



# ORANGE WATER AND SEWER AUTHORITY

*A public, non-profit agency providing water, sewer and reclaimed water services  
to the Carrboro-Chapel Hill community.*

## **Agenda**

### **Work Session of the OWASA Board of Directors**

**Thursday, August 10, 2017, 6:00 P.M.**

### **OWASA Community Room**

The Board of Directors appreciates and invites the public to attend and observe its meetings. For the Board's Work Session, public comments are invited on only items appearing on this agenda. Speakers are invited to submit more detailed comments via written materials, ideally submitted at least three days in advance of the meeting to the Clerk to the Board via email or US Postal Service ([aorbich@owasa.org](mailto:aorbich@owasa.org)/400 Jones Ferry Road, Carrboro, NC 27510).

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.

The Board may take action on any item on the agenda.

### **Announcements**

- a. 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.
  - Introduce new Board Members, Ray DuBose (Orange County Appointee) and John Morris (Chapel Hill Appointee) who took their Oath of Office on July 5, 2017
  - Update on the June 21, 2017 Human Resources Committee Meeting
  - Update on the July 12, 2017 Executive Committee Meeting
- b. Announcements by Board Members
- c. Announcements by Staff
  - Passing of former OWASA Board Member, Edward N. Mann, Jr. (Robert Epting)

### **Consent Agenda**

#### **Information and Reports**

1. Quarterly Report on Attendance at Board and Committee Meetings (Andrea Orbich)

### **Action**

2. Minutes of the May 11, 2017 Work Session of the Board of Directors (Andrea Orbich)
3. Minutes of the May 25, 2017 Public Hearings and Meeting of the Board of Directors (Andrea Orbich)
4. Minutes of the June 8, 2017 Work Session of the Board of Directors (Andrea Orbich)

### **Regular Agenda**

#### **Information and Reports**

5. Update on Risk Assessment Work for the Jones Ferry Road Water Treatment Plant and the Mason Farm Wastewater Treatment Plant (Adam Haggerty)
6. Capital Improvements Program Semiannual Report (Vishnu Gangadharan)
7. Preliminary Financial Report for the Twelve-Month Period Ended June 30, 2017 (Stephen Winters)

**Discussion**

8. Discuss Process for Soliciting and Evaluating Proposals for Financial Auditing Services (Stephen Winters)
9. Review Board Work Schedule (Robert Morgan/Ed Kerwin)
  - a. Request(s) by Board Committees, Board Members and Staff
    - Standing Committees of the Board of Directors
    - Appointment to the Intergovernmental Parks Work Group
    - Appointment to the Chatham/Orange Joint Planning Task Force
  - b. September 14, 2017 Work Session
  - c. September 28, 2017 Annual Meeting of the Board
  - d. 12 Month Board Meeting Schedule
  - e. Pending Key Staff Action Items

**Summary of Work Session Items**

10. Executive Director will summarize the key staff action items from the Work Session

**Closed Session**

11. The Board of Directors will convene in a Closed Session for two items:
  - The Purpose of Discussing a Potential Property Transaction (Ruth Rouse)
  - The Purpose of Discussing a Personnel Matter (Robert Morgan)

**ORANGE WATER AND SEWER AUTHORITY - QUARTERLY REPORT**

**ATTENDANCE AT BOARD AND COMMITTEE MEETINGS**

<b>BOARD OF DIRECTORS</b>	<b>APRIL 2017</b>	<b>MAY 2017</b>	<b>JUNE 2017</b>
<b>JOHN A. YOUNG CHAIR</b>	April 13 WS (Meeting) April 27 Board (Meeting)	May 11 WS (Meeting) May 25 Board (Meeting)	June 6 HR (Meeting) June 8 WS (Meeting) June 21 HR (Meeting) June 22 Board (Canceled)
<b>JEFF DANNER, VICE CHAIR</b>	April 13 WS (Absent) April 27 Board (Meeting)	May 11 WS (Absent) May 25 Board (Meeting)	June 6 HR (Meeting) June 8 WS (Meeting) June 21 HR (Absent) June 22 Board (Canceled)
<b>BARBARA M. FOUSHEE, SECRETARY</b>	April 13 WS (Meeting) April 27 Board (Meeting)	May 11 WS (Meeting) May 25 Board (Meeting)	June 6 HR (Meeting) June 8 WS (Meeting) June 21 HR (Meeting) June 22 Board (Canceled)
<b>YINKA AYANKOYA</b>	April 13 WS (Meeting) April 27 Board (Meeting)	May 11 WS (Meeting) May 25 Board (Meeting)	June 6 HR (Meeting) June 8 WS (Meeting) June 21 HR (Meeting) June 22 Board (Canceled)
<b>TERRI BUCKNER</b>	April 13 WS (Meeting) April 27 Board (Meeting)	May 11 WS (Meeting) May 25 Board (Meeting)	June 6 HR (Meeting) June 8 WS (Meeting) June 21 HR (Meeting) June 22 Board (Canceled)
<b>DAVE MOREAU</b>	April 13 WS (Meeting) April 27 Board (Meeting)	May 11 WS (Meeting) May 25 Board (Absent)	June 8 WS (Meeting) June 22 Board (Canceled)
<b>ROBERT MORGAN</b>	April 13 WS (Meeting) April 27 Board (Absent)	May 11 WS (Meeting) May 25 Board (Meeting)	June 6 HR (Meeting) June 8 WS (Meeting) June 21 HR (Meeting) June 22 Board (Canceled)
<b>HEATHER PAYNE</b>	April 13 WS (Meeting) April 27 Board (Absent)	May 11 WS (Meeting) May 25 Board (Meeting)	June 6 HR (Meeting) June 8 WS (Meeting) June 21 HR (Meeting) June 22 Board (Canceled)

**AUGUST 10, 2017**

<b>BOARD OF DIRECTORS</b>	<b>APRIL 2017</b>	<b>MAY 2017</b>	<b>JUNE 2017</b>
<b>RUCHIR VORA</b>	April 13 WS (Absent) April 27 Board (Meeting)	May 11 WS (Absent) May 25 Board (Meeting)	June 8 WS (Absent) June 22 Board (Canceled)
<b>TOTAL MEETINGS HELD:</b>	<b>2</b>	<b>2</b>	<b>3</b>

Board – Board of Directors  
HR – Human Resources Committee  
WS – Work Session

**AUGUST 10, 2017**

## Agenda Item 2

Orange Water and Sewer Authority  
Meeting of the Board of Directors  
May 11, 2017

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a work session on Thursday, May 11, 2017 at 6:00 p.m. in the Community Room in the OWASA Administration Building, 400 Jones Ferry Road, Carrboro.

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

OWASA staff present: Ed Kerwin, Mary Darr, Greg Feller, Alicia Grey, Stephanie Glasgow, Howard Hardiman, Simon Lobdell, Dan Przybyl, Todd Taylor, Stephen Winters and Robert Epting, Esq., Epting and Hackney.

Others present: Kevin O'Conner, Don Schlenger and Associates; Rossie Manning and Kevin Keim, Mueller Systems; Margaret Holton, Water, Sewer and Reclaimed Water Coordinator, University of North Carolina at Chapel Hill; and Ellen Tucker, Hill, Chesson and Woody.

### Motions

1. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Awarding a Construction Contract for the Rogerson Drive Pump Station Rehabilitation Project. (Motion by Heather Payne, second by Dave Moreau and unanimously approved.)
2. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Amending the Fiscal Year 2017 Annual Budget for Capital Equipment Expenditures. (Motion by Heather Payne, second by Dave Moreau and unanimously approved.)
3. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Authorizing the Executive Director to Execute Contracts with Blue Cross Blue Shield of North Carolina for Employee Health (6.8% premium increase) and Dental (1.4% premium increase) Insurance. (Motion by Terri Buckner, second by Robert Morgan and unanimously approved.)
4. Terri Buckner made a motion to adopt a fifth health and dental coverage Tier (Employee and Children) with Blue Cross Blue Shield of North Carolina; second by Heather Payne and unanimously approved.
5. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Awarding a Contract for the Advanced Metering Infrastructure System Project. (Motion by Terri Buckner, second by Heather Payne and the resolution passed with a vote of six to one with John Young opposed.)

6. Heather Payne made a motion to increase the Fiscal Year 2018 Annual Budget for employee merit pay from \$260,000 to \$290,000; second by Dave Moreau and unanimously approved.

Announcements

John Young said any Board Member who knows of a conflict of interest or potential conflict of interest with respect to any item on the agenda tonight is asked to disclose the same at this time. None were disclosed.

Mr. Young said the Chapel Hill Town Council's OWASA Committee and Chapel Hill appointees to the OWASA Board of Directors will meet on Thursday, May 25, 2017, at 8:30 a.m. in the OWASA Board Room to discuss items of mutual interest.

Yinka Ayankoya reviewed the Board's process for nominating and electing the Chair, Vice Chair and Secretary at the June 8<sup>th</sup> Work Session. She noted that Jeff Danner, Barbara Foushee, Robert Morgan, Heather Payne and she are available according to the Board's current practice for the Election of Officers to hold an Executive Committee position. John Young and Ruchir Vora declined to be considered for an Executive Committee position.

Item One:      Resolution Awarding a Construction Contract for the Rogerson Drive Pump Station Rehabilitation Project

John Young inquired as to the reason for a wide differential in pricing from bidders for the concrete/coatings repair for the Rogerson Drive Pump Station Rehabilitation project.

Heather Payne made a motion to approve the resolution; second by Dave Moreau and unanimously approved. Please see Motion No. 1 above.

Item Two:      Resolution Amending the Fiscal Year 2017 Annual Budget for Capital Equipment Expenditures

Heather Payne made a motion to approve the resolution; second by Dave Moreau and unanimously approved. Please see Motion No. 2 above.

Item Three:     Discuss Employee Health and Dental Insurance Renewal

The Board received a status report on discussions with Blue Cross Blue Shield of North Carolina regarding renewal of health and dental insurance, current negotiated cost increases of 6.8% and 1.4% respectively and adding a fifth coverage Tier. There are four coverage Tiers and this renewal now includes adding a fifth tier (Employee and Children) which would reduce the cost of coverage for some employees.

The Board requested that staff collect data from employees to find out if their spouses have access to health insurance elsewhere.

Terri Buckner made a motion to adopt the Resolution Authorizing the Executive Director to Execute Contracts with Blue Cross Blue Shield of North Carolina for Employee Health (6.8% premium increase) and Dental (1.4% premium increase) Insurance; second by Robert Morgan and unanimously approved. Please see Motion No. 3 above.

Terri Buckner made a motion to adopt a fifth health and dental coverage Tier (Employee and Children) with Blue Cross Blue Shield of North Carolina; second by Heather Payne and unanimously approved. Please see Motion No. 4 above.

Item Four: Discuss Advanced Metering Infrastructure Procurement

Terri Buckner made a motion to adopt the Resolution Awarding a Contract for the Advanced Metering Infrastructure System Project (AM); second by Heather Payne and the motion passed with a vote of six to one with John Young opposed because he prefers to wait a few weeks. Please see Motion No. 5 above.

The AMI system is expected to take about two years to complete and will make it easier for OWASA to detect apparent leaks in customers' plumbing as well as enable customers to frequently monitor their water uses via the internet.

Dan Przybyl introduced Howard Hardiman, new Business Systems Analyst, in the Information Technology Department who is a key staff person for the AMI project.

Item Five: Discuss Information and Options for Employee Merit Pay for Fiscal Year (FY) 2018

After discussion, the Board asked staff to update the chart showing where employees are within their pay ranges by applying the staff recommended pay increase for FY 2018.

The Board will make specific policy decisions on merit pay after receiving recommendations from the Human Resources (HR) Committee. The Board also requested that the HR Committee discuss approaches to advance employee compensation based on performance.

Heather Payne made a motion to increase the FY 2018 Annual Budget for employee merit pay from \$260,000 to \$290,000; second by Dave Moreau and unanimously approved. Please see Motion No. 6 above.

Item Six: Review Board Work Schedule

The Board agreed not to conduct a Board Self-Assessment this year. The Board also agreed to a trial, web-based broadcast (Skype) of the Board's June 8<sup>th</sup> Work Session.

The May 25, 2017, agenda will include a discussion on televising Board meetings; Braxton Foushee will be notified of this item. The June 8, 2017, agenda will no longer discuss Fiscal Year 2018 employee merit pay.

Item Seven: Summary of Work Session Items

Ed Kerwin said the items for staff follow-up are:

- Provide the Board the actions taken at the March 9<sup>th</sup> Board meeting regarding election of officers.
- Provide information on the wide differential in pricing from bidders for the concrete/coatings repair for the Rogerson Drive Pump Station Rehabilitation project.
- Collect data from employees to find out if their spouses have access to health insurance elsewhere.
- Update the chart showing where employees are within their pay ranges by applying the staff recommended pay increase for FY 2018.
- As a trial, provide web-based broadcast (Skype) of the Board's June 8<sup>th</sup> Work Session.

Item Eight: Closed Session

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

At the conclusion of the Closed Session, the work session was adjourned at 8:30 P.M.

Respectfully submitted by:

Andrea Orbich  
Executive Assistant/Clerk to the Board

Attachments



## Agenda Item 3

### Orange Water and Sewer Authority

#### Public Hearings and Meeting of the Board of Directors

May 25, 2017

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held public hearings and a regular meeting on Thursday, May 25, 2017 at 7:00 p.m. in the Council Chamber in the Chapel Hill Town Hall, 405 Martin Luther King Jr. Boulevard, Chapel Hill.

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

OWASA staff present: Mary Darr, Robert Epting (Epting and Hackney), Greg Feller, Vishnu Gangadharan, Robin Jacobs (Epting and Hackney), Ed Kerwin, Andrea Orbich, Ruth Rouse, Kelly Satterfield, Todd Taylor and Stephen Winters.

Others present: Lyndsay Bahn, Bodie Bahn, Greg Ericson, Braxton Foushee, Micah Intrator, Adiel Mora, Sharon Reese, Claire Viadro, Lamont Wilkins, Curtis Williams and Ginger Yancy.

There being a quorum present, Chair John Young called the meeting to order.

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#### Motions

1. Robert Morgan made a motion to close the Concurrent Public Hearings on the Preliminary Annual Operating and Capital Improvements Budgets for Fiscal Year 2018 beginning July 1, 2017 and Proposed Rates, Fees and Charges; the motion was seconded by Barbara Foushee and unanimously approved.
2. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Awarding Construction Contract for the Water Treatment Plant Filter Media and Backwash Improvements Project. (Motion by Terri Buckner, second by Ruchir Vora and unanimously approved.)
3. Terri Buckner made a Motion to approve the Minutes of the April 13, 2017 Work Session of the Board of Directors; second by Ruchir Vora and unanimously approved.
4. Terri Buckner made a Motion to approve the Minutes of the April 27, 2017 Meeting of the Board of Directors; second by Ruchir Vora and unanimously approved.
5. Terri Buckner made a motion to approve the Minutes of the May 11, 2017 Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter; second by Ruchir Vora and unanimously approved.
6. Terri Buckner made a motion that the Natural Resources and Technical Services Committee further review what analysis should be done, if any, to evaluate the long-term use of OWASA's

properties for a future recommendation to the Board; second by Ruchir Vora and unanimously approved.

7. Terri Buckner made a motion that staff develop a draft Community Engagement Plan on forestry management and a draft plan on the use of solar photovoltaic on OWASA property by June 2018; second by Heather Payne and unanimously approved.

8. Robert Morgan made a motion to: evaluate option(s) to provide live broadcast of OWASA Board meetings at Chapel Hill Town Hall to Carrboro residents; determine if Apple/Mac computer users can view live-streaming of OWASA Board meetings; and conduct a trial Skype web-based broadcast of the June 8, 2017 Board meeting. The motion was seconded by Jeff Danner and unanimously approved.

