



Orange Water and Sewer Authority

OWASA is Carrboro-Chapel Hill's not-for-profit public service agency delivering high quality water, wastewater, and reclaimed water services.

Agenda

Public Hearings and Meeting of the OWASA Board of Directors

Thursday, May 12, 2022, 6:00 P.M.

Due to the ongoing North Carolina State of Emergency, the Orange Water and Sewer Authority (OWASA) Board of Directors is conducting this meeting virtually utilizing [Microsoft Teams](#) software. Board Members, General Counsel and staff will be participating in the meeting remotely.

In compliance with the "Americans with Disabilities Act," interpreter services for non-English speakers and for individuals who are deaf or hard of hearing are available with five days prior notice. If you need this assistance, please contact the Clerk to the Board at 919-537-4217 or aorbich@owasa.org.

The Board of Directors appreciates and invites the public to attend and observe its virtual meetings online. Public comment is invited via written materials, ideally submitted at least two days in advance of the meeting to the Board of Directors by sending an email to board_and_leadership@owasa.org or via US Postal Service (Clerk to the Board, 400 Jones Ferry Road, Carrboro, NC 27510). Public comments are also invited during the Board Meeting via telephone, and you will need to be available to call-in during the meeting. Please contact the Clerk to the Board at aorbich@owasa.org or 919-537-4217 to make arrangements by 3:00 p.m. the day of the meeting.

Public speakers are encouraged to organize their remarks for delivery within a four-minute time frame allowed each speaker, unless otherwise determined by the Board of Directors.

Announcements

1. Announcements by the Chair
 - 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.
2. Announcements by Board Members
 - Update on the May 2, 2022 Meeting Between Members of the Orange County Board of County Commissioners and Orange County Appointees to the OWASA Board (Ray DuBose)
 - Update on the May 3, 2022 Carrboro Town Council Meeting (Yinka Ayankoya)
3. Announcements by Staff
 - May 20, 2022 Mitigation Banking Field Trip (Todd Taylor)

Petitions and Requests

1. Public
2. Board
3. Staff

Public Hearings

1. Concurrent Public Hearings on the Preliminary Annual Operating and Capital Improvements Budget and Proposed Rates, Fees and Charges (Stephen Winters)
 - A. Staff Presentation
 - B. Public Comments
 - C. Motion to Close Public Hearings (written comments will be accepted 24 hours following the Hearings)

Consent Agenda

Information and Reports

2. Formal Purchase of Biosolids Liquid Spreader (Stephen Winters)
3. Quarterly Financial Report for the Nine-Month Period Ending March 31, 2022 (Stephen Winters)

Action

4. Minutes of the April 28, 2022 OWASA Board of Directors Meeting (Andrea Orbich)

Regular Agenda

Discussion and Action

5. Resolution Authorizing the Executive Director to Execute Contracts with Blue Cross and Blue Shield of North Carolina for Employee Health and Dental Insurance Plans (Stephanie Glasgow/Ellen Tucker, Gallagher)

Discussion

6. Employee Merit Pay for Fiscal Year 2023 (Stephanie Glasgow)
7. Long-Range Water Supply Plan: Discuss Preparations for Jordan Lake Alternative Selection (Todd Taylor)
8. Review Board Work Schedule
 - A. Request(s) by Board Committees, Board Members, General Counsel and Staff (Jody Eimers)
 - B. Draft June 9, 2022 Board Meeting Agenda (Todd Taylor)
 - C. 12 Month Board Meeting Schedule (Todd Taylor)
 - D. Pending Key Staff Action Items (Todd Taylor)

Summary of Work Session Items

9. Executive Director will Summarize the Key Staff Action Items from the Meeting

Closed Session

10. The Board of Directors will Meet in a Closed Session for the Purpose of Discussing a Personnel Matter, as provided in N.C. General Statutes 143.318.11(6) (Ray DuBose)

Agenda Item 1:

Concurrent Public Hearings on the Preliminary Annual Operating and Capital Improvements Budget and Proposed Rates, Fees and Charges

Purpose:

On March 10, 2022, the Board of Directors adopted resolutions setting May 12, 2022, as the date for concurrent public hearings on OWASA's draft budget and schedule of rates for Fiscal Year (FY) 2023. This memorandum and attachments are provided to the Board of Directors as a basis for discussing the draft budget and Schedule of Rates, Fees and Charges for FY 2023.

Background:

OWASA is a non-profit, community-owned water and wastewater utility. Our investments in water and wastewater infrastructure are supported solely by rates and fees paid by customers for services; we do not receive funding from taxes. We reinvest the rates and fees paid by our customers directly into the treatment plants, pipes, and people that will serve our community for years to come. We strive to balance the need to invest in the community's water and wastewater infrastructure and to maintain affordable rates.

Nearly 50% of the amount customers pay for services goes toward funding critical capital improvement projects to upgrade pipes, pumps, and other important infrastructure. These investments will serve our community well into the future. The other 50% supports the maintenance and operation of the system 24 hours a day.

We appreciate our customers for their partnership. Beyond paying their OWASA bill each month, the cost and commitment borne by our community to use water wisely and protect the wastewater system pays dividends ecologically and economically. Additionally, we thank the roughly 900 customers that voluntarily contribute every month on their monthly OWASA bill to Care to Share, a fund that provides water bill assistance to those in our community that need it most.

Draft FY 2023 Budget Synopsis:

The Board is considering a 16% rate increase for water and sewer services. This budget helps to ensure that we are investing in the community's water and sewer infrastructure at a level that decreases risks of failure in our systems and processes that would negatively impact the environment and OWASA customers.

Although a 7% increase was originally projected for FY 2023, OWASA is facing many financial challenges impacting industries across our area and the country. Inflation has significantly increased the cost of supplies needed to safely treat the community's water and wastewater, as well as the cost of construction for infrastructure. This coupled with a highly competitive labor market is applying pressure on OWASA's budget in multiple ways. Additionally, water sales remain below projections.

The proposed FY 2023 budget also covers the costs of infrastructure investments and upgrades to technology critical to operations and billing that were deferred in previous years. These deferrals were made to ensure that rates were not increased in 2020 during the height of the pandemic. Some of these technology systems are now approaching the end of their useful lives and need to be upgraded before becoming security risks. These investments will also help streamline OWASA operations.

May 12, 2022

As OWASA is updating the community's Long-Range Water Supply Plan, investments will also be needed to ensure we can continue providing essential water services to customers through 2070. These investments account for one percentage point of the proposed rate increase for FY 2023.

A 16% increase in rates, if approved, will raise the average residential bill for OWASA customers by \$12.72 to \$92.18. Any rate adjustment will go into effect in October 2022.

Why a Rate Increase is Needed:

Last year, we projected that we would need to implement a 7% rate increase in FY 2023. Several factors have led to the need for a 16% rate increase to fund the draft FY 2023 budget.

- Drinking water sales remain flat.
- The rate of inflation for the last 12 months was 8.5%.
- Impact of the pandemic led to deferring projects and expenditures that now need to be addressed.
- Strategic initiatives require funding.

We are projecting that drinking water sales volume for FY 2023 and the next few years will average approximately 5.9 million gallons per day (mgd). This is the same volume of drinking water used by the community in the late 1980s, over 30 years ago. Drinking water sales volume peaked in the early 2000s at around 8.5 mgd. The community has done a tremendous job of conserving water. Conservation provides many benefits to OWASA and, thereby, the community. Among other things, it delays the need for additional sources of water and for expanding the capacity of our treatment plants and distribution and collection systems: all costly investments. However, lower sales volume also results in lower revenue which means less funds are available to cover costs.

Inflation over the last 12 months has been over 8.5% and is having a large impact on our operations. Costs including those for construction projects, chemicals, electricity, and employee wages are increasing significantly: greater than was projected last year.

During the height of the pandemic, water sales were less than would be expected during normal times. In FY 2021 a planned rate increase was eliminated, as were employee compensation increases, and numerous capital and other improvements projects were deferred. Many of the deferred projects and needs have been included in the draft FY 2023 budget. Others have been programmed to be addressed over the next few years.

The draft budget includes funding for strategic initiatives such as our diversity and inclusion program, ensuring we recruit and retain a high-performing workforce, and updating technology.

In summary, a larger than projected rate increase is needed because drinking water sales volume is not increasing, costs continue to rise, and funds are needed for strategic initiatives and prior year deferrals.

Draft FY 2023 Budget:

At its meetings on [March 10, 2022](#) and [April 28, 2022](#), the Board reviewed and discussed the draft FY 2023 budget including information regarding projected operating expenses, capital improvements program (CIP) expenditures, and capital equipment purchases. These investments in the community's

water and wastewater systems are necessary to provide services, protect the environment and public health, and retain a highly skilled and dedicated workforce.

Operating Budget Assumptions and Highlights:

The draft FY 2023 budget is about 12% or \$2.7 million greater than the FY 2022 budget. Most of the increase is attributable to three categories:

Category	Costs include:	Amount
Increases significantly impacted by inflation and/or not within OWASA's control	Employee compensation increases, chemicals expense, maintenance costs	\$1,305,500
Items deferred in prior years	Computerized maintenance management system, utility billing and financial system, graphic information system	\$531,000
Items related to new initiatives and programs	Additional employee positions, compensation study, strategic plan initiatives	\$649,000
Total		\$2,485,500

Additional highlights:

- The budget is designed so that current service levels are maintained, and most of our Financial Management Policy objectives will be met. We have budgeted for a debt service coverage ratio of 1.63 vs. the target of 2.0.
- 139 staff positions funded for FY 2023 including four proposed additions.
- A combined cost of labor and merit increase in employee wages of 5%. The Board is scheduled to make a final decision on employee wage increases on June 9, 2022.
- Increase in health insurance costs of 7.5%
- Increase in OWASA's contribution to employee's deferred compensation plan) accounts from 3% of wages to 3.5%. Peer organizations contribute 5% or more of wages to their employees' accounts. To remain competitive in the marketplace, staff proposes to increase OWASA's contribution to 5% over the next four years.
- 3% vacancy allowance - the personnel compensation budget has been reduced by about \$300,000, to account for position vacancies.
- Funding for participating in the Western Intake Partnership to access our allocation of water from Jordan Lake. This is part of OWASA's Long-Range Water Supply Plan which is designed to ensure that the community has access to the amount of water it needs over the next 50 years.
- No additional funds have been budgeted to meet the more stringent "Jordan Lake Rules" regarding nutrient levels in wastewater discharged into the Jordan Lake watershed. We currently meet the requirements of the rules, and we are confident we can continue to meet them under current conditions using our current processes. However, if flow to the wastewater plant increases or other conditions change, additional expenses may have to be incorporated into the process and we estimate the additional cost to be as much as \$750,000 per year.

- 10% to 40% increase in the price of chemicals used in drinking water production and wastewater processing.
- Each operating department, Water Supply and Treatment, Distribution and Collection, and Wastewater Treatment and Biosolids Recycling, plans to continue participating in the Partnership for Safe Water and Partnership for Clean Water programs. These programs help us optimize our processes.
- Computerized Maintenance Management System – Funds are included in the draft FY 2023 budget to investigate options for replacing the system used to manage maintenance of our “vertical” assets. This project has been deferred in the two previous fiscal years.
- Utility billing and financial system – Our system for billing and managing customer accounts has been difficult and expensive to maintain for many years. Software updates frequently break existing functionality and vendor support is poor. Software is based on outdated technology and prevents OWASA from opportunities that are available with modern platforms. Staff anticipates moving to a cloud-based system. Implementation would occur over a two-year period.
- Transition our geographic information system (GIS) to a new platform, required because support for our existing system expires in March 2026. The new system will enhance functionality.
- An allowance of \$100,000 for as yet unidentified strategic initiatives that may be included in the revised strategic plan scheduled to be completed in spring 2022.

Capital Improvements Program:

The draft FY 2023 CIP budget totals \$21.9 million of investments to improve system reliability and resiliency and operational efficiency. A complete list of projects can be found in Attachment 2. Approximately 85% of the draft budget is devoted to projects already underway. Highlights include funding for:

- Replacement of approximately 3 miles of water mains, including about 1.0 mile by OWASA construction crews
- The completion of the West Cameron Avenue Water Main Replacements (Phase 2) project
- Construction of the Belt Filter Press Replacement project at the Jones Ferry Water Treatment Plant (WTP)
- Construction of the University Lake Permanganate Facility
- Construction completion of the Fermenter Mixing Improvements at the Mason Farm Wastewater Treatment Plant (WWTP)
- Rehabilitation or replacement of approximately 2 miles of sewer mains throughout the collection system
- Improvements to the Supervisory Control and Data Acquisition system at the WTP
- Improvements at the Chapel Hill North Pump Station
- Completion of the Reclaimed Water Flanged Coupling Adaptor Rehabilitation project
- OWASA’s participation in the Western Intake Partnership projects to construct a raw water intake and water treatment facility on Jordan Lake

Future Budgets – Fiscal Years 2023-2027:

The following table shows the projected rate increases for the five-year period from FY 2023-2027. Rate adjustments projected for FY 2024 and beyond will be re-evaluated each year.

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Rate Increase	16%	7%	7%	6%	6%
Increase in residential monthly bill based on average use of 4,000 gallons per month	\$12.72	\$6.44	\$6.89	\$6.34	\$6.74
Amount of monthly bill after increase	\$92.18	\$98.62	\$105.51	\$111.85	\$118.59

Proposed Schedule of Rates, Fees and Charges:

Attachment 3 is a draft of the Schedule of Rates, Fees and Charges.

Key Elements in the Schedule:

- A 16% increase has been applied to monthly water and sewer charges.
- The bill for a single-family individually metered customer using the community-average 4,000 gallons per month will increase by \$12.72 to \$92.18.
- Continuation of the block rate structure for individually metered residential customers, year-round rate for multi-family master-metered customers, and seasonal rates for non-residential customers.
- Conservation water commodity charges under declared water shortages (surcharges) remain in place with no change in the surcharge structure.
- Irrigation accounts remain subject to a year-round uniform charge and monthly service charge for irrigation use that is higher than the peak rate under the seasonal structure.
- No changes in the commodity rate or fixed monthly charge for reclaimed water as current rates are sufficient to cover costs.
- In October 2018, system development fees were adjusted as a result of North Carolina House Bill 436/Session Law 2017-138. Pursuant to the law, OWASA’s fees will be reevaluated in FY 2023.
- Lake fees are unchanged.
- Miscellaneous charges such as meter installations have been adjusted based on the costs incurred to perform the service. Costs have been reduced on several service items.

Next Steps:

- The Board will consider input received during the public hearings and provide guidance to staff.
- Formal adoption of the Annual Budget and the Schedule of Rates, Fees and Charges is scheduled for the Board’s Work Session on June 9, 2022.

Action Requested:

- Receive and discuss input provided by the public at, or prior to the public hearings, and subject to the rights of the public to submit written comments for up to 24 hours after the Public Hearings, as provided by statute.
- Provide direction to staff regarding the draft FY 2023 Budget and the Schedule of Rates, Fees and Charges that will be considered for adoption by the Board at its June 9, 2022, meeting.

