

ORANGE WATER AND SEWER AUTHORITY
WORK SESSION OF THE BOARD OF DIRECTORS
SEPTEMBER 8, 2016

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a Work Session on Thursday, September 8, 2016, at 6:00 P.M. in OWASA's Community Room in the Administration Building, 400 Jones Ferry Road, Carrboro.

Board Members present: John A. Young (Chair), Barbara Foushee (Secretary), Yinka Ayankoya, Terri Buckner, Robert Morgan, Heather Payne and Ruchir Vora. Board Members absent: Jeff Danner (Vice Chair) and David Moreau.

OWASA staff present: Ed Kerwin, Denise Battle, Mary Darr, Greg Feller, Vishnu Gangadharan, Stephanie Glasgow, Adam Haggerty, Andrea Orbich, Mary Tiger, Stephen Winters, Todd Taylor and Robert Epting (Epting and Hackney).

Public present: John Silva, Christine Silva, James O'Connor and Maureen O'Connor, owners of property in the Cane Creek Reservoir area; Lynda Hill of Blue Ridge Properties; Margaret Holton, Water, Sewer and Stormwater Coordinator, University of North Carolina at Chapel Hill.

MOTIONS ACTED UPON

1. Terri Buckner made a motion to consider a uniform commodity rate for multi-family master-metered customers with no change in monthly service charges in a public hearing on October 27, 2016; second by Robert Morgan and the motion passed with a vote of five to two with Heather Payne and John Young opposed.
2. Terri Buckner made a motion to approve OWASA's Energy Management Program and Stakeholder Engagement Plan dated September 2016; second by Barbara Foushee and unanimously approved.
3. Terri Buckner made a motion to approve use and separate identification of a social cost of carbon set at the central value identified by the Federal Interagency Working Group on Social Cost of Carbon in the business case evaluation of clean energy projects at OWASA; second by Heather Payne and unanimously approved.
4. Robert Morgan made a motion to defer Item Six, Discussion of OWASA's Capital Improvements Program Investment Practices, to the October 13, 2016 meeting; second by Yinka Ayankoya and unanimously approved.

ANNOUNCEMENTS

John 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; none were disclosed.

Mr. Young said the Executive Committee will meet on Tuesday, September 13, 2016, at 5:30

P.M. He also noted that the Chapel Hill Town Council's OWASA Committee and the Chapel Hill Appointees to the OWASA Board will meet on Thursday, September 15, 2016, at 8:00 A.M. to discuss items of mutual interest.

Mr. Young said that he and Ed Kerwin will attend the Hank Anderson Breakfast Club meeting on Saturday, September 10, 2016, at 11:00 A.M. at Mama Dips in Chapel Hill.

Robert Morgan said the Human Resources Committee met on August 31, 2016, to discuss alternative employee compensation as well as planning for the Board's discussion on October 13, 2016 on the same topic.

Yinka Ayankoya said that she and Robert Morgan will give an OWASA update on rates for multi-family master-metered customers and the draft Diversity and Inclusion Plan work to the Carrboro Board of Aldermen on Tuesday, September 20, 2016, at 7:30 P.M. at Carrboro Town Hall.

ITEM ONE: PETITION FROM JOHN M. SILVA AND CHRISTINE A. SILVA ABOUT OWASA'S AUGUST 25, 2016 DECISION REGARDING MOUNTAINS-TO-SEA TRAIL

John Silva, Christine Silva, James O'Connor and Maureen O'Connor asked the Board to rescind its decision on August 25, 2016, to allow, with conditions, the Mountains-to-Sea Trail (MST) on OWASA land near the Cane Creek Reservoir.

Board Members declined to offer a Motion that the Board's previous action be rescinded, and the request was not approved.

Without objection, John Young announced that no further MST petitions would be accepted until Orange County has completed their process to determine the MST through Orange County.

The Board requested that staff consider opportunities to help the community understand the action the Board took on August 25, 2016, regarding the conditions for the MST to be located on OWASA property and the process ahead.

ITEM TWO: PRELIMINARY TWELVE MONTH FINANCIAL REPORT FOR THE PERIOD ENDED JUNE 30, 2016

The Board received this as an information item.

ITEM THREE: DISCUSS MULTI-FAMILY, MASTER-METERED RATE STRUCTURE ALTERNATIVES

Stephen Winters, Director of Finance and Customer Service, provided a presentation on this item.

