and OWASA staff should prepare plans for its sale through an open, competitive process when market conditions are favorable.

Mr. Holland reported that the NRTS Committee had not reached a consensus on the disposition of the Cane Creek Mitigation Tract (Buckhorn Game Land), but recommended that the Board discuss whether to discuss alternative ownership arrangements with Orange County, the U.S. Army Corp of Engineers (Corps) and the N.C. Wildlife Resources Commission (WRC).

Randy Kabrick said that it is his opinion that OWASA should retain the Mitigation Property because it represented part of OWASA's core principle of protecting the Cane Creek Reservoir.

Mac Clarke said that retaining ownership of the Mitigation Property would help sustain OWASA's positive relationships with watershed neighbors.

Braxton Foushee said OWASA should retain the Mitigation Property.

Alan Rimer suggested inquiring if the Triangle Land Conservancy would be interested in owning this property.

Fred Battle said land will always be a good investment and that OWASA should keep the Mitigation Property.

Mr. Rimer suggested that the Mitigation Property item go back to the NRTS Committee for further discussion and then come back to the Board for eventual action.

Mr. Clarke asked if OWASA can sell the land for development.

Robert Epting answered that OWASA cannot sell the Mitigation Property for development use, because the Corps of Engineers 404 Permit requests that it be used, in perpetuity, to offset the loss of wildlife habitat and hunting opportunities that resulted from construction of the Cane Creek Reservoir. The land cannot be sold for development.

Braxton Foushee made a motion that OWASA retain ownership of the Cane Creek Mitigation Tract acquired by OWASA as a condition of its U.S. Army Corps of Engineer 404 Permit for construction of the Cane Creek Reservoir; the motion was seconded by William Stott and carried by a vote of seven to two with Alan Rimer and Amy Witsil opposed. (Please see Motion No. 13 above.)

ITEM TWELVE: DRAFT SUCCESSION PLAN FOR OWASA EXECUTIVE DIRECTOR

Alan Rimer suggested that succession planning for other key positions under Executive Director be conducted and that the information be shared with the Board of Directors as a courtesy.

The Board accepted and endorsed the Succession Plan for OWASA's Executive Director.

ITEM THIRTEEN: ELECTION OF OFFICERS

Mac Clarke reported that the Nominating Committee proposes the following officers for corporate year 2010-2011 that begins on July 1, 2010.

Gordon Merklein, Chair
Alan Rimer, P.E., Vice Chair
Braxton Foushee, Secretary

Mac Clarke opened the floor for discussion. There was no discussion.

Mac Clarke made a motion to elect Gordon Merklein as Chair; the motion was seconded by William Stott and carried by unanimous vote. (Please see Motion No. 14 above.)

Mac Clarke made a motion to elect Alan Rimer as Vice Chair; the motion was seconded by William Stott and carried by unanimous vote. (Please see Motion No. 15 above.)

Mac Clarke made a motion to elect Braxton Foushee as Secretary; the motion was seconded by William Stott and carried by unanimous vote. (Please see Motion No. 16 above.)

William Stott stated his appreciation to serve with Randy Kabrick on the OWASA Board of Directors.

There being no further business to come before the Board, the meeting was adjourned at 8:35 P.M.

Enclosures

**RESOLUTION AUTHORIZING RENEWAL OF PROPERTY, LIABILITY,
WORKERS' COMPENSATION, INLAND MARINE, AUTOMOBILE, BOILER
AND MACHINERY, CRIME, EXCESS LIABILITY AND UMBRELLA LIABILITY
INSURANCE POLICIES THROUGH THE NORTH CAROLINA LEAGUE OF
MUNICIPALITIES RISK MANAGEMENT SERVICES**

WHEREAS, Property, Liability, Inland Marine, Automobile, Boiler and Machinery, Crime, Workers' Compensation, Excess Liability and Umbrella Liability insurance policies in effect for Orange Water and Sewer Authority will expire on June 30, 2010; and

WHEREAS, Section 707 of the Bond Order and prudent business practice dictate that Orange Water and Sewer Authority maintain a practical insurance program which will afford adequate protection against damage to, or destruction of, the Water and Sewer System; and

WHEREAS, Section 707 of the Bond Order and prudent business practice dictate that Orange Water and Sewer Authority will maintain such comprehensive public liability insurance for bodily injury and property damage resulting from the operation of the Water and Sewer System as OWASA deems to be adequate.

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors of Orange Water and Sewer Authority awards the renewal of Property, Liability, Workers' Compensation, Inland Marine, Automobile, Boiler and Machinery, Crime, Excess Liability and Umbrella Liability Insurance coverage to The North Carolina League of Municipalities Risk Management Services, in an amount not to exceed the amount budgeted for FY 2011 of approximately \$360,000 for the period from July 1, 2010 through June 30, 2011, subject to normal audit adjustments.

2. That the Executive Director be, and he hereby is, authorized and directed to renew the above stated insurance policies.

Adopted this 10th day of June, 2010.

**RESOLUTION AUTHORIZING THE RENEWAL OF THE MEDICAL INSURANCE
CONTRACT WITH BLUE CROSS BLUE SHIELD OF NORTH CAROLINA**

WHEREAS, to adequately and appropriately provide health and hospital insurance coverage for Orange Water and Sewer Authority (OWASA) employees, it is desirable to continue with group insurance program as proposed by Blue Cross Blue Shield (BCBS) of North Carolina; and

WHEREAS, it is determined that BCBS offers excellent health care; and

WHEREAS, BCBS has offered to renew our health coverage with an increase in premiums of 7.2% with no change in our coverage; and

WHEREAS, the existing health insurance contract with BCBS will expire on June 30, 2010.

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors approves continued participation by all full-time employees in the health plan offered through BCBS in accordance with provisions of the plan.
2. That OWASA pay the full employee health premium and 50% of dependent costs.
3. That the Executive Director is hereby authorized and directed to execute the contract with BCBS.
4. That the term of the above insurance coverage shall be for a period of twelve months beginning July 1, 2010.

Adopted this 10th day of June 2010.

**RESOLUTION AUTHORIZING EXECUTIVE DIRECTOR TO
EXECUTE CONTRACT WITH BLUE CROSS BLUE SHIELD
OF NORTH CAROLINA FOR DENTAL INSURANCE**

WHEREAS, to provide adequate and appropriate dental insurance coverage for Orange Water and Sewer Authority (OWASA) employees, it is desirable to continue with the dental insurance plan offered by Blue Cross Blue Shield (BCBS) of North Carolina; and

WHEREAS, it is determined that BCBS offers quality dental care service to OWASA; and

WHEREAS, BCBS has offered to renew our dental coverage with a decrease in premiums of 8.6% with no change in our coverage; and

WHEREAS, the existing dental insurance contract with BCBS expires on June 30, 2010.

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors approves continued participation in the Dental Plan offered through BCBS for all full-time OWASA employees.
2. That OWASA pay the full employee dental premium and 40% of dependent costs.
3. That the Executive Director is hereby authorized and directed to execute the contract with BCBS.
4. That the term of the above insurance coverage shall be for a period of twelve months beginning July 1, 2010.

Adopted this 10th day of June 2010.

**RESOLUTION ADOPTING SCHEDULE OF RATES, FEES, AND CHARGES
APPLICABLE TO ALL CUSTOMERS ON AND AFTER OCTOBER 1, 2010**

WHEREAS, Orange Water and Sewer Authority has an adopted Schedule of Rates, Fees, and Charges as permitted under North Carolina General Statute 162A-9 and Section 7.04 of OWASA's Amended and Restated Bond Order (Bond Order); and

WHEREAS, General Statute 162A-6(9) and Section 7.04 of OWASA's Bond Order provide for the revision of such Rates, Fees, and Charges; and

WHEREAS, during the preparation of the Fiscal Year (FY) 2011 budget, the need for adjustments to OWASA's Schedule of Rates, Fees, and Charges was confirmed in order to provide sufficient revenues to fund ongoing operations, debt service and the Capital Improvements Program; and

WHEREAS, Public Hearings were held on May 27, 2010 for the purpose of receiving public comment on the proposed adjustment to the Schedule of Rates, Fees, and Charges;

NOW, THEREFORE, BE IT RESOLVED:

1. That the attached *Schedule of Rates, Fees, and Charges* be, and hereby is, adopted by the Board of Directors as the revised rate policy of Orange Water and Sewer Authority.
2. That the revised rates shall become effective for all service billings rendered on and after October 1, 2010.
3. That the Executive Director is authorized to make discretionary judgments regarding charges when it is determined to be in the interest of OWASA in resolving a customer's appeal.
4. That the Executive Director is hereby directed to give proper notice as required by the Sale and Purchase Agreements and to take the necessary steps to implement the revised *Schedule of Rates, Fees, and Charges*.

Adopted this 10th day of June, 2010.

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

APPLICABLE TO ALL BILLINGS AND SERVICES ON AND AFTER OCTOBER 1, 2010

SECTION I: SCHEDULE OF WATER RATES AND FEES.....Pg. 2 to Pg. 7

SECTION II: SCHEDULE OF SEWER RATES AND FEES.....Pg. 8 to Pg. 12

SECTION III: SCHEDULE OF RECLAIMED WATER RATES AND FEES.....Pg. 13 to Pg. 14

SECTION IV: SCHEDULE OF MISCELLANEOUS CHARGES.....Pg. 15 to Pg. 22

Background and Authorization

In providing essential public water, sewer and reclaimed water services to Chapel Hill, Carrboro and portions of southern Orange County, Orange Water and Sewer Authority (OWASA) incurs substantial operating and capital expenses. As a community-owned nonprofit public utility, OWASA has no authority to levy taxes, nor does it receive tax revenues from local governments for ongoing operations. OWASA finances its water, sewer and reclaimed water operations and extensive capital improvements almost entirely through customer paid fees and charges.

