



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, April 12, 2018, 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/400 Jones Ferry Road, Carrboro, NC 27510).

For items on the agenda, 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 the April 4, 2018 Board Diversity and Inclusion Training Session
- b. Announcements by Board Members
 - Update on the April 11, 2018 Intergovernmental Parks Work Group Meeting (Yinka Ayankoya)
 - Finance Committee Meeting on Wednesday, April 18, 2018 at 5:30 p.m. in OWASA's Community Room to Discuss Rate Options for Fiscal Year 2019 (Jeff Danner)
 - Chapel Hill Town Council OWASA Committee and Chapel Hill Appointees to the OWASA Board of Directors Meeting on Monday, May 7, 2018 at 8:30 a.m. in the OWASA Boardroom to Discuss Items of Mutual Interest (Heather Payne)
 - Natural Resources and Technical Services Committee Meeting on Tuesday, May 8, 2018 at 4:30 p.m. in OWASA's Boardroom to Discuss Source Water Protection (John Young)
 - Human Resources Committee Meeting on Wednesday, May 9, 2018 at 5:30 p.m. in OWASA's Boardroom to Continue Discussing Retiree Health Benefits for New Hires and 457 Deferred Compensation (Barbara Foushee)
- c. Announcements by Staff
 - Report on the April 11, 2018 Agua Vista Update to the Chapel Hill Town Council Meeting (Todd Taylor)
- d. Additional Comments, Suggestions, and Information Items by Board Members (Robert Morgan)

Consent Agenda
Information and Reports

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

Action

2. Minutes of the March 22, 2018 Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter (Barbara Foushee)

Regular Agenda

Discussion

3. Review Employee Health, Dental, Life, Dependent Life, Accidental Death & Dismemberment and Long-Term Disability Insurance Renewals (Stephanie Glasgow/Ellen Tucker, Hill, Chesson & Woody)
4. Review Fiscal Year 2019 Budget and Rate Adjustment Information (Stephen Winters)
5. Review Action Plan for Improvements Identified by Organizational Assessment (Ed Kerwin/Stephanie Glasgow)
6. Appointment of the Nominating Committee (Robert Morgan)
7. Review Board Work Schedule (Robert Morgan/Ed Kerwin)
 - a. Request(s) by Board Committees, Board Members and Staff
 - b. April 26, 2018 Board Meeting
 - c. May 10, 2018 Work Session
 - d. 12 Month Board Meeting Schedule
 - e. Pending Key Staff Action Items

Summary of Work Session Items

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

Agenda Item 1

ORANGE WATER AND SEWER AUTHORITY - QUARTERLY REPORT

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

BOARD OF DIRECTORS	JANUARY 2018	FEBRUARY 2018	MARCH 2018
ROBERT MORGAN, CHAIR	January 11 WS (Meeting) January 25 Board (Meeting) January 29 D&I (Meeting)	February 5 HR (Meeting) February 8 WS (Meeting) February 22 Board (Meeting) February 26 NRTS (Absent)	March 8 WS (Meeting) March 22 Board (Meeting)
HEATHER PAYNE, VICE CHAIR	January 11 WS (Absent) January 25 Board (Meeting) January 29 D&I (Meeting)	February 8 WS (Meeting) February 22 Board (Absent) February 26 NRTS (Meeting)	March 8 WS (Absent) March 22 Board (Meeting)
YINKA AYANKOYA, SECRETARY	January 11 WS (Meeting) January 25 Board (Meeting) January 29 D&I (Meeting)	February 5 HR (Meeting) February 8 WS (Meeting) February 22 Board (Meeting)	March 8 WS (Meeting) March 22 Board (Meeting)
JEFF DANNER	January 11 WS (Meeting) January 25 Board (Meeting) January 29 D&I (Meeting)	February 5 HR (Absent) February 8 WS (Absent) February 22 Board (Meeting) February 26 NRTS (Meeting)	March 8 WS (Meeting) March 22 Board (Meeting)
RAY DUBOSE	January 11 WS (Meeting) January 25 Board (Meeting) January 29 D&I (Meeting)	February 8 WS (Meeting) February 22 Board (Meeting) February 26 NRTS (Meeting)	March 8 WS (Absent) March 22 Board (Meeting)
BARBARA M. FOUSHEE	January 11 WS (Meeting) January 25 Board (Meeting) January 29 D&I (Meeting)	February 5 HR (Meeting) February 8 WS (Meeting) February 22 Board (Meeting)	March 8 WS (Meeting) March 22 Board (Meeting)
JOHN N. MORRIS	January 11 WS (Meeting) January 25 Board (Meeting) January 29 D&I (Meeting)	February 8 WS (Meeting) February 22 Board (Meeting) February 26 NRTS (Meeting)	March 8 WS (Meeting) March 22 Board (Meeting)
RUCHIR VORA	January 11 WS (Meeting) January 25 Board (Meeting) January 29 D&I (Meeting)	February 8 WS (Meeting) February 22 Board (Meeting) February 26 NRTS (Meeting)	March 8 WS (Meeting) March 22 Board (Meeting)