Information:

- Summary information about the draft Budget for FY 2023 (Attachment 1)
- Information about the proposed Capital Improvements Program Budget (Attachment 2)
- Proposed Schedule of Rates, Fees and Charges (Attachment 3)

**ORANGE WATER AND SEWER AUTHORITY
DRAFT FISCAL YEAR 2023 OPERATING BUDGET**

Operating Revenue		
Water	\$20,206,147	
Sewer	20,776,916	
Reclaimed Water	465,390	
Service Initiation Fee	16,510	
Other	764,215	
Refunds and Adjustments	<u>(107,101)</u>	
Total Operating Revenue		\$42,122,077
Operating Expense		
General and Administrative	9,300,925	
Operations	<u>17,125,269</u>	
Total Operating Expense		<u>26,426,194</u>
Net Operating Income		15,695,883
Non-operating Revenue		
System Development Fees		1,351,674
Interest		<u>3,085</u>
Total Net Income		<u><u>\$17,050,642</u></u>
Debt Service		
Existing		\$9,010,243
New		<u>1,439,797</u>
Total Debt Service		<u>10,450,040</u>
Net Income Less Debt Service		<u><u>\$6,600,602</u></u>

LEGEND

Major Resiliency Improvement	
Ongoing Project or Requirement	\$ 100,000
Identified and Included in a Prior Year's CIP	\$ 100,000
New Project	\$ 100,000

CIP	Project Name	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total Five Year	Comments
270-04	Jordan Lake Raw Water Supply Allocation	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 50,000	Ongoing required payment
270-09	Quarry Reservoir Development	\$ 15,000	\$ 15,000	\$ 65,000	\$ 15,000	\$ 15,000	\$ 125,000	Ongoing required payment
270-16	Cane Creek Pump Station Improvements		\$ 25,000	\$ 250,000	\$ 2,041,000		\$ 2,316,000	Installation of variable frequency drives (VFDs), automatic generator transfer switchgear, and enclosure for generator
270-28	University Lake Permanganate Facility	\$ 3,000,000	\$ 800,000				\$ 3,800,000	New chemical storage and feed facility to improve treatment (taste and odor)
270-29	University Lake Fishing Pier and Boat Launch		\$ 80,000				\$ 80,000	Improvements to facilities to enhance visitor access and improve safety
270-30	Cane Creek Dam Rehabilitation	\$ 200,000					\$ 200,000	Spillway rehabilitation recommendation by dam inspections
270-31	Cane Creek Resurfacing	\$ 70,000					\$ 70,000	Cane Creek Dam resurfacing costs
270-34	Western Intake Partnership Projects	\$ 651,000	\$ 606,000	\$ 820,000	\$ 820,000	\$ 820,000	\$ 3,717,000	Western Intake Partnership required participation in several studies to prepare for the intake and transmission line
271-05	Cane Creek Raw Water Transmission Main Study		\$ 75,000				\$ 75,000	Condition assessment of existing main
272-10	Water Facility Asset Rehabilitation				\$ 2,341,000	\$ 1,819,000	\$ 4,160,000	Recapitalization funding based on Rehabilitation and Replacement Model
272-37	WTP Belt Filter Press Replacement	\$ 2,000,000	\$ 2,100,000				\$ 4,100,000	Installation of new solids thickening equipment for redundancy, conveyance improvements
272-49	Supervisory Control and Data Acquisition (SCADA) Master Plan Recommendations	\$ 520,000	\$ 1,000,000	\$ 1,000,000			\$ 2,520,000	Funding for priority improvements identified in the SCADA master plan
272-52	WTP Electrical Distribution Improvements	\$ 20,000	\$ 3,200,000	\$ 8,020,000			\$ 11,240,000	Conversion of plant electrical distribution system to an updated voltage standard
272-55	WTP Clearwell Rehab/Flash Mix Basin Improvements	\$ 180,000			\$ 214,000	\$ 736,000	\$ 1,130,000	Concrete and structural repairs needed based on the FY2020 inspections
272-XX	WTP Pulsator and Operator Building Roof and Cane Creek Pump Station Roof Replacements	\$ 100,000		\$ 221,000			\$ 321,000	Aging and failing roof replacements on critical buildings
272-XX	Finished Water Pump #4 Motor and Pump Replacement	\$ 75,000	\$ 325,000				\$ 400,000	Finished Water Pump 4 condition assessment and then subsequent replacement if needed
272-XX	Filter 1, 3, 4, 5 Influent valve Shaft/Actuator Replacement		\$ 63,000				\$ 63,000	Filter 1, 3, 4, 5, Influent valve shaft and actuator replacements based on operational staff condition assessments in 2022
272-XX	Concrete Repair, Joint Sealing and Tile Project			\$ 70,000			\$ 70,000	Structural evaluation of failing concrete, joint sealant and tiles throughout the WTP facility
274-14	Storage Tank Water Quality Monitors					\$ 100,000	\$ 100,000	Water quality monitors within the elevated storage tanks throughout the distribution system
274-15	Storage Tank PLC Upgrades	\$ 100,000					\$ 100,000	Replacement of landline communications due to obsolescence
275-01	Lead and Copper Rule Revisions (LCRR) Compliance	\$ 200,000	\$ 100,000				\$ 300,000	Phase 1 of consulting services to assist with compliance with the new Lead and Copper Rule Revisions
275-15	Reimbursement for Distribution System Improvements	\$ 250,000					\$ 250,000	Reimbursements for water main upgrades constructed as part of external projects
275-20	Water Distribution System Rehabilitation	\$ 1,000,000	\$ 1,750,000	\$ 2,664,000	\$ 2,229,000	\$ 2,678,000	\$ 10,321,000	Water main projects constructed by OWASA crew and large meter vault replacements
275-21	Water Main Replacement Program FY 2018-2024	\$ 1,215,000	\$ 1,100,000				\$ 2,315,000	Replacement of aging water mains along Rogerson-Berkley
275-52	West Cameron Avenue Water Main Replacement	\$ 3,500,000	\$ 500,000				\$ 4,000,000	Replacement and removal of aging water mains
275-53	Distribution System Hydraulic Model	\$ 100,000	\$ 200,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 390,000	Model Update in FY23 and FY24 and on-call modeling services for FY25-27
275-92	Jones Ferry Rd Water Main Replacements	\$ 100,000					\$ 100,000	Replacement of aging water main adjacent to the WTP clearwell and finished water pumps
275-94	Legion Road Water Main	\$ 50,000	\$ 210,000	\$ 3,460,000			\$ 3,720,000	Replacement of water main identified by the prioritization model
275-95	West Rosemary 12" AC Water Main Replacement	\$ 50,000	\$ 300,000	\$ 4,330,000	\$ 520,000		\$ 5,200,000	Replacement of water main identified by the prioritization model
275-96	Group 2 Water Main Replacements (West Manning Dr. and South Rd.)	\$ 50,000	\$ 250,000	\$ 1,745,000	\$ 3,960,000		\$ 6,005,000	Replacement of water mains identified by the prioritization model
275-97	Polk Place Water Main Replacement			\$ 10,000	\$ 140,000	\$ 1,320,000	\$ 1,470,000	Replacement of water main identified by the prioritization model
275-98	Fordham at Eastowne Water Main Replacement			\$ 125,000	\$ 850,000		\$ 975,000	Replacement of water main identified by the prioritization model
275-99	Distribution System Asset Management	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 150,000	Opportunistic condition assessment program, potential leak detection and pressure monitors
275-XX	South Elliot Road Water Main Replacement					\$ 55,000	\$ 55,000	Replacement of water main identified by the prioritization model

276-18	Gravity Sewer Rehab	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 5,000,000	Ongoing gravity sewer rehabilitation program based on previous studies and ongoing crew observations and CCTV work
276-45	Bolinwood Interceptor Replacement	\$ 2,240,000	\$ 1,000,000				\$ 3,240,000	Capacity improvements identified by the collection system master plan
276-52	Rocky Branch Interceptor Replacement			\$ 750,000	\$ 350,000		\$ 1,100,000	Replacement of interceptor to accommodate future WTP process water discharge
276-53	Creek Crossing Access Improvements			\$ 600,000			\$ 600,000	Sitework to improve access to various creek crossing throughout the collection system
276-59	Morgan Creek Interceptor Replacement	\$ 234,000	\$ 1,615,000				\$ 1,849,000	Capacity improvements identified by the collection system master plan
276-60	Bolin Creek Interceptor Replacement		\$ 25,000	\$ 50,000	\$ 400,000		\$ 475,000	Capacity improvements identified by the collection system master plan
276-61	Brigham Rd Sewer Replacement				\$ 50,000	\$ 400,000	\$ 450,000	Capacity improvements identified by the collection system master plan
276-63	East Main Street Sewer Rehab	\$ 1,000,000					\$ 1,000,000	Rehabilitation of West Rosemary Street (an extension of E Main Street) due to deteriorated conditions
276-70	Collection System On-Call Modeling	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 100,000	On-call collection system modeling services
276-99	Collection System Asset Management	\$ 50,000	\$ 40,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 240,000	Funding for flow monitors to assess infiltration/inflow
276-XX	Gravity Sewer >12inch evaluation surveys		\$ 250,000				\$ 250,000	Condition assessment through a third party of prioritized large gravity sewers
276-XX	Morgan Creek Aerial Crossing Assessment		\$ 150,000				\$ 150,000	Condition assessment through a third party of aerial crossings following an emergency aerial crossing repair in FY22
276-XX	Westwood Neighborhood Sewer Replacement		\$ 100,000	\$ 300,000	\$ 1,700,000		\$ 2,100,000	Complete rehabilitation of deteriorated sewers and laterals, includes easement acquisition
276-XX	Siphon Line Condition Assessment		\$ 50,000				\$ 50,000	Condition assessment through a third party
277-21	Force Main Condition Evaluation		\$ 50,000			\$ 75,000	\$ 125,000	Prioritized condition assessment of selected force mains
277-43	Rogerson Drive Force Main and Pump Station Program Services	\$ 100,000	\$ 100,000				\$ 200,000	Risk assessments
277-44	Rogerson Drive Pump Station Capacity Upgrade					\$ 100,000	\$ 100,000	Planning for future potential capacity improvements
277-45	Chapel Hill North PS Rehab	\$ 600,000					\$ 600,000	Pump replacement and minor site and electrical improvements
277-47	Rogerson Drive Fuel Storage Improvements			\$ 90,000	\$ 500,000		\$ 590,000	Additional fuel storage for generator to achieve desired generator run time
277-48	Lake Ellen Pump Station Rehabilitation				\$ 60,000	\$ 250,000	\$ 310,000	Replacement and rehabilitation of pumps, VFDs and other components as recommended by recent condition assessment
277-XX	North Lakeshore and Clayton Road Generator Design and Installation	\$ 200,000					\$ 200,000	Generator installation and design at two pump stations currently without backup power
277-XX	Knolls Pump Station Study			\$ 100,000			\$ 100,000	Evaluation of next steps for pump station improvements, relocation, or abandonment
278-11	Wastewater Facility Asset Rehabilitation				\$ 2,730,000	\$ 2,730,000	\$ 5,460,000	Recapitalization funding based on Rehabilitation and Replacement Model
278-20	WWTP Clarifier #4 Conversion	\$ 200,000	\$ 2,360,000	\$ 100,000			\$ 2,660,000	Addresses corrosion of critical components and conversion from inboard launders to conventional outboard launders
278-XX	Gas monitoring at WWTP		\$ 280,000				\$ 280,000	Installation of gas monitoring equipment in prioritization locations at the WWTP
278-50	WWTP Warehouse		\$ 95,000	\$ 1,000,000			\$ 1,095,000	Design and construction of a new warehouse facility for material and equipment storage
278-75	WWTP Facilities Planning	\$ 150,000					\$ 150,000	Update of the WWTP master plan
278-78	WWTP Fermenter Improvements	\$ 1,350,000					\$ 1,350,000	Completion of construction for mixing and structural improvements identified by FY 2019 inspection
278-86	WWTP Primary Clarifier Rehabilitation		\$ 200,000	\$ 3,010,000			\$ 3,210,000	Rehabilitation to address deterioration in primary influent and effluent distribution boxes and effluent troughs and replacement of aging
278-89	WWTP RAS Pumping Improvements			\$ 150,000	\$ 250,000		\$ 400,000	Piping improvements to increase operational efficiency
278-91	WWTP Scum Pump Station Rehabilitation				\$ 60,000	\$ 290,000	\$ 350,000	Replacement of aging components
278-94	Biogas Removal System Improvements	\$ 250,000					\$ 250,000	Installation of sole-sourced equipment
278-95	WWTP NPW System Assessment and Rehab					\$ 375,000	\$ 375,000	Replacement of aging components
278-97	WWTP Digester #3 and #4 - condition assessment	\$ 300,000	\$ 1,000,000	\$ 800,000			\$ 2,100,000	Continuation of dewatering activities to draw down digesters to complete inspections and then complete needed repairs and
278-XX	WWTP and PS PLC Replacement	\$ 100,000	\$ 650,000	\$ 850,000			\$ 1,600,000	Replacement of obsolete and aging components
278-XX	Heat Exchanger for RDTs	\$ 60,000					\$ 60,000	Installation of a heat exchanger within the solids handling facility
278-XX	WWTP Digester 3 and 4 Stairwell Safety Improvements	\$ 50,000	\$ 200,000				\$ 250,000	Needed safety improvements within the digester facility

278-XX	Biosolids Tank Mixing System Equipment	\$ 50,000					\$ 50,000	Study to evaluate alternative mixing strategies within the onsite and offsite biosolids storage tanks
278-XX	WWTP HVAC Systems (WWTP Lab)		\$ 150,000				\$ 150,000	Replacement of the aging equipment
278-XX	Wastewater Condition Assessments		\$ 40,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 190,000	Condition assessment of prioritized areas of the WWTP
278-XX	Morgan Creek PS Ventilation Improvements and Recoatings		\$ 25,000	\$ 200,000	\$ 90,000		\$ 315,000	Design and installation of coating and ventilation improvements based on recommendations from recent study
278-XX	WWTP Aeration Basin Rehab			\$ 405,000	\$ 700,000		\$ 1,105,000	Rehabilitation of concrete and structures based on condition assessment
278-XX	Intermediate PS #1 Improvements				\$ 372,000		\$ 372,000	Replacement of VFDs and wiring, control and conduit wiring, and ventilation equipment for the building
278-XX	WW Primary Effluent to IPS Capacity Improvements					\$ 50,000	\$ 50,000	Add parallel line and improve plant capacity when one primary clarifier is out of service
279-13	Reclaimed Water Valve/Coupling Rehabilitation	\$ 490,000					\$ 490,000	Replacement of aging components with known risk factors
279-14	RCW Water Quality Evaluation		\$ 75,000				\$ 75,000	Study to evaluate conductivity issues and use of corrosion inhibitor
279-XX	Reclaimed Water Rehabilitation				\$ 80,000	\$ 80,000	\$ 160,000	Recapitalization funding
Totals		\$ 21,930,000	\$ 22,214,000	\$ 32,375,000	\$ 21,662,000	\$ 13,083,000	\$ 111,264,000	

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

APPLICABLE TO ALL BILLINGS AND SERVICES ON OR AFTER OCTOBER 1, 2022.

	<u>Page</u>
SECTION I: SCHEDULE OF WATER RATES AND FEES.....	2
SECTION II: SCHEDULE OF SEWER RATES AND FEES	9
SECTION III: SCHEDULE OF RECLAIMED WATER RATES AND FEES	14
SECTION IV: SCHEDULE OF MISCELLANEOUS CHARGES.....	16

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 non-profit 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 this 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 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.

All fees go into effect on October 1, 2022.

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

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 25 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:

Meter Size	As of Oct. 1, 2021 Monthly Service Charge	Proposed for Oct. 1, 2022
5/8"	\$16.53	\$19.17
3/4" Combination Fire and Domestic Service Meter	\$17.09	\$19.83
1"	\$33.21	\$38.53
1" Combination Fire and Domestic Service Meter	\$33.77	\$39.17
1-1/2"	\$71.81	\$83.30
2"	\$108.38	\$125.72
3"	\$222.90	\$258.57
4"	\$363.88	\$422.10
6"	\$792.32	\$919.09
8"	\$1,126.87	\$1,307.17

Water Irrigation Service Charge

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:

Meter Size	As of Oct. 1, 2021 Monthly Service Charge	Proposed for Oct. 1, 2022
5/8"	\$26.47	\$30.71
1"	\$52.91	\$61.38
1-1/2"	\$97.94	\$113.62
2"	\$150.64	\$174.75
3"	\$298.18	\$345.89
4"	\$457.72	\$530.95
6"	\$900.40	\$1,044.46
8"	\$1,431.89	\$1,660.99

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

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.