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#### Announcements

John Young said any Board Member who knows of a conflict of interest or potential conflict of interest with respect to any item on the agenda tonight is asked to disclose at this time; none were disclosed.

Mr. Young said that on May 22, 2017, Ruchir Vora was reappointed and John Morris was appointed to the OWASA Board of Directors for a three-year term (July 1, 2017 to June 30, 2020). Mr. Morris will take the seat of Dave Moreau whose term will end on June 30, 2017.

Mr. Young also said that after discussion with regional mayors and others, Chapel Hill Mayor Pam Hemminger, initiated a Jordan Lake Watershed Summit on June 1, 2017, at the Triangle J Council of Governments to discuss integrated water management, the state of the legislative environment and the future of our watersheds. The purpose of the summit is to foster more integrated and innovative approaches to tackling issues associated with the regional growing population. Mr. Young said that Ed Kerwin will participate for OWASA.

Mr. Young said that without objection, the Board will reschedule Item Nine (Televising OWASA Board of Directors' Meetings) until June 8, 2017, because Braxton Foushee is unable to attend tonight's meeting.

Robert Morgan said that the Human Resources Committee will meet on Tuesday, June 6, 2017, at 7:00 p.m. in the OWASA Board Room to discuss and evaluate options for allowing employees to advance more quickly through their pay ranges based on performance as well as employee merit pay for Fiscal Year 2018.

Jeff Danner said that this morning, Heather, Ruchir, John Young and he met with Chapel Hill Town Council members George Cianciolo and Michael Parker to discuss items of mutual interest. Maria Palmer and Dave Moreau were unable to attend due to other commitments, however, newly appointed OWASA Board member John Morris attended as did OWASA staff. Topics included the recent taste and odor in the drinking water; update on Advanced Metering Infrastructure (AMI) project; OWASA's employee diversity and inclusion program; actions OWASA has taken in response to the February water emergency; and public communications.

Yinka Ayankoya reminded Board Members that on June 8, 2017, the Board will vote for new Board Officers and if Board Members plan to be absent, they should send proxy votes to the Clerk to the Board prior to the June 8<sup>th</sup> meeting.

Todd Taylor reported on recent taste and odor problems with OWASA drinking water. He said that OWASA's drinking water has had an "earthy" or "musty" taste and/or odor; and stated that the drinking water is safe to drink and use for all purposes. He noted that under certain conditions, algae in lakes can release compounds into the water that may cause taste and odor changes that are noticeable at the customers' taps. Although OWASA's treatment process removes algae, some organic compounds may remain in the drinking water that cause taste and odor issues. Although staff cannot be certain as to why the algae bloom is earlier and more sudden this year, several factors may contribute: a mild winter, influx of nutrients from heavy rain events, and total organics being are higher than normal.

Mr. Taylor said it is OWASA's goal to produce high quality drinking water that is not only safe to drink but is aesthetically pleasing. Staff closely monitors our source water for algae and utilizes treatment techniques to minimize the unpleasant taste and odors. Recent adjustments have improved the water's taste and odor, and most continuing taste and odor issues are expected to be resolved in a week or so as the water stored in our distribution system is used and replaced.

The Board requested an updated report via e-mail on the potential opportunities to improve monitoring and corrective actions in when conditions cause taste and odor events.

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

John Young opened the concurrent Public Hearings on the Preliminary Annual Operating and Capital Improvements Budget and the proposed Rates, Fees and Charges for Fiscal Year (FY) 2018.

Ed Kerwin noted that after receiving customers' feedback, the Board will close the public hearings and continue deliberations on next year's budget and rates. If the Board approves the proposed FY 2018 budget and rates on June 8, 2017, it will be the sixth year in a row with no increase in monthly water, wastewater and reclaimed water rates. This accomplishment was achieved through proactive measures and investments to improve efficiencies in operations while ensuring consistent high quality and reliable services.

Mr. Kerwin said that the proposed Capital Improvements Program (CIP) includes a project to install Advanced Metering Infrastructure (AMI). AMI will enable water meters to be read remotely, provide detailed information about water use to customers, improve OWASA staff's ability to provide excellent customer service and safety, help identify leaks, reduce vehicle use, and conserve water and save money. Implementing this project will take about two years to complete. Other key investments include: implementing improvements in response to the February 2017 water emergency; health insurance and pay increases for employees; and consultant assistance for OWASA's new Employee Diversity and Inclusion Program.

Stephen Winters said a key objective of OWASA's Strategic Plan is to secure financial stability for the long-term sustainability of the community's water and wastewater systems. Budget and rate-setting assumptions must meet requirements of OWASA's founding documents and agreements, Bond Order, Financial Management Policy and state law. The organization's revenue comes solely from customer fees; OWASA is required to charge customers the full cost of providing water and wastewater services.

Mr. Winters noted that OWASA does not expect an increase in the volume of drinking water sales for FY 2018. Projected total revenue is about \$35.9 million. The budget includes \$21.9 million for operating expenses and \$6.9 million for debt service payments. The CIP budget is projected to be \$15.1 million. Over the next five years, total CIP spending is expected to be about \$96.3 million with about 74% to be spent on rehabilitation and replacement, about 8% on expanding the system's capacity, and approximately 18% for system enhancement.

Mr. Winters reiterated that the Board is considering approving a budget that, for the sixth consecutive year, includes no increase in monthly water, wastewater and reclaimed water rates. Long-term planning indicates that OWASA is sustainable and water resources will meet expected demand for the next 50 years under most circumstances. Current planning also indicates that the water and wastewater treatment plants will not have to be expanded for at least 13 years.

Mr. Young opened the concurrent Public Hearings for public comments.

Micah Intrator said that OWASA is doing a good job on the budgets and rates but that the fluoride feed system is an unnecessary cost to the budget.

Robert Morgan made a motion to close the Concurrent Public Hearings on the Preliminary Annual Operating and Capital Improvements Budgets for Fiscal Year 2018 beginning July 1, 2017 and Proposed Rates, Fees and Charges; the motion was seconded by Barbara Foushee and unanimously approved. Please see Motion No. 1 above.

Mr. Young opened the discussion for Board comments.

Terri Buckner reiterated that no OWASA employees' jobs would be lost because of the AMI Project.

Mr. Young said that it is important that OWASA is investing in rehabilitating our infrastructure and thanked the community for conserving water.

The Board expressed appreciation to the staff for their hard work to keep customer rates stable and for a job well done.

Item Two:     Petitions and Requests

Ginger Yancey opposed fluoridation of drinking water.

Claire Viadro opposed fluoridation of drinking water and she would also like an “opt out” option for the Advanced Metering Infrastructure (AMI) project.

Mr. Young noted that staff is working on an “opt out” option for the AMI project and that Ms. Viadro would be added to OWASA’s AMI stakeholders list.

Micah Intrator would also like an “opt out” option for AMI, and he opposes fluoridation of drinking water.

Lyndsay and Bodie Bahn opposed fluoridation of drinking water and would like a discounted rate because of fluoride in the drinking water.

Sharon Reese opposed fluoridation of drinking water.

Lamont Wilkins opposed fluoridation of drinking water.

Adiel Mora opposed fluoridation of drinking water.

Greg Ericson opposed fluoridation of drinking water.

Curtis Williams opposed fluoridation of drinking water.

The Board heard the petitions and took no action. Mr. Young thanked the public for their time and passion on the fluoridation of drinking water topic. He also reminded the public that on March 9, 2017, the OWASA Board of Directors decided to continue the current policy of fluoridating drinking water and that on April 13, 2017, the Board approved the Action Plan for improvements to the safety and reliability of the fluoride feed system at the Jones Ferry Road Water Treatment Plant.

Yinka Ayankoya suggested providing information about where customers can find fluoride-free water.

After discussion, the Board requested staff provide information on OWASA’s website where the community where can get fluoride-free water.

Mr. Young asked for petitions and requests from the Board and staff; there were none.

Item Three: 12 Month Board Meeting Schedule

The Board received this as an information item.

Item Four: Rogers Road Sewer Operating Agreement with Orange County

Without objection, the Board unanimously agreed to approve the Rogers Road Sewer Operating Agreement with Orange County.

Item Five: Resolution Awarding Construction Contract for the Water Treatment Plant Filter Media and Backwash Improvements Project

Terri Buckner made a motion to approve the resolution, second by Ruchir Vora and unanimously approved. Please see Motion No. 2 above.

Item Six: Minutes

Terri Buckner made a motion to approve the Minutes of the April 13, 2017 Work Session of the Board of Directors; second by Ruchir Vora and unanimously approved. Please see Motion No. 3 above.

Item Seven: Minutes

Terri Buckner made a motion to approve the Minutes of the April 27, 2017 Meeting of the Board of Directors; second by Ruchir Vora and unanimously approved. Please see Motion No. 4 above.

Item Eight: Minutes

Terri Buckner made a motion to approve the Minutes of the May 11, 2017 Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter; second by Ruchir Vora and unanimously approved. Please see Motion No. 5 above.

Item Nine: Televising OWASA Board of Directors' Meetings

The Board agreed to defer this item to the June 8, 2017 Work Session because Braxton Foushee was unable to attend tonight's meeting.

Item Ten: Overview of OWASA's Land Holdings and Past Management Discussions and Actions

Ruth Rouse provided a presentation on OWASA's land holdings and management discussions and actions as they pertain to OWASA's Strategic Plan item to develop a plan and policy framework for long-term management and disposition of OWASA lands. The staff recommendations are:

1. Retain our watershed protection land, biosolids management land and sites for future infrastructure.
2. Continue implementing forest management activities on the Cane Creek Mitigation Tract as recommended by the NC Wildlife Resources Commission and our forest management consultant. Staff recommends moving forward with a planned prescribed burn in spring 2018, following a public information meeting.
3. Move forward with forestry stewardship on our lands with active public engagement beginning in 2019. The following are proposed steps:

- a. Draft a Community Engagement Plan for forestry management which would guide the other activities listed here.
  - b. Issue a document responding to questions and comments received from the public in response to OWASA's prior draft Forest Stewardship Plans.
  - c. Revise the draft Forest Stewardship Plans based on consideration of the comments received and responses to the public.
  - d. Issue revised draft Forest Stewardship Plans for public review and comment and conduct at least one public meeting at which questions and comments will be received.
  - e. For areas for which plans are approved, hold smaller meetings with neighboring land owners on specific sites prior to managing forests on those lands. This would enable staff to tailor information to the specific site and receive feedback on a specific site, with the opportunity to further refine a plan as needed before implementation.
4. Implement the following steps to seek proposals for third-party development of renewable energy projects on our land:
- a. In the context of current and future land uses, as well as stakeholder feedback, identify one or more potential OWASA sites for a large scale (1-5 megawatt) solar photovoltaic development.
  - b. Seek qualifications from private solar photovoltaic developers to evaluate the technical and economic feasibility of solar photovoltaic development on the identified site(s).
  - c. If feasible, engage stakeholders (including neighboring landowners) in a site development plan and agreement with the solar developer.
5. Seek grant funds in 2019 to develop educational materials for a self-guided walking tour of the Cane Creek Mitigation Tract.

After discussion, the Board requested additional information on the 2010 Draft Forestry Management Plan and decided to schedule a meeting of the Board's Natural Resources and Technical Services Committee in the fall to discuss staff's recommendation for the long-term use of OWASA land and determine what analysis, if any, is recommended to inform further decision making.

Terri Buckner made a motion that the Natural Resources and Technical Services Committee further review what analysis should be done, if any, to evaluate the long-term use of OWASA's properties for a future recommendation to the Board; second by Ruchir Vora and unanimously approved. Please see Motion No. 6 above.

Terri Buckner made a motion that staff develop a draft Community Engagement Plan on forestry management and a draft plan on the use of solar photovoltaic technology on OWASA property by June 2018; second by Heather Payne and unanimously approved. Please see Motion No. 7 above.

Item Nine:     Televising OWASA Board of Directors' Meetings

Mr. Braxton Foushee arrived at the meeting around 8:45 p.m., and without objection, the Board agreed to discuss the item tonight instead of June 8, 2017.

Mr. Foushee said he would like the Board to consider having all Board meetings televised to residents in Carrboro and Chapel Hill.

Robert Morgan made a motion to: evaluate option(s) to provide live broadcast of OWASA Board meetings at Chapel Hill Town Hall to Carrboro residents; determine if Apple/Mac computer users can view live-streaming of OWASA Board meetings; and conduct a trial Skype web-based broadcast of the June 8, 2017 Board meeting. The motion was seconded by Jeff Danner and unanimously approved. Please see Motion No. 8 above.

Item Nine: Executive Director Will Summarize the Key Action Items from the Board Meeting and Note Significant Items for Discussion and/or Action Expected at the Next Meeting

Ed Kerwin summarized the meeting as follows:

- June 8, 2017 Work Session will include the following items:
  - o Review and approve the Fiscal Year 2018 budgets and rates
  - o Receive a Progress Report on Diversity and Inclusion with our consultant
  - o Approve Minor Changes to Water and Sewer Management, Planning and Boundary Agreement
  - o Award the Hillsborough Street Water Main Replacement Project contract
  - o Election of Officers
- Provide a report on the potential opportunities to improve the monitoring and response to drinking water taste and odor events;
- Provide information on our website about where the community can get fluoride-free water;
- Provide the Board information on the 2010 Draft Forestry Management Plans.
- Schedule Natural Resources and Technical Services Committee meeting in the fall to discuss staff's recommendation on the long-term use of OWASA land and determine what analysis, if any, is recommended to inform further decision making.
- Prepare a draft Community Engagement Plan for Forestry Management by June 2018; and
- Prepare a draft plan for solar photovoltaic technology on OWASA land by June 2018.

The meeting was adjourned at 9:50 p.m.

Respectfully submitted,

Andrea Orbich  
Executive Assistant/Clerk to the Board

Attachments



## Agenda Item 4

Orange Water and Sewer Authority

Meeting of the Board of Directors

June 8, 2017

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in work session on Thursday, June 8, 2017, at 6:00 p.m. in OWASA's Community Room, 400 Jones Ferry Road, Carrboro.

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

OWASA staff present: Mary Darr, Robert Epting (Esq., Epting and Hackney), Greg Feller, Stephanie Glasgow, Ed Kerwin, Simon Lobdell, Andrea Orbich, Ruth Rouse, Todd Taylor, Stephen Winters and Richard Wyatt.

Others present: Margaret Holton (Water, Sewer and Reclaimed Water Coordinator) and Ben Poulson (Associate Director of Energy Services) of the University of North Carolina at Chapel Hill; Angela Bryant and Thomas Briggs of VISIONS, Inc.; and Curtis Williams.

### Motions

1. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Awarding a Construction Contract for the Hillsborough Street Water Main Project. (Motion by Robert Morgan, second by David Moreau and unanimously approved.)
2. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the resolution to Approve Minor Changes to Water and Sewer Management, Planning and Boundary Agreement. (Motion by Robert Morgan, second by David Moreau and unanimously approved.)
3. BE IT RESOLVED THAT the Orange Water and Sewer Authority Board of Directors adopts the Resolution Adopting the Schedule of Rates, Fees and Charges Applicable to All Customers On and After October 1, 2017. Resolution so titled attached hereto and made a part of these minutes. (Motion by Terri Buckner, second by David Moreau and unanimously approved.)
4. BE IT RESOLVED THAT the Orange Water and Sewer Authority Board of Directors adopts the Resolution Adopting the Annual Budget for Orange Water and Sewer Authority for the Fiscal Year July 1, 2017 through June 30, 2018. (Motion by Terri Buckner, second by Barbara Foushee and unanimously approved.)
5. BE IT RESOLVED THAT the Orange Water and Sewer Authority Board of Directors adopts the Resolution Approving the Capital Improvements Program and Budget for Fiscal Years 2018-2022. (Motion by Terri Buckner, second by David Moreau and unanimously approved.)

