

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

AUGUST 27, 2015

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a regular business meeting on Thursday, August 27, 2015, at 7:00 PM in Council Chambers at the Chapel Hill Town Hall, 405 Martin Luther King Jr. Boulevard.

Board Members present: Michael M. Hughes, P.E., Vice Chair; Heather Payne, Secretary; Terri Buckner; Jeff Danner; David (Dave) Moreau; Robert Morgan; and Ruchir Vora. Board Members absent: John A. Young, Chair; and Quinton Harper.

OWASA staff present: Ed Kerwin; Denise Battle; Mary Darr; Patrick Davis; Vishnu Gangadharan; Stephanie Glasgow; Andrea Orbich; Ruth Rouse; Kelly Satterfield; Todd Taylor; Mary Tiger; Stephen Winters; and Robert Epting, Epting and Hackney.

Others present: Ben Poulson, Associate Director of Energy Services and Meg Holton, Water, Wastewater, and Stormwater Manager, University of North Carolina (UNC) at Chapel Hill; Michael Burton and Andy Burnham, Burton and Associates; Mark Marcoplos, Orange County Living; and Shadi Eskaf, UNC School of Government Environmental Finance Center.

There being a quorum present, Vice Chair Michael Hughes called the meeting to order.

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MOTIONS ACTED UPON

1. BE IT RESOLVED THAT the Orange Water and Sewer Authority Board of Directors adopts the Resolution Honoring the Service of Amy Witsil to the Chapel Hill-Carrboro-Orange County Community as Member of the Orange Water And Sewer Authority's Board of Directors. (Resolution so titled attached hereto and made a part of these minutes. Motion by Terri Buckner, second by Ruchir Vora and unanimously approved.)
2. Terri Buckner made a motion to approve the Minutes of the June 25, 2015 Meeting of the Board of Directors; second by Ruchir Vora and unanimously approved.
3. Terri Buckner made a motion to approve the Minutes of the July 9, 2015 Work Session of the Board of Directors; second by Ruchir Vora and unanimously approved.
4. Terri Buckner made a motion to approve the Minutes of the July 9, 2015 Closed Session of the Board of Directors; second by Ruchir Vora and unanimously approved.

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ANNOUNCEMENTS

Conflict Of Interest

Michael Hughes 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.

Meetings

Terri Buckner said that on August 4, 2015, a Community Energy Forum meeting was held to discuss potential opportunities for collaboration. The next meeting will be September 2, 2015, at 5:30 PM in the OWASA Board Room.

Heather Payne said that the Chapel Hill Town Council's OWASA Committee and the Chapel Hill Appointees to the OWASA Board will meet on Thursday, September 10, 2015 at 8:00 AM in the OWASA Board Room; an agenda will be determined.

Mary Tiger and Vishnu Gangadharan

Ed Kerwin introduced Mary Tiger, OWASA's new Sustainability Manager.

Mary Darr introduced Vishnu Gangadharan, OWASA's new Engineering Manager for Capital Projects.

Annual Report on Collection, Treatment and Recycling of Wastewater and Biosolids

Todd Taylor, General Manager of Operations, said that staff distributed an annual report to accountholders on the operation of the wastewater collection and treatment systems and on the treatment and recycling of biosolids. This report was also distributed to local officials and media, and posted on OWASA's website. Staff has surpassed the treated wastewater quality standards for our Mason Farm Wastewater Treatment Plant (WWTP). The phosphorus level in our treated wastewater was 57% below the limit and nitrogen was 71% below the limit. We treated and recycled 1,597 dry tons of wastewater biosolids. Improvements at the WWTP include completion of a project to reduce electricity use per gallon of wastewater by about 30% that resulted in a \$250,000 annual savings. The improvements will help OWASA meet future standards for treated wastewater and further eliminate off-site odor. Mr. Taylor expressed appreciation to staff for hard work to exceed goals at the WWTP.

PETITIONS AND REQUESTS

Mark Marcoplos, a volunteer with Orange County Living Wage, requested that the Board support OWASA's participation in completing the 2015-2016 Employer Certification Application. This program certifies businesses and organizations that provide a living wage to

employees. The criterion for certification is \$12.75 per hour or \$11.25 per hour if the employer pays 50% or more in health insurance benefits. Interns, apprentices, and minors are exempt.

The Board accepted and concurred with Mr. Marcoplos' request and directed staff to complete the 2015-2016 Employer Certification Application.

Michael Hughes asked for petitions and requests from the Board and staff; there were none.

ITEM ONE: QUARTERLY REPORT ON ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The Board received this report as an information item.

ITEM TWO: RESOLUTION HONORING THE SERVICE OF AMY WITSIL TO THE CHAPEL HILL-CARRBORO-ORANGE COUNTY COMMUNITY AS MEMBER OF THE ORANGE WATER AND SEWER AUTHORITY'S BOARD OF DIRECTORS

Terri Buckner made a motion to approve the resolution; second by Ruchir Vora and unanimously approved. Please see Motion No. 1 above.

ITEM THREE: MINUTES

Terri Buckner made a motion to approve the Minutes of the June 25, 2015 Meeting of the Board of Directors; second by Ruchir Vora and unanimously approved. Please see Motion No. 2 above.

ITEM FOUR: MINUTES

Terri Buckner made a motion to approve the Minutes of the July 9, 2015 Work Session of the Board of Directors; second by Ruchir Vora and unanimously approved. Please see Motion No. 3 above.