(NOTE: In accordance with state law, all new in-ground irrigation systems installed on lots platted and recorded in the office of the register of deeds in the county or counties in which the real property is located 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.)

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 when 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)	As of Oct. 1, 2021 Commodity Rate per 1,000 Gallons	Proposed for Oct. 1, 2022
Block 1	1,000 to 2,000	\$2.96	\$3.43
Block 2	3,000 to 5,000	\$7.18	\$8.33
Block 3	6,000 to 10,000	\$8.81	\$10.22
Block 4	11,000 to 15,000	\$12.31	\$14.27
Block 5	All use 16,000 and up	\$22.26	\$25.82

Multi-family Master-metered Residential Accounts

Multi-family master-metered residential accounts have one (or more) OWASA meter that serves more than one residential dwelling. Examples include apartment complexes, duplexes and condominiums. Multi-family master-metered residential accounts shall be charged the following year-round commodity rate.

As of Oct. 1, 2021 - \$6.37 per thousand gallons
Proposed for Oct. 1, 2022 - **\$7.39**

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

Non-residential Accounts Except Irrigation 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).

	As of Oct. 1, 2021 Rate	Proposed for Oct. 1, 2022
Off-peak seasonal rate per 1,000 gallons (October through April)	\$4.68	\$5.43
Peak seasonal rate per 1,000 gallons (May through September)	\$8.89	\$10.32

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.

As of Oct. 1, 2021 - \$9.57 per thousand gallons
Proposed for Oct. 1, 2022 - **\$11.10**

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

WATER COMMODITY SURCHARGES APPLICABLE UNDER WATER SHORTAGE
DECLARATION STAGES – No changes proposed for this section

Conservation Water Commodity Charges Under Mandatory Water Use Restrictions

Water commodity charges 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.

Individually-Metered Residential						Multi-family Master-metered Residential	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 year- round 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 year- round 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 year- round rate	1.5 times seasonal and irrigation- only rate

INTERLOCAL WATER TRANSFER CHARGES – No changes proposed for this section

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 using the cost-of-service rate-making approach and approved by OWASA.

TEMPORARY HYDRANT METER CHARGE – No changes proposed for this section

Subject to availability, a Customer may obtain a temporary hydrant meter 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 service charge, payable in advance, shall be collected for setting and removing the meter.

Service Charge - \$260

In addition, a security deposit shall be required.

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

Temporary Hydrant Meter Security Deposit
\$1,000

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 SYSTEM DEVELOPMENT FEE – No changes proposed for this section

Water system development Fees are calculated to recover a portion of the capital costs of providing water system facility capacity. The system development 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 system development 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.

Property Description	Fee
5/8" Meter or 3/4" Combination Fire and Domestic Service, Single-family Residential:	
<800 square feet	\$620
801-1300 square feet	\$770
1301-1700 square feet	\$864
1701-2400 square feet	\$1,142
2401-3100 square feet	\$1,767
3101-3800 square feet	\$2,442
>3800 square feet	\$4,295
1" Meter, Single-Family Residential (all square footages)	\$7,338
5/8" Meter or 3/4" Combination Fire and Domestic Service Meter, Multi-family Residential	\$830
1" Meter, Multi-Family Residential (all square footages)	\$7,338
5/8" Meter or 3/4" Combination Fire and Domestic Service Meter, Non-residential*	\$2,933
1" Meter, Non-residential*	\$7,338
1-1/2" Meter, Multi-Family Residential and Non-residential*	\$14,666
2" Meter, Multi-Family Residential and Non-residential*	\$23,466
3" Meter, Multi-Family Residential and Non-residential*	\$46,933
4" Meter, Multi-Family Residential and Non-residential*	\$73,332
6" Meter, Multi-Family Residential and Non-residential*	\$146,664
8" Meter, Multi-Family Residential and Non-residential*	\$234,663

* Same fee for Irrigation-Only accounts.

A person or party completing a development or re-development project may be eligible to request and

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

receive a credit on the water system development 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 system development 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 system development Fees that would otherwise apply to the development or re-development project. System development fee credits are not transferrable to any other project or property.

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 system development fees.

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 OWASA 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:

Service Description	As of Oct. 1, 2021 Fee	Proposed for Oct. 1, 2022
Complete Water Service Installation, 5/8” meter	\$6,180	\$4,030
Complete Water Service Installation, 3/4” Combination Fire and Domestic Service Meter	\$6,480	\$4,390
Complete Water Service Installation, 1” meter	\$6,350	\$4,130
Meter Only Installation, 5/8” meter	\$250	\$260
Meter Only Installation, 3/4” Combination Fire and Domestic Service Meter	\$550	\$570
Meter Only Installation, 1” Combination Fire and Domestic Service Meter	\$600	\$630
Meter Only Installation, 1” meter	\$280	\$390
Meter Only Installation, 1-1/2” meter	\$640	\$640
Meter Only Installation, 1-1/2” Combination Fire and Domestic Service Meter	\$910	\$970
Meter Only Installation, 2” meter	\$480	\$460
Meter Only Installation, 2” Combination Fire and Domestic Service Meter	\$1,120	\$1,190
Remote Read Box with 5/8” Detector Meter	\$550	\$550

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%.

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

Deliver fee for 3-inch and large meters:

As of Oct. 1, 2021 - Delivery Fee - \$160
Proposed for Oct. 1, 2022 - ~~\$120~~

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, subject to minimum amount.

As of Oct. 1, 2021 - Minimum Charge \$440
Proposed for Oct. 1, 2022 - ~~\$360~~

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 reinspection fee 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.

As of Oct. 1, 2021 – Tap Reinspection Fee \$150
Proposed for Oct. 1, 2022 - ~~\$120~~

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.

As of Oct. 1, 2021 - \$240
Proposed for Oct. 1, 2022 - ~~\$190~~

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

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 25 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 there is a commodity charge, the monthly service charge is based on the size of the meter where sewer usage is measured as follows:

Meter Size	As of Oct. 1, 2021 Monthly Service Charge	Proposed for Oct. 1, 2022
5/8” or 3/4” Combination Fire and Domestic Service	\$13.49	\$15.65
1”	\$23.17	\$26.88
1-1/2”	\$39.95	\$46.34
2”	\$60.41	\$70.07
3”	\$114.23	\$132.51
4”	\$174.72	\$202.55
6”	\$320.16	\$371.38
8”	\$546.33	\$633.74

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 when 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 customers discharging wastewater into the OWASA sewer system, regardless of whether 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.

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

As of Oct. 1, 2021 - \$7.29 per thousand gallons
Proposed for Oct. 1, 2022 - **\$8.45**

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 – No changes proposed for this section

The purpose of this charge is to recover costs associated with the provision of wastewater collection, treatment and disposal services under contractual agreements with other wastewater service providers. The specific rates to be charged will be negotiated with the other party based upon specific conditions 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 per 1,000 gallons of 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 4,000 gallons per month.

As of Oct. 1, 2021 - \$7.29 per 1,000 gallons
Proposed for Oct. 1, 2022 - **\$8.45** per 1,000 gallons

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 SYSTEM DEVELOPMENT FEE – No changes proposed for this section

The purpose of this fee is to recover a portion of the capital costs of providing sewer system facility capacity. The system development fee is applicable to each new connection to a sewer main, regardless of

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

who may have paid for the installation of the main to which the connection is to be made. For the purpose of the system development 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, University, and other institutional accounts. The use of these categories is justified by distinctive patterns of water and sewer consumption.

Property Description	Fee
5/8" Meter or 3/4" Combination Fire and Domestic Service, Single-family Residential:	
<800 square feet	\$1,632
801-1300 square feet	\$2,207
1301-1700 square feet	\$2,251
1701-2400 square feet	\$2,391
2401-3100 square feet	\$2,652
3101-3800 square feet	\$2,912
>3800 square feet	\$3,466
1" Meter, Single-Family Residential (all square footages)	\$11,329
5/8" Meter or 3/4" Combination Fire and Domestic Service, Multi-family Residential	\$2,196
1" Meter, Multi-Family Residential (all square footages)	\$11,329
5/8" Meter or 3/4" Combination Fire and Domestic Service, Nonresidential	\$5,673
1" Meter, Nonresidential	\$14,192
1-1/2" Meter, Multi-family Residential and Nonresidential	\$28,366
2" Meter, Multi-family Residential and Nonresidential	\$45,386
3" Meter, Multi-family Residential and Nonresidential	\$90,773
4" Meter, Multi-family Residential and Nonresidential	\$141,832
6" Meter, Multi-family Residential and Nonresidential	\$283,664
8" Meter, Multi-family Residential and Nonresidential	\$453,863

In addition to the sewer system development fee, an excess sewer capacity fee of four percent (4%) of the applicable sewer system development fee shall be charged to recover the costs of excess sewer capacity installed in an area covered by an agreement between OWASA and 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 system development 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 system development 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 system development fees that would otherwise apply to the development or re-development project. System development fee credits are not transferrable to any other project or property.

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

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 system development fees.

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 OWASA 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, subject to a minimum.

As of Oct. 1, 2021 - \$530
Proposed for Oct. 1, 2022 - ~~\$480~~

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 reinspection fee 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.

As of Oct. 1, 2021 – Tap Reinspection Fee \$150
Proposed for Oct. 1, 2022 - ~~\$120~~

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:

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

As of Oct. 1, 2021	
Carbonaceous Biochemical Oxygen Demand (CBOD)	\$0.48 per pound for all CBOD in excess of 205 mg/l
Suspended Solids (SS)	\$0.59 per pound for all SS in excess of 235 mg/l
Ammonia Nitrogen (NH ₃ -N)	\$3.42 per pound for all NH ₃ -N in excess of 25 mg/l
Phosphorus (P)	\$13.79 per pound for all P excess of 6.5 mg/l

Proposed for Oct. 1, 2022	
Carbonaceous Biochemical Oxygen Demand (CBOD)	\$0.56 per pound for all CBOD in excess of 205 mg/l
Suspended Solids (SS)	\$0.68 per pound for all SS in excess of 235 mg/l
Ammonia Nitrogen (NH ₃ -N)	\$3.97 per pound for all NH ₃ -N in excess of 25 mg/l
Phosphorus (P)	\$15.99 per pound for all P excess of 6.5 mg/l

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

SECTION III: RECLAIMED WATER RATES AND CHARGES

No changes proposed for Section III

MONTHLY RECLAIMED WATER RATES

Reclaimed water (RCW) 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 per month.

Non-UNC RCW Customers	
Meter Size	Per Month
5/8”	\$8.37
1”	\$16.74
1.5”	\$30.96
2”	\$47.62

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

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

to rounding will be carried forward and billed in the month when the next thousand-gallon increment is registered by the meter.

Customer Type	Rate per 1,000 gallons
UNC Accounts	\$0.60
Non-UNC Accounts	\$2.18
Bulk (tanker) Sales	\$0.00

RECLAIMED WATER SYSTEM DEVELOPMENT AND CONNECTION FEES

Reclaimed Water System Development 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 system development 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 system development 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 system development fees for non-UNC customers are as follows:

Meter Size	Fee
5/8"	\$1,229
1"	\$3,073
1-1/2"	\$6,146
2"	\$9,833

Reclaimed water system development 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.

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

SECTION IV: MISCELLANEOUS CHARGES

SERVICE INITIATION FEE – No changes proposed for this section

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 and is applicable to all accounts.

\$45 per event
\$80 per event, outside of normal business hours of OWASA

RETURNED CHECK CHARGE – No changes proposed for this section

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:

Returned Check:	\$25
Dishonored Draft:	\$25

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 DELINQUENT ACCOUNTS – No changes proposed for this section

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 applies 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 delinquency charge and applicable security deposit.

\$45 per event, during OWASA's normal business hours
\$80 per event, outside OWASA's normal business hours

CHARGE FOR TEMPORARY DISCONNECTION/SUBSEQUENT RECONNECTION AT CUSTOMER'S REQUEST – No changes proposed for this section

OWASA customers may request to have their service temporarily disconnected and subsequently reconnected. In emergency conditions, there will be no charge to the customer for this service. Additionally, no more than once in any twelve-month period, a customer may request to have their service temporarily disconnected and subsequently reconnected at no charge for routine plumbing system maintenance. For requests to temporarily disconnect and subsequently reconnect service in any situation other than those listed above, the charges listed below will apply.

The purpose of this charge is to recover the cost to temporarily disconnect and subsequently reconnect water service at the request of a customer. In situations where charges apply, the charge may be waived

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

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.

\$45 per event, during OWASA's normal business hours
\$80 per event, outside OWASA's normal business hours

LATE PAYMENT FEE – No changes proposed for this section

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.

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 – No changes proposed for this section

OWASA requires 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 of (1) residential customers, whether detached or attached units, who have a satisfactory credit history as determined by a credit check, 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 or \$100 depending on credit worthiness for 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 and for whom OWASA does not have a security deposit will be required to pay a \$50 or \$100 deposit depending on credit worthiness prior to reconnection of service.

Non-residential security deposits are required based on credit worthiness and will be computed as one or 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 upon written request 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 with any remaining balance refunded to the customer.

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

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:

As of Oct. 1, 2021	
Administrative Charge	\$30 per trip, plus
Volume Charge and High Strength Surcharge	\$157.44 per thousand gallons

Proposed for Oct. 1, 2022	
Administrative Charge	\$30 per trip, plus
Volume Charge and High Strength Surcharge	\$182.63 per 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 per trip, plus Volume and High Strength Surcharge calculated as follows:

As of Oct. 1, 2021	
A + B + C + D + E = Calculated Dollars per Thousand Gallons, where:	
A = pounds of NH ₃ -N per thousand gallons in waste x \$3.42 per pound	
B = pounds of CBOD per thousand gallons in waste x \$0.48 per pound	
C = pounds of TSS per thousand gallons in waste x \$0.59 per pound	
D = \$7.29 per 1,000 gallons Sewer Commodity Charge	
E = pounds of P per thousand gallons in waste x \$13.79 per pound	
Waste concentrations shall be determined by OWASA	

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

Proposed for Oct. 1, 2022	
A + B + C + D + E = Calculated Dollars per Thousand Gallons, where:	
A = pounds of NH ₃ -N per thousand gallons in waste x	\$3.97 per pound
B = pounds of CBOD per thousand gallons in waste x	\$0.56 per pound
C = pounds of TSS per thousand gallons in waste x	\$0.68 per pound
D =	\$8.45 per 1,000 gallons Sewer Commodity Charge
E = pounds of P per thousand gallons in waste x	\$15.99 per 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.

As of Oct. 1, 2021	
Administrative Charge	\$25 per trip, plus
Commodity Charge	\$6.77 per thousand gallons or portion thereof

Proposed for Oct. 1, 2022	
Administrative Charge	\$25 per trip, plus
Commodity Charge	\$7.86 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 – No changes proposed for this section

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%.

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

BOAT RENTAL AND LAKE USE FEES – No changes proposed for this section

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	
Charge for each flat-bottomed boat or canoe rental	\$4.50 for one-half day plus the applicable lake use fee for each person
Trolling motor rental	\$15.00 for one-half day
Kayak rental	\$15.00 for one-half day plus the applicable lake use fee for each person
Private Boat Launching Fee	\$3.50 per boat plus the applicable lake use fee for each person
Lake Use Fee, Under 12 Years Old	\$2.00 per person
Lake Use Fee, 12-64 Years	\$4.50 per person
Lake Use Fee, 65 Years and over	No charge

Individual Season Pass	
Boat or canoe rental	\$82.00 per person. Each additional person pays appropriate lake use fee.
Lake Use Pass – Adult	\$46.00
Boat with trolling motor rental	\$163.00 per person. Each additional person pays appropriate lake use fee.