North Carolina G.S. 162A-9 requires that OWASA's "rates, fees and charges shall be fixed and revised so that the revenues of the Authority, together with any other available funds, will be sufficient at all times" to fund operating and maintenance expenses and to pay the principal and interest on all debt issued or assumed by OWASA. OWASA's rates are established under cost-of-service rate-making methodology. OWASA's customers pay for the cost of providing the services and/or facility capacity required to meet customer demand.

The OWASA Board of Directors has determined that the provisions in the attached Schedule of Rates, Fees, and Charges are necessary to adequately sustain OWASA's near-term and long-range utility operations. Revenues generated by these rate adjustments will provide OWASA with the financial resources necessary to: (1) fund operating costs; (2) adequately maintain existing water, sewer, and reclaimed water facilities; (3) fully comply with increasingly stringent environmental and public health standards; (4) meet debt service requirements; (5) create additional facility capacity to stay abreast of water, reclaimed water and sewer service demand in a growing, dynamic community; and (6) maintain adequate reserves.

The attached Schedule of Rates, Fees, and Charges will replace the schedule adopted on January 28, 2010, which became effective on April 28, 2010.

SECTION I: WATER RATES AND FEES

MONTHLY WATER RATES

Water charges are billed monthly at approximately 30-day intervals. Charges are due upon receipt of the bill, and become delinquent 21 days after the billing date. Monthly water rates consist of two components; a monthly service charge and a commodity (volume) charge.

Water Service Charge

This charge recovers costs related to certain direct and indirect customer service efforts, meter and lateral maintenance, and capital costs associated with supplying water to the customer's property. Applicable to all metered water accounts, independent of the quantity of water consumed, the monthly charge is based on meter size as follows:

| <u>Meter Size</u> | <u>Monthly Service Charge</u> | |
|-------------------|-------------------------------|-----------------|
| | <u>Existing</u> | <u>Proposed</u> |
| 5/8" | \$13.19 | \$14.41 |
| 1" | \$26.50 | \$28.95 |
| 1-1/2" | \$57.31 | \$62.61 |
| 2" | \$86.49 | \$94.49 |
| 3" | \$177.88 | \$194.33 |
| 4" | \$290.38 | \$317.24 |
| 6" | \$632.35 | \$690.84 |
| 8" | \$899.23 | \$982.41 |

Water Irrigation Service Charge

(NOTE: In accordance with State law, all new in-ground irrigation systems installed on or after July 1, 2009 and supplied by a public drinking water system are required to have a separate meter to measure the volume of water used through the irrigation system.)

This charge is calculated to recover certain direct and indirect customer service, meter and lateral maintenance, and capital costs associated with supplying water for irrigation through irrigation-only meters. Applicable to all metered irrigation water accounts, regardless of the quantity of water consumed, the monthly charge is based on meter size as follows:

| <u>Meter Size</u> | <u>Monthly Service Charge</u> | |
|-------------------|-------------------------------|-------------------|
| | <u>Existing</u> | <u>Proposed</u> |
| 5/8" | \$21.13 | \$23.08 |
| 1" | \$42.22 | \$46.13 |
| 1-1/2" | \$78.16 | \$85.39 |
| 2" | \$120.21 | \$131.33 |
| 3" | \$237.94 | \$259.95 |
| 4" | \$365.25 | \$399.04 |
| 6" | \$718.51 | \$784.97 |
| 8" | \$1,142.64 | \$1,248.33 |

Monthly service charges for compound meter arrangements are based on the largest meter in the grouping. In addition to the applicable charge for the primary meter, existing OWASA-owned sub-meters are billed according to the above schedule. OWASA-owned sub-meters are no longer available and no additional sub-meters will be installed.

Meter readings and service charges for first and final bills are prorated based on days of service.

Water Commodity Charge

This charge recovers the direct and indirect costs of water supply and treatment, water distribution, general administration and capital costs not recovered by the monthly service charge. This charge is applicable to all water accounts based on meter readings of water consumed. When a billing period includes a change in commodity rates, the charges are prorated based on the ratio of days in the billing period at the old and new rates. Metered monthly consumption will be billed in thousand gallon increments rounded down to the nearest thousand gallons. Unbilled consumption due to rounding will be carried forward and billed in the month the next thousand gallon increment is registered by the meter.

When no meter reading is available due to an inoperative, damaged or inaccessible meter, consumption will be estimated based on prior usage at the location.

Individually Metered Residential Accounts Except Irrigation-Only Accounts

Individually metered residential accounts will be billed under an increasing block rate structure designed to encourage efficient water use by applying increasing commodity charges (rate per thousand gallons) to incremental increases in water use.

| | Volume of Use (Gallons) | Commodity Rate per 1,000 Gallons | |
|---------|----------------------------|-------------------------------------|------------------------|
| | | <u>Existing</u> | <u>Proposed</u> |
| Block 1 | 1,000 to 2,000 | \$2.36 | \$2.58 |
| Block 2 | 3,000 to 5,000 | \$5.73 | \$6.26 |
| Block 3 | 6,000 to 10,000 | \$7.03 | \$7.68 |
| Block 4 | 11,000 to 15,000 | \$9.82 | \$10.73 |
| Block 5 | All use 16,000 and up | \$17.76 | \$19.40 |

Conservation Water Commodity Charges Under Mandatory Water Use Restrictions

Water commodity charges applicable to all customer accounts will be temporarily increased during periods of declared Water Shortages and mandatory water use restrictions regardless of the time of year. These applicable surcharges are summarized in the following table.

**WATER COMMODITY SURCHARGES
APPLICABLE UNDER WATER SHORTAGE DECLARATION STAGES**

| Individually-Metered Residential Accounts | | | | | | Non-Residential and Irrigation-Only |
|---|-------------------|--------------------------------------|--------------------------------------|-------------------------------------|-----------------------------------|---|
| Block: | Res. Block 1 | Res. Block 2 | Res. Block 3 | Res. Block 4 | Res. Block 5 | |
| Use Level: (gallons) | 1,000 to 2,000 | 3,000 to 5,000 | 6,000 to 10,000 | 11,000 to 15,000 | 16,000 and up | |
| Stage 1 | No surcharge | No surcharge | 1.25 times normal Block 3 rate | 1.5 times normal Block 4 rate | 2 times normal Block 5 rate | 1.15 times seasonal and irrigation-only rate. |
| Stage 2 | No surcharge | 1.25 times normal Block 2 rate | 1.5 times normal Block 3 rate | 2 times normal Block 4 rate | 3 times normal Block 5 rate | 1.25 times seasonal and irrigation-only rate. |
| Stage 3 and Emergency | No surcharge | 1.5 times normal Block 2 rate | 2 times normal Block 3 rate | 3 times normal Block 4 rate | 4 times normal Block 5 rate | 1.5 times seasonal and irrigation-only rate. |

Non-residential Accounts Except Irrigation-Only Accounts

To achieve demand reduction during peak water use periods, a seasonal conservation rate structure will be applied to all non-residential accounts other than irrigation-only accounts. A reduced water commodity charge is in effect during lower demand months (October through April), and a higher commodity charge is in effect during high demand months (May through September).

| | <u>Existing</u> | <u>Proposed</u> |
|--|-----------------|-----------------|
| Off-peak seasonal rate per 1,000 gallons (October through April) | \$3.73 | \$4.08 |
| Peak seasonal rate per 1,000 gallons (May through September) | \$7.09 | \$7.75 |
| Equivalent Uniform Water Commodity Charge | \$5.40 | \$5.90 |

Irrigation-Only Accounts

To promote conservation of water used for irrigation and to achieve greater equity between rates for irrigation-only use and irrigation use through a domestic meter, irrigation-only accounts shall be charged the following year-round commodity rate.

\$7.63 per thousand gallons **Proposed \$8.34 per thousand gallons**

INTERLOCAL WATER TRANSFER CHARGES

The purpose of this charge is to recover costs associated with the provision of supplemental water supply under contractual agreement with other water purveyors. The specific rates to be charged will be negotiated with the other party based upon specific conditions, but using the cost-of-service rate-making approach and approved by OWASA.

TEMPORARY HYDRANT METER CHARGE

Subject to availability, a Customer may obtain a temporary hydrant meter (metering device) from OWASA for a period of up to 60 days. A customer may submit a written request to use the hydrant meter for one additional 60 day period but granting said request will be subject to availability and is at OWASA’s sole discretion. Service from a fire hydrant is subject to interruption when the hydrant is needed for fire protection, compliance with water conservation standards, and other applicable law. For situations where temporary water service is needed for a period longer than 120 days, the user can purchase a metering device of a size, make and model specified by OWASA. A \$200.00 (**No Change Proposed**) service charge, payable in advance, shall be collected for setting and removing the meter. In addition, a security deposit shall be required in accordance with the following schedule:

Security Deposit
\$1,000 (**No Change Proposed**)

Monthly billings for temporary hydrant meters consist of two charges: (1) a service charge for that size meter, and (2) the seasonal commodity charge, including surcharges where applicable, based on monthly readings of the meter. When the hydrant meter is returned, the security deposit shall be applied to the final bill plus any damages. The Customer is responsible for paying OWASA for damages that exceed the amount of the Security Deposit. Any credit balance will be refunded within thirty (30) days.