April 12, 2018

BOARD OF DIRECTORS	JANUARY 2018	FEBRUARY 2018	MARCH 2018
JOHN A. YOUNG	January 11 WS (Meeting) January 25 Board (Meeting) January 29 D&I (Meeting)	February 5 HR (Meeting) February 8 WS (Meeting) February 22 Board (Meeting) February 26 NRTS (Meeting)	March 8 WS (Meeting) March 22 Board (Absent)
TOTAL MEETINGS HELD:	3	4	2

Board – Board of Directors
D&I – Diversity and Inclusion
HR – Human Resources Committee
NRTS – Natural Resources and Technical Services Committee
WS – Work Session

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Agenda Item 2

Orange Water and Sewer Authority

Closed Session of the Board of Directors

March 22, 2018

The Board of Directors of Orange Water and Sewer Authority met in Closed Session on Thursday, March 22, 2018, following the Board meeting.

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

Staff present: Ed Kerwin (Executive Director).

ITEM ONE

The Board of Directors met in Closed Session with staff to evaluate the Executive Director's semiannual performance review.

No official action was taken at the meeting.

The meeting was adjourned at 8:22 p.m.

Barbara Foushee, Chair
Human Resources Committee

Agenda Item 3:

Review Employee Health, Dental, Life, Dependent Life, Accidental Death & Dismemberment (AD&D) and Long-Term Disability (LTD) Insurance Renewals

Purpose:

Information and update from staff and Hill, Chesson and Woody to generate Board discussion and guidance regarding employee insurances beginning July 1, 2018.

Background:

The Orange Water and Sewer Authority began using the firm of Hill, Chesson and Woody in April 2014 to manage benefit plans and negotiate premiums for Employee Health, Dental, Life, Dependent Life, AD&D and LTD Insurance.

The current Employee Health, Dental, Life, Dependent Life, AD&D and LTD contracts expire on June 30, 2018.

The Board received a presentation from Hill, Chesson and Woody in January 2018 that included:

- Financial Performance of Health Insurance Plan
- Overview of Utilization and Cost
- Renewal Considerations

Information:

A representative from Hill, Chesson and Woody will be presenting renewal data at the April 12, 2018 Board Work Session.

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Agenda Item 4:

Review Fiscal Year 2019 Budget and Rate Adjustment Information

Purpose:

The purpose of this discussion is to provide the Board of Directors with information about the draft budget for Fiscal Year (FY) 2019 as well as options for potential rate adjustments. The Board will continue to discuss these topics, as necessary, in order to be prepared to hold public hearings on May 24, 2018 and make final budget and rates decisions at the June 14, 2018 Work Session.

The draft budget is based on the needs of the organization and our continued commitment to provide high-value services to our customers.

Summary of the Draft Budget:

Expenditures in the draft FY 2019 budget include:

Category	Amount (in thousands)
Operating Expense	\$22,641
Capital Equipment Expenditures	871
Capital Improvements Program (CIP)	22,636
Debt Service on Outstanding Bonds and Loans	7,156
Total	\$53,304

The draft operating expense budget is about \$177,000 less than the version the Board reviewed at its meeting on March 22, 2018. The reduction is primarily the result of a reduction in the amount budgeted for health insurance expenses. The previous draft assumed a 10% increase in health insurance costs, and we now expect to have no increase or possibly a small decrease in this expense.