ITEM FIVE: MINUTES

Terri Buckner made a motion to approve the Minutes of the July 9, 2015 Closed Session of the Board of Directors; second by Ruchir Vora and unanimously approved. Please see Motion No. 4 above.

ITEM SIX: DISCUSSION OF WATER AND SEWER RATE STRUCTURE ALTERNATIVES AND TRENDS

Stephen Winters, Director of Finance and Customer Service, provided an overview of the discussions the Board has had over the last several years regarding potential modifications to OWASA's water and sewer rate structure. He introduced Michael Burton, President, and Andy

Burnham, Senior Vice-President, with Burton and Associates, who presented water industry rate-making trends and considerations.

Mary Tiger, OWASA's Sustainability Manager (formerly of UNC School of Government Environmental Finance Center (EFC)), and Shadi Eskaf, UNC School of Government EFC, presented findings from an applied research project conducted by the EFC on emerging and innovative rate structure models for the water industry. The EFC's research modeled rate structure alternatives for single-family, individual metered residences of four NC utilities, including OWASA, and was funded by the North Carolina Urban Water Consortium (of which OWASA is a member). Ms. Tiger's and Mr. Eskaf's presentation focused on the application of two of the rate structure alternatives: the Peak Set Base Model and Customer Select Model.

The Board received this information and decided to continue its discussion on September 10, 2015. Staff will provide the Board copies of the presentations.

ITEM SEVEN: PRELIMINARY FINANCIAL REPORT FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2015

The Board received this report as an information item.

ITEM EIGHT: SEMI-ANNUAL STATUS REPORT FOR VARIOUS CAPITAL IMPROVEMENT PROJECTS

The Board received this report as an information item.

ITEM NINE: EXECUTIVE DIRECTOR WILL SUMMARIZE THE KEY ACTION ITEMS FROM THE BOARD MEETING AND NOTE SIGNIFICANT ITEMS FOR DISCUSSION AND/OR ACTION EXPECTED AT THE NEXT BOARD MEETING

Ed Kerwin summarized the meeting as follows:

- Staff will complete Orange County Living Wage's 2015-2016 Employer Certification Application;
- Staff will provide the Board presentations from the discussion of water and sewer rate structure alternatives and trends;
- The September 10, 2015 Work Session will include the following;
 - o Discussion of additional recreation activities at the Cane Creek Reservoir including public comments and feedback;
 - o Discussion of Fiscal Year 2016 employee merit pay; and
 - o Continue discussion of potential water and sewer rate structure modifications.

Orange Water and Sewer Authority

August 27, 2015

Page 5

ITEM TEN: CLOSED SESSION

Without objection, the Board of Directors convened in a Closed Session in the First Floor Conference Room for the purpose of discussing two personnel matters.

The meeting was adjourned at 10:00 PM.

Respectfully submitted,

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

Attachments

RESOLUTION HONORING THE SERVICE OF AMY WITSIL TO THE CHAPEL HILL-CARRBORO-ORANGE COUNTY COMMUNITY AS A MEMBER OF THE ORANGE WATER AND SEWER AUTHORITY'S BOARD OF DIRECTORS

WHEREAS, on April 26, 2010, the Chapel Hill Town Council appointed Amy Witsil to serve on the Board of Directors of the Orange Water and Sewer Authority (OWASA); and

WHEREAS, Ms. Witsil served on the OWASA Board from May 13, 2010, to June 30, 2015, including terms as Secretary of the Board of Directors from July 1, 2011, to June 30, 2013; and

WHEREAS, Ms. Witsil served on two committees during her service, Finance and Natural Resources and Technical Systems Committees, and was chair of the Finance Committee from July 2011 to July 2012; and

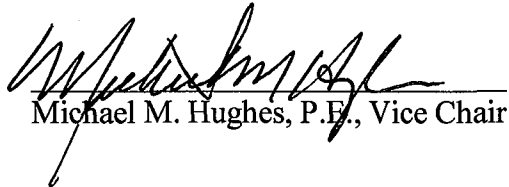
WHEREAS, Ms. Witsil gave freely of her time, energy, and talent in serving the community and OWASA customers with unselfish dedication and compassionate concern; and

WHEREAS, Ms. Witsil brought to OWASA exceptional analytical skills with which she contributed to the Board's deliberations and decisions in many areas including, for example, environmental, financial, planning, compensation, and community relationships and engagement; and she was adept in providing insight which was succinct, timely and of great value.

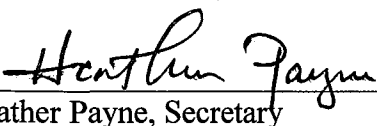
NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE WATER AND SEWER AUTHORITY BOARD OF DIRECTORS:

1. That the Board of Directors expresses to Amy Witsil the Board's sincere appreciation and deep gratitude for her outstanding service, leadership and stewardship as a Member of the OWASA Board; and the Board wishes for Ms. Witsil much happiness in the years ahead.
2. That this resolution be recorded in the minutes of the OWASA Board of Directors and be part of the permanent records of OWASA, and that a copy of this resolution be transmitted to the Town of Chapel Hill.

Adopted this 27th day of August, 2015.


Michael M. Hughes, P.E., Vice Chair

ATTEST:


Heather Payne, Secretary