WATER AVAILABILITY FEE

Water availability fees are calculated to recover a portion of the capital costs of providing water system facility capacity. The availability fee is applicable to each new connection to a water main, regardless of who may have paid for the installation of the water main to which the connection is to be made. For the purpose of availability fees, customer accounts are divided into three categories: (1) Single-family Residential, (2) Multi-family Residential, Individually-metered; and (3) Non-residential. The Non-residential category includes master-metered multi-family customers and all commercial, University, and other institutional accounts. The use of these categories is justified by distinctive patterns of water and sewer consumption.

| | | |
|--|-----------------|-----------------|
| 5/8” Meter, Single-family Residential: | <u>Existing</u> | <u>Proposed</u> |
| <1300 square feet | \$1,143 | \$1,186 |
| 1300-1700 square feet | \$1,395 | \$1,448 |
| 1701-2400 square feet | \$1,766 | \$1,833 |

| | | |
|--------------------------------------|-----------|------------------|
| 2401-3100 square feet | \$3,018 | \$3,133 |
| 3101-3800 square feet | \$4,104 | \$4,260 |
| >3800 square feet | \$6,889 | \$7,151 |
| 5/8" Meter, Multi-family Residential | \$1,231 | \$1,278 |
| 5/8" Meter, Non-residential* | \$3,344 | \$3,471 |
| 1" Meter, Non-residential* | \$8,360 | \$8,678 |
| 1-1/2" Meter, Non-residential* | \$16,720 | \$17,355 |
| 2" Meter, Non-residential* | \$26,752 | \$27,769 |
| 3" Meter, Non-residential* | \$53,504 | \$55,537 |
| 4" Meter, Non-residential* | \$83,600 | \$86,777 |
| 6" Meter, Non-residential* | \$167,200 | \$173,554 |
| 8" Meter, Non-residential* | \$267,520 | \$277,686 |

* Same fee for Irrigation-Only accounts.

A person or party completing a development or re-development project may be eligible to request and receive a credit on the Water Availability Fees due if their project directly results in the permanent abandonment of previously existing water meters which were connected to residences, buildings or facilities connected to and having a documented demand on the OWASA water system.

If OWASA determines that a credit is due, the amount of the credit shall be based on the current Water Availability Fees that would apply to the size of the water meters that are permanently abandoned as a direct result of the project. However, the credit due shall not exceed the amount of the Water Availability Fees that would otherwise apply to the development or re-development project.

If an existing water meter is removed from service and/or is replaced with a smaller meter, OWASA will not issue any credit or refund to the customer for any previously paid Availability Fees.

Availability Fee credits are not transferrable to any other project or property.

WATER SERVICE AND METER INSTALLATION CHARGE

This charge is to recover costs of extending service from the OWASA distribution system to individual properties, and includes the installation of a service connection from the water main to the meter and the setting of the meter to serve the customer's premises, subject to satisfactory easement or license being provided by the applicant. Where a suitable stub-out for service has been made and is available, the "meter-only" charge shall apply. Customer requested meter/water service relocations shall be performed on a time and materials basis. Complete new and/or additional water service installation and meter-only charges are as follows:

| | <u>Existing</u> | <u>Proposed</u> |
|---|-----------------|-----------------|
| Complete Water Service Installation, 5/8" meter | \$2,785 | \$2,785 |
| Complete Water Service Installation, 1" meter | \$2,980 | \$2,980 |
| Meter Only Installation, 5/8" meter | \$200 | \$200 |
| Meter Only Installation, 1" meter | \$250 | \$250 |
| Meter Only Installation, 1-1/2" meter | \$520 | \$520 |

| | | |
|--|-------|--------------|
| Meter Only Installation, 2” meter | \$975 | \$650 |
| Remote Read Box with 5/8” Detector Meter | \$355 | \$355 |

Complete installation costs are determined on a time and materials basis for 1-1/2 inch and 2- inch meters. For 3-inch and larger meters, the applicant shall be responsible for providing a meter box or vault constructed to OWASA standards. All meters, regardless of size, shall be purchased from OWASA at cost plus 10%. A \$100.00 (**No Change Proposed**) delivery fee for 3-inch and larger meters shall also apply.

A remote read box and 5/8” detector meter shall be required on all private fire protection service connections. The remote read box shall be purchased from OWASA and installed by the applicant. OWASA shall install the 5/8” detector meter at the applicant’s expense.

WATER MAIN TAPPING FEE

This charge is for making a tap into an OWASA water main. The tap fee shall be paid in advance of OWASA performing the work, with a minimum of 48 hours advance notice given to OWASA.

The applicant shall be responsible for opening the ditch, providing adequate working clearance at the point of tap, adequately shoring the trench sidewalls, dewatering and such other associated activities as may be needed to provide a suitable and safe condition for OWASA personnel to complete the tap. Additionally, the applicant shall be responsible for providing an appropriate size tapping sleeve and tapping valve, and a backhoe or similar device shall be available on-site for lowering the tapping unit into the ditch line. All permits, bonds and paving shall be the responsibility of the applicant. The charge shall be for time and equipment plus an allowance for overhead, but not less than \$350.00 (**No Change Proposed**).

The base fee noted above includes one (1) site visit by OWASA to determine if the applicant is ready for OWASA to perform the tap. A re-inspection fee of \$100.00 (**No Change Proposed**) will be charged for each additional site visit required to determine if the water main is accessible and all required material and safety measures are in place. The tap will not be performed until any applicable reinspection fees are paid in full.

HYDRAULIC FIRE FLOW TESTING

This charge is calculated to recover the cost of hydrant ‘fire flow’ testing of the water distribution system. Test results provide data to developers and engineers to determine available flows and pressures in the systems they are designing for new developments.

\$225.00 per test (**No Change Proposed**)

SECTION II: SEWER RATES AND FEES

MONTHLY SEWER RATES

Sewer charges are billed monthly at approximately 30-day intervals. Charges are due upon receipt of the bill, and become delinquent 21 days after the billing date. Monthly sewer rates consist of two components: a monthly service charge and a sewer commodity (volume) charge.

Sewer Service Charge

This charge is calculated to recover the direct and indirect customer service, service and inspection maintenance, and capital costs associated with providing sewer service to the customer's property. Meter readings and service charges for first and final bills are prorated based on days of service. Applicable to all sewer accounts, regardless of whether or not there is a commodity charge, the monthly service charge is based on the size of the meter upon which sewer usage is calculated as follows:

| <u>Meter Size</u> | <u>Monthly Service Charge</u> | |
|-------------------|-------------------------------|-----------------|
| | <u>Existing</u> | <u>Proposed</u> |
| 5/8" | \$10.77 | \$11.77 |
| 1" | \$18.50 | \$20.21 |
| 1-1/2" | \$31.88 | \$34.83 |
| 2" | \$48.21 | \$52.67 |
| 3" | \$91.16 | \$99.59 |
| 4" | \$139.35 | \$152.24 |
| 6" | \$255.49 | \$279.12 |
| 8" | \$435.96 | \$476.29 |

The monthly sewer service charge shall apply to any meter(s) used to directly or indirectly measure the volume of wastewater discharged from a customer's premises, regardless of whether the water source to the customer is from OWASA's drinking water and/or reclaimed water system, or a non-OWASA water source including but not limited to harvested rainwater or groundwater.

Sewer Commodity Charge

This charge is calculated to recover the remaining direct and indirect costs of wastewater treatment and collection, maintenance, inspection, customer service and administration and sewer capital costs not recovered by the monthly service charge. When a billing period includes a change in commodity rates, the charges are prorated based on the ratio of days in the billing period at the old and new rates. Metered monthly consumption will be billed in thousand gallon increments rounded down to the nearest thousand gallons. Unbilled consumption due to rounding will be carried forward and billed in the month the next thousand gallon increment is registered by the meter. This charge is applicable to all accounts receiving sewer service based on the water meter reading, sewer meter reading if applicable, or estimated volume of discharge as determined by OWASA.

The sewer commodity charge is applicable to all customer's discharging wastewater into the OWASA sewer system, regardless of whether or not that discharge results from the customer's use of OWASA's drinking water or reclaimed water, or their use of a non-OWASA water source, including but not limited to harvested rainwater or groundwater.

\$5.81 per thousand gallons (**Proposed \$6.35**)

Individually-metered residential customers will not be charged for monthly sewer use in excess of 15,000 gallons.

INTERLOCAL WASTEWATER COLLECTION, TREATMENT AND DISPOSAL CHARGES

The purpose of this charge is to recover costs associated with the provision of wastewater collection, treatment and disposal services under contractual agreement with other wastewater service providers. The specific rates to be charged will be negotiated with the other party based upon specific conditions, but using the cost-of-service rate-making approach and approved by OWASA.

MONTHLY RATES FOR SEWER ONLY ACCOUNTS

For sewer only accounts where there is no OWASA meter for directly or indirectly measuring the volume of wastewater discharged by the customer, the monthly sewer service and commodity charges shall be fixed and be the total of:

- (1) a monthly service charge which shall be determined by the water meter size which would be required to supply water service to the property,

plus

- (2) a sewer commodity charge of \$5.81 (**Proposed \$6.35**) per 1,000 gallons times the estimated volume of wastewater expected to be discharged by the customer (using national engineering standards as the basis); provided however, that in no case shall the billable quantity be less than 6,000 gallons per month.