6. BE IT RESOLVED THAT the Orange Water and Sewer Authority Board of Directors adopts the Capital Project Resolution for Fiscal Year 2018 Infrastructure Improvements. (Motion by Terri Buckner, second by David Moreau and unanimously approved.)

7. BE IT RESOLVED THAT the Orange Water and Sewer Authority Board of Directors adopts the Resolution Honoring the Service of Terri Buckner to the Chapel Hill-Carrboro-Orange County Community as a Member of the Orange Water and Sewer Authority Board of Directors. (Motion by Robert Morgan, second by Heather Payne and unanimously approved.)

8. BE IT RESOLVED THAT the Orange Water and Sewer Authority Board of Directors adopts the Resolution Honoring the Service of Dr. David H. Moreau to the Chapel Hill-Carrboro-Orange County Community as a Member of the Orange Water and Sewer Authority Board of Directors. (Motion by Heather Payne, second by Yinka Ayankoya and unanimously approved.)

9. Robert Morgan made a motion to cancel the Board's June 22, July 13 and July 27, 2017 Board Meetings; second by Jeff Danner and unanimously approved.

#### Announcements

John Young began the meeting by expressing gratitude to the Board, staff and community because this is his last meeting as Chair of the Board of Directors. He thanked the Board and the community for their support and guidance during his tenure as Chair.

Mr. Young then asked any Board Member who knows 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.

Mr. Young noted that tonight's meeting will be broadcasted via Skype as a test, and that the Board is scheduled to discuss the results of this test at the October 12, 2017 work session.

Mr. Young announced that on June 6, 2017, the Orange County Board of County Commissioners appointed Mr. Ray DuBose to the OWASA Board of Directors. Mr. DuBose will take Terri Buckner's seat whose term ends June 30, 2017.

Mr. Young said that he received a request from Orange County Board of Commissioners regarding an OWASA delegate to the Chatham/Orange Joint Planning Task Force and he proposed that next Chair solicit the delegate for OWASA, subject to the Board's consent, and the Board agreed.

Robert Morgan said that the Human Resources (HR) Committee met on Tuesday, June 6, 2017, to discuss and evaluate information and options for employee merit pay for Fiscal Year 2018, as well as approaches that might advance employee compensation based on performance. The HR Committee requested additional data and plans to meet again before the end of June 2017, and will prepare a recommendation for the Board at a future meeting.

Todd Taylor provided an update on work to resolve taste and odor issues in the drinking water reported by customers since mid-May. Mr. Taylor reported that staff continues to modify water treatment processes and is flushing water from fire hydrants throughout the 380-mile pipe distribution system to remove the affected water still in the distribution system.

Item One: Resolution Awarding a Construction Contract for the Hillsborough Street Water Main Replacement Project

Robert Morgan made a motion to approve the resolution; second by Dave Moreau and unanimously approved. Please see Motion No. 1 above.

Item Two: Approve Minor Changes to the Water and Sewer Management, Planning and Boundary Agreement

Robert Morgan made a motion to approve the resolution; second by Dave Moreau and unanimously approved. Please see Motion No. 2 above.

Item Three: Approval of the Schedule of Rates, Fees, and Charges; Annual Budget and Five-Year Capital Improvements Program (CIP)

The Board approved the budget for July 2017 through June 2018 (Fiscal Year 2018), rates to be effective in October 2017 and the 5-Year Capital Improvements Program (Fiscal Years 2018-2022).

Fiscal Year 2018 is the sixth consecutive year with no increase in OWASA's monthly rates for water, sewer and reclaimed water service. Key initiatives in the coming budget year include starting implementation of the Advanced Metering Infrastructure project, which will make it easier for OWASA and customers to identify potential leaks; and energy efficiency investments to reduce OWASA's use of conventional fuels and related greenhouse gas emissions.

Terri Buckner made a motion to approve the Resolution Adopting the Schedule of Rates, Fees and Charges Applicable to All Customers On and After October 1, 2017; second by David Moreau and unanimously approved. Please see Motion 3 above.

Terri Buckner made a motion to approve the Resolution Adopting the Annual Budget for Orange Water and Sewer Authority for the Fiscal Year July 1, 2017 through June 30, 2018; second by Barbara Foushee and unanimously approved. Please see Motion 4 above.

Terri Buckner made a motion to approve the Resolution Approving the Capital Improvements Program and Budget for Fiscal Years 2018-2022; second by David Moreau and unanimously approved. Please see Motion 5 above.

Terri Buckner made a motion to approve the Capital Project Resolution for Fiscal Year 2018 Infrastructure Improvements; second by David Moreau and unanimously approved. Please see Motion 6 above.

Item Four: Progress Report on the Initial Implementation Plan for OWASA's Diversity and Inclusion Program

Ed Kerwin introduced Angela Bryant and Thomas Briggs of VISIONS, Inc., OWASA's diversity and inclusion consultant, who provided a status report on OWASA's diversity and inclusion program. The presentation focused on: diversity goals and objectives; critical success factors; program components with VISIONS; key VISIONS tools; and the role of diversity and inclusion transformation in OWASA's organizational change.

The consultant's next step is to meet with the Leadership Team and a Diversity Resource Committee made up of employee volunteers. Training for employees is scheduled for later this fall. The next Diversity and Inclusion Progress Report is scheduled for the Board's September 14, 2017 Work Session.

Item Five: Resolution Honoring the Service of Terri Buckner to the Chapel Hill-Carrboro-Orange County Community as a Member of the Orange Water and Sewer Authority Board of Directors

John Young read aloud the Resolution Honoring the Service of Terri Buckner to the Chapel Hill-Carrboro-Orange County Community as a Member of the Orange Water and Sewer Authority Board of Directors.

Robert Morgan made a motion to approve the resolution; second by Heather Payne and unanimously approved. Please see Motion 7 above.

The Board and staff expressed deep appreciation to Ms. Buckner for her service on the Board of Directors for the last six years.

Ms. Buckner expressed her gratitude to the Board, staff, and the community, to be of service on a Board that is owned by the community.

Item Six: Resolution Honoring the Service of Dr. David H. Moreau to the Chapel Hill-Carrboro-Orange County Community as a Member of the Orange Water and Sewer Authority Board of Directors

John Young read aloud the Resolution Honoring the Service of Dr. David H. Moreau to the Chapel Hill-Carrboro-Orange County Community as a Member of the Orange Water and Sewer Authority Board of Directors.

Heather Payne made a motion to approve the resolution; second by Yinka Ayankoya and unanimously approved. Please see Motion 8 above.

The Board and staff expressed deep appreciation to Mr. Moreau for his service on the Board of Directors for the last three years.

Dave Moreau expressed his gratitude and respect to the Board, staff and General Counsel for their excellent quality of work.

Item Seven: Review Board Work Schedule

The Board agreed to schedule a discussion of Financial Reserves Policy on November 9, 2017. Staff is working to propose Board meeting date(s) to provide an update on risk assessment work for the water and wastewater treatment plants.

Robert Morgan made a motion to cancel the Board's June 22, July 13 and July 27, 2017 Board Meetings; second by Jeff Danner and unanimously approved. See Motion 9 above.

Item Eight: Report of the Nominating Committee for Election of Officers

Yinka Ayankoya, Chair of the Nominating Committee, said that following the Board meeting on March 9, 2017, the Board agreed that as a practice for the next Election of Officers of the Board, every Board Member would be considered as eligible for election, except those who have indicated their wish not to serve as Officers. The Board also agreed, at least for those officers presently serving or to be elected tonight, to observe one-year term limits, so that none of the persons currently serving in as Chair, Vice Chair and Secretary, would be eligible for election to succeed himself or herself in his or her current Office.

Ms. Ayankoya stated that after receiving information from those who wished not to be considered for election as Officers of the Board, the Clerk to the Board had prepared ballots for each Office, with each ballot containing the names of all those eligible for election to Office this year, except those who indicated they did not wish to serve. Without objection, she announced that voting will proceed separately by paper ballot for each Office until a Board member is elected by receiving five or more votes; and, that in the event any round of voting ends in a tie, or if no person receives five votes in subsequent rounds of voting, balloting may be continued to the next Board meeting, and the present Officer will continue to serve until the new Officer is elected in the unfilled Office(s).

Board Members who indicated they did not wish to serve as an Officer(s) of the Board of Directors are Ruchir Vora and John Young.

The Board Clerk then distributed the ballots for election of the Board Chair; those considered to have been in nomination were Yinka Ayankoya, Jeff Danner, Barbara Foushee, Robert Morgan and Heather Payne.

Board Members cast their votes and Robert Morgan was unanimously elected as Chair of the Board of Directors.

The Board Clerk then distributed the ballots for election of Vice Chair of the Board of Directors; those considered to have been in nomination were Yinka Ayankoya, Barbara Foushee and Heather Payne.

Board Members cast their votes, and in the first round of voting, none of the candidates received five votes; and, Barbara Foushee having received the fewest votes, her name was dropped from the second ballot.

In the second round of voting for Vice Chair of the Board of Directors, those considered to have been in nomination were Yinka Ayankoya and Heather Payne. In the vote on the second ballot, the vote was tied four to four.

The Board determined to conduct a third ballot for the office of Vice Chair, and the nominations were again Yinka Ayankoya and Heather Payne. In the vote on the third ballot, the vote remained tied at four votes for each candidate.

Yinka Ayankoya then announced that she was withdrawing her name as candidate for Vice Chair of the Board of Directors. Thereupon, the Board elected Heather Payne as Vice Chair by a vote of seven to one, with Barbara Foushee opposed.

Jeff Danner withdrew his name as a candidate for Secretary of the Board of Directors, and Yinka Ayankoya was unanimously elected Secretary by acclamation.

Item Nine: Executive Director Will Summarize the Key Staff Action Items from the Work Session

Ed Kerwin said the following items for staff follow-up are:

- Provide the Board an updated report on the drinking water taste and odor progress via e-mail.
- Propose Board meeting date(s) to provide an update on risk assessment work for the water and wastewater treatment plants.
- Staff will issue a news release on newly adopted rates and fees for Fiscal Year 2018.

The work session was adjourned at 8:05 p.m.

Respectfully submitted by:

Andrea Orbich  
Executive Assistant/Clerk to the Board

Attachments

## **Agenda Item 5:**

Update on Risk Assessment Work for the Jones Ferry Road Water Treatment Plant (WTP) and the Mason Farm Wastewater Treatment Plant (WWTP)

### **Purpose:**

To update the Board on the Risk Assessment Work for the WTP and WWTP. No Board action is required (at this time).

### **Background:**

The benefit of having a consultant prepare a Risk Management Plan for the WTP and WWTP was discussed during the Board's February 17, 2017 Special Work Session and in subsequent meetings. The Fiscal Year 2018 Capital Improvements Program (CIP) includes a total of \$150,000 for this work (CIP Projects No. 272-47 for WTP and 278-81 for WWTP).

### **Consultant Selection:**

On June 23, 2017, OWASA staff advertised a Request for Qualifications to solicit a qualified engineering firm to prepare a Risk Management Plan for both plants. Three Statements of Qualifications were received by the submittal deadline of July 28, 2017. Staff plans to select the best qualified consultant, develop the detailed scope of work with the consultant, and issue the Notice to Proceed before the end of August 2017.

### **Objectives of the Risk Management Plan:**

The primary objective of the Risk Management Plan is to develop and implement a plan following industry best practices which are focused on operations and maintenance strategies to mitigate and manage risk of a system failure. The Risk Management Plan is expected to include:

- a highly participatory process facilitated by the consultant with industry experts and OWASA employees to identify and assess risks that would prevent our Team from providing water, wastewater, and reclaimed water services that meet or exceeds all federal, state and local quality requirements;

August 10, 2017

- an evaluation of options and strategies (administrative controls; system and facility improvements; institutional improvements) to eliminate or mitigate the identified risks;
- a prioritized implementation plan for improvements; and
- a process to measure the value and effectiveness of the plan.

The Risk Management Plan will not include external or internal security threats or natural disasters (which are covered by other confidential plans).

The schedule is ambitious, but we are committed to work closely with the consultant to complete the Risk Management Plan by June 30, 2018.

*Board Guidance Expected:*

Staff expects that some of the strategies and options to mitigate risk identified in the Risk Management Plan will require Board discussion and direction, some of which will likely have budget implications. Once we work with the consultant on the detailed project scope of work and schedule, we will provide additional information on the schedule and process for Board discussion.

*Project Management:*

Adam Haggerty, Asset Management and Facilities Engineer is OWASA's Project Manager for this work.

**Information:**

- Request for Qualifications, excluding Design Services Agreement, issued on June 28, 2017 and Addendum #1 issued on July 19, 2017

August 10, 2017





# ORANGE WATER AND SEWER AUTHORITY

*A public, non-profit agency providing water, sewer and reclaimed water services  
to the Carrboro-Chapel Hill community.*

## **REQUEST FOR QUALIFICATIONS**

**Orange Water and Sewer Authority  
Water Treatment Plant and Wastewater Treatment Plant Risk Assessment  
CIP Project No. 272-47 and 278-50  
Issue Date: June 23, 2017**

**Submittal Deadline: July 28, 2017 at 2 PM**

### **1. INTRODUCTION**

Your firm is hereby invited to submit a written statement of qualifications to provide professional engineering services to perform a Risk Assessment on the Orange Water and Sewer Authority's (OWASA) water, wastewater, and reclaimed water systems.

OWASA will conduct a Qualification-Based Selection process to identify the best qualified firm with which to negotiate a contract. All firms submitting qualifications must have demonstrated experience and expertise in assessing risk and have provided such services to other water and/or wastewater utility clients within the previous five years.

***To be considered by OWASA, responses to this Request for Qualifications (RFQ) must be received by 2:00 p.m. Eastern Daylight Time on Friday, July 28, 2017. Refer to Section 5 – Submittal Requirements for details.***

### **2. OBJECTIVES**

The primary objectives of the project are to:

- a) Lead and facilitate a highly participatory process involving employees throughout the organization to identify and assess risks that would prevent OWASA from providing water, wastewater, and reclaimed water service that meet or exceeds all federal, state and local quality requirements;
- b) Evaluate options (administrative controls; system and facility improvements; institutional improvements) to eliminate or mitigate the identified risks;
- c) Develop a prioritized implementation plan for improvements;
- d) Summarize all findings in a Risk Management Plan and incorporate the risk assessment results into OWASA's Asset Management Program; and
- e) Establish a process to determine the value and effectiveness of the plan and for future plan updates.

The project will be completed by June 30, 2018.

### **3. BACKGROUND AND DESCRIPTION**

OWASA is a community-owned utility providing water, wastewater and reclaimed water services to approximately 83,000 people in the Town of Carrboro, Town of Chapel Hill and the University of North Carolina at Chapel Hill.

OWASA's facilities include three raw water reservoirs, a 20 million gallon per day (MGD) drinking water treatment plant, 396 miles of raw water and drinking water distribution pipes, six water storage tanks, four water booster pump stations, 342 miles of sewer collection pipes and force mains, 21 wastewater pump stations, five miles of reclaimed water pipes, a reclaimed water pumping station with an associated ground storage tank, a 14.5 MGD (peak monthly) wastewater treatment plant, and support facilities.

In February 2017, a series of events led to a water emergency, resulting in "Do Not Use, Do Not Drink" directive for the entire service area that remained in effect for about 25 hours. The water emergency resulted from the combination of: 1) an accidental overfeed of fluoride which was contained at the Jones Ferry Road Water Treatment Plant (WTP), but made it necessary to shut down the plant and obtain drinking water from the City of Durham; and 2) a major water main break which occurred about 19 hours after the WTP had been shut down. The major water main break caused the storage of drinking water to drop to very low levels which resulted in a "Do Not Use, Do Not Drink" directive by the Orange County Health Department for OWASA customers.