Approach to Developing the Draft FY 2019 Operating Expense Budget:

The draft FY 2019 operating budget is based on “normal operating conditions” without contingencies. This increases our risk of exceeding the budget if we incur higher than normal costs from, for example, chemical price increases, more instances of equipment failures, etc. However, OWASA’s financial condition, including reserve funds, allows us to effectively manage these risks with a leaner budget.

Assumptions and highlights:

- The budget is being developed so that our Financial Management Policy objectives may be met.
- 2.5% vacancy allowance – the personnel compensation budget has been reduced by about \$200,000, to account for position vacancies.
- No increase in health insurance. This may be adjusted once we receive updated information from our health insurance provider.
- A 5% increase in the rate we are charged for electricity.
- Price increases for certain chemicals based on information provided by vendors.
- A placeholder for a 4% merit and cost of labor (combined) increase is included. The Board is scheduled to discuss employee wage increases on May 10, 2018.
- Application of the new approach to measuring and compensating employee performance that the Board approved on December 14, 2017.

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- 140 Board authorized positions with 135 funded for FY 2019.
- Use of the proposed new calculation method for System Development Fees (previously referred to as Service Availability Fees), which was approved by the Board on January 25, 2018. The new calculation method, required as a result of HB 436, results in lower fees.
- Drinking water and reclaimed water sales are not expected to increase or decrease significantly.
- The draft operating budget includes funds for consulting assistance to continue our work to implement our diversity and inclusion program.
- Wastewater treatment nutrient removal requirements in the Jordan Lake Rules have been delayed by the NC General Assembly until 2024.
- Costs related to the planned OSHA Consultation Services Audit and Crisis Management projects to be managed by the new Safety and Risk Manager will be included in the FY 2019 Budget.
- Equipment that will allow us to analyze water for taste and odor compounds and a vehicle for use in controlling sediment during water main breaks are included in the capital equipment budget.
- The draft operating budget includes funding for a new Lab Analyst position to help meet increased demands on the Water Treatment Plant's lab operation, including the new equipment for analyzing taste and odor compounds.

Capital Improvements Program:

CIP needs are identified by our Asset Management Program which includes hydraulic and risk/prioritization models, OWASA's Energy Management Program, master planning studies, condition assessments, staff observations, regulatory or contractual requirements, repair and maintenance work order evaluation, community feedback, and strategic planning. After CIP projects are identified, a staff team prioritizes projects using a weighted criteria model. In addition to the results of this project prioritization, staff accounts for project interrelationships, coordination with other entities (Towns, Department of Transportation, etc.), project urgency, implementation considerations, and other external schedule constraints.

Attachment 2, Table 1 includes information about the required and proposed FY 2019 projects. The draft FY 2019 CIP Budget totals \$22.6 million, or about \$820,000 less the amount we projected last year. Projects which are already underway (highlighted in blue) comprise over 93% of the draft budget.

The draft FY 2019-2023 CIP Budget is shown in Attachment 2, Table 2. Cells highlighted in green indicate projects for which funding was adjusted (from what is shown in Table 2) in order to support rate adjustment Option 4, described further below. The staff recommended draft FY 2019-2023 CIP Budget totals \$97.8 million.

The draft FY 2019-2023 CIP Budget was developed based on the following assumptions:

- Current levels of service will be maintained.
- Current CIP staffing levels will be maintained.
- Service area growth will remain within projections.
- Reclaimed water system will not be expanded.
- Mason Farm Wastewater Treatment Plant (WWTP) will continue to produce Class A biosolids.
- Biosolids recycling will continue at roughly 75% land application and 25% dewatering.
- No funding is included for a biogas-to-energy project at the WWTP.

- Our Jordan Lake allocation will be maintained, but no funding is included for a regional water intake/treatment facility at Jordan Lake.
- No funding or investments that may be necessary to obtain improved (guaranteed) agreements with the City of Durham and Town of Cary for water purchases during extreme droughts or operational emergencies.
- The regulatory environment for water treatment, wastewater treatment, reclaimed water and biosolids recycling will remain substantially as it is today.

We believe that the levels of investment presented in the CIP positions OWASA to remain the sustainable, responsible and environmentally-focused organization that this community deserves and has come to expect.