For special commercial and industrial customer classifications where the proportion of water consumed to wastewater discharged is extremely large, a metered sewer account may be approved. Metered sewer accounts must also pay the appropriate monthly sewer service charge based on the sewer meter size.

If a customer that has a standard metered water and sewer service (sewer gallons billed are based on the water gallons billed) also discharges wastewater resulting from the use of OWASA reclaimed water, harvested rainwater, groundwater, or sources other than OWASA drinking water, that customer shall be billed a monthly service charge and commodity charges calculated in accordance the *OWASA Rainwater Harvesting Systems Requirements and Charges Policy* for said additional discharge; provided, however, that the minimum threshold for which

the charges shall apply is 3,000 gallons per month. For this purpose, such systems serving single-family residential customers are deemed to fall below this threshold, provided there is also a standard metered water and sewer service.

SEWER AVAILABILITY FEE

The purpose of this fee is to recover a portion of the capital costs of providing sewer system facility capacity. The availability fee is applicable to each new connection to a sewer main, regardless of who may have paid for the installation of the main to which the connection is to be made. For the purpose of the availability fee, customer accounts are divided into three categories: (1) Single-family Residential; (2) Multi-family Residential, Individually-metered; and (3) Non-residential. The Non-residential category includes master-metered Multi-family customers plus all other commercial, the University, and other institutional accounts. The use of these categories is justified by distinctive patterns of water and sewer consumption.

| | <u>Existing</u> | <u>Proposed</u> |
|--|-----------------|------------------|
| 5/8" Meter, Single-family Residential: | | |
| <1300 square feet | \$2,652 | \$2,753 |
| 1301-1700 square feet | \$3,204 | \$3,326 |
| 1701-2400 square feet | \$3,260 | \$3,384 |
| 2401-3100 square feet | \$3,995 | \$4,147 |
| 3101-3800 square feet | \$4,317 | \$4,481 |
| >3800 square feet | \$4,904 | \$5,090 |
| 5/8" Meter, Multi-family Residential | \$2,874 | \$2,983 |
| 5/8" Meter, Nonresidential | \$5,703 | \$5,920 |
| 1" Meter, Nonresidential | \$14,257 | \$14,799 |
| 1-1/2" Meter, Nonresidential | \$28,515 | \$29,599 |
| 2" Meter, Nonresidential | \$45,624 | \$47,358 |
| 3" Meter, Nonresidential | \$91,248 | \$94,715 |
| 4" Meter, Nonresidential | \$142,575 | \$147,993 |
| 6" Meter, Nonresidential | \$285,150 | \$295,986 |
| 8" Meter, Nonresidential | \$456,240 | \$473,577 |

In addition to the sewer availability fee, an excess sewer capacity fee of four percent (4%) of the applicable sewer service availability fee shall be charged to recover the costs of excess sewer capacity installed in an area covered by an agreement with a developer for credit payments to the constructing developer. This fee shall apply to residential and non-residential customers.

A person or party completing a development or re-development project may be eligible to request and receive a credit on the Sewer Availability Fees due if their project directly results in the permanent abandonment of previously existing water meters and sewer services which were connected to residences, buildings or facilities connected to and having a documented demand on the OWASA sanitary sewer system.

If OWASA determines that a credit is due, the amount of the credit shall be based on the current Sewer Availability Fees that would apply to the size water meters that are permanently abandoned as a direct result of the project. However, the credit due shall not exceed the amount of the Sewer Availability Fees that would otherwise apply to the development or re-development

project.

If an existing water or sewer meter upon which consumption is based is removed from service and/or is replaced with a smaller meter, OWASA will not issue any credit or refund to the customer for any previously paid Availability Fees.

Availability Fee credits are not transferrable to any other project or property.

SEWER TAP CHARGE

This charge is for making a tap of the applicant's private sewer lateral into the main sewer line or sewer manhole of OWASA. The tap fee must be paid in advance of OWASA performing the work, with a minimum of 48 hours advance notice given to OWASA.

The applicant shall be responsible for opening the ditch, providing adequate working clearance at the point of tap, adequately shoring the trench sidewalls, dewatering and such other associated activities as may be needed to provide a suitable and safe condition for OWASA to connect the service lateral of the applicant into the facilities of OWASA. The minimum charge is based on a standard 4" service tap to the sewer line. All lines 6" in diameter and larger must be tapped into a manhole. All permits, bonds and pavement repairs are the responsibility of the applicant.

The charge shall be for time and equipment plus an allowance for overhead, but not less than \$320.00 (**No Change Proposed**).

The base fee noted above includes one (1) site visit by OWASA to determine if the applicant is ready for OWASA to perform the tap. A re-inspection fee of \$100.00 (**No Change Proposed**) will be charged for each additional site visit required to determine if the sewer main is accessible and all required material and safety measures are in place. The tap will not be performed until any applicable reinspection fees are paid in full.

HIGH STRENGTH WASTE SURCHARGE

The purpose of this charge is to recover operation and maintenance costs from customers whose wastewater discharge into the system is in excess of certain parameters for normal strength domestic wastewater as determined by OWASA. Based on local sampling and analysis, normal strength domestic wastewater has been determined to have the following pollutant characteristics.

Normal Strength Domestic Wastewater

| | |
|---|----------|
| Carbonaceous Biochemical Oxygen Demand (CBOD) | 205 mg/l |
| Suspended Solids (SS) | 235 mg/l |
| Ammonia Nitrogen (NH ₃ -N) | 25 mg/l |
| Phosphorus (P) | 6.5 mg/l |

High Strength Waste Surcharges shall apply at the following rates to all wastes exceeding the above concentrations:

| | |
|---|--|
| Carbonaceous Biochemical Oxygen Demand (CBOD) | \$0.38 (Proposed \$0.42) per pound for all CBOD in excess of 205 mg/l |
| Suspended Solids (SS) | \$0.47 (Proposed \$0.51) per pound for all SS in excess of 235 mg/l |
| Ammonia Nitrogen (NH ₃ -N) | \$2.73 (Proposed \$0.2.98) (per pound for all NH ₃ -N in excess of 25 mg/l |
| Phosphorus (P) | \$11.00 (Proposed \$12.02) (per pound for all P excess of 6.5 mg/l |

SECTION III: RECLAIMED WATER RATES AND CHARGES

MONTHLY RECLAIMED WATER RATES

Reclaimed water charges will be billed monthly at approximately 30-day intervals. Charges are due upon receipt of the bill, and become delinquent 21 days after the original billing date. Monthly reclaimed water rates consist of two components: a monthly service charge and a commodity (volume) charge.

The University of North Carolina at Chapel Hill (UNC) funded the construction of the first phase of the reclaimed water system, and the methodology for determining reclaimed water charges applicable to UNC is stipulated by a contract between OWASA and UNC. For this reason, reclaimed water charges have been established for two major customer classes: UNC uses and non-UNC uses. As determined necessary by OWASA, and in accord with OWASA’s contractual obligations to UNC, reclaimed water service to non-UNC customers may be temporarily interrupted to ensure the UNC’s reclaimed water demand can be met from the facilities and capacity paid for by UNC.

Reclaimed Water Service Charge

This fixed monthly charge is calculated to recover direct and indirect costs including but not limited to customer service and billing, meter and lateral maintenance, general and administrative services, and fixed costs associated with supplying reclaimed water to the customer’s property. The Reclaimed Water service charge is applicable to all metered reclaimed water accounts, independent of the quantity of reclaimed water consumed. Meter readings and service charges for first and final bills are prorated based on days of service.

UNC Reclaimed Water Use (covers all UNC reclaimed water uses served by the facilities paid for by UNC) **\$24,000 (No Change Proposed)** per month

| | | |
|---|----------------|-------------------|
| Non-UNC RCW Customers (No Changes Proposed) | 5/8” meter | \$8.37 per month |
| | 1-inch meter | \$16.74 per month |
| | 1.5-inch meter | \$30.96 per month |
| | 2-inch meter | \$47.62 per month |

Service charges for non-UNC reclaimed water meters larger than 2” will be determined on a case-by-case basis following an evaluation of the reclaimed water demands of the customer.

Reclaimed Water Commodity Charge

This charge is calculated to recover the direct costs for reclaimed water treatment and distribution and all other direct and indirect costs not recovered by fixed monthly service charges. This charge is applicable to all reclaimed water accounts based on meter readings of reclaimed water consumed.

When a billing period includes a change in commodity rates, the charges are prorated based on the ratio of days in the billing period at the old and new rates. Metered monthly consumption will be billed in thousand gallon increments rounded down to the nearest thousand gallons. Unbilled consumption due to rounding will be carried forward and billed in the month the next thousand gallon increment is registered by the meter.

(No Changes Proposed)

| | |
|-----------------------|--------------------------|
| UNC Accounts | \$0.60 per 1,000 gallons |
| Non-UNC RCW Customers | \$2.18 per 1,000 gallons |
| Bulk (Tanker) Sales | \$0.00 |

RECLAIMED WATER SERVICE AVAILABILITY AND CONNECTION FEES

Reclaimed Water Availability Fees

The purpose of this fee is to recover the capital costs of providing reclaimed water system facility capacity and to fund future expansion of that capacity. Since the University (UNC) has paid to construct the reclaimed water system, UNC will not be required to pay a reclaimed water availability fee for UNC facilities that are connected to and can be served by capacity available in the reclaimed water facilities paid for by the UNC.