Group Season Pass	
Boat or canoe rental	\$163.00 (maximum of 3 people per pass.) Each additional person pays appropriate lake use fee.
Boat with trolling motor rental	\$245.00 (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	
Charge for each flat-bottomed boat or canoe rental	\$8.00 for one-half day plus the applicable lake use fee for each person
Trolling motor rental	\$22.00 for one-half day
Kayak rental	\$20.00 for one-half day plus the applicable lake use fee for each person
Private Boat Launching Fee	\$7.00 per boat plus the applicable lake use fee for each person
Lake Use Fee, Under 12 years old	\$2.50 per person
Lake Use Fee, 12-64 Years	\$5.50 per person
Lake Use Fee, 65 Years and over	\$2.50 per person
UNC Men’s Crew Club and Women’s Rowing Team	By agreement between UNC-Chapel Hill and OWASA

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

FIELD TEST OF 5/8" METER OR 3/4" COMBINATION FIRE AND DOMESTIC SERVICE METER

Upon a customer's written request, OWASA will conduct a special field test of the customer's 5/8" water meter or 3/4" combination fire and domestic service 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:

As of Oct. 1, 2021 - Meter test - \$100
Proposed for Oct. 1, 2022 - **\$80**

SHOP TESTING OF METER

Upon a customer's written request, OWASA will conduct a special shop test of water meters that are larger than 3/4 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:

As of Oct. 1, 2021 - Shop meter test - \$220
Proposed for Oct. 1, 2022 - Shop meter test **\$180**

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.

As of Oct. 1, 2021 - Minimum charge \$500
Proposed for Oct. 1, 2022 - Minimum charge **\$380**

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 fee will apply to each reinspection.

As of Oct. 1, 2021 – Tap Reinspection Fee \$150
Proposed for Oct. 1, 2022 - **\$120**

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

PLAN REVIEW AND CONSTRUCTION OBSERVATION FEES – No changes proposed for this section

The purpose of this charge is to recover the operating cost for providing review of construction plans for the extension of water, sewer and non-UNC reclaimed water 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 any project which includes extensions of the public water, sewer or non-UNC reclaimed water systems; new services; backflow prevention; or a grease interceptor (or grease trap), regardless of the party which may be undertaking the improvements. The plan review and construction observation fees are applied separately to water, sewer and non-UNC reclaimed water main extensions with a minimum of \$100 each, as shown in the table below.

Service	Plan Review	Construction Observation
Water	\$3.63/lf, minimum \$100	\$3.69/lf, minimum \$100
Sewer	\$3.63/lf, minimum \$100	\$3.69/lf, minimum \$100
Reclaimed Water	\$3.63/lf, minimum \$100	\$3.69/lf, minimum \$100

Fees for Plan Review are due when the engineering drawings are submitted for review. Plans submitted with modifications or changes other than those required by OWASA are subject to a complete second review and payment of additional plan review fees. Fees for Construction Observation are collected prior to OWASA issuing a Permit to Construct. Additional fees for projects which increase in scope (e.g., the number of feet of mains is lengthened after initial fee payment) shall be collected prior to receiving plan approval from OWASA. No refunds will be granted for projects which decrease in scope after fee payment.

A fee is required for any project requiring Partial Certification to place a portion of the project into service before the entire project as designed is completed. Fees shall be paid before the Partial Certification will be submitted to the state.

Partial Certifications - \$225 per additional submittal to the state

A fee will apply to each reinspection or retesting required after the initial testing or sampling event for the component being tested, except fees for Purity Sample Resampling, which begin after the second sampling event. A Contractor who does not cancel an appointment with a minimum of one business hour's advance notice and is not prepared to conduct the test at the scheduled time will be billed a fee for rescheduling. Fees shall be paid before the reinspection or retesting will be scheduled.

Reinspection / Retesting Fees	
Purity Sample Resampling (after second failure)	\$600 plus \$150 per sample location
Water Pressure Retest	\$225 per additional test
Gravity Sewer Air Testing and Flashing Retest	\$75 per section tested
Manhole Vacuum Retest	\$75 per additional test
Rescheduling Fee for Failure to Cancel an Appointment	\$75

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

CHARGES FOR MISCELLANEOUS SERVICES – No changes proposed for this section

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 – No changes proposed for this section

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.

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. For amounts exceeding \$1,500, approval of the Board of Directors shall also be required prior to filing an action for collection.

Agenda Item 2:

Formal Purchase of Biosolids Liquid Spreader

Background:

- As stipulated in OWASA's Purchasing Policy, the Board of Directors has delegated to the Executive Director the authority to award contracts for purchase of supplies, material, and equipment solicited under formal bids (\$90,000 and above) and submit a summary report to the Board which identifies the name of the bidders, the amount of the bids and the award decision. There is not a requirement regarding a minimum number of bids to be received.
- In February 2022, staff competitively bid the purchase of a biosolids liquid spreader. The use of this larger spreader will result in efficiency gains for the land application program. Only one response was received and the bid was \$86,500. While they did not submit a response, a quote was obtained from another Company that was \$130,000.
- The award was made to bidder Brock Equipment Company, Inc.

Action Requested:

This report is for information only. No action is needed.

May 12, 2022

Agenda Item 3:

Quarterly Financial Report for the Nine-Month Period Ending March 31, 2022

Purpose:

The financial report for the nine-month period ended March 31, 2022, is presented to inform the Board of Directors of OWASA's financial position and financial performance in relation to budget.

Contents:

- Statement of Net Position
- Income Statement
- Graphs of Key Performance Indicators
- Financial Management Policy Report Card

Fiscal Performance:

- As shown on page 10 of the report, all financial performance measurement targets were met for the period.
- Average drinking water sales for the period was 5.84 million gallons per day (MGD), 6.04 MGD was projected. Combined drinking and reclaimed water sales for the period averaged 6.49 MGD versus a projection of 6.79 MGD.
- Total income was under budget by 1.8% or about \$529,000 less than the budget.
- Total operating expenses for the period were 2.5% or about \$427,000 less than the budget.
 - General and administrative expenses were over budget by 1.6% or about \$92,200. The difference is primarily due to not budgeting enough for fees for banking services and credit card processing expenses.
 - Water supply and treatment department expenses were under budget by 5.4% or about \$214,600. Maintenance expenses made up most of the variance.
 - Water distribution expenses were under budget by 0.6% or about \$13,200. Maintenance expenses were under budget by about \$140,000. The savings in maintenance costs was offset by being under budget in in-house construction work. (OWASA labor costs utilized on CIP projects reduce departmental expenses because those costs are capitalized as part of the cost of the project.) In-house construction progress was less than budgeted due to pandemic-related impacts to staffing, difficulty in procuring materials, and coordination with the community.
 - Wastewater treatment expenses were under budget by 5.7% or about \$235,400. Most of the variance was due to maintenance expenses.
 - Wastewater collection expenses were under budget by 4.7% or about \$55,900. Vacancies accounted for most of the variance.

The graph on page four of the report shows energy costs per 1,000 gallons of drinking water treated. This quarter's report shows what appears to be a sharp increase in energy costs per 1,000 gallons treated. The apparent increase is actually a return to a more typical level of energy expense. Since early in the fiscal year, our primary provider of electricity under-billed us and the issue is not yet fully resolved. We have

May 12, 2022

estimated and recorded additional electricity expense to account for being underbilled and we believe our financial statements reflect more accurate energy costs.

Net Income less Debt Service for the period was approximately \$78,000 less than budget. OWASA is a nonprofit entity. Net Income less Debt Service is used to fund investments in capital improvement projects and reserves.

Capital Improvements Program (CIP) Summary

Through the first three quarters of FY 2022, approximately \$5.75 million (33% of the planned annual CIP budget) was invested in 46 capital projects to rehabilitate, replace or improve various components of OWASA's water and wastewater infrastructure, most notably:

- distribution system pipes within Jones Ferry Road and at the Jones Ferry Road Water Treatment Plant (WTP);
- collection system pipes along East Main Street in Carrboro;
- a portion of the Morgan Creek wastewater interceptor during an emergency repair;
- several chemical storage and pumping facilities at the WTP;
- pipes and manholes throughout the wastewater collection system.

The forecast FY 2022 expenditures of \$9.2 million represents 52% of the budgeted funds. This is primarily due to the following factors:

- Delays in the WTP Electrical System Improvements project to align with the timeline for State Revolving Fund (SRF) funding.
- Slower than anticipated construction for the West Cameron Avenue Water Line Replacement Project due to contractor staffing.
- Delays and slower production on the water main replacements program due to COVID impacts to staffing, materials procurement, and coordination with the community.
- Longer than anticipated specialty material procurement for the Wastewater Treatment Plant (WWTP) Fermenter Improvements.
- Slower than anticipated construction start for the Water Treatment Plant (WTP) Belt Filter Press Replacement Project due to SRF requirements, contractor staffing and material procurement.
- Slower than anticipated construction start for the University Lake Permanganate Facility Project due to SRF requirements and contractor staffing.
- Delays in bidding and material procurement for the Reclaimed Water Flanged Coupling Adaptor project.
- Longer than anticipated design duration for Secondary Clarifier No. 4 at the WWTP.

Fiscal Year 2022 Forecast

The table below shows the financial forecast for FY 2022. We are projecting:

- Total revenue to be under budget by about \$551,000.
- Operating expenses to be over budget by about 0.3% or \$76,000.
- CIP expenditures to be about \$8.3 million under budget.

We will monitor our performance against budget for the remainder of the year and make adjustments where we can. In the current economic climate, it will be difficult to reduce operating expenses. If

revenue remains less than originally projected for the remainder of the year, we will most likely need to amend the FY 2022 budget to shift funds from the CIP program budget to the operating budget.

	FY 2022 Forecast	FY 2022 Budget	Forecasted Budget Variance – Impact on Fund Balance
Water, sewer, and reclaimed water revenue	\$37,245,145	\$37,514,285	(\$269,140)
Other operating revenue	746,304	807,990	(61,686)
Total operating revenue	37,991,449	38,322,275	(330,826)
System development fees and other nonoperating income	1,127,982	1,347,656	(219,674)
Total revenue	39,119,431	39,669,931	(550,500)
Operating expenses	23,745,123	23,669,592	(75,531)
Net revenue	15,374,308	16,000,339	(626,031)
Debt service	8,559,952	8,623,186	63,234
Net revenue less debt service	6,814,356	7,377,153	(562,797)
Capital improvements program expenditures	9,217,303	17,539,000	8,321,697
Capital equipment expenditures	1,147,250	1,147,250	0
Net increase (decrease) in reserves from operations and capital expenditures	(\$3,550,197)	(\$11,309,097)	\$7,758,900

Action Requested:

Receive and review the financial report.

Information:

- Quarterly Financial Report

Orange Water and Sewer Authority

**Financial Report
For the Nine-Month Period Ended
March 31, 2022**

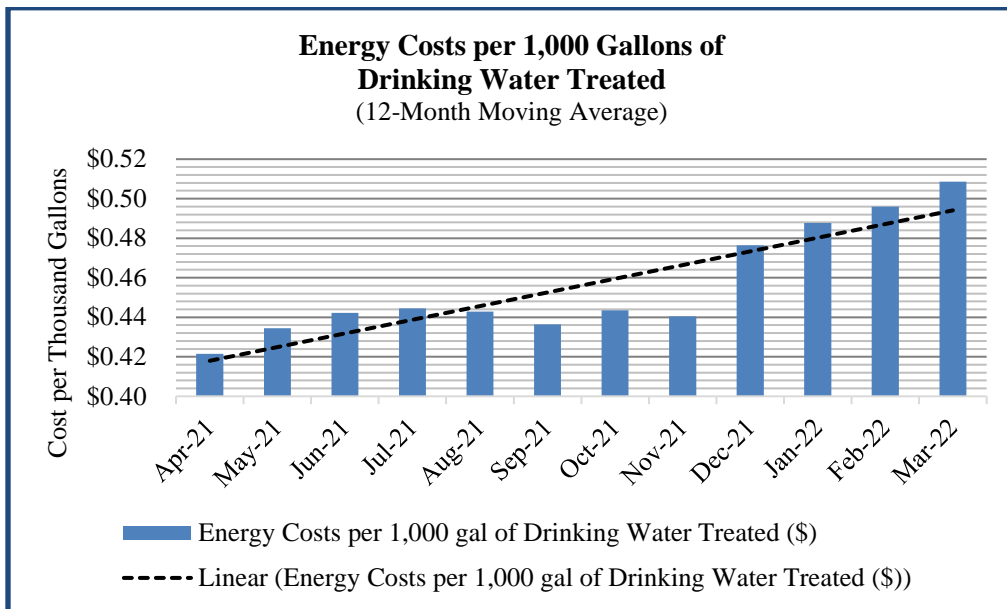
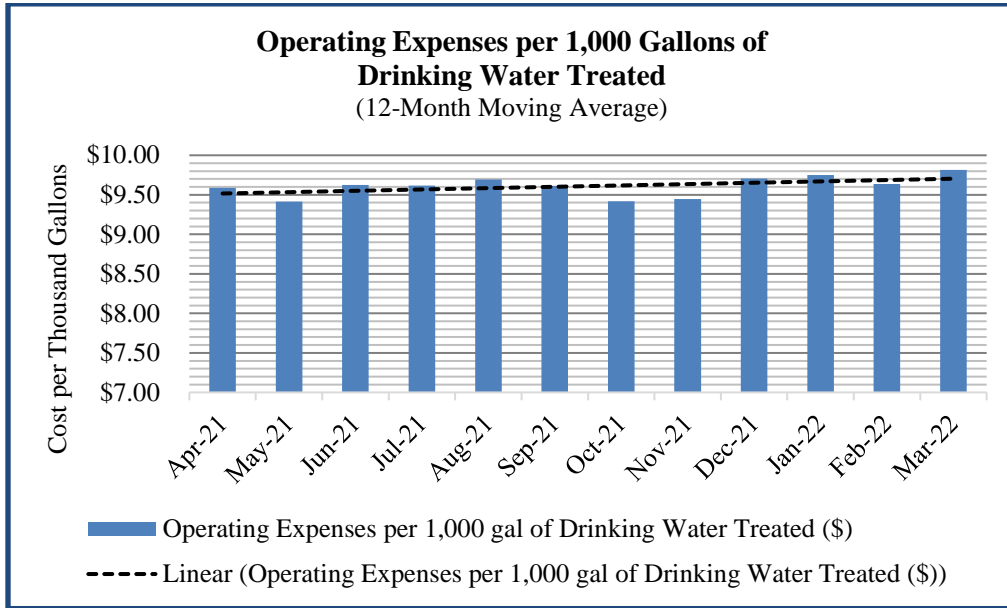
Orange Water and Sewer Authority
Statement of Net Position
March 31, 2022
(unaudited)

Assets	
Current Assets	
Cash	\$28,674,835
Receivables	5,395,838
Inventory	1,704,152
Prepaid expenses	669,273
Restricted cash	3,974,314
	40,418,412
Noncurrent Assets	
Capital assets (net of depreciation)	294,001,623
Other noncurrent assets	59,078,159
	353,079,782
Total Assets	\$393,498,194
Liabilities and Net Position	
Current Liabilities	
Accounts payable and accrued expenses	\$3,802,933
Unearned income	187,414
Customer deposits	1,319,035
	5,309,382
Total Current Liabilities	5,309,382
Noncurrent Liabilities	
Bonds payable	86,487,795
Other noncurrent liabilities	18,072,603
	104,560,398
Total Noncurrent Liabilities	104,560,398
Net Position	
Contributed capital	124,954,245
Net position at the beginning of the year	155,376,948
Year-to-date accrual basis net income	3,297,221
	\$393,498,194
	\$393,498,194
Net income reconciliation:	
Accrual basis net income	\$3,297,221
Depreciation, interest, other post-employment benefits expenses	9,006,722
	\$12,303,943
Modified accrual basis net income	\$12,303,943