OWASA staff conducted After Action Reviews (AARs) on various elements of the water emergency. The purposes of the AARs were to determine what went well in response to the water emergency (that should be repeated in the future) and to determine opportunities for improvement. One of the opportunities for improvement identified was the need for a risk assessment to be performed on OWASA's water, wastewater, and reclaimed water systems.

### **4. SCOPE OF SERVICES**

The engineering services required for this project are expected to be completed to meet the objectives outlined above and in general accordance with a scope of services as needed to accomplish the tasks listed below. **However, the final scope of services will be negotiated with the selected engineering firm and may include modified and/or additional tasks.**

OWASA staff expects that the scope of work to be completed by June 30, 2018 and will be limited to the water and wastewater treatment plants. The selected consultant may be authorized to conduct additional risk assessment work at the sole discretion of OWASA staff.

1. Consulting services may include:
  - a. Lead and facilitate a series of highly participatory workshops involving employees throughout the organization. The workshop(s) should be designed to educate OWASA staff about the risk management process, demonstrate how other utilities have benefited from implementing this process, and facilitate brainstorming sessions to identify and assess risks.

- b. Identify which functions and/or systems should be included in the risk assessment.
- c. Identify the information/data needed for a risk assessment and determine areas that need to be addressed (gap analysis) in order to accomplish the goal of developing a Risk Management Plan.
- d. Conduct on-site physical assessments of OWASA facilities in support of the risk assessment.
- e. Evaluate OWASA's current practices and facilities against best practices utilized by other organizations that have been successful in implementing risk management.
- f. Delivery of a Final Risk Management Plan Report along with associated tools that will allow OWASA to update the plan and incorporate the plan into the existing Asset Management Program, Capital Improvement Program, Comprehensive Emergency Management Plan, and/or Standard Operating Procedures. The Final Risk Management Plan will evaluate options to eliminate or mitigate the identified risks and include a prioritized implementation plan for improvements. The prioritization methodology will be documented in the final report.
- g. Establish a process to determine the value and effectiveness of the plan and for future plan updates. This would include an initial phase to demonstrate the risk assessment process and allow OWASA staff to evaluate the process prior to completion of the project.

OWASA welcomes alternative approaches that would accomplish the overall goal of having a risk assessment that assists OWASA in identifying, understanding and managing risk. The scope of the risk assessment may consider abnormal operating conditions such as loss of power, loss of automation, and high flow conditions.

The draft and final plans, reports, etc. will be provided in electronic and hard copy formats in a manner acceptable to and usable by OWASA. The actual list and format of deliverables will be negotiated with the selected firm.

## **5. SUBMITTAL REQUIREMENTS**

**All firms are encouraged, but not required, to attend a Pre-Proposal Conference on Monday, July 17, 2017 from 2:00 to 3:00 p.m. in the Community Room at OWASA's Administration Building at [400 Jones Ferry Road, Carrboro, NC 27510](#), when OWASA staff will review the RFQ, answer questions about the project, and tour the Jones Ferry Road Water Treatment Plant and Mason Farm Wastewater Treatment Plant. Except for the July 17, 2017 Pre-Proposal Conference, all questions regarding this RFQ must be directed to Mr. Adam Haggerty via fax, e-mail, or in writing. No additional meetings will be provided to prospective consultants.**

**Responses to this RFQ must be received by OWASA no later than 2:00 p.m. Eastern Daylight Time on Friday, July 28, 2017. To be considered, please submit four (4) hard copies and one (1) electronic copy in PDF format of the required qualifications to:**

Adam Haggerty, P.E.  
Asset Management and Facilities Engineer  
Orange Water and Sewer Authority  
400 Jones Ferry Road

Carrboro, North Carolina 27510

Submittals (**including** resumes) shall be limited to a maximum of 10 double-sided pages (i.e., 20 pages printed double-sided onto 10 sheets of 8-1/2"x11" paper). Work product examples will be excluded from the page limitation.

Each submittal must include the following in order to be considered:

- a) **Project Team [20 points]** showing the proposed project team members, including sub-consultants (if any), identifying their respective roles on the project, and indicating their availability to support this project. Each proposal shall include resumes of key team members. The primary contact shall be clearly identified.
- b) **Project Approach [30 points]** describing your proposed approach to accomplish the work to meet the project objectives, identifying how you will manage any notable risks to meeting the schedule and budget constraints. Provide detailed information that will allow OWASA staff to distinguish your team from other firms that may be competing for this project. The consultant will efficiently and effectively utilize OWASA staff's time. Provide an estimate of the level of commitment required from OWASA staff for the project to be successful.
- c) **Project Schedule** supporting the project approach, with sufficient delineation of phasing and tasks to demonstrate your understanding of project components, sequencing, risks, etc. OWASA intends to select a firm by August 11, 2017. The schedule should assume a Notice to Proceed of August 25, 2017 and a completion date of no later than June 30, 2018.
- d) **Past Experience and References [20 points]** for the three most similar projects completed by your firm in the last five (5) years for other clients. Identify who served as project manager and key lead technical roles in those projects. Summarize the current status of the client's decisions/actions taken in response to your recommendations.
- e) **Work Product Examples [30 points]** that illustrate the content and quality for similar studies and analyses completed by key proposed team members. Examples may be provided via hard copy (this documentation is excluded from the page limitation) or electronic copy (physical data storage or online). A maximum of three (3) work products may be included.
- f) **Contract Objections:** It is OWASA's intention to use a contract similar to the one included as Attachment 1. If your firm objects to any element of the contract, please state the objections in the submittal.

## **6. SELECTION PROCESS**

OWASA intends to select a firm on a qualifications basis within two weeks of receiving the responses to this RFQ, and expects to complete final scoping and contract negotiation in August 2017. OWASA reserves the right to reject any and all proposals, to waive any and all formalities, and to disregard all nonconforming or conditional submittals.

OWASA may elect to conduct face-to-face interviews with two or more firms being evaluated prior to making a final selection.

If OWASA cannot reach an agreement with the initially selected firm, OWASA will then proceed to negotiate with other firms that submitted qualifications, or will reissue the RFQ.

## **7. OWASA POINT OF CONTACT**

Adam Haggerty will be OWASA's primary point of contact for all consultant selection matters relating to this project. **All questions regarding this Request for Qualifications must be emailed on or before Monday, July 24, 2017** to Mr. Haggerty at [ahaggerty@owasa.org](mailto:ahaggerty@owasa.org).

## **8. SUPPLEMENTAL INFORMATION**

Upon request, the following supplemental information will be made available:

- [OWASA's Asset Management Program](#)
- [Excerpts from the Capital Improvements Program for Fiscal Years 2017 to 2021](#)
- [Plant Process Diagrams](#)



# ORANGE WATER AND SEWER AUTHORITY

*A public, non-profit agency providing water, sewer and reclaimed water services  
to the Carrboro-Chapel Hill community.*

**Orange Water and Sewer Authority  
Water Treatment Plant and Wastewater Treatment Plant Risk Assessment  
CIP Project No. 272-47 and 278-50**

**REQUEST FOR QUALIFICATIONS**

**ADDENDUM #1**

**Issue Date: July 19, 2017**

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*Information provided below shall supplement or supersede the relevant sections of the subject RFQ*

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The following changes (in red) have been made to the text in Section 5 (Submittal Requirements) of the Request for Qualifications (RFQ):

Each submittal must include the following in order to be considered:

- a) **Project Team [20 points]** showing the proposed project team members, including sub-consultants (if any), identifying their respective roles on the project, and indicating their availability to support this project. Each proposal shall include resumes of key team members. The primary contact shall be clearly identified.
- b) **Project Approach [20 40 points]** describing your proposed approach to accomplish the work to meet the project objectives, identifying how you will manage any notable risks to meeting the schedule and budget constraints. Provide detailed information that will allow OWASA staff to distinguish your team from other firms that may be competing for this project. The consultant will efficiently and effectively utilize OWASA staff's time. Provide an estimate of the level of commitment required from OWASA staff for the project to be successful.
- c) **Project Schedule [10 points]** supporting the project approach, with sufficient delineation of phasing and tasks to demonstrate your understanding of project components, sequencing, risks, etc. OWASA intends to select a firm by August 11, 2017. The schedule should assume a Notice to Proceed of August 25, 2017 and a completion date of no later than June 30, 2018.
- d) **Past Experience and References [20 30 points]** for the three most similar projects completed by your firm in the last five (5) years for other clients. Identify who served as project manager and key lead technical roles in those projects. Summarize the current status of the client's decisions/actions taken in response to your recommendations.
- ~~e) **Work Product Examples [30 points]** that illustrate the content and quality for similar studies and analyses completed by key proposed team members. Examples may be provided via hard copy (this documentation is excluded from the page limitation) or electronic copy (physical data storage or online). A maximum of three (3) work products may be included.~~
- f) **Contract Objections:** It is OWASA's intention to use a contract similar to the one included as Attachment 1. If your firm objects to any element of the contract, please state the objections in the submittal.

Questions received as of July 19, 2017:

**Q1: The project scope was initially described as a “Risk assessment of WTP chemical feed and controls systems” and “Risk assessment of WWTP chemical feed, controls, and electrical systems” in an e-mail received on June 12, 2017. Is this accurate?**

A: The June 23, 2017 RFQ’s scope supersedes the project scope described in the June 12, 2017 e-mail. The current scope will not be limited to the description included in the June 12, 2017 e-mail.

**Q2: Section 1 of the RFQ invites firms “to submit a written statement of qualifications to provide professional engineering services to perform a Risk Assessment on OWASA’s water, wastewater, and reclaimed water systems.” Section 4 of the RFQ states that the scope “will be limited to the water and wastewater treatment plants.” Which is a more accurate description of the project’s scope?**

A: The project’s current scope will be limited to the water and wastewater treatment plants. At OWASA’s discretion, the scope of services may be amended to include additional systems or facilities.

**Q3: Will this project include a security assessment of OWASA’s facilities?**

A: The project is intended to be more focused on risk associated with normal plant operations, not on external or internal security threats. However, OWASA is open to this being included as a task in the prioritized implementation plan if this issue is identified as a key deficiency during the risk assessment process.

**Q4: Has the 2003 Security Vulnerability Assessment been updated since it was initially completed?**

A: No

**Q5: Will the selected consultant be allowed to perform follow-up projects identified by this risk assessment process?**

A: At OWASA’s discretion, the selected consultant’s scope of services may be amended to include small follow-up tasks identified by the risk assessment. However, larger projects will become separate capital improvement projects and will likely go through a separate RFQ process. The consultant will be eligible to submit a statement of qualifications for these separate projects.

**Q6: Can you provide Supplemental Information on the Water Emergency discussed in Section 3 of the RFQ?**

A: All relevant publicly available material associated with the 2017 Water Emergency is located on this webpage: <http://www.owasa.org/2017-water-emergency>

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*End of Addendum #1*

## **Agenda Item 6:**

### Capital Improvements Program (CIP) Semiannual Report

#### **Purpose:**

This semiannual report summarizes project and program performance for OWASA's Capital Improvements Program (CIP) for Fiscal Year (FY) 2017 and provides a preview of key issues for FY 2018 CIP. Additional details of the capital budgeting and billing procedures are included in this version of the report to provide a more complete understanding of project impacts.

#### **Program Overview:**

Approximately \$9.7 million was invested in over 70 capital projects which were active during FY 2017. This expenditure equates to 71% of the budgeted capital funds of \$13.6 million, and closely mirrors the expenditure projection provided in the FY 2017 third quarter report. Capital project activity is expected to increase in FY 2018 (and beyond) based in large part on the award of several large construction contracts totaling nearly \$7 million in the latter half of FY 2017, as well as planned future projects as programmed in the approved FY 2018- 2022 CIP.

In light of the increasing capital project workload, one of our highest priorities has been filling two vacant Utilities Engineer positions (of three total). We are pleased to report that one of the vacant positions will be filled in mid-August and recruitment efforts are currently active for the second position. Contract project management services have been utilized in the interim to keep projects moving forward.

Aside from schedule delays due to understaffing, other factors contributed to lower-than-planned capital expenditures in FY 2017, including the February water emergency, the impact of state loan funding process on project schedules, unanticipated construction issues on several projects, and delays in the planning and preliminary engineering phases of a few larger projects. These factors are further detailed in Table 2 and accompanying discussion.

Key capital program accomplishments in FY 2017 include the completion of the Rosemary, Henderson, and Hillsborough Street Water Main Replacement project, rehabilitation of Digesters #1 and 2 at the Mason Farm Wastewater Treatment Plant (WWTP), the emergency repair (completed in September) and the fast-tracked design to rehabilitate the Rogerson Drive Force Main, and completion of design and award of several other major construction projects which will continue into FY 2018.

Figure 1 shows the actual capital expenditures against the baseline projection for Fiscal Year 2017. The actual expenditures (shown in red) lags the original baseline projection (in blue) primarily due to slower than originally projected progress on the Advanced Metering Infrastructure (AMI) and the Administration Building HVAC projects, as well as cost efficiencies realized and schedule delays encountered on the Sanitary Sewer Rehabilitation, Sanitary Sewer Condition Evaluation, and Bolinwood Drive Interceptor projects.

August 10, 2017



**Figure 1 – FY 2017 CIP Expenditures**

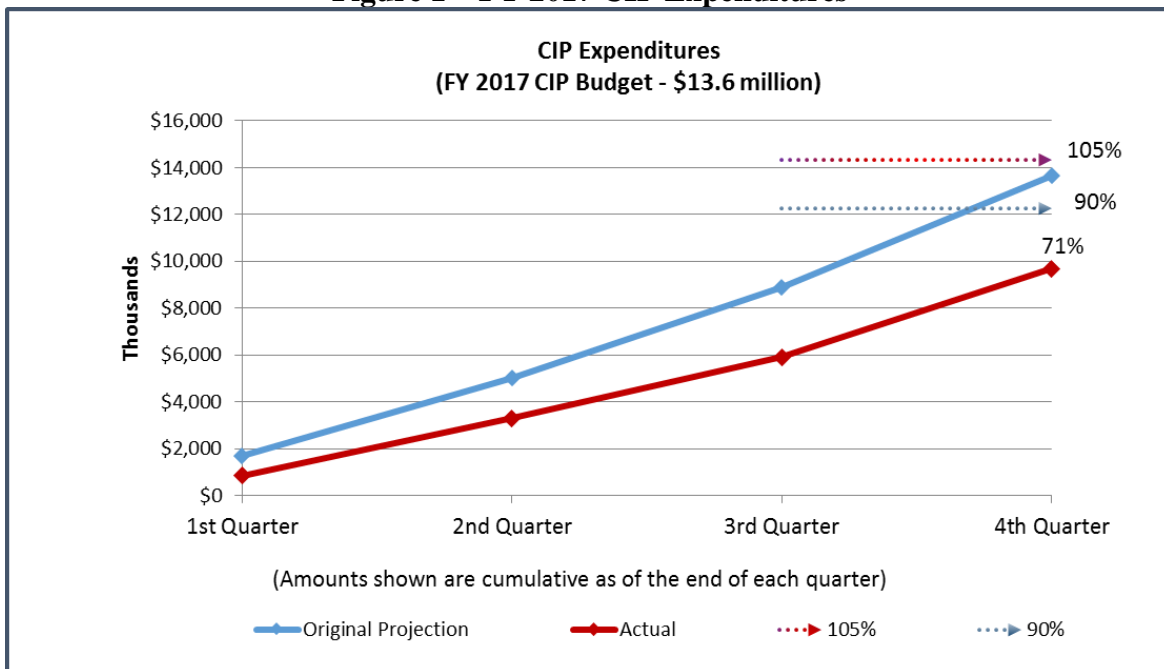


Table 1 below provides a high-level summary of the reasons for changes in expenditures against what was planned at the time of FY 2017 CIP budget approval (June 2017).