Reclaimed water availability fees are applicable to each non-UNC connection to the reclaimed water system, regardless of who may have paid for the installation of the main to which the connection is to be made. Reclaimed water availability fees for non-UNC customers are as follows:

| <u>Meter Size</u> | <u>Fee</u> | |
|-------------------|-----------------|-----------------|
| | <u>Existing</u> | <u>Proposed</u> |
| 5/8" | \$1,110 | \$1,152 |
| 1" | \$2,775 | \$2,880 |
| 1-1/2" | \$5,550 | \$5,761 |
| 2" | \$8,880 | \$9,217 |

Reclaimed water availability fees for connections to be served by meters larger than 2 inches shall be determined on a case-by-case basis following an evaluation of the reclaimed water demands of the customer.

Reclaimed Water Service Connection Fees

Reclaimed water service connection fees, including meter installation and meter fees, shall be the same as the fees applicable to potable water system service connections, as specified in Section I of this schedule.

SECTION IV: MISCELLANEOUS CHARGES

SERVICE INITIATION FEE

The purpose of this charge is to defray the labor and administrative costs associated with the establishment of a water and/or sewer account. This includes establishing service and account records for billing. Applicable to all accounts requiring field work, be it setting a meter, reconnection of service or reading the meter.

(No Changes Proposed)

\$45.00 per event

\$80.00 per event, outside of normal business hours of OWASA

RECORD CHANGE CHARGE

The purpose of this charge is to defray the administrative costs associated with the transfer of responsibility for an account from one customer to another. This does not require field work and is done at the request of the new customer. Record changes are conditional on the customer signing a statement assuming responsibility for the account balance, paying the record change charge, any delinquent amounts and any applicable security deposit.

\$10.00 per record change **(No Change Proposed)**

RETURNED CHECK CHARGE

Checks or automatic bank drafts made payable to OWASA are accepted as payment on account subject to collection. When a check or bank draft is not honored for payment by the bank or other institution on which it is drawn, a Returned Check Charge will be applied to the customer's account as follows:

(No Changes Proposed)

Returned Check: \$25.00

Dishonored Draft: \$25.00

The customer will be notified of the returned check charge and instructed to pay the amount due immediately. Failure to respond within the time allowed will result in disconnection of water service and an additional charge for reconnection. The customer may also be required to pay a security deposit or an additional security deposit.

CHARGE FOR RECONNECTION OF DELINQUENT ACCOUNTS

Disconnection of water, sewer and/or reclaimed water service for nonpayment may occur at the option of OWASA no sooner than 21 calendar days after the date of initial billing. The purpose of this charge is to offset the costs of special handling of delinquent accounts, which may include, but is not limited to, the disconnection and reconnection of service due to nonpayment of the customer's bill. This charge is to be applied to all accounts scheduled for disconnection for nonpayment and is applicable on or after the specified disconnect date, regardless of whether the service was disconnected or not. Reconnection resulting from disconnection due to nonpayment will be made within 24 hours of receipt of full payment of the balance due plus the reconnection charge and applicable security deposit.

(No Changes Proposed)

\$45.00 per event, during OWASA's normal business hours

\$80.00 per event, outside OWASA's normal business hours

CHARGE FOR TEMPORARY DISCONNECTION/SUBSEQUENT RECONNECTION AT CUSTOMER'S REQUEST

The purpose of this charge is to recover the cost to temporarily disconnect and subsequently reconnect water service at the request of a customer. Such requests may result from an emergency condition or routine plumbing system maintenance need. The charge may be waived if the customer provides documentation that a master cutoff valve has been installed within thirty (30) days of the date of the temporary service disconnection. However, this charge will not be waived for any customer who had a master cutoff valve on the premises before the temporary service disconnection.

\$45.00 per event, during OWASA's normal business hours **(No Change Proposed)**

\$80.00 per event, outside OWASA's normal business hours **(Added)**

LATE PAYMENT FEE

This fee is designed to recover a portion of the cost of delinquent payment collection efforts that arise prior to service termination and are not recovered by charges for reconnection of delinquent accounts, and to encourage customers to make timely payments, thereby reducing the overall cost of a delinquent account to the customer base. The late payment fee applies when a customer's account is delinquent as defined above.

(Added Minimum Balance of \$10.00)

Late Payment Fee: For past due balances of \$10.00 or more, \$2.40 plus 0.42% a month (5% APR) of the outstanding balance.

SECURITY DEPOSITS

OWASA may require security deposits from customers to ensure payment of the final bill. To offset administrative costs in handling these monies, no interest is paid on security deposits.

Security deposits shall be required on all accounts other than those in the name of (1)

owners of single-family residential properties, whether detached or attached units, who can provide a satisfactory credit history or reference to OWASA, and (2) local, State and Federal governments or agencies thereof. Security deposits shall be required for accounts other than those in (1) and (2) above and shall be \$50.00 (**No Change Proposed**) for single-family residential customers. All security deposits must be paid at the time application for service is made and in advance of service initiation.

Any residential customer whose service has been disconnected for non-payment of billing charges twice within a six month period of time and who has not previously given a security deposit will be required to pay a \$50.00 (**No Change Proposed**) security deposit prior to reconnection of service.

Non-residential security deposits may be required and will be computed as two times the average monthly bill of the previous customer at the same location over the past calendar year. If there is no previous customer at the service location, the security deposit will be determined by OWASA based on the best information available, such as OWASA's experience with similar types, sizes, etc. of businesses.

Repeated disconnections will require additional security deposits until the customer has accumulated a security deposit balance, which will cover an average of three months' billing charges.

Security deposits may be refunded after the customer has established a satisfactory payment history for twelve (12) consecutive months. Otherwise, security deposits will be applied to the final bill when a customer's account is terminated.

BULK WASTEWATER CHARGES

Normal Domestic Septage

The purpose of these charges is to recover the costs associated with the service rendered by OWASA to those customers who discharge normal domestic septic tank wastes into the wastewater treatment facilities of OWASA. Applicable to those customers who have an account established at OWASA's Customer Service Office, charges for handling normal domestic septage will be billed to the customer on a monthly basis. The monthly bill will include two components: (1) an administrative charge for special services required to receive this type waste and rendering the monthly bill; and (2) a charge for the treatment of the septage as determined by OWASA. This charge is calculated as follows:

| | |
|--|--|
| Administrative Charge | \$30.00/ trip, plus (No Change Proposed) |
| Volume Charge and High Strength Surcharge | \$125.00 (Proposed \$137.00)/ thousand gallons |

Other High Strength Waste

Other wastes may be discharged to OWASA's septage facilities only with prior approval by OWASA and upon OWASA's direct inspection of the actual discharge. The costs associated with these services will be as follows:

NH₃-N = Ammonia Nitrogen
CBOD = Carbonaceous Biochemical Oxygen Demand
TSS = Total Suspended Solids
P = Phosphorus

Administrative Charge of \$30.00 (**No Change Proposed**) / trip, plus Volume and High Strength Surcharge calculated as follows:

A + B + C + D + E = Calculated Dollars per Thousand Gallons, where:

A = pounds of NH₃-N/thousand gallons in waste x \$2.73 (**Proposed \$2.98**)/pound

B = pounds of CBOD/thousand gallons in waste x \$0.38 (**Proposed \$0.42**)/pound

C = pounds of TSS/thousand gallons in waste x \$0.47 (**Proposed \$0.51**)/pound

D = \$5.81 (**Proposed \$6.35**)/per 1,000 gallons Sewer Commodity Charge

E = pounds of P/thousand gallons in waste x \$11.00 (**Proposed \$12.02**)/pound

Waste concentrations shall be determined by OWASA.

TANK SALES OR BULK WATER SALES

The purpose of this charge is to recover the labor and administrative costs associated with the supply of bulk quantities of water to tank trucks or trailers from a metering point on the premises of OWASA. Applicable to all tank or bulk water sales, the following charges apply for each loading.

| | |
|-----------------------|--|
| Administrative Charge | \$25.00 (No Change Proposed) per trip, plus |
| Commodity Charge | \$5.40 (\$5.90 Proposed) per thousand gallons or portion thereof. |

Bulk sales are subject to administrative regulations and controls for protection of the wastewater system and efficient operation. Water tank trucks or trailers are only authorized to withdraw water from locations approved by OWASA and for which adequate usage monitoring measures are provided. Charges for bulk sales are not subject to seasonal adjustments.

DIRECT SALES OF SUPPLIES

Applicable to the direct sale of supplies from inventory to municipalities or contractors, the supplies will be billed at the most recent cost plus a handling charge of 10% (**No Change Proposed**).