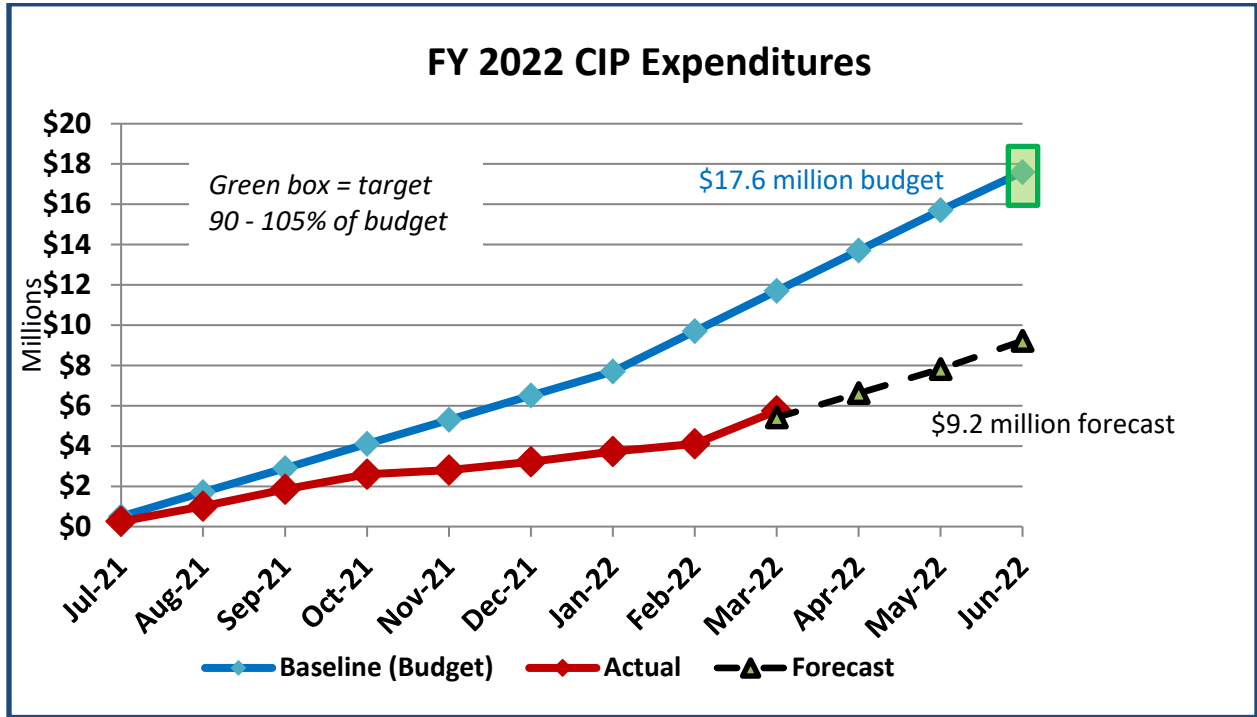
Orange Water and Sewer Authority
Income Statement
For the Nine-Month Period Ended March 31, 2022
(unaudited)

	Actual through March 31, 2022	Budget through March 31, 2022	Variance (effect on net change in Fund Balance)	Percent Variance
Operating Revenue				
Water	\$13,998,888	\$13,666,304	\$332,584	2.4%
Sewer	13,554,571	14,164,013	(609,442)	(4.3)
Reclaimed Water	332,999	325,280	7,719	2.4
Service Initiation Fees	10,765	12,384	(1,619)	(13.1)
Other	614,612	672,611	(57,999)	(8.6)
Refunds and Allowances	(82,395)	(80,325)	(2,070)	(2.6)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Revenue	28,429,440	28,760,267	(330,827)	(1.2)
	<hr/>	<hr/>	<hr/>	<hr/>
Non-Operating Income (Expense)				
System Development Fees	699,488	937,422	(237,934)	(25.4)
Interest and Other Non-Operating Income	113,020	73,323	39,697	54.1
	<hr/>	<hr/>	<hr/>	<hr/>
Total Non-Operating Income	812,508	1,010,745	(198,237)	(19.6)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Income	29,241,948	29,771,012	(529,064)	(1.8)
	<hr/>	<hr/>	<hr/>	<hr/>
Operating Expense				
General and Administrative	5,885,514	5,793,321	(92,193)	(1.6)
Water Supply and Treatment	3,740,132	3,954,684	214,552	5.4
Water Distribution	2,290,636	2,303,842	13,206	0.6
Wastewater Treatment	3,884,117	4,119,467	235,350	5.7
Wastewater Collection	1,137,606	1,193,480	55,874	4.7
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Expense	16,938,005	17,364,794	426,789	2.5
	<hr/>	<hr/>	<hr/>	<hr/>
Net Income (modified accrual)	12,303,943	12,406,218	(102,275)	(0.8)
Debt Service	5,586,900	5,611,150	24,250	0.4
	<hr/>	<hr/>	<hr/>	<hr/>
Net Income less Debt Service	6,717,043	6,795,068	(78,025)	(1.2)
CIP Expenditures	5,747,778	11,700,000	5,952,222	50.9
Capital Equipment Expenditures	471,044	1,147,250	676,206	58.9
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	\$498,221	(\$6,052,182)	\$6,550,403	
	=====	=====	=====	

**Orange Water and Sewer Authority
Select Financial Data
For the Nine-Month Period Ended March 31, 2022**



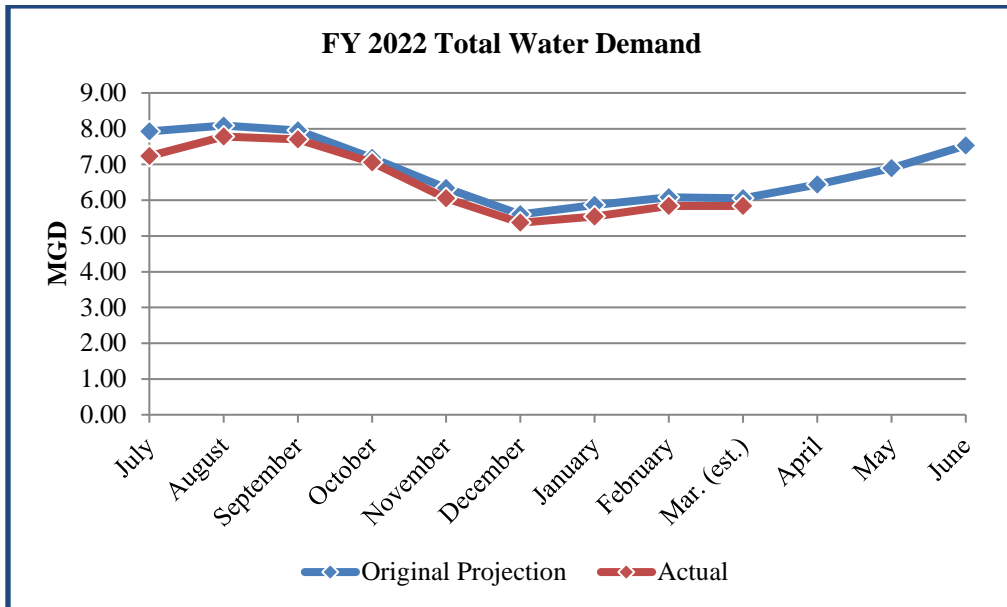
**Orange Water and Sewer Authority
Select Financial Data
For the Nine-Month Period Ended March 31, 2022**



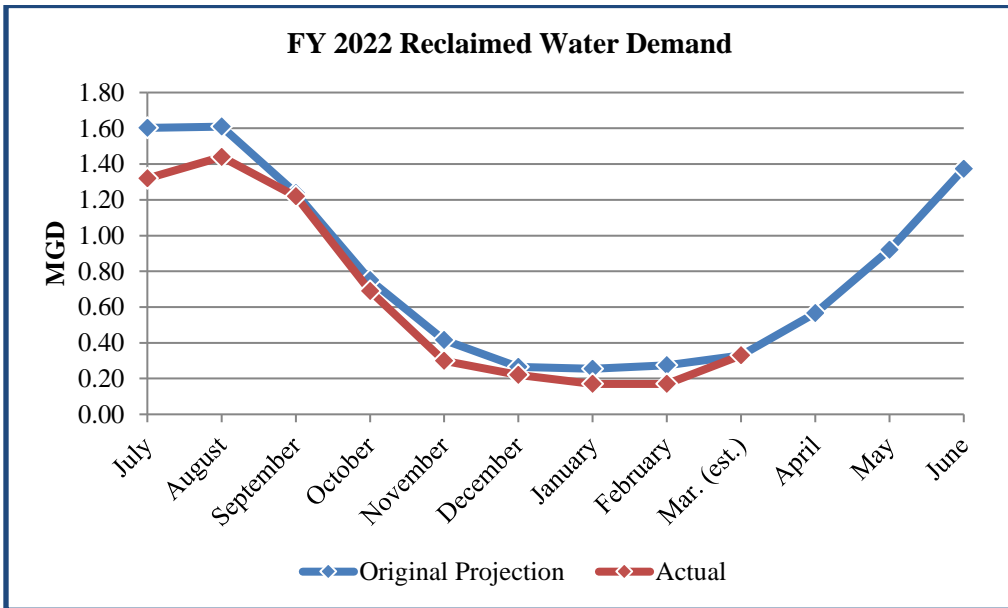
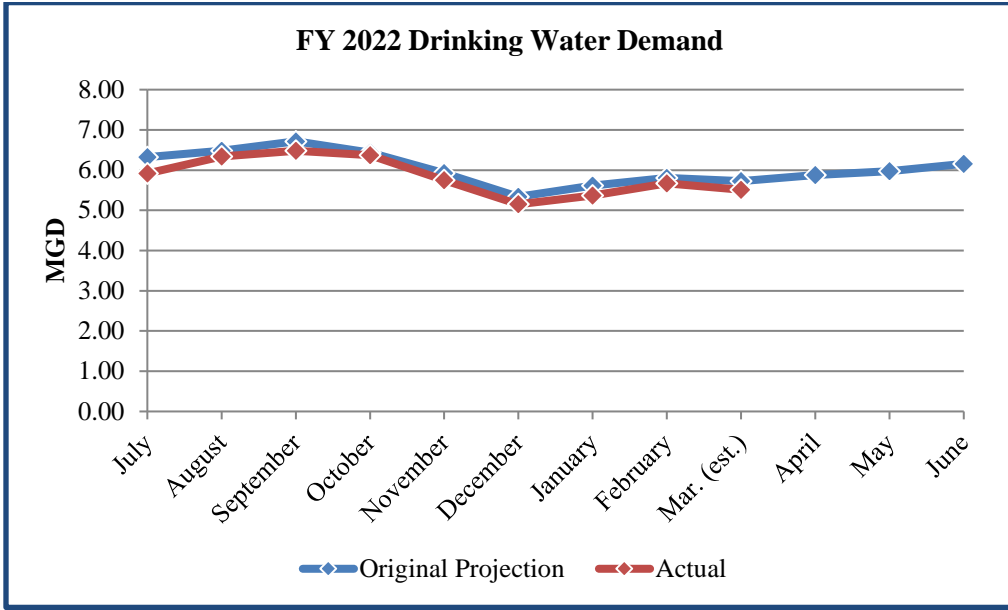
**Orange Water and Sewer Authority
Select Financial Data
For the Nine-Month Period Ended March 31, 2022**

<u>FY 2022 Water Sales Projection (Average Day)</u>						
	Original Projections		Actual Water Sales		Revised Projections	
	DW	RCW	DW	RCW	DW	RCW
July	6.32	1.60	5.92	1.32	5.92	1.32
August	6.48	1.61	6.34	1.44	6.34	1.44
September	6.72	1.24	6.48	1.22	6.48	1.22
October	6.43	0.75	6.37	0.69	6.37	0.69
November	5.92	0.42	5.75	0.30	5.75	0.30
December	5.34	0.27	5.15	0.22	5.15	0.22
January	5.61	0.25	5.37	0.17	5.37	0.17
February	5.80	0.27	5.67	0.17	5.67	0.17
March	5.73	0.33	5.51	0.33	5.73	0.33
April	5.87	0.57			5.87	0.57
May	5.97	0.92			5.97	0.92
June	6.16	1.37			6.16	1.37
Average	6.03	0.80	5.84	0.65	5.90	0.73

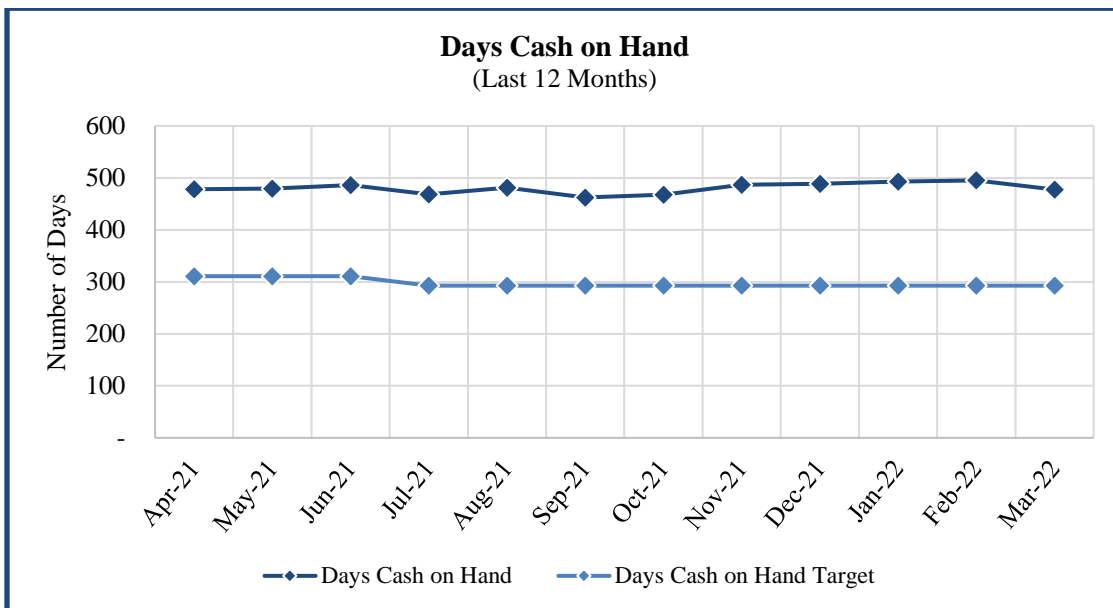
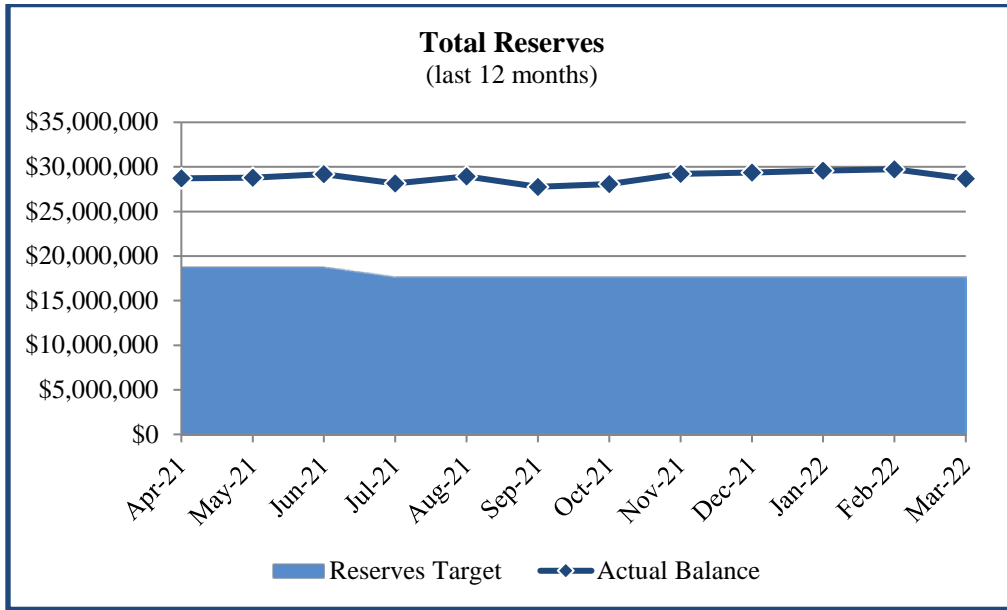
Estimates shown in red