**Table 1 – Summary of Changes to Planned FY 2017 CIP Expenditures**

Reason for Change in Expenditure	Variance (\$1000's)	Comments
Prior (FY 16) work completed in FY 17	743	Typically comprised of work completed within first few months or last few months of fiscal year in amounts differing from assumptions used during budget preparation.
Planned FY 17 work completed in FY 16	(168)	
Future FY work completed in FY 17	215	
Planned FY 17 work deferred to future FY	(5,526)	Significant deferrals are listed in Table 2 below
FY 17 cost of work more than expected	507	Changes due to under- or over-estimation of costs, with no significant scope change
FY 17 cost of work less than expected	(1,289)	
FY 17 cost changes due to scope increases	1,663	
FY 17 cost changes due to scope decreases	(101)	
<b>TOTAL CHANGES</b>	<b>(3,956)</b>	

In general, the variances in expenditure shown in the first three rows in Table 1 tend to be minor variances from the planned budget that are annually developed in the spring and approved in early June; i.e., these are minor project schedule changes which occur at the very beginning or end of the fiscal year which are not able to be captured at time of budget approval (early June).

The decreases in planned FY 2017 work which were delayed or deferred to FY 2018 or beyond (\$5.5 million) typically resulted from major schedule delays and/or unrealistically aggressive schedules. The line items primarily contributing to this subtotal are listed in Table 2 below.

**Table 2- Breakdown of significant work deferred out of FY 2017**

		Planned FY 17 work deferred to FY 18 or beyond	
CIP No.	Project	(\$1000)	Comment
275-76	Advanced Meter Infrastructure (AMI) System	-833	Aggressive schedule
280-06	Administration Building HVAC System Upgrade	-690	Aggressive schedule
276-17	Sanitary Sewer Condition Evaluation	-609	Aggressive schedule
276-47	Little Creek Interceptor	-564	Time lost due to construction issue
276-18	Sanitary Sewer Rehabilitation	-514	Aggressive schedule
276-45	Bolinwood Dr Interceptor	-394	Schedule delay (avoidable)
278-58	WWTP Non Potable Water Pump Replacements	-250	Schedule delay (avoidable)
272-40	WTP Filter Media and Backwash Improvements	-200	Schedule/sequencing change
276-48	Dobbins Drive Interceptor	-200	Schedule delay (avoidable)
		\$4.2 million	

*Project Performance Summary*

Table 3 contains summaries of project performance for all active projects during this reporting period. Schedule performance is assessed for projects which are far enough along to have a final completion date established for the project. Conversely, budget performance is assessed against the budgeted funds for FY 2017. Explanations are provided for any schedule or budget variances indicated by red stoplights, and line items with total project budget variances over 5% are also highlighted with yellow cells.

The following project narratives provide descriptions for certain projects which cross several fiscal years and which may warrant additional information to help describe the budgetary impact from scheduling delays or other factors:

- CIP #280-06 Administration Building HVAC: Preliminary planning was in final stages at time of FY 2017 budget preparation, and FY 2017 funding was based on completion of planning, design, and initial construction. However, several issues delayed the completion of the planning efforts until the fall of 2016. Subsequent detailed design for the project continued through the end of FY 2017, but construction was not initiated within the fiscal year as planned. The construction contract is currently out for bid.
- CIP # 276-17 Sanitary Sewer Condition Evaluation: This ongoing program for condition assessment of sewer mains was aggressively funded for roughly \$1.4 million of inspections and preliminary engineering to occur within FY 2017. Although an engineering contract was in place early in July 2016, planned inspections and preliminary engineering will not be complete until the first quarter of FY 2018.
- CIP #272-40 WTP Filter Media and Backwash Improvements: During FY 2017 budget development, this project was programmed to complete design and replacement of the backwash pump within FY 2017, with filter media replacement to occur in FY 2018 and FY 2019. However, evaluations by the consulting engineer and staff determined that the

backwash pump did not warrant replacement at this time. The construction contract has been awarded and construction is expected to occur entirely within FY 2018.

- CIP #275-46 and 276-48 Dobbins Drive Water and Sewer Replacement: During FY 2017 budget development, this project was expected to complete design in FY 2017 and construction in FY 2018. However, delays in completing preliminary engineering, along with incorporation of the state loan funding process into the schedule, delayed the completion of design until FY 2018. The project programming has been adjusted in the FY 2018 – FY 2022 CIP.
- CIP #276-47 Little Creek Interceptor Replacement: Construction began in FY 2016 and was delayed due to issues related to unusual soil conditions encountered in the area. FY 2017 funding included \$550,000 for the completion of construction; however, additional construction issues encountered during FY 2017 are delaying the project into FY 2018. Currently, the project is expected to complete in Spring 2018 (nearly twenty-four months beyond its planned 9-month construction duration), with current additional costs of about \$604,000 (151% of the baselined budget). Additional claims from the contractor are expected to increase this amount, and due to ongoing discussions with the contractor which have the possibility of resulting in litigation, Staff will provide additional background and detail about this project, possibly in a future closed session.
- Digester #1 and 2 Rehabilitation: Construction began in early FY 2016, and was expected to finish in early FY 2017. However, the contractor encountered several unexpected construction problems during the structural rehabilitation of these 50 year-old, enclosed concrete tanks, including the difficult and challenging removal of a large amount of grit and sediment (beyond what was predicted), cracks in the concrete floor slab, and groundwater intrusion into the tank. Work associated with most of these changes occurred in FY 2017 (rather than FY 2016 as was assumed during budget development). Changes due to unforeseen construction problems and previously unforeseen scope increases requested by Staff delayed project completion until late FY 2017.

#### *Minority and Women Business Enterprise (MWBE) Participation*

Formal and informal construction contracts awarded during this reporting period included \$3.8 million participation by MWBE businesses (or 51% of the total awarded contract value), with ten out of the thirteen awarded contracts meeting the 10% participation goal. The contracts which fell below the goal either provided evidence of Good Faith Efforts to secure MWBE participation or else did not utilize subcontracts on the project.

The five-year averages for the CIP program include 34% MWBE participation on formal and informal contracts, and 59% of awarded contracts meeting the 10% participation goal. A review of contract information available since FY 2014 shows the following MWBE breakdown during that time period (out of total MWBE participation of \$10.5 million): Woman-Owned (89.4%), Hispanic-owned (6.7%), Black/African American-owned (3.7%), Other (0.2%).

Recent MWBE outreach efforts (beyond our standard MWBE advertising practices) have included online postings to MWBE contractors and subcontractors of upcoming capital project contracting opportunities as well as the development of an enhanced database of over 200 MWBE subcontractors for use in direct solicitation of contracting opportunities.

*Additional Information*

Customers may visit our website ([www.owasa.org](http://www.owasa.org)) for information about our current major CIP projects and our [FY 2017 - 2021 CIP book](#) which provides additional information about the CIP. The FY 2018 – 2022 CIP book is planned to be posted online later this month.

Aside from the focus on onboarding new CIP staff, other focal points for the program moving forward include formalizing certain project initiation, chartering, and budget/schedule baselining processes; improving project development efforts for future projects; strengthening the coordination efforts with other local agencies; and further developing our working relationships with the consultant and contractor communities, including MWBE outreach.

Please feel free to contact Vishnu Gangadharan at (919) 537-4248 or [vgangadharan@owasa.org](mailto:vgangadharan@owasa.org) if you have any questions regarding the CIP program or projects.

**Information:**

Table 3 - Project Performance Summary Table

**TABLE 3 - PROJECT PERFORMANCE SUMMARY**  
(see notes/legend at bottom)

CIP No.	Project	Current Status	SCHEDULE <sup>1</sup>	BUDGET <sup>2</sup>	Comments
<b>FY 2017 projects</b>					
270-04	Jordan Lake Raw Water Supply Allocation	n/a	●	●	
270-09	Quarry Reservoir Development	n/a	●	●	
270-26	Cane Creek Permanganate Facility	Complete	●	●	
272-14	Water Facility Security Upgrades	Design	●	●	budget variance: FY17 (\$371k vs \$200k) - accelerated schedule, scope increase
272-21	WTP Switchgear Upgrade	Construction	●	●	
272-34	WTP Generator Building Louver Replacement	Construction	●	●	
272-36	WTP Lighting Improvements	Complete	●	●	
272-39	Concrete Condition Assessment	Construction	●	●	
272-40	WTP Filter Media and Backwash Improvements	Construction	●	●	Additional narrative provided in body of report.
275-20	Chase Ave WM (CREW)	Complete	●	●	budget variance: FY17 (\$82k vs \$69k) - underbudgeted; Project (\$82k vs \$75k)
275-20	Hilltop Area WM (CREW)	Complete	●	●	budget variance: FY17/Project (\$118k vs \$97k) - underbudgeted
275-20	West Main Street WM Replacement (CREW)	Complete	●	●	budget variance: FY17/Project (\$42k vs \$20k) - underbudgeted
275-20	Emory Drive WM (CREW)	Complete	●	●	budget variance FY17/Project (\$146k vs \$120k) - added scope
275-20	Fordham Service Road (CREW)	Pending	●	●	schedule variance: project is on hold due to unanticipated adjacent property development
275-20	Brandywine Road WM	Design	●	●	
275-20	Andrews Lane WM (CREW)	Complete	●	●	
275-53	Water Distribution System Hydraulic Model	Design	●	●	budget variance: FY17 (\$41k vs \$30k) - added scope
275-71	Rosemary, Henderson, and Hillsborough Streets Water Mains	Complete	●	●	
275-76	Advanced Meter Infrastructure (AMI) System	Construction	●	●	
275-77	Galvanized Water Main Replacements	Design	●	●	
275-87	Hillsborough St Water Main Replacement	Construction	●	●	
276-17	Sanitary Sewer Condition Evaluation	Design	●	●	Additional narrative provided in body of report.
276-18	Sanitary Sewer Rehabilitation	Construction	●	●	
276-45	Bolinwood Dr Interceptor	Design	●	●	
276-47	Little Creek Interceptor	Construction	●	●	budget variance: Project (\$1784k vs \$1180k) schedule variance: currently 14 months behind schedule Additional narrative provided in body of report.
276-53	Creek Crossing Access Improvements	Design	●	●	schedule variance: currently 6 months behind schedule
276-54	Rogers Road Gravity Sanitary Sewer Extension	Construction	●	●	
277-24	Eastowne, Eubanks, Meadowmont 1 Pump Station Rehab	Construction	●	●	
277-31	Rogerson Drive Pump Station Rehabilitation	Construction	●	●	
278-46	Comprehensive Coatings Program	Construction	●	●	budget variance: FY17 (\$470k vs \$300k) - added scope
278-52	WWTP Digesters #1 & #2 Rehabilitation	Complete	●	●	closed budget variance: FY17 (\$897k vs \$400k) - added scope, unforeseen construction issues; Project (\$2798k vs \$2486k) Schedule: 4 months behind schedule Additional narrative provided in body of report.
278-54	WWTP IPS Rehabilitation	Design	●	●	
278-58	WWTP Non Potable Water Pump Replacements	Construction	●	●	
278-68	Building Envelope Rehabilitation	Design	●	●	
278-71	WWTP Main Potable Water Line – Backflow Prevention	Construction	●	●	budget variance: Project (\$100k vs \$80k) added scope
278-73	WWTP SCADA System Upgrade	Construction	●	●	
278-74	WWTP Critical Spare Pumps	Complete	●	●	
280-06	Administration Building HVAC System Upgrade	Design	●	●	Additional narrative provided in body of report.
<b>Unbudgeted: Expected to be complete in FY 2016, but unanticipated work carried over into FY 2017</b>					
272-10	WTP Hypo Tank Replacement	Complete	●	●	schedule variance: 3 months behind schedule
272-32	Water Treatment Plant Spill Containment	Complete	●	●	closed budget variance: FY17(\$81k vs \$0k); Project (\$135k vs \$127k) schedule variance: 13 months behind schedule
272-33	WTP Pulsator Controls	Complete	●	●	
274-13	Nunn Mountain Pump Station Evaluation	Complete	●	●	schedule variance: 3 months behind schedule
275-20	Hillview Rd WM abandonment	Complete	●	●	closed budget variance: FY17(\$80k vs 0); Project (\$80k vs \$50k) schedule variance: 5 months behind schedule
275-20	Chase Park	Complete	●	●	
275-73	Distribution System Pressure Monitors	Complete	●	●	
276-55	Easement Acquisition Program	Complete	●	●	
277-34	Piney Mountain Pump Station Rehabilitation	Complete	●	●	

**TABLE 3 - PROJECT PERFORMANCE SUMMARY**  
(see notes/legend at bottom)

CIP No.	Project	Current Status	SCHEDULE <sup>1</sup>	BUDGET <sup>2</sup>	Comments
277-35	Manning Drive Pump Station Rehabilitation	Complete	●	●	
277-36	Heritage Hills Pump Station Upgrades	Complete	●	●	
278-57	WWTP Stormwater Pump Station Electrical Rehab	Complete	●	●	
278-59	WWTP LED Lighting Retrofit	Complete	●	●	schedule variance: 12 months behind schedule, closed
278-62	WWTP Administration Building Renovations	Complete	●	●	
272-31	Water Treatment Plant and Adjacent Facilities Paving	Construction	●	●	budget variance: FY17 (\$72 vs \$0); Project (\$102k vs \$89k) schedule variance: currently 18 months behind schedule
278-61	WWTP Pavement Improvements	Design	●	●	budget variance (\$14k vs \$0k) schedule variance: currently 3 months behind schedule
<b>Unbudgeted: Unanticipated project added to FY 2017</b>					
272-45	WTP Fluoride System Improvements	Construction	●	●	Unanticipated needs (\$56k); continuing work funded in approved CIP
275-20	Lake Ellen Water Main Replacement	Construction	●	●	Unanticipated needs (\$53k); continuing work funded in approved CIP
276-51	Bartram Drive Slope Stabilization	Complete	-	●	Unanticipated needs (\$11k); closed
277-01	Pump Station Recapitalization	Complete	-	●	Unanticipated needs (\$3k); closed
277-38	Rogerson Drive Force Main Emergency Repair and Rehabilitation	Construction	●	●	Unanticipated needs (\$521k); continuing work funded in approved CIP
278-11	WWTP Bar Screen Rehab	Design	●	●	Unanticipated needs (\$67k); future work funded in approved CIP
278-76	Remote Off-Site Biosolids Storage Tank Rehab	Complete	●	●	Unanticipated needs (\$71k); closed
<b>FY 2017 Projects in planning phase and/or deferred to a future fiscal year</b>					
270-11	University Lake Pump Station Improvements	Planning	-	-	
272-38	WTP Sedimentation Basin Rehabilitation	Planning	-	-	
275-15	Water Main - Road Improvement Projects	Planning	-	-	Reimbursement from OWASA to NCDOT for betterments constructed by NCDOT contractor; timing of invoicing is uncertain
275-46 276-48	Dobbins Drive Water and Sewer Replacement	Planning	-	-	Delays in project planning and preliminary engineering deferred project design to FY 2018 Additional narrative provided in body of report.
276-57	Sanitary Sewer Hydraulic Model	Planning	-	-	Delays in project initiation forced extensive project delay due to seasonal implications for flow monitoring
277-29	Rogerson Drive Force Main Redundancy Evaluation	Planning	-	-	Delay in project initiation until July 2017
277-37	Knolls PS Rehab	Planning	-	-	
278-51	WWTP Solids Thickening Improvements	Planning	-	-	
278-72	WWTP Secondary Clarifier Rehab and Pumping Improvements	Planning	-	-	

**NOTES**

1. Schedule:

●	Completion within 2 months of scheduled final completion date
●	Project is delayed by more than 2 months beyond the scheduled final completion date

2. Budget:

●	FY 2017 project expenditures are less than 5% above FY 2017 budget
●	New projects within FY 2017 that were unanticipated at time of budgeting, or projects from FY 2016 where some unbudgeted work carried over into FY 2017.
●	FY 2017 project expenditures are more than 5% above FY 2017 budget
■	Total project expenditures are expected to exceed overall project budget (regardless of fiscal year) by more than 5%.