BOAT RENTAL AND LAKE USE FEES (changes effective March 1, 2011)

General Public

Fees are applicable to all persons using row boats and canoes on University Lake and Cane Creek Reservoir during scheduled hours of operation as established by OWASA. Boat rental and lake user charges are:

OWASA CUSTOMERS AND ORANGE COUNTY RESIDENTS

Day Use

| | |
|--|---|
| Charge for each boat or canoe rental | \$4.00 (Proposed \$4.50) for one-half day plus the applicable lake use fee for each person |
| Trolling motor rental | \$14.00 (Proposed \$15.00) for one-half day |
| Private Boat Launching Fee | \$3.00 (Proposed \$3.50) per boat plus the applicable lake use fee for each person |
| Lake Use Fee, Under 12 Years Old | \$2.00 (No Change Proposed) per person |
| Lake Use Fee, 12-64 Years | \$4.00 (Proposed \$4.50) per person |
| Lake Use Fee, 65 Years and over | \$2.00 (No Change Proposed) per person |
| INDIVIDUAL SEASON PASS Boat or canoe rental | \$75.00 (Proposed \$80.00) per person. Each additional person pays appropriate lake use fee. |
| Lake Use Pass – Adult | \$40.00 (Proposed \$45.00) |
| Boat with trolling motor rental | \$150.00 (Proposed \$160.00) per person. Each additional person pays appropriate lake use fee. |
| GROUP SEASON PASS Boat or canoe rental | \$150.00 (Proposed \$160.00) (maximum of 3 people per pass.) Each additional person pays appropriate lake use fee. |
| Boat with trolling motor rental | \$220.00 (Proposed \$240.00) (maximum of 3 people per pass.) Each additional person pays appropriate lake use fee. |

FOR VISITORS WHO ARE NOT OWASA CUSTOMERS OR ORANGE COUNTY RESIDENTS

Day Use

| | |
|---|---|
| Charge for each boat or canoe rental | \$7.00 (Proposed \$8.00) for one-half day plus the applicable lake use fee for each person |
| Trolling motor rental | \$20.00 (Proposed \$22.00) for one-half day |
| Private Boat Launching Fee | \$6.00 (Proposed \$7.00) per boat plus the applicable lake use fee for each person |
| Lake Use Fee, Under 12 years old | \$2.00 (Proposed \$2.50) per person |
| Lake Use Fee, 12-64 Years | \$5.00 (Proposed \$5.50) per person |
| Lake Use Fee, 65 Years and over | \$2.00 (Proposed \$2.50) per person |
| UNC Men’s Crew Club and Women’s Rowing Team | By agreement between UNC- Chapel Hill and OWASA. |

FIELD TEST OF 5/8" METER

Upon a customer's written request, OWASA will conduct a special field test of the customer's 5/8" water meter. There will be no charge for testing meters (1) which have not been tested during the past five years, or (2) which are found to be over-registering. Over-registering meters will be replaced by OWASA at no charge to the customer.

If, however, the meter has been tested within the past five years and the results of the meter test indicate proper or under-registering, the customer will be charged \$80.00 **(No Change Proposed)** for the meter test.

SHOP TESTING OF METER

Upon a customer's written request, OWASA will conduct a special shop test of water meters that are larger than 5/8 inches. There will be no charge for testing meters (1) which have not been tested during the past five years, or (2) which are found to be over-registering. Over-registering meters will be replaced by OWASA at no charge to the customer.

If, however, the meter has been tested within the past five years and the results of the meter test indicate proper or under-registering, the customer will be charged \$125.00 **(No Change Proposed)** for the shop meter test.

FIELD TEST OF LARGE METERS

Upon a customer's written request, OWASA will conduct a special field test of water meters that are larger than 5/8 inches. There will be no charge for testing meters (1) which have not been tested during the past five years, or (2) which are found to be over-registering. Over-registering meters will be replaced by OWASA at no charge to the customer.

If, however, the meter has been tested within the past five years and the results of the meter test indicate proper or under-registering, the customer will be charged a meter test fee based on the actual time and equipment required to complete the field test. This charge shall not be less than \$225.00 **(No Change Proposed)**.

REINSPECTION FEE

OWASA will initially inspect grease traps, cross connections and water and sewer taps at no cost to the customer. Should a subsequent reinspection be required for any of these fixtures, a \$100.00 **(No Change Proposed)** fee will apply to each reinspection.

PLAN REVIEW AND CONSTRUCTION OBSERVATION FEES

The purpose of this charge is to recover the operating cost for providing review of construction plans for the extension of water and sewer facilities. The charge also recovers the operating cost for providing field observation, water sampling, laboratory testing, video inspection, pressure testing, etc. associated with the installation of these facilities. The plan review and construction observation fees are applicable to all extensions of the public water and/or sewer system regardless of the party which may be undertaking the improvements. The fees will be applied separately to water main and sewer main extensions, but in no case shall the fee be less than \$100.00 **(No Change Proposed)**.

| | WATER | SEWER |
|---------------------------|---------------------------------------|---------------------------------------|
| Plan Review: | \$3.63/lf (No Change Proposed) | \$3.63/lf (No Change Proposed) |
| Construction Observation: | \$3.69/lf (No Change Proposed) | \$3.69/lf (No Change Proposed) |

CHARGES FOR MISCELLANEOUS SERVICES

Charges for miscellaneous services provided by OWASA shall be on a time and materials basis and include out-of-pocket expenses, cost of materials and services supplied by third parties, and overhead. Typical applications would be for repair of damages to water and sewer lines by outside parties, relocation of mains, services and meters, special services for billing information, expenses related to spill containment responses, etc.

TRANSFER OF CHARGES

Any unpaid balance from past due charges for water and/or sewer services of terminated accounts or Charges for Miscellaneous Services will be transferred to any available active account(s) through which the customer is receiving services. The payment status of the active account through which the customer is receiving service will be determined by the payment status of transferred accounts.

OWASA may temporarily withhold service from a customer, or refuse service to a customer when such a customer (including but not limited to individuals, corporations, or partnerships), owes OWASA any past due balance which is not in dispute.

Accounts or portions of accounts, including charges for material or damaged property that are disputed and delinquent fees and delinquent assessment charges, may be submitted to the courts by the Executive Director, upon approval by General Counsel, for collection if such amounts do not exceed \$1,500.00 (**No Change Proposed**). For amounts exceeding \$1,500.00 (**No Change Proposed**), approval of the Board of Directors shall also be required prior to filing an action for collection.

**RESOLUTION ADOPTING THE ANNUAL BUDGET FOR
ORANGE WATER AND SEWER AUTHORITY FOR THE FISCAL YEAR
JULY 1, 2010 THROUGH JUNE 30, 2011**

WHEREAS, Section 7.05 of the Bond Order and North Carolina G.S. Chapter 159 require that on or before the first day of July in each fiscal year the Authority will adopt a Budget for the ensuing fiscal year; and

WHEREAS, such budget is to include estimates of revenues of the water, sewer and reclaimed water systems, current Operations and Maintenance expenses, estimated Interest Income and Debt Service costs, and disbursements from the General Fund for Capital Improvements and Equipment purchases.

NOW, THEREFORE, BE IT RESOLVED:

1. That pursuant to the provisions of North Carolina G.S. Chapter 159-13 the attached pages marked 2 through 6 be, and they hereby are, adopted as the official Budget of Orange Water and Sewer Authority of the Fiscal Year beginning July 1, 2010 through June 30, 2011.

2. That the appropriations for departments, functions, and projects as shown in the attached budget for the respective purposes and in the respective amounts therein specified are hereby made.

3. That the Executive Director shall administer the budget, and is hereby authorized to expend the funds for the purposes set forth therein.

Adopted this 10th day of June, 2010.

Randy Kabrick, P.E., Chair

ATTEST:

Braxton Foushee, Secretary

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

**FY 2011
Annual Budget**

Operating Revenue

| | |
|-------------------------|------------------|
| Water | \$16,915,376 |
| Sewer | 15,842,236 |
| Reclaimed Water | 365,697 |
| Service Initiation Fee | 143,183 |
| Other | 1,274,000 |
| Refunds and Adjustments | <u>(131,039)</u> |

Total Operating Revenue

34,409,453

Operating Expense

| | |
|--|--------------------------------|
| General and Administrative Operations | 5,544,931 <u>13,049,706</u> |
|--|--------------------------------|

Total Operating Expense

18,594,637

Net Operating Income

15,814,816

Non-operating Revenue

| | |
|---------------|---------------|
| Customer Fees | 723,179 |
| Interest | <u>45,294</u> |

Total Net Income

16,583,289

Debt Service

| | |
|----------|-----------|
| Existing | 9,680,213 |
| New | <u>0</u> |

Total Debt Service

9,680,213

Net Income Less Debt Service

\$6,903,076

Debt Coverage Ratio

1.71

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

**FY 2011
Annual Budget**

General Fund

Resources

Transfer From Revenue \$6,903,076

Annual Income Available for Capital 6,903,076

Transfer from Construction Fund (Bond Proceeds) **0**

**Total Available for
Capital 6,903,076**

Capital Expenditures

Project
ordinances

General Fund Contribution 9,777,000

Funded by Bond Proceeds 0

**Total Project
Resolutions 9,777,000**

Capital
Equipment

36,900

Total Capital Outlay 9,813,900

Annual General Fund Balance (2,910,824)