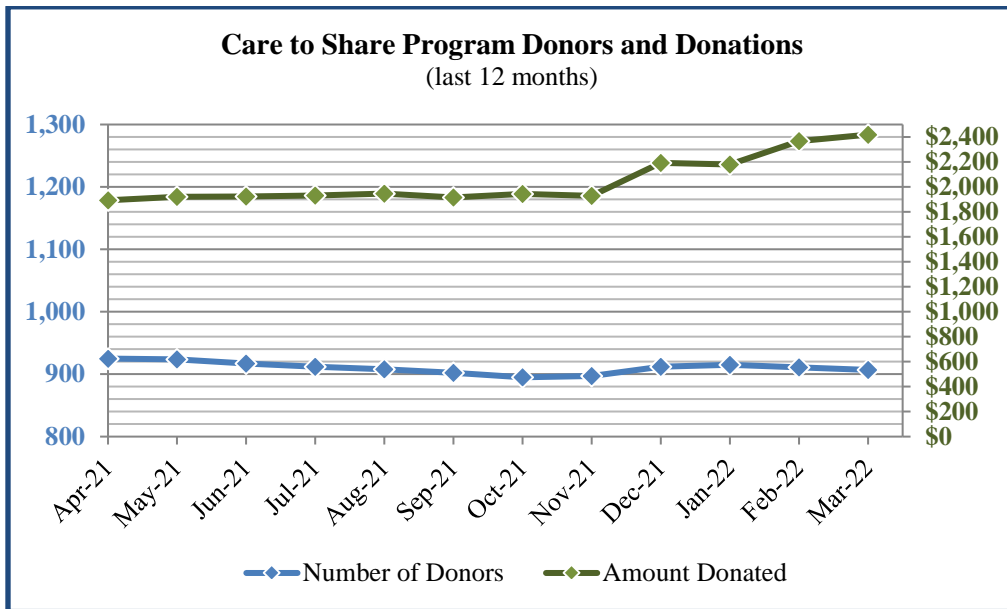
**Orange Water and Sewer Authority
 Select Financial Data
 For the Nine-Month Period Ended March 31, 2022**



**Orange Water and Sewer Authority
 Select Financial Data
 For the Nine-Month Period Ended March 31, 2022**



**Orange Water and Sewer Authority
 Select Financial Data
 For the Six-Month Period Ended March 31, 2022**



**Orange Water and Sewer Authority
Financial Management Policy Report Card
For the Nine-Month Period Ended March 31, 2022**

Measurement	Objective	FY21 Results	FY22 Goal	YTD FY22 Results
Working Capital Reserves	Greater of four months Operating Expenses or 20% of succeeding three years CIP	\$22.7M	\$10.6M	\$21.6M
Capital Improvements Reserve	2% of Net Capital Assets (Funding \$400,000 per year until reach goal of approximately \$6M)	\$4.8M	\$5.2M	\$5.2M
Rate/Revenue Stabilization Reserve	5% of annual Water and Sewer Revenue	\$1.7M	\$1.9M	\$1.9M
Debt Burden to Asset Value	Total Debt not more than 50% of Total Assets	29%	≤ 50%	28%
Sufficiency of Revenues above Debt Requirements ³	Annual Debt Service no more than 35% of Gross Revenue	21%	≤ 35%	22%
Cash Financing of Capital ¹	Annual revenues and reserves provide at least 30% of CIP funding	32%	≥ 30%	37%
Debt Service Coverage Ratio ³	Annual Net Income not less than two times Annual Debt Service	2.0	2.0	2.0
Service Affordability Ratio ²	Average annual OWASA bill not more than 1.5% of area median household income	1.31%	1.5%	1.38%

M = million

¹ Cash Financing of Capital based on 5-Year CIP Budget and potential borrowing during the same period.

² FY 2022 calculation based on median household income of \$69,308 (weighted average of 2020 median household income of Carrboro and Chapel Hill) and average monthly household water use of 4,000 gallons.

³ Calculation based on the FY 2022 Annual Budget until full-year results are available.

Agenda Item: 4

Orange Water and Sewer Authority
Virtual Meeting of the Board of Directors
April 28, 2022

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held its duly noticed regular work session by virtual means in accordance with law, on Thursday, April 28, 2022, at 6:00 p.m. utilizing Microsoft Teams software.

Board Members attending virtually: Jody Eimers (Chair), Yinka Ayankoya (Vice Chair), John N. Morris (Secretary), Todd BenDor, Bruce Boehm, Raymond (Ray) DuBose, and Kevin Leibel.

OWASA staff attending virtually: Mary Darr, Monica Dodson, Jesse DuClau, Robert Epting, Esq. (Epting and Hackney), Vishnu Gangadharan, Stephanie Glasgow, Robin Jacobs, Wil Lawson, Andrea Orbich, Dan Przybyl, Ruth Rouse, Kelly Satterfield, Allison Spinelli, Todd Taylor, Mary Tiger, Stephen Winters, and Richard Wyatt.

Others attending virtually: Meg Holton (UNC) and Ben Poulson (UNC).

Motions

1. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Amending the Fiscal Year 2022 Budget. (Motion by Todd BenDor, second by Bruce Boehm and the motion unanimously approved.)
2. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Authorizing Executive Director to File an Application for American Rescue Plan Act Funding to the North Carolina Division of Water Infrastructure for Western Intake Partnership Studies. (Motion by Todd BenDor, second by Bruce Boehm and the motion unanimously approved.)
3. Todd BenDor made a Motion to approve the Minutes of the February 24, 2022, OWASA Board of Directors Meeting; second by Bruce Boehm, and the Motion was unanimously approved.
4. Todd BenDor made a Motion to approve the Minutes of the March 10, 2022, OWASA Board of Directors Meeting; second by Bruce Boehm, and the Motion was unanimously approved.
5. Todd BenDor made a Motion that in advance of public hearings scheduled for May 12, 2022, the Board of Directors hereby authorizes staff of the Orange Water and Sewer Authority to publish information about the Fiscal Year 2023 proposed Budget and Schedule of Rates, Fees and Charges which includes a 16% increase in monthly water and sewer rates; second by Bruce Boehm and the Motion was unanimously approved.

* * * * *

Announcements

Chair Jody Eimers announced that due to the ongoing North Carolina State of Emergency, the OWASA Board of Directors held the meeting virtually utilizing Microsoft Teams software. Chair Eimers stated that Board Members, General Counsel, and staff participated in the meeting remotely.

Chair Eimers asked if any Board Member knew of a conflict of interest or potential conflict of interest with respect to any item on the agenda tonight to disclose the same at this time. None were disclosed.

Chair Eimers said tonight's rescheduled Board meeting (from April 14, 2022 Board) was due to a lack of a quorum and reminded the Board that the next two Board Meetings (May 12 and June 9, 2022) were important to attend and to notify staff quickly if unable to attend.

Chair Eimers said the Orange County Climate Council met March 17th and April 21st and in April, it was announced that, through the work of Council members, Orange County has been awarded LEED Gold for Cities and Communities by the US Green Building Council. The next virtual Climate Council meeting is scheduled for Thursday, May 19, 2022, at 3:00 p.m.

Chair Eimers announced a virtual meeting between members of the Orange County Board of County Commissioners and Orange County appointees to the OWASA Board on Monday, May 2, 2022, to discuss items of mutual interest.

Ruth Rouse, Planning and Development Manager, said she provided an update at the Chapel Hill Town Council Meeting regarding OWASA's Long-Range Water Supply Plan (LRWSP) on April 27, 2022. Ms. Rouse also announced a LRWSP update will be provided to the Carrboro Town Council on Tuesday, May 3rd and that Yinka Ayankoya and Chair Eimers will provide OWASA's annual update to the Council. An overall update on the public outreach will be provided to the Board on June 9th.

Petitions and Requests

Chair Eimers said no petitions or requests were received from the public.

Chair Eimers asked for petitions and requests from the Board and staff; none were provided.

Item One: Formal Purchase of Oakwood North and Oakwood South Water Main Pipe

The Board accepted this as an information item.

Item Two: Response to a Petition Regarding the Uncertainty and Level of Conservatism in the Yield Analysis for the Long-Range Water Supply Plan

The Board accepted this as an information item and staff will note on previous agendas the addendum.

Item Three: Quarterly Report on Attendance at Board and Committee Meetings

The Board accepted this as an information item.

Item Four: Resolution Amending the Fiscal Year 2022 Budget

Todd BenDor made a Motion to approve the resolution, second by Bruce Boehm and the resolution was unanimously approved. Please see Motion 1.

Item Five: Resolution Authorizing Executive Director to File an Application for American Rescue Plan Act Funding to the North Carolina Division of Water Infrastructure for Western Intake Partnership Studies

Todd BenDor made a Motion to approve the resolution, second by Bruce Boehm and the resolution was unanimously approved. Please see Motion 2.

Item Six: Minutes

Todd BenDor made a Motion to approve the Minutes of the February 24, 2022, Board of Directors Meeting; second by Bruce Boehm and the Motion was unanimously approved. Please see Motion 3.

Item Seven: Minutes

Todd BenDor made a Motion to approve the Minutes of the March 10, 2022, Board of Directors Meeting; second by Bruce Boehm and the Motion was unanimously approved. Please see Motion 4.

Item Eight: Discuss Draft Fiscal Year 2023 Budget and Authorize Staff to Publish Fiscal Year 2023 Budget and Rate Information

The Board received and discussed a staff presentation on the draft Fiscal Year (FY) 2023 budget and proposed rate increase to fund operating costs and capital investments. After discussing three different budget and rate adjustment scenarios, the Board supported publishing information about a draft budget which includes a 15% rate increase for monthly water and sewer services. (See motion in Item Nine.) Public hearings on the proposed budget and rate increase are scheduled for May 12, 2022.

Item Nine: Update on Long-Range Water Supply Plan and Western Intake Partnership

The Board received, discussed, and supported including an alternative to access our Jordan allocation that evaluates investing in the intake and transmission infrastructure at a capacity that allows OWASA to access our full allocation from Jordan Lake during Phase 1 of the proposed Western Intake Partnership (City of Durham, Town of Pittsboro, Chatham County and OWASA) project.

Without objection, the Board supported funding OWASA's share of the cost of the studies and planning of the Western Intake Partnership. To provide the necessary funding, the Board supported adding 1% point to the rate increase for FY 2023.

Todd BenDor made a Motion that in advance of public hearings scheduled for May 12, 2022, the Board of Directors hereby authorizes staff of the Orange Water and Sewer Authority to publish information about the Fiscal Year 2023 proposed Budget and Schedule of Rates, Fees and Charges which includes a 16% increase in monthly water and sewer rates; second by Bruce Boehm and the Motion was unanimously approved. Please see Motion 5.

Item Ten: Discussion on Whether to Complete a Board of Directors Self-Assessment

The Board agreed to delay the self-assessment this year and to delay evaluation of the effectiveness of one Board Meeting a month later this year.

Item Eleven: OWASA Board Members Eligible for Nomination for Election as Board Officers

The Board agreed to begin nominations in sequence for the Office of Chair, Vice Chair and Secretary.

John Morris nominated Jody Eimers as Chair of the Board and the nomination was seconded by Todd BenDor.

Jody Eimers nominated Bruce Boehm as Chair of the Board and the nomination was seconded by Ray DuBose.

Jody Eimers expressed appreciation for the nomination as Chair but respectfully withdrew her name.

There were no further nominations for Chair, and the Board agreed the nominee for the Election of Chair of the Board for Fiscal Year 2023 is Bruce Boehm.

Ray DuBose nominated Todd BenDor as Vice Chair of the Board and the nomination was seconded by Bruce Boehm.

Todd BenDor nominated Jody Eimers as Vice Chair of the Board and the nomination was seconded by Kevin Leibel.

Yinka Ayankoya nominated Ray DuBose as Vice Chair of the Board and Ray DuBose respectfully withdrew his name.

Jody Eimers respectfully withdrew her name as Vice Chair.

Todd BenDor nominated Kevin Leibel as Vice Chair of the Board and the nomination was seconded by Bruce Boehm.

There were no further nominations for Vice Chair, and the nominees for the Election of Vice Chair of the Board for Fiscal Year 2023 are Todd BenDor and Kevin Leibel.

Jody Eimers nominated Todd BenDor as Secretary of the Board and the nomination was seconded by John Morris.

Jody Eimers nominated Kevin Leibel as Secretary of the Board and the nomination was seconded by Yinka Ayankoya.

Todd BenDor nominated John Morris as Secretary of the Board and the nomination was seconded by Yinka Ayankoya.

John Morris respectfully withdrew his name as Secretary.

Kevin Leibel respectfully withdrew his name as Secretary.

Todd BenDor nominated Ray DuBose as Secretary of the Board and the nomination was seconded by Kevin Leibel.

There were no further nominations for Secretary, and the Board agreed the nominees for the Election of Secretary of the Board for Fiscal Year 2023 are Todd BenDor and Ray DuBose.

Mr. Epting reminded the Board of the availability of proxy voting on June 9, 2022.

Item Twelve: Review Board Work Schedule

The Board requested, if possible, a third Jordan Lake alternative for comparison to two Jordan Lake alternatives be provided at the May 12th Board meeting.

Item Thirteen: Summary of Board Meeting Action Items

Todd Taylor noted the following staff action items:

- indicate updates on the Long-Range Water Supply Plan yield analysis on prior Board agendas;
- advertise information about the Fiscal Year 2023 proposed Budget and Schedule of Rates, Fees and Charges which includes a 16% increase in monthly water and sewer rates; and
- provide preliminary information about the comparison of the three Jordan Lake alternatives at the May 12th Board meeting.

There was no further discussion to come before the Board and the meeting adjourned at 8:08 p.m.

Respectfully submitted by:

Andrea Orbich
Executive Assistant/Clerk to the Board

Attachments

DRAFT

Agenda Item 5:

Resolution Authorizing the Executive Director to Execute Contracts with Blue Cross and Blue Shield of North Carolina (BCBSNC) for Employee Health and Dental Insurance Plans

Purpose:

Authorize the Executive Director to execute contracts for Health and Dental insurance plans to replace those scheduled to expire on June 30, 2022.

Background:

OWASA began using the firm of Gallagher in April 2014 to manage benefit plans and negotiate premiums for employee Health, Dental, Life, Dependent Life, Accidental Death and Dismemberment (AD&D) and Long-Term Disability (LTD) Insurance.

The current Health and Dental contracts expire on June 30, 2022 with the Life, Dependent Life, AD&D and LTD contracts expiring on June 30, 2023.

At the January 13, 2022 work session, the Board received a presentation from OWASA staff and Ellen Tucker with Gallagher that included:

- Financial Performance of Health Insurance Plan
- Overview of Claims Data
- Renewal Considerations
- Renewal Timeline

Fiscal Year 2023 Renewal Information

Initially, BCBSNC requested a 19.2% increase to Health premiums. Gallagher analyzed the renewal and determined that with our current claims and market trend, a renewal between 7.2-18.4% would be considered a fair increase to premiums. Gallagher began negotiations with BCBSNC and was able to reduce the increase to 7.5%, which is approximately \$105,000 over the current cost.

The dental renewal from BCBSNC came to us with a proposed 5.99% increase to our current premiums. Gallagher negotiated the increase to 3.5% or approximately \$2,300 over the current cost.