3. Baseline completion dates or budget amounts are typically not established until planning or preliminary engineering phases are complete. Budgets and final completion dates are occasionally rebaselined in response to major scope changes or other scheduling factors.

4. Additional narratives for certain projects are provided on pages 3 and 4 of the report.

## **Agenda Item 7:**

Preliminary Financial Report for the Twelve-Month Period Ended June 30, 2017

### **Purpose:**

The financial report for the twelve-month period ended June 30, 2017 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 financial report, all financial performance measurement targets were met for the period.
- Average drinking water sales for the period was 6.02 million gallons per day (MGD), 6.13 was projected. Combined drinking and reclaimed water sales for the period averaged 6.67 MGD versus a projection of 6.82.
- Total Operating Revenue was 0.3% or about \$106,000 under budget.
- Revenue from new system connections was over budget by about \$1.2 million. We budgeted for system growth to be 160, 5/8" meter equivalents for the year; 255 were set. In addition, several large meters were set for which revenue was significantly greater than the "average per-meter equivalent price" used in developing the FY 2017 budget.
- Total operating expenses for the period were over budget by about \$2,000 or 0.01%.
  - General and Administrative expenses were under budget by about \$358,000. Consulting costs account for most of the variance and were under budget by about \$300,000. Lower than budgeted costs associated with the Total Compensation Study, the Long Range Water Supply Plan, and information technology projects make-up most of the budget variance.
  - Expenses in Water, Supply and Treatment were over budget by about \$350,000. Chemical expenses were over budget by about \$230,000 due to raw water quality (higher than normal levels of organic carbon). Costs associated with the February water emergency (fluoride) were about \$71,000. The remainder of the variance is made-up of several accounts that are under budget by relatively small amounts.
  - Water Distribution expenses were about \$13,000 under budget. Costs associated with the February water emergency (main break) were about \$55,000. Offsetting these unexpected costs, OWASA crews performed more construction work than was projected; this resulted in capitalizing \$70,000 (which reduces expenses) more in costs than was budgeted.
  - Wastewater Treatment Plant (WWTP) expenses were about \$93,000 over budget. Waste Disposal and Fuel costs make-up most of the variance. Waste Disposal costs were over

August 10, 2017

budget because of costs related to cleaning our off-site biosolids storage tanks. Fuel costs were over budget because a CIP project to rehabilitate the plant's digesters lead to using more natural gas than expected.

- Sewer Collection department expenses were about \$70,000 under budget. The largest budget variance is non-wage personnel costs (payroll taxes, insurance, retirement contributions, etc.) which were under budget by about \$30,000 in total. The remainder of the variance is made-up of several accounts that are under budget by relatively small amounts.
- Net Income less Debt Service for the period was approximately \$1.1 million or 13% more than budget.
- Capital equipment expenditures were approximately equal to the budget as amended by the Board in May 2017.
- Capital Improvements Program (CIP) expenditures - Approximately \$9.7 million was invested in over 70 capital projects which were active during FY 2017. This expenditure equates to about 71% of the amount originally budgeted for CIP projects of \$13.6 million, and closely mirrors the expenditure projection provided in the FY 2017 third quarter report. (Page three of the June 2017 Financial Report shows the amended CIP budget, \$13.1 million. The Board approved budget amendment in May transferred funds from the CIP budget to the capital equipment budget.)

The increase in capital project activity is expected to continue into FY 2018 (and beyond) based in large part on the award of several large construction contracts totaling nearly \$7 million in the latter half of FY 2017, as well as planned future projects as programmed in the approved FY 2018 - 2022 CIP.

In light of the increasing capital project workload, one of staff's highest priorities has been to fill two vacant (of three total) Utilities Engineer positions within the CIP group. Staff is pleased to note that one of the vacant positions will be filled as of mid-August, while recruitment efforts are currently active for the second position. Contract project management services have been utilized in the interim to lessen the effect of the staffing shortfall.

Aside from schedule delays due to understaffing, a few other issues notably contributed to lower-than-planned capital expenditures for this fiscal year, including staff effort related to the February water emergency, incorporation of state loan funding process into project schedules and continuing construction issues on several larger projects. The FY 2018 - 2022 CIP (and FY 2018 funding in particular) reflects considerable conservatism with respect to schedules for larger projects.

Despite the factors noted above, the capital program saw several noteworthy successes in FY 2017 including the completion of the Rosemary, Henderson, and Hillsborough Street Water Main Replacement project, rehabilitation of Digesters #1 and 2 at the Wastewater Treatment Plant, the emergency repair (completed in September) and the fast-tracked design to rehabilitate the Rogerson Drive Force Main, and as mentioned above, the successful completion of design and award of several large construction projects which will continue into FY 2018.



# **Orange Water and Sewer Authority**

**Preliminary Financial Report  
For the Twelve Month Period Ended  
June 30, 2017**

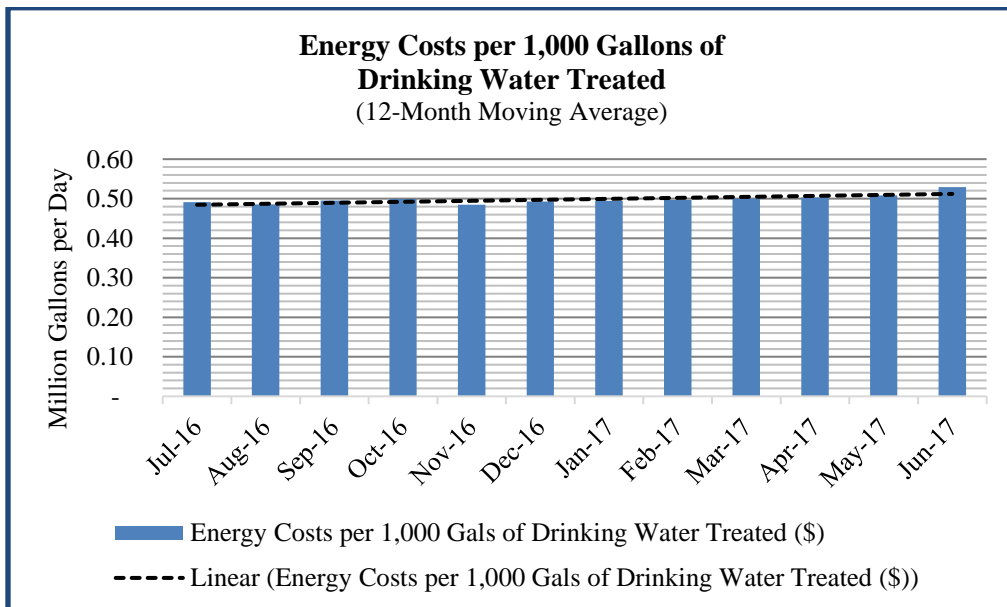
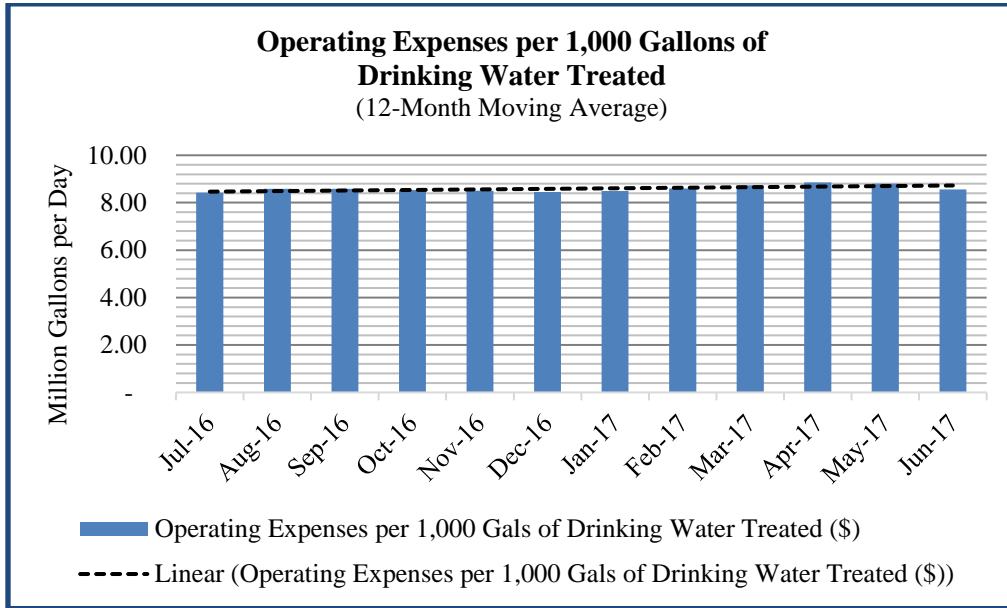
**Orange Water and Sewer Authority**  
**Statement of Net Position**  
**June 30, 2017**  
(unaudited)

<b>Assets</b>	
Current Assets	
Cash	\$27,287,685
Receivables	5,182,357
Inventory	1,046,670
Prepaid expenses	249,467
Restricted cash	5,842,877
	<hr/>
Total Current Assets	39,609,056
	<hr/>
Noncurrent Assets	
Capital assets (net of depreciation)	277,731,598
Other noncurrent assets	26,409,243
	<hr/>
Total Noncurrent Assets	304,140,841
	<hr/>
<b>Total Assets</b>	<b>\$343,749,897</b>
	<hr/> <hr/>
<b>Liabilities and Net Position</b>	
Current Liabilities	
Accounts payable and accrued expenses	\$4,004,885
Unearned income	244,470
Customer deposits	1,260,540
	<hr/>
Total Current Liabilities	5,509,895
	<hr/>
Noncurrent Liabilities	
Bonds payable	67,411,000
Other noncurrent liabilities	7,769,058
	<hr/>
Total Noncurrent Liabilities	75,180,058
	<hr/>
Net Position	
Contributed capital	116,596,030
Net position at the beginning of the year	140,328,762
Year-to-date accrual basis net income	6,135,152
	<hr/>
<b>Total Liabilities and Net Position</b>	<b>\$343,749,897</b>
	<hr/> <hr/>
<b>Net income reconciliation:</b>	
Accrual basis net income	\$6,135,152
Depreciation, other post-employment benefits, and interest expense	10,844,165
	<hr/>
<b>Modified accrual basis net income</b>	<b>\$16,979,317</b>
	<hr/> <hr/>

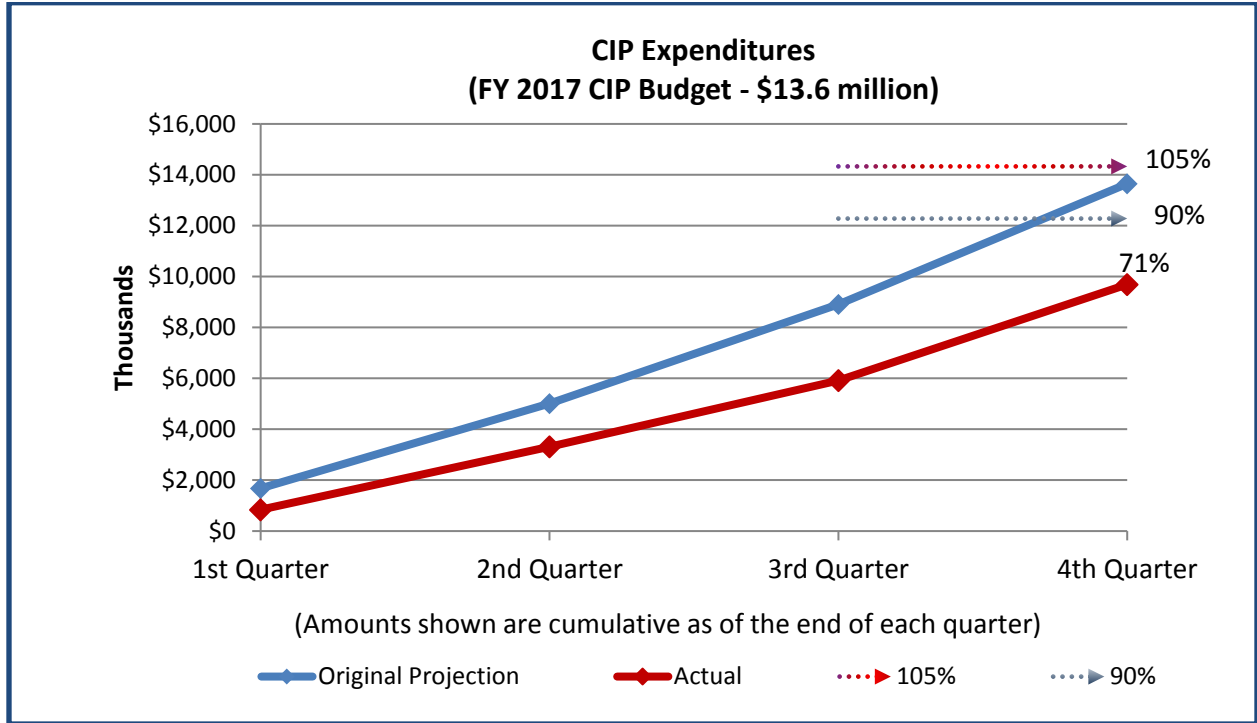
**Orange Water and Sewer Authority**  
**Income Statement**  
**For the Twelve Month Period Ended June 30, 2017**  
(unaudited)

	<b>Actual through June 30, 2017</b>	<b>Budget through June 30, 2017</b>	<b>Variance (effect on net change in Fund Balance)</b>	<b>Percent Variance</b>
<b>Operating Revenue:</b>				
Water	\$17,540,247	\$17,923,072	(\$382,825)	(2.1%)
Sewer	16,729,931	16,578,878	151,053	0.9
Reclaimed Water	431,185	439,110	(7,925)	(1.8)
Service Initiation Fees	169,965	158,421	11,544	7.3
Other	1,034,409	1,069,578	(35,169)	(3.3)
Refunds and Allowances	(168,855)	(325,766)	156,911	48.2
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Operating Revenue</b>	<b>35,736,882</b>	<b>35,843,293</b>	<b>(106,411)</b>	<b>(0.3)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Non-operating Income:</b>				
Customer Fees	2,219,226	995,950	1,233,276	122.8
Interest	32,802	14,708	18,094	123.0
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Non-operating Income</b>	<b>2,252,028</b>	<b>1,010,658</b>	<b>1,241,370</b>	<b>122.8</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Income</b>	<b>37,988,910</b>	<b>36,853,951</b>	<b>1,134,959</b>	<b>3.1</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Operating Expense:</b>				
General and Administrative	6,566,068	6,924,546	358,478	5.2
Water Supply and Treatment	5,223,568	4,873,958	(349,610)	(7.2)
Water Distribution	2,938,050	2,950,835	12,785	0.4
Wastewater Treatment	4,917,820	4,825,094	(92,726)	(1.9)
Wastewater Collection	1,364,087	1,433,150	69,063	4.8
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Operating Expense</b>	<b>21,009,593</b>	<b>21,007,583</b>	<b>(2,010)</b>	<b>0.0</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Income (modified accrual)</b>	<b>16,979,397</b>	<b>15,846,368</b>	<b>1,132,949</b>	<b>7.1</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Debt Service	6,944,764	6,932,059	(12,705)	(0.2)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Income less Debt Service	10,034,553	8,914,309	1,120,244	12.6
	<hr/>	<hr/>	<hr/>	<hr/>
Less: CIP Expenditures	9,692,697	13,148,000	3,455,303	26.3
Capital Equipment	1,724,456	1,727,000	2,544	0.1
Expenditures	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Change in Fund Balance</b>	<b>(\$1,382,600)</b>	<b>(\$5,960,691)</b>	<b>\$4,578,091</b>	
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	