15-Year Financial Plan:

Each year, we update our 15-year financial plan. The plan includes projections of rate increases, water sales, operating expenses, CIP expenditures, debt service payments, anticipated borrowing, etc. The following assumptions are included in our 15-year financial plan and rate scenarios:

- Spending 100% of the operating, CIP and capital equipment budgets each year.
- Unidentified CIP renewal and replacement expenditures in years four through 15 are based on median asset replacement value and useful life ranges.
- Cost of long-term borrowing – 4.75%
- Cost reductions related to implementing Agua Vista.
- Annual cost escalation rates including:
 - Salaries and wages – 4%
 - Payroll taxes and employee benefits – 6%
 - Other operating expenses – 1.75% to 2.5%
- Water sales projections based on historical water-use patterns.

The financial plan’s projected rate adjustments are designed to ensure OWASA’s financial performance objectives are met. One of our key financial objectives is our *debt service coverage ratio*. Meeting our goal of 2.0 for this measurement is not only an important component of our financial management policy, it is important to OWASA’s financial stability and sustainability. A 2.0 debt service coverage ratio means that annual net income is twice the amount of total annual debt service. Therefore, when debt service increases, net income must also increase in order to continue to meet our debt service coverage goal.

Rate Adjustment Information:

Projections from last year’s financial plan are shown below.

Projections from Last Year					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Rate Increase	0.0%	3.0%	3.0%	3.0%	4.0%
Drinking Water Sales (mgd)	6.20	6.25	6.30	6.35	6.32
(dollar amounts below in thousands)					
Operating Revenue	\$37,763	\$38,933	\$40,387	\$41,947	\$43,609
Operating Expenses	22,612	23,218	23,993	24,863	25,770

Projections from Last Year					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Net Income	15,151	15,715	16,394	17,084	17,839
Debt Service	7,764	7,299	7,862	8,841	9,042
CIP Expenditures	23,189	18,493	17,866	22,151	20,081
OWASA Policy Stipulates Net Income Should Be At Least Two Times Debt Service					
Debt Service Coverage	2.0	2.2	2.0	1.9	2.0

Information in our 15-year financial plan is based on estimates and projections. We revise these estimates and projections each year and update the plan to analyze the need for increases in monthly water and sewer rates. Based on updated information, our projections for rate increases over the five-year period from FY 2019 to FY 2023 are higher than they were for the same period in last year's financial plan.

Drinking water sales, operating revenue and operating expenses are in-line with last year's projections. The notable differences between last year's and this year's projections are CIP expenditures, the debt service related to projected borrowing to help fund CIP expenditures, and the rate increases necessary to support these expenditures. The primary reasons for projecting higher rate increases for FY 2022 and FY 2023 include:

- CIP spending for FY 2018 is projected to be about \$5 million more than the amount budgeted.
- CIP expenditures for FY 2019 and FY 2020 are about \$6.6 million more than we projected last year for the same period.
- As a result, the debt service in FY 2022-2023 related to borrowing that is projected to be needed over the next five years is more than the debt service projected in last year's financial plan.

Rate Increases					
Projections	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Last year's	0.0%	3.0%	3.0%	3.0%	4.0%
This year's*	0.0%	3.0%	3.0%	6.0%	6.0%

CIP Expenditures (thousands)					
Projections	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Last year's	\$23,189	\$18,493	\$17,866	\$22,151	\$20,081
This year's*	\$22,636	\$25,634	\$16,844	\$18,938	\$13,698
Increase (Decrease)	(\$553)	\$7,141	(\$1,022)	(\$3,213)	(\$6,383)

Debt Service (thousands)					
Projections	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Last year's	\$7,764	\$7,299	\$7,862	\$8,841	\$9,042
This year's*	\$7,156	\$7,726	\$7,038	\$9,438	\$9,960
Increase (Decrease)	(\$608)	\$427	(\$824)	\$597	\$918

* Information shown as "This year's" projections is based on information shown in rate adjustment Option 1.

Rate Adjustment Options:

The following are four rate adjustment options for the Board’s consideration. Each option is designed to meet our financial management policy objectives, including targets for debt service coverage ratio and reserve levels. Options 1, 2 and 3 are based on the operating and CIP budgets recommended by staff. Option 4 is presented for the Board’s information and is based on a CIP budget reduced for certain discretionary projects.