Staff made the decision to market both the health and dental plans to determine the competitiveness of our monthly premiums. The Board was notified of this decision by email on April 12, 2022. The last time plans were marketed to other carriers was in Fiscal Year 2016 and we have enjoyed decreases with BCBSNC since Fiscal Year 2019.

May 12, 2022

The results of the Health Plan proposals received are as follows:

Carrier	Percent Increase to Current Premiums
United Health Care	+10.65
Aetna	+15.54
BCBSNC	+7.5
Cigna	Declined – rates would not be competitive

Recommendation

It is the recommendation of Gallagher and staff that the Employee Health and Dental Plans be renewed with BCBSNC for Fiscal Year 2023.

Information:

- Draft Resolution Authorizing the Executive Director to Execute Contracts with Blue Cross and Blue Shield of North Carolina (BCBSNC) for Employee Health and Dental Insurance

Resolution Authorizing the Executive Director to Execute Contracts with Blue Cross Blue Shield of North Carolina (BCBSNC) for Employee Health and Dental Insurance

Whereas, OWASA employees are provided health and dental insurance coverage through BCBSNC; contracts with BCBSNC will expire on June 30, 2022; and

Whereas, OWASA employees have expressed their satisfaction with their present coverage through BCBSNC, and the Board of Directors has determined that continuing the contract for such coverage with BCBSNC is desirable and in OWASA’s best interests; and

Whereas, with the capable assistance of consultant Gallagher, OWASA has obtained proposals from BCBSNC for continuing health coverage with an increase in annual premiums of 7.5%, and 3.5% increase in annual premiums for dental coverage for the period of July 1, 2022 through June 30, 2023; and

Whereas, with the capable assistance of Gallagher the Board of Directors has determined that the rates proposed by BCBSNC are reasonable and appropriate, and that it is in best interests of OWASA to accept the proposals;

Now, Therefore, Be It Resolved:

1. That the Board of Directors has determined to accept BCBSNC’s proposals for Health and Dental insurance coverage for the term and on the conditions proposed.
2. That the Executive Director is hereby authorized and directed to execute the contracts.

Adopted this 12th day of May 2022.

Jo Leslie Eimers, Chair

ATTEST:

John N. Morris, Secretary

Agenda Item 6:

Employee Merit Pay for Fiscal Year (FY) 2023

Purpose:

To provide the Board information on Employee Cost of Labor/Merit Pay Increases for FY 2023.

Background:

On January 10, 2013 the Board adopted recommendations from the Employee Classification and Compensation Study which included Pay Administration Guidelines for maintaining a market-based pay structure and for implementing Cost of Labor Adjustments (COLA) in proportion to movements in the labor market.

On December 14, 2017 the Board adopted a resolution updating the Pay Administration Guidelines establishing:

- Four rating categories for employees: Exceptional, Exceeds Expectations, Meets Expectations, and Below Expectations.
- A salary increase will be provided to the top three categories.
- Merit increase percentages are provided in addition to COLA based on the performance rating received. Unless otherwise determined by the Board, Meets Expectations are eligible for one times (1x) the Board approved merit increase, Exceeds Expectations are eligible for one and one half times (1.5x) the merit increase amount, and Exceptional are eligible for two times (2x) the merit increase amount.
- Up to 40% of the high-performing employees may be rated as Exceptional or Exceeds Expectations with no more than 15% in the Exceptional category.
- It is the Board's desire for employees meeting the expectation of their position to move from the entry point to the mid-point of their pay range in approximately seven to nine years. To accomplish this, annual merit increases for ratings of Meets Expectations and above should be no less than 2.9% of their current annual salary.
- The Schedule of Classification and Compensation pay ranges shall be increased by the same percentage as the COLA.
- The Board will approve implementation of the COLA and merit increases annually. The Board may modify the Pay Administration Guidelines for any reason including if it deems that available resources and labor market conditions do not support implementation as prescribed by the Policy.

Employees receiving "Exceptional", "Exceeds Expectations" or "Meets Expectations" rating will be eligible for a merit increase and a COLA increase. Employees rated as "Below Expectations" are not eligible for any salary increase unless their salary falls below the minimum of their position's pay range; since employees must be paid a salary within their position's pay range, the increase would only be enough to bring their salary to the minimum.

May 12, 2022

The formulas for merit pay increases are illustrated below.

Rating	Cost of Labor (COLA) Increase	Merit Increase
Exceptional	1x	2x
Exceeds Expectations	1x	1.5x
Meets Expectations	1x	1x (not less than 2.9%)
Below Expectations	No Increase	No Increase

Market Analysis:

Each year, OWASA staff provide comparable information from local entities to assist the Board in their decision making. See Attachment #1 for recently collected data from other municipalities.

Attachment #2 provides the most recent World at Work survey data. (World at Work is a non-profit human resources professional association we consult each year for salary data.) This data projects calendar year 2022 COLA increases to be from 0.7 % to 2.4%, Merit Pay increases to be from 2.2% to 3.4%. Total Pay increases are projected to be 2.3% to 4.4%. From an employment perspective, the past year has been unusual and it’s important to note that this World at Work data was released in August 2021. Employee satisfaction and perceptions have evolved over the past year, and we have seen an uptick in our attrition rate.

The FY 2023 budget includes a placeholder of 5% of wages or about \$435,000.

Recommendation for FY 2023 Employee Pay Increases:

In 2020, due to the impact the pandemic had on the local economy, neither COLA nor Merit Pay increases for employees were implemented. Typically, OWASA’s pay ranges are increased by the amount of the COLA adjustment to help ensure our pay ranges remain competitive in the marketplace; no adjustment to the pay ranges were made in 2020. Based on information from World at Work, the average compensation increases for organizations similar to OWASA in 2020 was between 0.9 and 2.3%. Since no wage increases were made that year, employees’ compensation is currently below what the market indicates it should be.

Additionally, OWASA’s workforce worked throughout the pandemic to continue to provide essential high-quality water, sewer, and reclaimed water services to the community without the benefit of any form of premium pay. Employee retention and recruitment issues have become a concern for many local governments and the private sector, in our region and nationally. We have experienced recent departures where compensation was cited as a determining factor.

OWASA staff is recommending a 4% Cost of Labor Adjustment and Merit Increase as provided in our Pay Administration Guidelines. It is extremely important to effectively staff our utility and to do that we must be competitive within the current labor market in order to retain and attract qualified staff. Staff’s suggestion for a 4% Cost of Labor Adjustment is based on using the average COLA in the World at Work data for 2020 (1.6%) plus the maximum COLA for 2022 (2.4%).

With 8.5% inflation for the last 12 months, staff believes using the high end of the COLA range for 2022 is appropriate. Staff believes this approach will help make up the ground we lost in FY 2021 when no wage increases were implemented and, adjust our pay ranges to assist in attracting and retaining employees.

Rating	Cost of Labor (COLA) Increase	Merit Increase	Total Increase
Meets Expectations	4.0%	2.90%	6.90%
Exceeds Expectations	4.0%	4.35%	8.35%
Exceptional	4.0%	5.80%	9.80%
Approximate total budget impact			\$690,600
Placeholder in draft FY 2023 budget			\$435,316
Additional funds needed			\$255,303

If the Board supports this recommendation, staff plans to reallocate funds to cover the additional expense from other items within the draft FY 2023 budget that the Board has already reviewed.

If the Board wants to consider other COLA and merit pay alternatives, increasing or decreasing the amount of the pay adjustment by 1% would result in an increase or decrease in the budget impact by about \$87,000.

Schedule:

Information is provided to assist the Board in its decision as part of the annual budget process. The Board is scheduled to consider a resolution regarding employee pay increases when it approves the FY 2023 budget on June 9, 2022.

The employee performance evaluation period runs from June 1 through May 30 and employee pay adjustments are effective as of the first pay period in July.

Action Requested:

Authorize staff to adjust the FY 2023 Budget scheduled for approval at the Board’s June 9, 2022 work session to provide a cost of labor increase of 4% and a merit increase of 2.9% for eligible employees in accordance with OWASA’s Pay Administration Guidelines.

Information:

- Attachment 1: Local Entity Data
- Attachment 2: World at Work Survey Data

Entity	Merit Pay	COLA	Range Movement	Additional Benefits/Compensation or General Comments
Town of Hillsborough	3.25%	N/A	Pending pay study results	February 2022: All non-police positions received a \$2,000 increase to salary Currently conducting Pay Study; results expected June or July 2022
Orange County	Either 1,000, \$750, \$500 or \$0 based on performance	Place holder 3%	3%	Short Term disability going from Employee to Employer paid December 2021: 3% increase for all employees made retroactive to July 1, 2021
City of Mebane	Employees are eligible for either 0.75, 1.75 or 2.75%	Proposed 3%	3%	March 2022: Pay Study provided increases to eligible positions; included 3% COLA for all staff
City of Durham	4.8% average	N/A	Up to 3%	Recently started paying retention bonuses (\$1,500 - \$3,000) to 911 center dispatch
Town of Chapel Hill	N/A	Proposed 4% of midpoint increases for less than 5 years of service; 5% of midpoint for more than 5 years of service	No	January 2022: Pay Study implementation gave either a 2% of midpoint for less than 5 years; 3% of midpoint for more than 5 years or brought to the new minimum of pay grade, whichever was greater
Town of Carrboro	N/A	Considering flat dollar increase added to base salary	Pending pay study results	Currently conducting pay study waiting for results
Town of Cary	Place holder 5%	Information not provided	Information not provided	Information not provided
City of Graham	Between 1% – 3%	Proposed 5%	Pending pay study results	March 2022: Increased salaries \$2 per hour (\$4,160 annually) for all employees
Metropolitan Sewer District of Buncombe County	N/A	Proposed 7%	Pending pay study results	May 2022: Increased salaries \$1 per hour for the lowest 22 positions

Based on the most recent World at Work survey data projected for 2022, Cost of Labor increases are projected to be from 0.7% to 2.4% and Merit Pay increases are projected to be from 2.2% to 3.4%. Total Pay increases are projected to be 2.3% to 4.4%. See the following World at Work data.

WORLD AT WORK SALARY SURVEY DATA

	2021				2022 projected			
	COLA	Merit	Other	Total ⁴	COLA	Merit	Other	Total ⁴
	(Percent)				(Percent)			
1-499 Employees, \$30M-\$100M revenue								
All Industries								
National	1.4	2.5	0.7	3.0	1.7	2.8	0.8	3.4
Southern ¹	1.3	2.2	0.2	2.5	1.8	2.9	0.5	3.4
NC	1.0	2.5	0.3	2.9	2.2	3.4	1.0	4.4
Public Administration ²								
National	-	-	-	-	-	-	-	-
Southern ¹	-	-	-	-	-	-	-	-
NC	-	-	-	-	-	-	-	-
Utilities ³								
National	-	*	-	*	-	*	-	*
Southern ¹	-	*	-	*	-	*	-	*
NC	-	*	-	*	-	*	-	*
All Size Employees, All Size Revenue								
All Industries								
National	1.1	2.6	0.8	3.0	1.6	2.9	0.9	3.3
Southern ¹	1.0	2.6	0.8	2.9	1.6	2.9	1.0	3.3
NC	0.9	2.6	0.9	3.0	1.5	3.0	1.1	3.4
Public Administration ²								
National	1.7	1.8	0.9	2.5	2.1	2.5	1.3	3.0
Southern ¹	2.0	1.8	0.8	2.4	2.2	2.2	1.1	2.9
NC	1.2	2.6	0.4	2.9	0.7	2.2	0.5	2.3
Utilities ³								
National	1.9	2.9	1.1	3.2	2.4	2.9	1.3	3.1
Southern ¹	0.9	2.9	0.8	3.2	*	2.9	0.9	3.2
NC	*	2.8	0.6	2.6	*	3.0	1.3	2.9

(*) Fewer than 5 responses

(-) No responses

¹ Southern includes these states: AL, AR, FL, GA, LA, MS, NC, OK, SC, TN, TX

² Public Administration includes cities, states, port authorities, retirement systems, airport authorities, etc.

³ Utilities include organizations such as Alliant Energy, Black Hills Corp, City Utilities of Springfield, MO, Entergy, NY Power Authority, TN Valley Authority, Westinghouse Electric

⁴ "General Increase/COLA," "Merit" and "Other" do not add to the "Total Increase" because not every organization provides all three types of increase.

Agenda Item 7:

Long-Range Water Supply Plan: Discuss Preparations for Jordan Lake Alternative Selection

Purpose:

To prepare for the Board of Directors selection of the preferred Jordan Lake alternative and obtain feedback on staff's proposed steps to complete the Long-Range Water Supply Plan.

Background:

The Board of Directors determined that Jordan Lake should be used to augment OWASA's raw water supply at its [January 13, 2022 meeting](#).

On [January 27, 2022](#), the Board authorized staff to begin discussions with the Western Intake Partnership (WIP or Partnership) regarding OWASA's interests in its potential participation with the Partners. (Note: the Board has not yet reached a decision on whether it will participate with the WIP, and if so, to what extent).

The community engagement effort associated with this decision is wrapping up in alignment with the plan provided to the Board at its [February 10, 2022 meeting](#). Staff plans to bring a summary of the comments heard from this process to the Board of Directors on June 9, 2022.

On [February 24, 2022](#), the Board adopted a resolution that documents OWASA's intention to provide OWASA's land to the WIP in exchange for measures which secure OWASA's access to its allocation of water in Jordan Lake.

On [April 28, 2022](#) the Board authorized staff to include the studies currently being completed by the WIP in its FY 2023 proposed budget, which will be finalized in June 2022.

Jordan Lake Alternatives:

There are three potential alternatives to access our Jordan Lake allocation to evaluate:

- **JL-A: Agreement with WIP** to invest in a long-term option to join the WIP as a partner in Phase 2 with payments also serving as an option fee that would give OWASA the right to request water transfers from the WIP during Phase 1 under specified conditions such as drought.
- **JL-P-All: Partner in new intake, water treatment plant, and transmission infrastructure.** For purposes of comparison to the partner alternative in intake and infrastructure described immediately below, we assume that this option will enable OWASA to obtain its full allocation of water in Phase 1 (approximately 5 mgd on average day basis).

- **JL-P-Intake_Trans: Partner in new intake and transmission infrastructure** that would enable OWASA to withdraw and transfer its full allocation of water during Phase 1 (approximately 5 mgd on average day basis).

Evaluation of Alternatives:

Staff proposes evaluating the three Jordan Lake alternatives against risk factors, cost, and feedback received during the community engagement process. The risk factors and cost components of the analysis are largely defined by the interests that the Board authorized staff to follow when discussing the potential to work with them through either an agreement or through investment in infrastructure on January 27, 2022:

- OWASA has access to its Jordan Lake allocation
- We maintain our allocation of Jordan Lake water
- Intake and transmission infrastructure are built to meet OWASA's demands
- Impact on near-term water rates is minimized
- Our working relationships with our utility partners are important to OWASA, and we are committed to maintaining them – staff does not believe there will be much difference between the alternatives against this interest
- We share with those partners a commitment to providing our customers high quality drinking water – staff does not believe there will be much difference between the alternatives against this interest

More information is provided on staff's proposed analysis of the alternatives against risk, cost, and community feedback in the sections below.