**Orange Water and Sewer Authority**  
**Select Financial Data**  
**For the Twelve Month Period Ended June 30, 2017**



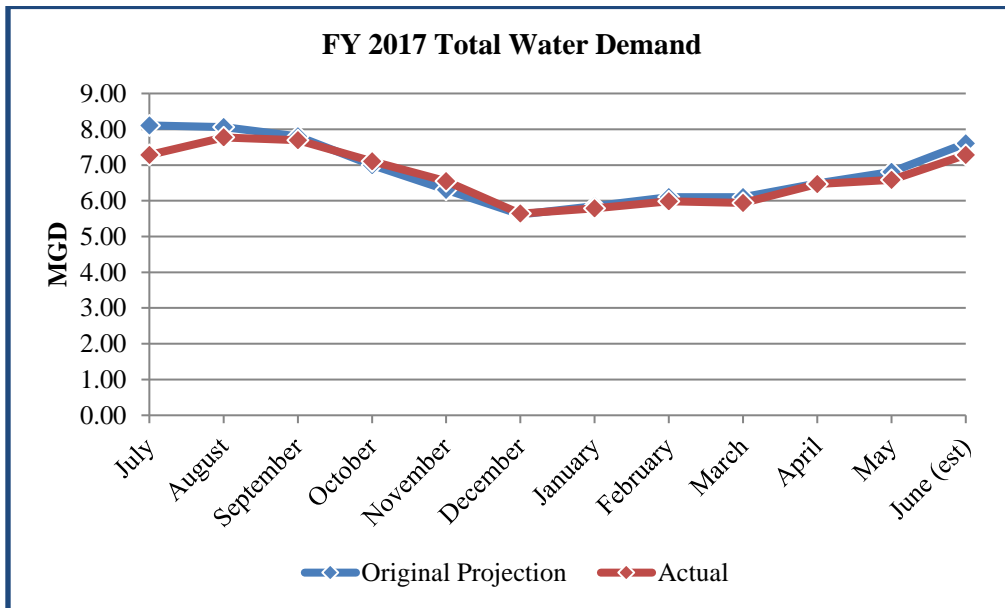
**Orange Water and Sewer Authority  
Select Financial Data  
For the Twelve Month Period Ended June 30, 2017**



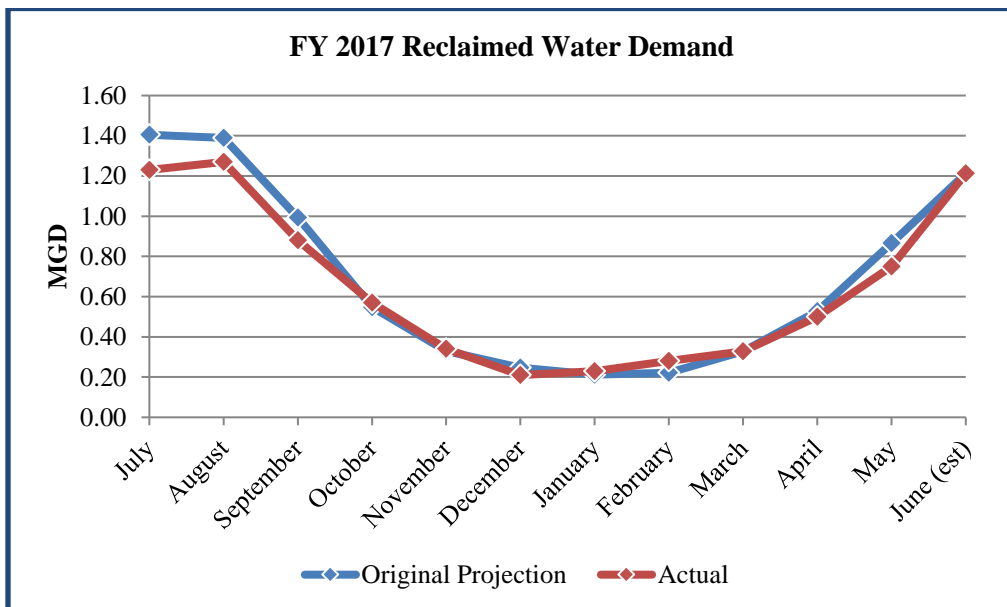
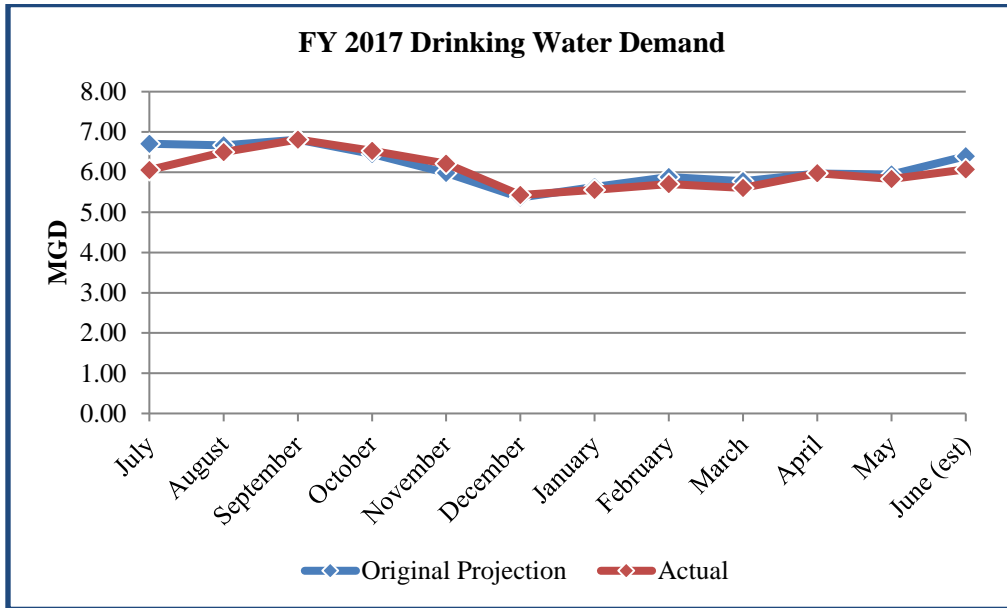
**Orange Water and Sewer Authority  
Select Financial Data  
For the Twelve Month Period Ended June 30, 2017**

<b>FY 2017 Water Sales Projection (Average Day)</b>						
	<b>Original FY 2017 Sales Projections</b>		<b>Actual FY 2017 Water Sales</b>		<b>Revised FY 2017 Sales Projections</b>	
	<b>DW</b>	<b>RCW</b>	<b>DW</b>	<b>RCW</b>	<b>DW</b>	<b>RCW</b>
July	6.70	1.40	6.05	1.23	6.05	1.23
August	6.67	1.39	6.50	1.27	6.50	1.27
September	6.81	0.99	6.81	0.88	6.81	0.88
October	6.45	0.55	6.53	0.57	6.53	0.57
November	5.98	0.33	6.21	0.34	6.21	0.34
December	5.37	0.25	5.43	0.21	5.43	0.21
January	5.63	0.21	5.56	0.23	5.56	0.23
February	5.88	0.22	5.70	0.28	5.70	0.28
March	5.77	0.33	5.61	0.33	5.61	0.33
April	5.96	0.53	5.97	0.50	5.97	0.50
May	5.94	0.87	5.83	0.75	5.83	0.75
June	6.39	1.21	6.07	1.21	6.39	1.21
Average	6.13	0.69	6.02	0.65	6.05	0.65

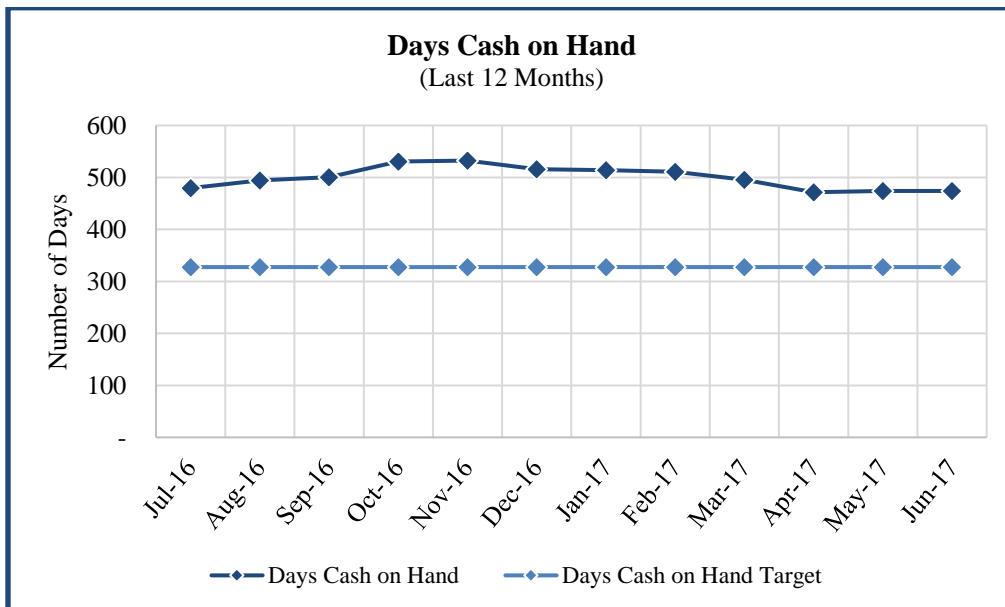
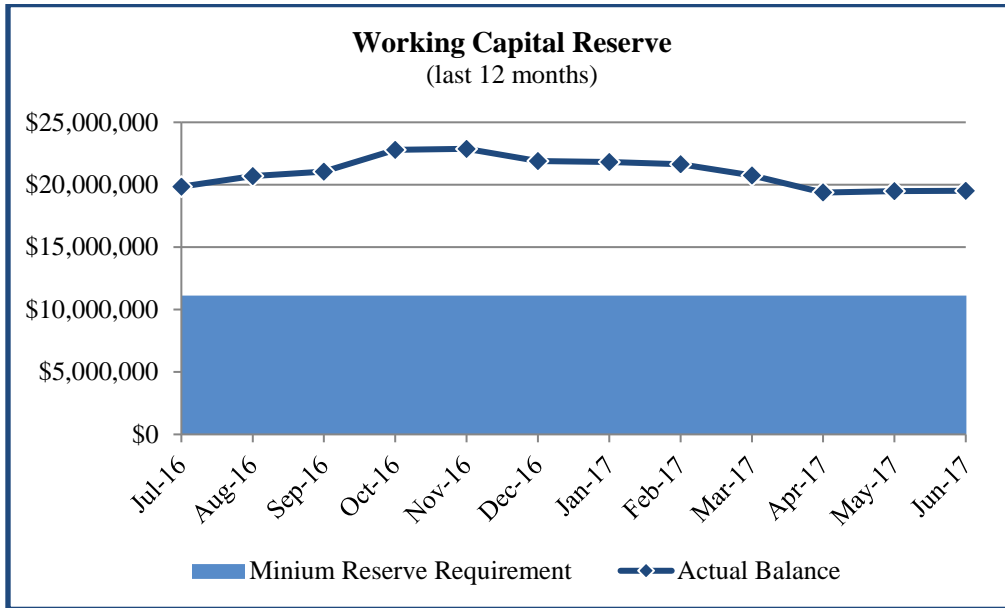
Estimates shown in red



**Orange Water and Sewer Authority  
 Select Financial Data  
 For the Twelve Month Period Ended June 30, 2017**

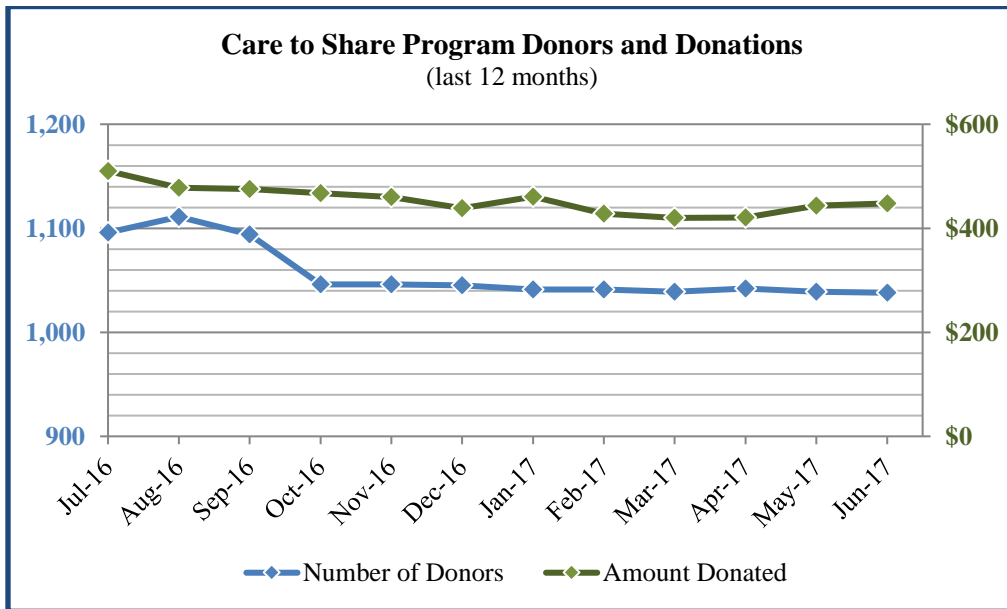


**Orange Water and Sewer Authority  
 Select Financial Data  
 For the Twelve Month Period Ended June 30, 2017**





**Orange Water and Sewer Authority  
 Select Financial Data  
 For the Twelve Month Period Ended June 30, 2017**



**Orange Water and Sewer Authority  
Financial Management Policy Report Card  
For the Twelve Month Period Ended June 30, 2017**

Measurement	Objective	FY16 Results	FY17 Goal	YTD FY17 Results
Working Capital Reserves	Greater of four months Operating expenses or 20% of succeeding three years CIP	\$20.6M	\$11.1M	\$19.5M
Capital Improvements Reserve	2% of Net Capital Assets (Funding \$400,000 per year until reach goal of approximately \$6M)	\$2.8M	\$3.2M	\$3.2M
Rate / Revenue Stabilization Reserve	5% of annual Water and Sewer Revenue	\$1.7M	\$1.7M	\$1.7M
Debt Burden to Asset Value	Total Debt not more than 50% of Total Assets	25%	≤ 50%	23%
Sufficiency of Revenues above Debt Requirements	Annual Debt Service no more than 35% of Gross Revenue	23%	≤ 35%	18%
Cash Financing of Capital <sup>2</sup>	Annual revenues and reserves provide at least 30% of CIP funding	77%	≥ 30%	50%
Debt Service Coverage Ratio	Annual Net Income not less than two times Annual Debt Service	2.3	2.0	2.4
Service Affordability Ratio <sup>1</sup>	Average annual OWASA bill not more than 1.5% of area median household income	1.42%	1.5%	1.35%

M = million

<sup>1</sup> FY 2017 Calculation based on median household income of \$62,620 (per 2015 U.S. Census Bureau, American Community Survey, 5-Year Estimates) and average monthly household water use of 4,000 gallons.

<sup>2</sup> Cash Financing of Capital based on 5-Year CIP Budget and potential borrowing during the same period.

## **Agenda Item 8:**

Discuss Process for Soliciting and Evaluating Proposals for Financial Auditing Services

### **Background:**

General Statute 159-34 requires Orange Water and Sewer Authority to have its financial statements audited by an independent auditor after the close of each fiscal year. OWASA must prepare and publish an annual financial report in conjunction with its annual audit. The auditor's conclusions are to be set out in a report in the form of an opinion and comments relating to the financial statements. The auditor must be approved by, and reports to, the Board of Directors, and is engaged through a contract executed by the Board Chair and the Finance Officer.

