

ORANGE WATER AND SEWER AUTHORITY
WORK SESSION OF THE BOARD OF DIRECTORS

APRIL 9, 2015

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a Work Session on Thursday, April 9, 2015 at 6:00 PM in OWASA's Community Room at 400 Jones Ferry Road, Carrboro.

Board Members present: John A. Young, Chair; Michael M. Hughes, P.E., Vice Chair; Heather Payne, Secretary; Terri Buckner; Quinton Harper; David (Dave) Moreau and Ruchir Vora and Amy Witsil. Board Member excused: Stephen (Steve) Dear.

OWASA staff present: Ed Kerwin; Alex Braxton; Mary Darr; Patrick Davis; Greg Feller; Stephanie Glasgow; Andrea Orbich; Kevin Ray; Todd Taylor, P.E., Stephen Winters; and Robert Epting, Esq., Epting and Hackney.

Others present: Ben Poulson, Associate Director of Energy Services and Meg Holton, Water, Wastewater, and Stormwater Manager, University of North Carolina at Chapel Hill; Ed King, Myra Dotson, Harry Phillips, and Betty Cross of Sewage Sludge Action Network; Lester Ray, Twin Brach Farm; Keith Trollinger, Trollinger Farm; and Rubin Herndon, Chapel Hill.

ANNOUNCEMENTS

Mr. Young 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. (There were none.)

John Young asked, and the Board agreed, that agenda item 5 (Process for Nominating the Board's Officers) be deferred to the end of the regular agenda.

Mr. Young said the Chapel Hill Town Council's OWASA Committee and Chapel Hill appointees to the OWASA Board will meet on Thursday, April 23, 2015 at 8:00 AM in the OWASA Board Room.

Heather Payne, Chair of the Board's Finance Committee, said the committee responsible for recommending an auditor proposes that OWASA engage the firm of Martin Starnes for the audit for the fiscal year from July 2015 through June 2016. This matter will be on the agenda for April 23.

ITEM ONE: EMPLOYEE HEALTH AND DENTAL INSURANCE RENEWAL

The Board received a status report on negotiations with Blue Cross Blue Shield of North Carolina regarding renewal of health and dental insurance for employees from Stephanie Glasgow, Director of Human Resources and Safety and Ellen Tucker of Hill Chesson & Woody,

OWASA's health insurance consultant. Staff will provide additional information at the May meetings and decisions on renewal are planned for later this spring.

ITEM TWO: REVIEW SCOPE OF WORK FOR BIOSOLIDS MANAGEMENT REPORT (PART 2)

The Board received and approved plans from John Kiviniemi, Wastewater Treatment and Biosolids Recycling Manager, to study near-term options for recycling dewatered biosolids (treated solids from wastewater) and changes to previously established biosolids management objectives. Staff plans to report back to the Board in late summer. Several citizens (Ed King, Myra Dotson, Harry Phillips, and Betty Cross) including farmers (Lester Ray) commented to the Board about biosolids recycling.

As requested by the Board, staff will provide information on how OWASA monitors the quality of its biosolids and will share with stakeholders and post on the OWASA website the US Geological Survey's report titled "*Effect of Land-Applied Biosolids on Surface-Water Nutrient Yields and Groundwater Quality in Orange County, North Carolina.*"

ITEM THREE: FISCAL YEAR 2016 PRELIMINARY BUDGET AND RATE ADJUSTMENT RECOMMENDATION

Stephen Winters, Director of Finance and Customer Service, provided information about the preliminary budget and rate adjustment recommendation for the Fiscal Year from July 2015 through June 2016. No increase in monthly rates for water, sewer and reclaimed service is proposed. Staff plans to propose changes to certain non-monthly fees charged for work OWASA performs; the fees are based on the costs OWASA incurs to provide the services. Staff will provide the Board with an updated budget and proposed schedule of rates, fees and charges at its meeting on April 23, 2015 and public hearings on the budget and rates are scheduled for May 28, 2015.

ITEM FOUR: DRAFT 2015 OWASA CUSTOMER SURVEY

After discussion, the Board authorized staff to proceed with a customer survey in the late summer or early fall of 2015. OWASA will invite accountholders and system users across the community to participate in the survey.

ITEM FIVE: REVIEW BOARD WORK SCHEDULE

Ed Kerwin said the item for May 14th on the total compensation study is tentative pending upcoming selection of a consultant at the end of April and staff plans to also have an agenda item on May 14th regarding a cost of labor adjustment and merit pay for employees. The Board agreed.

ITEM SIX: REQUEST(S) BY BOARD COMMITTEES, BOARD MEMBERS AND STAFF

After discussion, the Board agreed that staff is to provide an overview of the recently completed

preliminary engineering study for sewer service in the Historic Rogers Road Area for the April 23rd Board meeting, and the Board will also consider possible approval of an Interlocal Agreement with Orange County regarding OWASA's services for managing the Rogers Road sewer project design.

The Board agreed to discuss on June 11th whether to ask Counsel and staff to evaluate what changes to the Sale and Purchase Agreements and Bond Order would be necessary to allow OWASA to use revenue for charitable purposes such as the Care to Share customer assistance program. The discussion of rate structures on August 27, 2015 will include consideration of financial reserve policies. Staff will contact Bill Holman about making a presentation to the Board on August 27, 2015 regarding Jordan Lake watershed protection.

ITEM SEVEN: EXECUTIVE DIRECTOR WILL SUMMARIZE THE KEY ITEMS FROM THE WORK SESSION

Ed Kerwin summarized the key action items for staff as follows:

- Staff will email the Board a summary of how we monitor biosolids quality;
- Staff will send the USGS report to biosolids stakeholders and post same on the website under the biosolids section;
- Staff will email the Board additional information regarding the OWASA/Carrboro connection for MCNC;
- Staff will email the Board a history of briefings regarding potential sewer service for the Historic Rogers Road Area;
- Staff will email the Human Resources Committee the draft recommendations for Fiscal Year 2016 merit pay no later than April 27th;
- Staff will schedule and invite Board members to tour the sidestream treatment process at the South Durham Wastewater Treatment Plant; and
- The April 23, 2015 Board Meeting will include:
 - o Authorization to Publicize the Fiscal Year 2016 Draft Budget and Rates
 - o Award an Audit Contract
 - o Quarterly Financial Report
 - o Award a Contract for Little Creek Sewer Project
 - o Overview of Rogers Road Sewer Extension Project
 - o Interlocal Agreement with Orange County regarding Rogers Road
 - o Comments on Orange County's Draft Ordinance Amendment for Impervious Surface Limits
 - o Continue discussion of Board's process for Election of Officers

ITEM EIGHT: OWASA BOARD OF DIRECTORS' OFFICER NOMINATION PROCESS

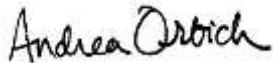
The Board discussed its process for annually nominating and electing officers (Chair, Vice Chair, Secretary) and agreed to have further discussion at the April 23rd Board meeting.

ITEM NINE: CLOSED SESSION FOR THE PURPOSE OF DISCUSSING A PERSONNEL
 MATTER

Without objection, the Board convened into a Closed Session for the purpose of discussing a personnel matter.

The meeting was adjourned at 10:25 PM.

Respectfully submitted by:

A handwritten signature in black ink that reads "Andrea Orbich". The signature is written in a cursive, flowing style.

Andrea Orbich
Executive Assistant/Clerk to the Board