Risk

The first three interests capture many of the risks. In addition to those interests, staff recommends that an additional criterion be included to address the long-term stability of an agreement. Staff believe that the interlocal agreement (ILA) needed for an agreement alternative would likely look very different from the ILA for one of the two investment in infrastructure alternatives. In addition, the length of time an ILA covers for the different alternatives would likely vary. Thus, staff proposes the following evaluation criteria for risk:

- Ability for OWASA to have access to its Jordan Lake allocation
- Ability for OWASA to maintain its allocation of Jordan Lake water
- Likelihood that the intake and transmission infrastructure are built to meet OWASA's future demands
- Long-term stability of ILA developed for the alternative

Cost

This section summarizes some of the assumptions that OWASA will make for the cost analyses:

- Consistent timeline – since the interest identified by the Board is to minimize the near-term impact on rates, staff propose evaluating estimated costs through Phase 1 (2050). Since Phase 2 estimated costs would be very speculative, staff believes that Phase 1 is the appropriate duration.
- Consistent assumptions in terms of interest rates, discount rates, and contractor overhead and profit will be applied. The evaluation of the JL-P-Intake_Trans alternative presented in the April 28, 2022 agenda package used the most recent information on project cost. Therefore, the assumptions in the other two alternatives will be updated for an apples-to-apples comparison.
- Consistent capacity for the two investment in infrastructure alternatives – staff assumes that we would evaluate the ability to access our entire Jordan Lake allocation under both scenarios. Thus, we assume that the intake, water treatment plant (for JL-P-All only), and transmission infrastructure will be sized to provide 5 mgd on an average day basis and 7 mgd on a maximum day basis. (Note: In earlier cost analyses for the JL-P-All alternative, we assumed that OWASA would invest in 0.5 mgd in Phase 1 and 2 mgd in Phase 2 on an average day basis; we also previously assumed that the payment structure would be based the amount of water used by each Partner.) Discussions to date among the Partners indicate that costs would be divided based on capacity, and we will assume that for these cost analyses.
- Impact on rates – staff will evaluate the estimated impact on rates of each of the alternatives using our rate model and provide a summary table illustrating the rate impact of each alternative through 2030. This table will have a similar format to that included in the April 28, 2022 agenda package.

Staff will summarize the costs and provide graphs which illustrate capital cost and net present cost over time.

It should be noted that the costs for the JL-A agreement alternative will have more uncertainty associated with them than for the two alternatives where OWASA invests in infrastructure. There are several assumptions in the JL-A agreement alternative that are required in terms of option payments that have not been discussed with the WIP. These assumptions were made to provide favorable terms to both OWASA and the WIP, but without trying to negotiate an agreement, the costs will be speculative at best.

Community Feedback

Staff assumes that the feedback we heard during the community engagement process will not impact the Board's prior decision to select Jordan Lake as the alternative to augment our current supplies. Staff will summarize the feedback we heard during the community engagement process, identify the feedback that would impact which Jordan Lake alternative is selected by the Board of Directors, and evaluate the three alternatives against that feedback.

Summary of Evaluation Criteria

The following criteria will be used to evaluate the three Jordan Lake alternatives against one another:

- Ability for OWASA to have access to its Jordan Lake allocation
- Ability for OWASA to maintain its allocation of Jordan Lake water
- Likelihood that the intake and transmission infrastructure are built to meet OWASA's future demands
- Long-term stability of ILA developed for the alternative
- Capital and net present cost through 2050
- Impact on rates through 2030
- Feedback from the community (specific criteria to be developed)

Governance Issues:

Other questions Board members raised about the Jordan Lake alternatives surrounded the governance structure in which the City of Durham would operate the facilities. Specific concerns raised by Board members include:

- What decision making voice does OWASA have with the Partnership? Would OWASA's decision-making authority be less than the City of Durham's?
- If OWASA does not invest in the WTP and the other Partners' demands exceed the WTP capacity such as during a sustained drought, what rights does OWASA have to receive water relative to the other Partners, particularly Durham?

The details spelled out in a future ILA will address these concerns. The Partners are currently working on a memorandum of understanding (MOU) that will be brought to each member's Council or Board for review later this year. OWASA staff believes that we will be able to negotiate more favorable terms and have a clearer long-term strategy by investing in infrastructure than through the agreement alternative.

Next Steps and Action Needed:

Staff proposes the following next steps:

- Staff will provide the following information at the June 9, 2020 Board meeting:
 - Capital and net present cost information through 2050 (Phase 1) on the three alternatives, using assumptions that are consistent between the alternatives.
 - Impacts on rates through 2030.

- Summary of the feedback received through the community engagement process.
- Summary of how well each Jordan Lake alternative performs against the risk, cost, and community feedback criteria.
- The Board will review the community engagement feedback and the analyses described above to select a preferred alternative to access our Jordan Lake allocation.
- Once a preferred alternative is selected, staff will finalize the LRWSP and present to the Board for review and approval at a future meeting.
- Once a preferred alternative is selected, staff and General Counsel will engage in the development of the MOU with the WIP and present to the Board for review and approval at a future meeting.
- Once the MOU is approved by the Board, staff and General Counsel will engage in the development of an ILA with the City of Durham and present to the Board for review and approval at a future meeting.

No action is needed from the Board, but staff appreciates feedback on the following items:

- Do you agree with the three Jordan Lake alternatives to be evaluated?
- Do you agree with the proposed criteria listed in the “Summary of Evaluation Criteria” section above? Are there any missing criteria?
- Do you agree with the assumptions spelled out in the cost analysis section?
- Do you agree with our proposed next steps?

Agenda Item 8:

Review Board Work Schedule

Purpose:

- a) Request(s) by Board Committees, Board Members, General Counsel and Staff
- b) Review draft Board Meeting Agenda for June 9, 2022
- c) Review 12 Month Board Meeting Schedule
- d) Review Pending Key Staff Action Items

Information:

- Draft June 9, 2022 Board Meeting Agenda
- 12 Month Board Meeting Schedule
- Pending Key Staff Action Items from Board Meetings

May 12, 2022

Agenda
Meeting of the OWASA Board of Directors
Thursday, June 9, 2022, 6:00 P.M.

Due to the ongoing North Carolina State of Emergency, the Orange Water and Sewer Authority (OWASA) Board of Directors is conducting this meeting virtually utilizing [Microsoft Teams](#) software. Board Members, General Counsel and staff will be participating in the meeting remotely.

In compliance with the "Americans with Disabilities Act," interpreter services for non-English speakers and for individuals who are deaf or hard of hearing are available with five days prior notice. If you need this assistance, please contact the Clerk to the Board at 919-537-4217 or aorbich@owasa.org.

The Board of Directors appreciates and invites the public to attend and observe its virtual meetings online. Public comment is invited via written materials, ideally submitted at least two days in advance of the meeting to the Board of Directors by sending an email to board_and_leadership@owasa.org or via US Postal Service (Clerk to the Board, 400 Jones Ferry Road, Carrboro, NC 27510). Public comments are also invited during the Board Meeting via telephone, and you will need to be available to call-in during the meeting. Please contact the Clerk to the Board at aorbich@owasa.org or 919-537-4217 to make arrangements by 3:00 p.m. the day of the meeting.

Public speakers are encouraged to organize their remarks for delivery within a four-minute time frame allowed each speaker, unless otherwise determined by the Board of Directors.

Announcements

1. Announcements by the Chair
 - 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.
2. Announcements by Board Members
3. Announcements by Staff

Petitions and Requests

1. Public
2. Board
3. Staff

Consent Agenda

Information and Reports

1. Orange County Board of Health Report on Drinking Water Fluoridation (Todd Taylor)

Action

2. Award the Rogerson Drive Water Line Replacement Project (Coleman Olinger)
3. (TENTATIVE) Resolution Amending the Fiscal Year 2022 Budget (Stephen Winters)
4. Renewal of the Triangle Area Water Supply Monitoring Project Interlocal Agreement (Monica Dodson)

5. Resolution Amending Bylaws Regarding Annual Meeting Notice (Todd Taylor)
6. Minutes of the May 12, 2022 OWASA Board of Directors Meeting (Andrea Orbich)
7. Minutes of the May 12, 2022 Closed Session of the OWASA Board of Directors for the Purpose of Discussing a Personnel Matter (Ray DuBose)

Regular Agenda

Discussion and Action

8. Approval of the Schedule of Rates, Fees and Charges; Annual Budget; Five-Year Capital Improvements Program (CIP); and Cost of Living and Merit Pay Increases (Stephen Winters)
 - A. Resolution Adopting the Schedule of Rates, Fees and Charges Effective on or after October 1, 2022
 - B. Resolution Adopting the Budget for Orange Water and Sewer Authority for Fiscal Year (FY) 2023
 - C. Resolution Approving the CIP for FY 2023-2027 and the Accompanying FY 2023 Capital Project Resolution
 - D. Resolution Updating the Schedule of Employee Classification and Authorized Compensation; Adjusting Affected Employees' Compensation to the Minimum of the Pay Range; and Authorizing Cost of Labor and Merit Pay Increases for Eligible Employees
9. Resolution Honoring the Service of Yinka Ayankoya (Jody Eimers)

Discussion

10. Long-Range Water Supply Plan – Selection of Jordan Lake Alternative (Todd Taylor/Ruth Rouse)
11. Review Board Work Schedule
 - A. Request(s) by Board Committees, Board Members, General Counsel and Staff (Jody Eimers)
 - B. July 14, 2022 Board Meeting (Todd Taylor)
 - C. 12 Month Board Meeting Schedule (Todd Taylor)
 - D. Pending Key Staff Action Items (Todd Taylor)
 - E. Action Items Reoccurring Every 3 to 5+ Years (Todd Taylor)

Election of Officers (Effective July 1, 2021)

12. Report of the Nominating Committee for Election of Officers (Robert Epting)
 - a. Chair of the Board
 - b. Vice Chair of the Board
 - c. Secretary of the Board

Summary of Work Session Items

13. Executive Director will Summarize the Key Staff Action Items from the Meeting

Closed Session

14. The Board of Directors will Meet in a Closed Session for the Purpose of Discussing a Personnel Matter, as provided in N.C. General Statutes 143.318.11(6) (Ray DuBose)

OWASA Board of Directors – 12 Month Board Meeting Schedule (May 6, 2022)

Meeting Date	Agenda Items	Committee Meetings & Other Board Items
May 12 2022	Public Hearings – FY 23 Budget and Rates Sole Source Purchase of the Varec Biogas System Approve Employee Insurance Renewals Discuss Employee Merit Pay for FY 23 LRWSP - Discuss Preparations for Jordan Lake Alternative Selection CS – Prepare ED Annual Review	() Meeting between the BOCC Members & OC Appointees to the BOD (5-2-2022) () Annual Update for CTC & OWASA LRWSP Update (5-3-2022) () Mitigation Banking Field Trip (5-20-2022) () Strategic Plan Work Session (TBD) () Meeting between the CHTC OWASA Committee & Chapel Hill Appointees to the BOD (TBD)
June 9 2022	Receipt of the OC Board of Health Report on Drinking Water Fluoridation Renewal of the Triangle Area Water Supply Monitoring Project Interlocal Agreement Award the Rogerson Drive Water Line Replacement Project Bylaw Amendment regarding Annual Meeting Schedule Amend FY 22 Budget (Tentative) Approve FY 23 Budget and Rates (including Employee Merit Pay decision) Resolution Honoring the Service of Yinka Ayankoya LRWSP – Selection of Jordan Lake Alternative Election of Officers CS – ED Annual Performance Review	Meeting between the CHTC OWASA Committee & Chapel Hill Appointees to the BOD (TBD) () () ()
July 14 2022	Review Proposed ED Work Plan ED Compensation CS – Prepare GC Annual Review	() Possible welcome of new Board Member(s) ()
August 11 2022	CS – GC Annual Review	()
September 8 2022	Review Draft Strategic Plan (Tentative) Discuss Lake Recreation Report FAQs, Plan, and Potential Program Changes Approve GC Engagement	() Meeting between the BOCC Members & OC Appointees to the BOD (TBD)
October 13 2022	Annual Meeting of the Board – Annual Report and Financial Audit Approve Strategic Plan Update on Development of New Budget Format	() Meeting between the CHTC OWASA Committee & Chapel Hill Appointees to the BOD (TBD)
November 10 2022	TBD	
December 8 2022	CS – Prepare for ED Interim Review	()
January 12 2023	Approve Audit Firm Contract Discuss FY 24 Budget Calendar and Assumptions CS – ED Interim Performance Review	() OWASA Orientation for newly elected officials () ()
February 9 2023	CS – Prepare for GC Interim Review Department Managers FY 24 Budget Presentations	() Annual Update to BOCC (TBD) () Meeting between the CHTC OWASA Committee & Chapel Hill Appointees to the BOD (TBD)
March 9 2023	Set Date for Public Hearings on FY 24 Budget & Rates FY 24 Draft Budget and Rate Adjustment CS – GC Interim Review	() () ()
April 13 2023	Discuss Draft FY 2024 Budget and Authorize Staff to Publish FY 2024 Budget and Rate Information BOD Eligible for Nominations to Election as Board Officers (include Officer descriptions) Planning BOD Self-Assessment	() () ()

OWASA Board of Directors – 12 Month Board Meeting Schedule (May 6, 2022)

Recurring Reports (included as part of monthly Consent Agendas)

- **January** - Employee Health and Dental Insurance Update; 2022 Annual Lakes Recreation Report; CIP Semiannual Report; D&I Update
- **February** - Reliability and Resiliency Report; Q2 Financial Report; Affordability Program Update
- **March** - Energy Management Plan
- **April** - TBD
- **May** - Q3 Financial Report
- **June** - TBD
- **July** - D&I Update and Strategic Plan Update
- **August** - Preliminary 12 Month Financial Report and CIP Semiannual Report
- **September** - Disposal of Surplus Personal Property; EEO/Affirmative Action Report and D&I Update; Forest Management Program Update
- **October** - Strategic Trends Report and Q1 Financial Report

The 12 Month Board Meeting Schedule shows priority efforts the Board and staff plan to consider during the next twelve months. The schedule also shows annual updates to the Board which will be distributed on the consent agenda. This schedule does not show all the items the Board may consider in a meeting.

The 12 Month Board Meeting Schedule will be reviewed and updated by the Board each month.

The OWASA Board determines which topics it wants to explore as a full Board and which topics it wants to assign to Board committees or committee chairs for further analysis and development of recommendations. Board also determines priorities and desired timeframes for addressing topics. Committee meetings will be updated on the schedule routinely.

Abbreviations Used in Draft Schedule:

(R)	Recurring agenda item (generally these are “required” items)	JL	Jordan Lake
ARPA	American Rescue Plan Act	KPI	Key Performance Indicator
BOCC	Orange County Board of County Commissioners	LRWSP	Long-Range Water Supply Plan
BOD	Board of Directors	MOA	Memorandum of Agreement
CCR	Cane Creek Reservoir	MWBE	Minority/Women-owned Business Enterprises
CE	Community Engagement	MST	Mountains-to-Sea Trail
CEP	Community Engagement Plan	MFMM	Multi-Family Master Meter
CHTC	Chapel Hill Town Council	NCDOT	North Carolina Department of Transportation
CIP	Capital Improvements Program	NRTS	Natural Resources and Technical Services
COLA	Cost of Labor Adjustment	OC	Orange County
CS	Closed Session of the Board	Q	Quarter
CTC	Carrboro Town Council	RFP	Request for Proposals
CY	Calendar Year	SRF	State Revolving Fund
D&I	Diversity and Inclusion	SOW	Scope of Work
ED	Executive Director	TBD	To Be Determined
EEO	Equal Employment Opportunity	WIP	Western Intake Partnership
EPA	Environmental Protection Agency	WTP	Water Treatment Plant
FY	Fiscal Year	WWTP	Wastewater Treatment Plant
GC	General Counsel		
HR	Human Resources		

Pending Key Staff Action Items from Board Meetings

No.	Date	Action Item	Target Board Meeting Date	Person(s) Responsible	Status
1.	4-28-2022	Indicate updates on the Long-Range Water Supply Plan yield analysis on prior Board agendas.	NA	Rouse Orbich	Completed – note added to the 8-13-2020 agenda.
2.	4-28-2022	Include a third Jordan Lake alternative for comparison to two Jordan Lake alternatives on January 13, 2022 agenda.	5-12-2022	Rouse Taylor	
3.	10-28-2021	Evaluate trends in the labor market, cyber security, etc.	NA	Taylor Directors	