In January of 2015, OWASA solicited audit proposals based upon the established criteria recommended by the North Carolina Local Government Commission. We received responses from 10 firms and selected three for in-person interviews. Interviews were conducted by a panel consisting of one board member and three OWASA staff members. Based on the proposals and the interviews, the panel unanimously chose Martin Starnes & Associates, CPAs, P.A. to conduct the audit for FY 2015.

The firm's proposal included a non-binding commitment (a standard practice) to conduct OWASA's audit for three years at approximately \$31,000 per year. Including FY 2017, Martin, Starnes has conducted OWASA's audit for seven consecutive fiscal years.

We have been very pleased with the service Martin, Starnes has delivered but it is good practice to go through a solicitation and evaluation process periodically. We plan to issue a request for proposals (RFP) this fall and the Board is scheduled to appoint an audit firm at its December 14, 2017 meeting. The purpose of this discussion is to determine the process for evaluating proposals and making the appointment.

### **Audit Firm Selection Process**

The following outlines the process we used in FY 2015 to select an audit firm.

- Staff prepared RFP.
- Staff advertised RFP through several channels including those designed to reach minority-owned firms.
- Staff evaluated RFP responses and invited three firms for in-person interviews.
- In-person interviews were conducted by a four-person panel: three OWASA staff members and one Board member.
- The panel selected (unanimously) a firm and made a recommendation to the Board.
- The Board passed a motion to hire the firm.

From staff's perspective, this process worked well and recommend following it again this year.

### **Action Requested:**

Discuss and determine the process for soliciting and evaluating proposals for financial auditing services.

August 10, 2017

## **Agenda Item 9:**

Review Board Work Schedule

### **Purpose:**

- a) Request(s) by Board Committees, Board Members and Staff
  - Standing Committees of the Board of Directors
  - Appointment to the [Intergovernmental Parks Work Group](#)
  - Appointment to the [Chatham/Orange Joint Planning Task Force](#)
- b) Review and update the 12 Month Board Meeting Schedule
- c) Review Pending Key Staff Action Items

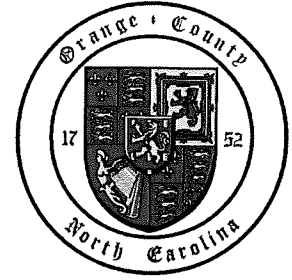
### **Information:**

- Letter from Orange County regarding an appointment to the Chatham/Orange Joint Planning Task Force
- Draft agenda for the September 14, 2017 work session
- Draft agenda for the September 28, 2017 meeting
- 12 Month Board Meeting Schedule
- Pending Key Staff Action Items from Board Meetings

August 10, 2017

MARK DOROSIN, CHAIR  
PENNY RICH, VICE CHAIR  
MIA BURROUGHS  
BARRY JACOBS  
MARK MARCOPILOS  
EARL MCKEE  
RENEE PRICE

**Orange County Board of Commissioners**  
**Post Office Box 8181**  
**200 South Cameron Street**  
**Hillsborough, North Carolina 27278**



June 7, 2017

Pam Hemminger, Mayor  
Town of Chapel Hill  
405 Martin Luther King Jr. Blvd.  
Chapel Hill, NC 27514

John A. Young, Chair  
Orange Water and Sewer Authority  
400 Jones Ferry Road  
Carrboro, NC 27510

Lydia Lavelle, Mayor  
Town of Carrboro  
301 W. Main Street  
Carrboro, NC 27510

Jennifer Robinson, Chair  
GoTriangle  
P.O. Box 13787  
Research Triangle Park, NC 27709

Subject: Chatham/Orange Joint Planning Task Force

Dear Sir or Madam,

In 2009, Chatham and Orange Counties developed a task force to discuss topics of mutual interest including transportation, water resources, comprehensive planning, population and employment projections, etc. These quarterly meetings also included other interested parties (via appointments by representative boards) such as the towns and OWASA.

There is renewed interest to reformulate the task force. By virtue of this letter, we invite you to participate by making an appointment to the Chatham/Orange Joint Planning Task Force. The attached memo from the June 6, 2017 Orange County Board of Commissioners meeting elaborates on some of the aspects of the proposed task force. Information regarding the 2009 Chatham/Orange Joint Planning Task Force can be found at the following link <http://server3.co.orange.nc.us:8088/WebLink8/DocView.aspx?id=10077&dbid=0>.

Thank you in advance for your consideration. If you have any questions, please feel free to call or email Craig N. Benedict, AICP, Planning Director of Orange County. Mr. Benedict can be reached by phone at (919) 245-2575 or by e-mail at [cbenedict@orangecountync.gov](mailto:cbenedict@orangecountync.gov).

In struggle,

  
Mark Dorosin  
Chair

Enclosures

CC: Bonnie Hammersley, Orange County Manager  
Craig Benedict, Planning and Inspections Director

[www.orangecountync.gov](http://www.orangecountync.gov)

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PLANNING & INSPECTIONS DEPARTMENT  
Craig N. Benedict, AICP, Director

Current Planning  
(919) 245-2575  
(919) 644-3002 (FAX)  
www.orangecountync.gov



131 W. Margaret Lane  
Suite 201  
P. O. Box 8181  
Hillsborough, NC 27278



MEMORANDUM

**TO:** Board of County Commissioners  
Bonnie B. Hammersley, County Manager

**FROM:** Craig N. Benedict, AICP, Planning Director

**DATE:** June 6, 2017

**SUBJECT:** Information Item – Update on Chatham/Orange Joint Planning Task Force

---

Please accept the following memorandum regarding the Chatham/Orange Joint Planning Task Force.

Background

In 2009, Chatham and Orange Counties developed a task force to discuss topics of mutual interest including transportation, water resources, comprehensive planning, environmental corridors, and population and employment projections. These quarterly meetings also included other interested parties (via appointments by representative boards) such as the towns and OWASA. The task force was “sunsetted” in 2010, however, because of recently renewed interest, Chatham and Orange County staffs have met over the last few months to discuss the format and reconvening of a new task force.

The suggested parameters of the meetings are tentatively as follows:

- Quarterly meetings: The Task Force’s Chair would rotate by host including staff support and summary minutes as necessary.
- Composition (besides Orange and Chatham Counties): Towns of Pittsboro, Chapel Hill, Carrboro, and OWASA appointment (each as necessary for topics of mutual interest)
- Topics of Discussion:
  - Comprehensive planning including land use and demographics;
  - Traffic and transportation including corridor planning;
  - Public transit including rural systems;
  - Water resources and regulations including Jordan Lake;
  - Economic development;
  - Broadband;

- Affordable housing;
- Environmental areas of joint interest; and
- Legislative agendas

Chatham County will be represented on the task force by Chairman Jim Crawford and Commissioner Mike Dasher. Orange County's representatives will be Vice Chair Penny Rich and Commissioner Mark Marcopolos. Support staff would be present at the task force meetings depending on the topic of discussion scheduled for that meeting. In addition, respective planning staff would organize the task force meetings. There may be meetings where participation is not necessary depending on the topic and as a result some members would not be required to attend those meetings. Information regarding the 2009 Chatham/Orange Joint Planning Task Force can be found at the following link <http://server3.co.orange.nc.us:8088/WebLink8/DocView.aspx?id=10077&dbid=0>.

#### Next Steps

In order to proceed with the formation of the Chatham/Orange Joint Planning Task Force, the Board of County Commissioner Chair will be signing a letter for transmittal to the Town of Chapel Hill, the Town of Carrboro, OWASA, and GoTriangle. This letter will provide a brief summary and request for appointments to the task force. Due to a busy budget season, Chatham County staff recommended a late summer or early fall start date for the task force to commence meetings. The initial meeting will fine tune the task force charge at that time.

If you have questions, please contact Perdita Holtz, Orange County Planning Systems Coordinator, by phone at (919) 245-2578 or by e-mail at [pholtz@orangecountync.gov](mailto:pholtz@orangecountync.gov) or Craig N. Benedict, Orange County Planning Director, by phone at (919) 245-2575 or by e-mail at [cbenedict@orangecountync.gov](mailto:cbenedict@orangecountync.gov).

**Agenda**  
**Work Session of the OWASA Board of Directors**  
**Thursday, September 14, 2017, 6:00 P.M.**  
**OWASA Community Room**

The Board of Directors appreciates and invites the public to attend and observe its meetings. For the Board's Work Session, public comments are invited on only items appearing on this agenda. Speakers are invited to submit more detailed comments via written materials, ideally submitted at least three days in advance of the meeting to the Clerk to the Board via email or US Postal Service ([aorbich@owasa.org](mailto:aorbich@owasa.org)/400 Jones Ferry Road, Carrboro, NC 27510).

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.

The Board may take action on any item on the agenda.

**Announcements**

- a. 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.
  - Update on OWASA's Annual Report to the Carrboro Board of Aldermen
- b. Announcements by Board Members
- c. Announcements by Staff

**Consent Agenda**

**Information and Reports**

1. Equal Employment Opportunity/Affirmative Action Report for Fiscal Year 2017 (Stephanie Glasgow)
2. Annual Report on Disposal of Surplus Personal Property for Fiscal Year 2017 (Kelly Satterfield)

**Action**

3. Resolution Awarding a Contract for the Administration Building HVAC Replacement (Vishnu Gangadharan)
4. Resolution Awarding a Contract for the Brandywine Drive Water Main Replacement Project (Vishnu Gangadharan)
5. Minutes of the August 10, 2017 Work Session of the Board of Directors (Andrea Orbich)

**Regular Agenda**

**Discussion**

6. Discuss Employee Merit Pay for Fiscal Year 2018 (Stephanie Glasgow)
7. Diversity and Inclusion Program Progress Report (Ed Kerwin)
8. Discuss Key Performance Indicator Trends (Mary Tiger)
9. Review Board Work Schedule (Robert Morgan/Ed Kerwin)
  - a. Request(s) by Board Committees, Board Members and Staff
  - b. September 28, 2017 Annual Meeting of the Board of Directors
  - c. October 12, 2017 Work Session
  - d. 12 Month Board Meeting Schedule



- e. Pending Key Staff Action Items

**Summary of Work Session Items**

- 10. Executive Director will summarize the key staff action items from the Work Session

**Closed Session**

- 11. The Board of Directors Will Convene in a Closed Session immediately following the Board Meeting for the Purpose of Discussing a Personnel Matter (Robert Morgan)

DRAFT

**Agenda**  
**Annual Meeting of the OWASA Board of Directors**  
**Thursday, September 28, 2017, 7:00 P.M.**  
**Chapel Hill Town Hall**

In compliance with the "Americans with Disabilities Act," interpreter services 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](mailto:aorbich@owasa.org).

The Board of Directors appreciates and invites the public to attend and observe its meetings. Public comment is invited either by petition upon topics not on the Board's agenda, or by comments upon items appearing on the Board's agenda. Speakers are invited to submit more detailed comments via written materials, ideally submitted at least three days in advance of the meeting to the Clerk to the Board via email or US Postal Service ([aorbich@owasa.org](mailto:aorbich@owasa.org)/400 Jones Ferry Road, Carrboro, NC 27510).

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
  - A. 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
  - A. Annual Report for July 2016 through June 2017 Collection, Treatment and Recycling of Wastewater and Biosolids (Todd Taylor)

**Petitions and Requests**

- A. Public
- B. Board
- C. Staff

**Presentation of Annual Report**

1.
  - A. Executive Director's Comments (Ed Kerwin)
  - B. Finance and Customer Service Director's Comments (Stephen Winters)
  - C. Martin Starnes & Associates, CPAs, P.A.'s Comments (Meg Blue)

**Consent Agenda**

**Information and Reports**

2. 12 Month Board Meeting Schedule (Robert Morgan/Ed Kerwin)

**Action**

3. Minutes of the September 14, 2017 Work Session of the Board of Directors (Andrea Orbich)

4. Minutes of the September 14, 2017 Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter (Robert Morgan)

**Regular Agenda**

**Information and Reports**

5. Long-Range Water Supply Plan Update (Ruth Rouse)

**Discussion and Action**

6. Resolution Reappointing the Firm of Epting and Hackney as General Counsel to the Orange Water and Sewer Authority (Robert Morgan)

**Summary of Board Meeting Action Items**

7. Executive Director will summarize the key action items from the Board meeting and note significant items for discussion and/or action expected at the next meeting

**Closed Session**

8. The Board of Directors will convene in a Closed Session for the Purpose of Discussing a Personnel Matter (Robert Morgan)

DRAFT



## OWASA Board of Directors – 12 Month Board Meeting Schedule (August 4, 2017)

	Appointment of the Nominating Committee (C) 4/12/2018		4/26/2018
May 2018	Discuss Employee Health and Dental Insurance Renewal (C) Discuss Employee Merit Pay for FY 19 (C) <b><i>Discuss Community Engagement Plan for Forestry Management</i></b> 5/10/2018	Public Hearings – FY 19 Budget and Rates (C)	5/24/2018
June 2018	Approve FY 19 Budget and Rates (C) Election of Officers (C) 6/14/2018	TBD	6/28/2018
July 2018	TBD 7/12/2018	TBD	7/26/2018

The 12 Month Board Meeting Schedule shows Strategic Plan initiatives and other priority efforts that the Board and staff plan to give greatest consideration to during the next twelve months. The schedule also shows major recurring agenda items that require Board action, or items that have been scheduled in response to the Board's prior standing request. This schedule does not show all the items the Board may consider in a work session or business meeting. It also does not reflect meetings at which the Board will discuss and act on the update of the Strategic Plan.

The 12 Month Board Meeting Schedule will be reviewed and updated at each monthly work session and may also be discussed and updated at the Board's business meetings.

In addition to the initiatives shown in this schedule, staff will be working on other Strategic Plan and organizational priorities that are not expected to require major additional discussion with the Board except as part of budget deliberations.

The schedule implies that the following Strategic Plan initiatives would be addressed beyond the 12-month period. The Board may conclude that one or more of the following initiatives are higher priority. The schedule will be revised as needed to reflect the Board's priorities, and any additional initiatives that the Board may decide to address.

- Development of a plan and policy framework for OWASA lands is considered a longer-term priority. The NRTS Committee will begin to discuss this issue in September 2017, and staff will develop a Community Engagement Plan for Forestry Management by late spring 2018.
- Improve effectiveness as a learning organization is considered a longer-term priority.
- Water Conservation Plan will be prepared concurrent with update of the Long-Range Water Supply Plan.

The OWASA Board determines which topics it wants to explore as a full Board (potentially in a work session format) 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.



## Pending Key Staff Action Items from Board Meetings

Date	Action Item	Target Board Meeting Date	Person(s) Responsible	Status
5-25-2017	Evaluate option(s) to provide live broadcast of OWASA Board meetings at Chapel Hill Town Hall to Carrboro residents. Board discussion of the trial web-based broadcast of the 6-8-2017 Board meeting.	10-12-2017	Orbich	E-mail sent to the Board on 6-12-2017 regarding live broadcast.
5-25-2017	Prepare a plan for solar PV on OWASA land.	June 2018	Tiger	
5-25-2017	Prepare a Community Engagement Plan for Forestry Management.	June 2018	Rouse	
5-25-2017	Schedule a NRTS Committee meeting in the fall of 2017 to discuss staff's recommendation on the long-term use of OWASA land and determine what analysis, if any, is recommended to inform future decision making. NRTS Committee recommendation will be made at a future Board meeting.	September 2018	Rouse	Will plan to schedule in conjunction with Biogas-to-Energy NRTS Committee meeting in September.
12-8-2016	Implement improvements to the Key Performance Indicators as discussed with the Board on 12-8-2016.	NA	Tiger All Dept. Directors	Many improvements made to the November KPI Report; others are in-development