Option 1 – No Rate Increase in FY 2019

Option 1					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Rate Increase	0.0%	3.0%	3.0%	6.0%	6.0%
Drinking Water Sales (mgd)	6.18	6.23	6.28	6.34	6.30
(dollar amounts below in thousands)					
Revenue	\$37,574	\$38,724	\$40,172	\$42,778	\$45,320
Operating Expenses	22,641	22,977	23,721	24,587	25,517
Net Income	14,933	15,747	16,451	18,191	19,803
Debt Service	7,156	7,726	7,038	9,438	9,960
CIP Expenditures	22,636	25,634	16,844	18,938	13,698
OWASA Policy Stipulates Net Income Should Be At Least Two Times Debt Service					
Debt Service Coverage	2.1	2.0	2.3	1.9	2.0

Option 2 – 2% Rate Increase for FY 2019

Option 2					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Rate Increase	2.0%	3.0%	3.0%	4.0%	4.0%
Drinking Water Sales (mgd)	6.18	6.23	6.28	6.34	6.30
(dollar amounts below in thousands)					
Revenue	\$38,152	\$39,440	\$40,916	\$43,054	\$44,867
Operating Expenses	22,641	22,977	23,721	24,587	25,517
Net Income	15,511	16,463	17,195	18,467	19,350
Debt Service	7,156	7,637	6,949	9,259	9,781
CIP Expenditures	22,636	25,634	16,844	18,938	13,698
OWASA Policy Stipulates Net Income Should Be At Least Two Times Debt Service					
Debt Service Coverage	2.2	2.2	2.5	2.0	2.0

Option 3 – 2.75% Rate Increase for FY 2019

Option 3					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Rate Increase	2.75%	2.75%	2.75%	2.75%	2.75%
Drinking Water Sales (mgd)	6.18	6.23	6.28	6.34	6.30
(dollar amounts below in thousands)					
Revenue	\$38,346	\$39,641	\$41,033	\$42,820	\$44,154
Operating Expenses	22,641	22,977	23,721	24,587	25,517
Net Income	15,705	16,664	17,312	18,233	18,637
Debt Service	7,156	7,619	6,932	9,248	9,770
CIP Expenditures	22,636	25,634	16,844	18,938	13,698
OWASA Policy Stipulates Net Income Should Be At Least Two Times Debt Service					
Debt Service Coverage	2.2	2.2	2.5	2.0	1.9

Option 4 – No Rate Increase for FY 2019 with Reduced CIP

Option 4					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Rate Increase	0.0%	3.0%	3.0%	3.0%	3.0%
Drinking Water Sales (mgd)	6.18	6.23	6.28	6.34	6.30
(dollar amounts below in thousands)					
Revenue	\$37,574	\$38,720	\$40,170	\$42,016	\$43,422
Operating Expenses	22,641	22,977	23,721	24,587	25,517
Net Income	14,933	15,743	16,449	17,429	17,905
Debt Service	7,156	7,446	6,759	8,876	9,398
CIP Expenditures	22,529	22,718	12,366	18,551	14,018
OWASA Policy Stipulates Net Income Should Be At Least Two Times Debt Service					
Debt Service Coverage	2.1	2.1	2.4	2.0	1.9

Option 4 is based on the same information as Options 1-3, except CIP expenditures have been reduced by approximately \$7.6 million. Attachment 2, Table 2 indicates in green the projects which have been deleted or reduced in scope to support this option.

Significant projects deleted for Option 4 include Cane Creek Solar Photovoltaic System, Creek Crossing Access Improvements, and the WWTP Warehouse. Projects with significant reductions in scope include the WTP Belt Filter Press Replacement and Sanitary Sewer Condition Evaluation. Additionally, Option 4 includes the deferrals of funding for several projects; in most of these cases, funding was deferred by two or three fiscal years; these project deferrals are not specifically identified in the Table.

Each rate adjustment option results in meeting our target reserve levels.