General Fund Beginning Balance 12,801,896

General Fund Ending Balance \$9,891,072

Project Funding 2,391,523

Reserves

Rate Stabilization 500,000

CIP 800,000

Operating Balance 6,199,549 **\$9,891,072**

Unallocated General Fund Balance \$0

REVENUE FUND

| | Water | Sewer | Total |
|------------------------------------|--------------------|--------------------|--------------------|
| Fund Balance July 1, 2010 | | | \$20,000 |
| Receipts | | | |
| Operating Revenue | | | |
| Customer Billings | 16,915,376 | 15,842,236 | 32,757,612 |
| Reclaimed Water | 365,697 | 0 | 365,697 |
| Service Initiation Fee | 71,592 | 71,592 | 143,183 |
| Other | 637,000 | 637,000 | 1,274,000 |
| Refunds and Adjustments | <u>(65,520)</u> | <u>(65,520)</u> | <u>(131,039)</u> |
| Total Operating Revenue | 17,924,145 | 16,485,308 | 34,409,453 |
| Non-operating Revenue | | | |
| Customer Fees | 361,590 | 361,590 | 723,179 |
| Interest Income | <u>22,647</u> | <u>22,647</u> | <u>45,294</u> |
| Total Non-operating Revenue | 384,237 | 384,237 | 768,473 |
| Total Receipts | 17,946,792 | 16,507,955 | 35,177,926 |
| Expenditures | | | |
| Current Expense | (9,669,211) | (8,925,426) | (18,594,637) |
| Debt Service | <u>(8,518,587)</u> | <u>(1,161,626)</u> | <u>(9,680,213)</u> |
| Total Expenditures | (18,187,798) | (10,087,051) | (28,274,850) |
| Net Revenue | | | 6,903,076 |
| To General Fund | | | (6,903,076) |
| Fund Balance June 30, 2011 | | | <u>\$20,000</u> |
| Change in Available Balance | | | \$0 |

BOND SERVICE FUND

| | | |
|------------------------------------|---------------|--------------------|
| Fund Balance July 1, 2010 | | \$7,104,156 |
| Receipts | | |
| Transfers from Revenue Fund | 9,648,213 | |
| Interest | <u>32,000</u> | |
| Total Receipts | | 9,680,213 |
| Expenditures | | |
| Debt Service | 9,680,213 | |
| Total Expenditures | | <u>(9,680,213)</u> |
| Fund Balance June 30, 2011 | | <u>\$7,104,156</u> |
| Change in Available Balance | | \$0 |

GENERAL FUND

| | | |
|---|------------------|---------------------------|
| Fund Balance July 1, 2010 | | \$12,801,896 |
| Receipts | | |
| Transfer From Revenue fund | 6,903,076 | |
| Transfer From Construction Fund (Bond Proceeds) | 0 | |
| Interest | 13,294 | |
| Assessments | 0 | |
| Grants and contributions | <u>0</u> | |
| Total Receipts | | <u>6,916,370</u> |
| Total Balance Before Expenditures | | 19,718,266 |
| Expenditures | | |
| Capital Equipment/Leases | \$36,900 | |
| Project Resolutions | 9,777,000 | |
| Transfer to Revenue Fund | <u>13,294</u> | |
| Total Expenditures | | <u>(9,827,194)</u> |
| Fund Balance June 30, 2011 | | <u><u>\$9,891,072</u></u> |
| Allocation of Fund Balance June 30, 2011 | | |
| Project Funding | 2,391,523 | |
| Capital Reserves | <u>7,499,549</u> | |
| Total Allocation | | <u><u>\$9,891,072</u></u> |
| Unallocated General Fund Balance June 30, 2011 | | <u>\$0</u> |
| Change in Available Balance | | (\$2,910,824) |

**RESOLUTION OF ORANGE WATER AND SEWER AUTHORITY
SCHEDULE OF EMPLOYEE CLASSIFICATION AND AUTHORIZED
COMPENSATION EFFECTIVE OCTOBER 1, 2010**

WHEREAS, to adequately and appropriately provide water, sewer and reclaimed water services to the customers of Orange Water and Sewer Authority, a sufficient and competent staff is necessary to perform the variety of services required; and

WHEREAS, to recruit and retain qualified employees to fulfill the foregoing commitment, such employees shall receive fair and equitable compensation for the services performed; and

WHEREAS, staff researched Consumer Price Indexes (CPI) and Employment Cost Indexes (ECI) to determine the percentage of adjustment needed for OWASA pay ranges to remain competitive and it is recommended that the upper limit of each classification's salary ranges be increased by 2.6%; and

NOW, THEREFORE BE IT RESOLVED:

1. That the Board of Directors hereby authorizes and directs that the upper limit of the employee classification salary ranges be increased by 2.6% effective October 1, 2010.
2. That these salary ranges shall remain in effect until such time as further modified or revised.

Adopted this 10th day of June 2010.

**RESOLUTION APPROVING CAPITAL IMPROVEMENTS PROGRAM FOR FISCAL YEARS
2011-2025 INCLUDING FIVE-YEAR CAPITAL IMPROVEMENTS BUDGET FOR FISCAL
YEARS 2011-2015**

WHEREAS, a 15-Year Capital Improvements Program and a Five-Year Capital Improvements Budget enables Orange Water and Sewer Authority to identify, assess, and project the water, sewer and reclaimed water systems' capital projects in an orderly, coordinated, and fiscally sound manner, and to plan for the replacement and repair of existing facilities; and

WHEREAS, the draft Capital Improvements Program for Fiscal Years 2011-2025 and the draft Capital Improvements Budget for Fiscal Years 2011-2015 have been developed by the staff, reviewed by the Board of Directors, and revisions incorporated therein; and

WHEREAS, a Public Hearing on the Capital Improvements Program was held on May 27, 2010;

NOW, THEREFORE, BE IT RESOLVED:

1. The Board of Directors of Orange Water and Sewer Authority approves the Capital Improvements Program for Fiscal Years 2011-2025 including the Five-Year Capital Improvements Budget for Fiscal Years 2011-2015 as provided in the FY 2011 Draft Annual Budget document.

2. That the Executive Director be, and is hereby, authorized to administer the planning, studies, design, and financing, and make recommendations to the Board of Directors for award of contracts, where required by statute or policy, for the projects in the Capital Improvements Budget.

Adopted this 10th day of June, 2010.

**CAPITAL PROJECT RESOLUTION FOR
WATER SUPPLY IMPROVEMENTS**

WHEREAS, present water supplies must be maintained and additional sources of supply developed to meet future water needs; and

WHEREAS, Orange Water and Sewer Authority (OWASA) has determined that certain additional water supply improvements are needed, including improvements to the University Lake Pump Station, repairs to the Cane Creek Reservoir Dam, and installation of new Raw Water Meters; and

WHEREAS, adequate funds will be available for the completion of these improvements;

NOW, THEREFORE, BE IT RESOLVED:

1. That pursuant to the provisions of North Carolina General Statute 159-13.2, a project fund of \$967,000 is hereby established and expenditures therefrom authorized for Water Supply Improvements:

Expenditures:

| | |
|---|------------------|
| Jordan Lake Raw Water Supply Allocation | \$12,000 |
| Stone Quarry Reservoir Development | \$15,000 |
| University Lake Pump Station Improvements | \$140,000 |
| Cane Creek Reservoir Dam Repairs | \$525,000 |
| University Lake & Cane Creek Reservoir Raw Water Meters | <u>\$275,000</u> |
| Total | \$967,000 |

Revenues:

| | |
|---|-----------|
| Transfers from the General Fund and/or Bond Proceeds and Grants | \$967,000 |
|---|-----------|

2. That supplementary funds will be appropriated in future years for completion of the projects.
3. That this Resolution shall take effect upon its passage.
4. That this Resolution shall be entered in the Minutes of OWASA and within five days after its adoption copies thereof shall be filed with the Finance Officer, the Budget Officer, and the Clerk to the Board of Directors as required by General Statute 159-13.2(d).

Adopted this 10th day of June, 2010.

**CAPITAL PROJECT RESOLUTION FOR
WATER TREATMENT AND DISTRIBUTION IMPROVEMENTS**

WHEREAS, Orange Water and Sewer Authority (OWASA) must provide an adequate supply of high quality drinking water for its customers; and

WHEREAS, OWASA has determined that certain water treatment and distribution system improvements are needed including certain rehabilitation projects at the Water Treatment Plant (WTP), Water Security Improvements, Water Distribution System Hydraulic Model Update, and certain additional water transmission and distribution line improvements; and

WHEREAS, adequate funds will be available for the completion of said improvements;

NOW, THEREFORE, BE IT RESOLVED:

1. That pursuant to the provisions of North Carolina General Statute 159-13.2, a project fund of \$3,861,000 is hereby established and expenditures therefrom authorized for Water Treatment and Distribution Improvements:

Expenditures:

| | |
|--|------------------|
| WTP Controls Improvements | \$152,000 |
| WTP Recapitalization/Rehabilitation Projects | \$479,000 |
| Water Facility Security Improvements | \$290,000 |
| WTP Secondary Containment | \$87,000 |
| Water Main Road Improvement Projects | \$557,000 |
| Water Main Rehabilitation and Replacement Projects | \$2,119,000 |
| Water Main Reinforcement Projects | \$50,000 |
| Water Distribution System Hydraulic Model Update | <u>\$127,000</u> |
| Total | \$3,861,000 |

Revenues:

| | |
|--|-------------|
| Transfers from the General Fund and/or Bond Proceeds | \$3,861,000 |
|--|-------------|

2. That supplementary funds will be appropriated in future years for completion of the projects.

3. That this Resolution shall take effect upon its passage.

4. That this Resolution shall be entered in the Minutes of OWASA and within five days after its adoption copies thereof shall be filed with the Finance Officer, the Budget Officer, and the Clerk to the Board of Directors as required by General Statute 159-13.2(d).

Adopted this 10th day of June, 2010.