After discussion, the Board agreed to authorize staff to publicize a proposal to change the water commodity rate for multi-family master-metered customers from a seasonal rate which is higher

in peak water use months and lower in off-peak water use months to a rate that remains the same year-round. John Young supported further consideration of the uniform commodity rate; however, he said he would oppose the motion because this decision was scheduled for the Board's consideration at its October 13 meeting and because this meant the Board did not receive, consider, and provide the appropriate opportunity for insights from absent board members.

Terri Buckner made a motion to consider a uniform commodity rate for multi-family master-metered customers with no change in monthly service or sewer charges in a public hearing on October 27, 2016; second by Robert Morgan and the motion passed with a vote of five to two with Heather Payne and John Young opposed. Please see Motion No. 1 above.

ITEM FOUR: DISCUSS AND APPROVE ENERGY MANAGEMENT PROGRAM EVALUATION CRITERIA AND APPROACH, INCLUDING THE INCORPORATION OF A SOCIAL COST OF CARBON

Mary Tiger, Sustainability Manager, provided an overview of OWASA's Energy Management Program evaluation criteria and approach, including the use of a social cost of carbon in conducting business case evaluations of clean energy projects.

Terri Buckner made a motion to approve OWASA's Energy Management Program and Stakeholder Engagement Plan dated September 2016; second by Barbara Foushee and unanimously approved. Please see Motion No. 2 above.

Terri Buckner made a motion to approve the use and separate identification of a social cost of carbon set at the central value identified by the Federal Interagency Working Group on Social Cost of Carbon in the business case evaluation of clean energy projects at OWASA; second by Heather Payne and unanimously approved. Please see Motion No. 3 above.

ITEM FIVE: REVIEW FISCAL YEAR 2017 BUDGET PROCESS

The Board received this item as an information report.

ITEM SIX: DISCUSSION OF OWASA'S CAPITAL IMPROVEMENTS PROGRAM (CIP) INVESTMENT PRACTICES

Robert Morgan made a motion to defer this item until the October 13, 2016 meeting; second by Yinka Ayankoya and unanimously approved. Please see Motion No. 4 above.

ITEM SEVEN: REVIEW BOARD WORK SCHEDULE

John Young suggested and the Board agreed that a discussion of key performance indicators be scheduled at a future work session.

The Board agreed to hold a special meeting to discuss diversity and inclusion. The meeting is tentatively scheduled for November 3, 2016 at 6:00 P.M. in OWASA's Community Room. The Board requested a summary of employee feedback (including demographics) on the draft

Diversity and Inclusion Plan as a result of the voluntary employee meetings. The Human Resources Committee will meet to provide staff feedback and guidance on staff's proposed structure/format for the Board's special work session.

The October 13, 2016, Board Work session will include a discussion of OWASA's Capital Improvements Program investment practices and alternative employee compensation strategies.

The Board requested that staff provide a copy of the existing Forestry Management Plan and schedule a Board follow-up discussion of this matter and possible future action.

ITEM EIGHT: EXECUTIVE DIRECTOR WILL SUMMARIZE THE KEY STAFF ACTION ITEMS FROM THE WORK SESSION

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

- Consider opportunities to help the community understand the action the Board took on August 25, 2016, regarding the conditions for the MST to be located on OWASA property and the process ahead.
- Inform the public about the Board's decision to consider a uniform commodity rate for multi-family master-metered customers (no change in monthly service charges) to include a Public Hearing on same at the October 27, 2016, Board meeting.
- Schedule Board discussion of key performance indicators at a work session.
- Schedule a Human Resources Committee meeting to provide staff feedback and guidance on a staff proposed structure/format for the Board's special work session on diversity and inclusion.
- E-mail the Board to confirm Thursday, November 3, 2016, for the special meeting regarding the draft Diversity and Inclusion Plan.
- Provide the Board a summary of employee feedback, including demographics, on the draft Diversity and Inclusion Plan as a result of the voluntary employee meetings.
- Provide the Board a copy of the existing Forestry Management Plan and schedule a Board follow-up discussion about when this matter may be discussed and possible future action.

ITEM NINE: CLOSED SESSION

Without objection, the Board convened in a closed session for the purpose of discussing a personnel matter.

The meeting was adjourned at 9:32 P.M.

Respectfully submitted by:



Andrea Orbich
Executive Assistant/Clerk to the Board