**CAPITAL PROJECT RESOLUTION FOR
WASTEWATER COLLECTION, TREATMENT AND DISPOSAL IMPROVEMENTS**

WHEREAS, Orange Water and Sewer Authority (OWASA) must operate and maintain the wastewater collection system, wastewater pumping stations and the Mason Farm Wastewater Treatment Plant (WWTP) to provide adequate wastewater collection, treatment and disposal services; and

WHEREAS, additional wastewater collection system line improvements, pump station and force main improvements, and wastewater treatment plant upgrade and other improvements are needed; and

WHEREAS, adequate funds will be available for the completion of said improvements;

NOW, THEREFORE, BE IT RESOLVED:

1. That pursuant to the provisions of North Carolina General Statute 159-13.2, a project fund of \$4,549,000 is hereby established and expenditures therefrom authorized for Wastewater Collection, Treatment and Disposal Improvements:

Expenditures:

| | |
|---|-----------------|
| Bolin Creek Interceptor Phase III | \$2,344,000 |
| Service Area Sewer Line Rehabilitation and Replacement | \$988,000 |
| Willow Drive/Estes Drive & US 15-501/Culbreth Road Sewers | \$180,000 |
| Sanitary Sewer Service Area Study | \$257,000 |
| Pump Station Recapitalization/Rehabilitation Projects | \$50,000 |
| WWTP Recapitalization/Rehabilitation Projects | \$50,000 |
| WWTP Hydraulic and Treatment Capacity Analysis | \$20,000 |
| WWTP Digester Heat Exchangers | \$500,000 |
| WWTP Phosphorus Removal | \$110,000 |
| WWTP Safety Enhancements | <u>\$50,000</u> |
| Total | \$4,549,000 |

Revenues:

| | |
|---|-------------|
| Transfers from the General Fund and/or Bond Proceeds and Grants | \$4,549,000 |
|---|-------------|

2. That supplementary funds will be appropriated in future years for completion of the projects.
3. That this Resolution shall take effect upon its passage.
4. That this Resolution shall be entered in the Minutes of OWASA and within five days after its adoption copies thereof shall be filed with the Finance Officer, the Budget Officer, and the Clerk to the Board of Directors as required by General Statute 159-13.2(d).

Adopted this 10th day of June, 2010.

**CAPITAL PROJECT RESOLUTION FOR
SUPPORT SERVICES FACILITY IMPROVEMENTS**

WHEREAS, Orange Water and Sewer Authority (OWASA) has determined that funds for Administration Building and Operations Center recapitalization/rehabilitation are needed, and that certain improvements and modifications are needed for OWASA's computer hardware and software facilities to facilitate the handling of system information including customer records; and

WHEREAS, adequate funds will be available for the completion of said improvements;

NOW, THEREFORE, BE IT RESOLVED:

1. That pursuant to the provisions of North Carolina General Statute 159-13.2, a project fund of \$400,000 is hereby established and expenditures therefrom authorized for Support Services Facility Improvements:

Expenditures:

| | |
|-------------------------|------------------|
| Administration Building | \$50,000 |
| Operations Center | \$50,000 |
| Information Services | <u>\$300,000</u> |
| Total | <u>\$400,000</u> |

Revenues:

| | |
|--|-----------|
| Transfers from the General Fund and/or Bond Proceeds | \$400,000 |
|--|-----------|

2. That supplementary funds will be appropriated in future years for completion of the projects.
3. That this Resolution shall take effect upon its passage.
4. That this Resolution shall be entered in the Minutes of OWASA and within five days after its adoption copies thereof shall be filed with the Finance Officer, the Budget Officer, and the Clerk to the Board of Directors as required by General Statute 159-13.2(d).

Adopted this 10th day of June, 2010.

**RESOLUTION OF ORANGE WATER AND SEWER AUTHORITY
SCHEDULE OF EMPLOYEE CLASSIFICATION AND AUTHORIZED
COMPENSATION EFFECTIVE OCTOBER 1, 2010**

WHEREAS, to adequately and appropriately provide water, sewer and reclaimed water services to the customers of Orange Water and Sewer Authority, a sufficient and competent staff is necessary to perform the variety of services required; and

WHEREAS, to recruit and retain qualified employees to fulfill the foregoing commitment, such employees shall receive fair and equitable compensation for the services performed; and

WHEREAS, staff researched Consumer Price Indexes (CPI) and Employment Cost Indexes (ECI) to determine the percentage of adjustment needed for OWASA pay ranges to remain competitive and it is recommended that the upper limit of each classification's salary ranges be increased by 2.6%; and

NOW, THEREFORE BE IT RESOLVED:

1. That the Board of Directors hereby authorizes and directs that the upper limit of the employee classification salary ranges be increased by 2.6% effective October 1, 2010.
2. That these salary ranges shall remain in effect until such time as further modified or revised.

Adopted this 10th day of June 2010.

**ORANGE WATER AND SEWER AUTHORITY
SCHEDULE OF EMPLOYEE CLASSIFICATION AND
AUTHORIZED COMPENSATION
Effective October 1, 2010**

| <u>Salary Grade</u> | <u>Authorized Positions</u> | <u>Salary Range</u> | <u>Classification Title</u> |
|---------------------|-----------------------------|---------------------|--|
| 9 | 0-5 2 0-33 | \$27,737 – 41,265 | Clerk/Cashier* Assistant Lake Warden Utility Mechanic I* |
| 10 | 0-33 | \$29,399 – 43,737 | Utility Mechanic II* |
| 11 | 1 0-4 0-5 1 | \$31,061 – 46,211 | Senior Assistant Lake Warden Accounting Technician I* Customer Service Representative* Field Service Representative |
| 12 | 3 3 5 1 | \$32,724 – 48,684 | Utility Mechanic III Solids Handler Administrative Assistant Service Technician |
| 13 | 0-4 | \$34,387 – 51,157 | Accounting Technician II* |
| 14 | 0-9 | \$36,053 – 53,636 | Maintenance Mechanic* |
| 15 | 0-9 6 1 2 | \$37,713 – 56,107 | Senior Maintenance Mechanic* Laboratory Analyst Sr. Customer Service Representative Engineering Technician |
| 16 | 6 1 1 14 1 | \$39,374 – 58,579 | Crew Leader Human Resources Generalist Lakes Warden Treatment Plant Operator Solids Handler Supervisor |
| 18 | 2 1 | \$42,701 – 63,530 | Information Services Technical Specialist Instrumentation Control Technician |
| 19 | 2 | \$44,363 – 66,002 | Construction Inspector |

OWASA Schedule of Employee Classification and Authorized Compensation

Effective October 1, 2010

Page 2 of 3

| <u>Salary Grade</u> | <u>Authorized Positions</u> | <u>Salary Range</u> | <u>Classification Title</u> |
|----------------------------|-------------------------------------|----------------------------|--|
| 20 | 2 2 1 2 1 | \$46,028 – 68,477 | Plant Maintenance Supervisor Engineering Associate Executive Assistant Operations Supervisor Laboratory Supervisor |
| 21 | 1 1 | \$47,690 – 70,951 | GIS Coordinator Public Affairs Administrator |
| 23 | 1 | \$51,003 – 75,878 | Assistant Distribution & Collection Systems Manager |
| 25 | 0-2 1 1 | \$54,338 – 80,839 | Utilities Engineer* Network and Systems Administrator Database Administrator |
| 27 | 0-2 | \$57,662 – 85,793 | Utilities Engineer – Registered* |
| 28 | 1 1 1 1 | \$59,326 – 88,260 | Customer Service Manager Human Resources and Safety Manager Laboratory Manager Procurement Manager |
| 31 | 1 1 1 1 1 1 2 | \$64,316 – 95,686 | Engineering Manager, Systems Development Engineering Manager, Capital Projects Operations Engineer Distribution & Collection Systems Manager Plants Maintenance Manager Sustainability Manager Finance Manager |
| 33 | 1 1 | \$67,482 – 100,394 | Water Supply & Treatment Manager Wastewater Treatment & Biosolids Recycling Manager |
| 37 | 1 | \$74,292 – 110,524 | Director of Information Technology |
| 39 | 1 | \$77,616 – 115,470 | Planning & Development Director |
| 44 | 1 1 | \$85,929 – 127,838 | Finance and Customer Service Director Engineering & Planning Director |
| 46 | 1 | \$89,257 – 132,787 | General Manager of Operations |

| <u>Salary Grade</u> | <u>Authorized Positions</u> | <u>Salary Range</u> | <u>Classification Title</u> |
|-------------------------------|-----------------------------|---------------------|-----------------------------|
| Contract | 1 | | Executive Director |
| Total of 139 positions | | | |

* On June 14, 2007, the OWASA Board amended the Schedule of Employee Classification and Authorized Compensation to provide for skill-based pay progression for the following positions:

- Utility Mechanic I to Utility Mechanic II
- Maintenance Mechanic to Senior Maintenance Mechanic
- Accounting Technician I to Accounting Technician II
- Clerk/Cashier to Customer Service Representative
- Utilities Engineer to Utilities Engineer Registered

The Executive Director has established eligibility criteria and administrative procedures for the skill-based pay program.

While there is flexibility in the number of authorized positions in each skill-based pay position, the total number of authorized positions for each skill-based pay job family is as follows:

| <u>Skill-based Pay Job Family</u> | <u>Total Authorized Positions</u> |
|--|-----------------------------------|
| Utility Mechanic I / Utility Mechanic II | 33 |
| Maintenance Mechanic / Senior Maintenance Mechanic | 9 |
| Accounting Technician I / Accounting Technician II | 4 |
| Clerk/Cashier / Customer Service Representative | 5 |
| Utilities Engineer / Utilities Engineer Registered | 2 |