Projected Estimated Year-End Reserve Balance				
FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
\$18 million	\$16 million	\$16.5 million	\$17.5 million	\$20.5 million

Rate Adjustment Impact to Individually-Metered Residential Customers:

The dollar impact of the rate increases shown in the table below is for one month’s bill for a single-family residence using the system average of 4,000 gallons. The difference is the amount the bill increases from the previous year. The current bill for 4,000 gallons is \$70.66.

Rate Increase Options – % Increase and Average Bill Impact												
	FY 2019		FY 2020		FY 2021		FY 2022		FY 2023		5-Year Cumulative	
	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$
Option 1	0.0	0.00	3.0	2.10	3.0	2.18	6.0	3.78	6.0	4.72	18.1	12.78
Option 2	2.0	1.41	3.0	2.18	3.0	2.20	4.0	3.06	4.0	3.18	17.3	12.03
Option 3	2.75	1.95	2.75	1.98	2.75	2.05	2.75	2.11	2.75	2.17	14.5	10.26
Option 4	0.0	0.00	3.0	2.10	3.0	2.18	3.0	2.25	3.0	2.32	12.5	8.85

About OWASA’s Budget and Rates:

OWASA is committed to providing high-quality, safe, and reliable water and wastewater services, and our rates reflect the true cost of providing these services. As a community-owned utility, we reinvest the rates and fees paid by our customers directly into the plants, pipes, and people that will serve our community for years to come.

Just as we are stewards of the system assets, environment and human resources we manage, we are also stewards of our community’s financial resources. Affordable water and wastewater services are critical to the health of our community. We strive to be as efficient as possible and, as a result, have kept rates stable for the past six years.

We appreciate our customers for their partnership. Beyond paying their OWASA bill every month, the cost and commitment borne by our community to use water wisely and protect the wastewater system pays dividends, ecologically and economically.

It is our responsibility, as public servants, to let the community know the true cost of water and wastewater service. We are not eager to raise rates, but we know that we borrow from future generations if we do not maintain our complex infrastructure of pipes, pumps, reservoirs, and equipment and the trained staff to manage them sustainably.

Staff Rate Adjustment Recommendation:

Considering the financial requirements presented herein, projections of future rate increases for each of the identified options, and our ability to avoid rate increases for the past six years, staff and our independent rate consultant recommend that we implement a modest rate increase, as shown in Option 2 or 3, in FY 2019.

Budget and Rate Setting Process Next Steps:

Public hearings on the budget and rates are tentatively scheduled for May 24, 2018. A final budget and proposed rate schedule are tentatively scheduled to be presented for approval at the Board Work Session on June 14, 2018.

1. Staff will prepare a revised draft of the FY 2019 budget and rate adjustment information (if necessary) for presentation at the April 26, 2018 Board meeting and May 24, 2018 public hearings.
2. At the April 26, 2018 meeting, staff will present a draft of the Schedule of Rates, Fees and Charges and request permission from the Board to publicize budget and rate information in advance of the public hearings. The rates schedule will include proposed adjustments to:
 - a. Monthly water and sewer rates, based on the Board's guidance.
 - b. System Development Fees, based on the new calculation method approved by the Board.
 - c. Adjustments to other miscellaneous fees based on changes in the cost of providing the service.
3. At the public hearings, the Board will receive and consider comments from customers and other stakeholders.
4. After considering public input, the Board of Directors will discuss and provide guidance to staff on the final draft of the FY 2019 budget and rate adjustment.
5. Staff will finalize the FY 2019 budget and rate adjustment recommendation and is scheduled to present it for adoption by the Board of Directors at its meeting on June 14, 2018.

A Finance Committee meeting is scheduled for Wednesday, April 18, 2018 at 5:00 pm in the OWASA Community Room for continued discussion on the FY 2019 budget and rates, if needed.

Action requested:

Review the draft FY 2019 budget and rate adjustment information and provide guidance.

Information:

- Attachment 1 – Table 1 shows an updated summary of how the draft FY 2019 operating budget compares to FY 2016 and 2017 actual results, FY 2018 budget and forecast, and the FY 2019 budget projection included in last year's financial plan.
- Attachment 1 – Table 2 shows updated details of the draft operating budget with comparative information.
- Attachment 2 – Table 1 shows the draft FY 2019 CIP budget. Projects highlighted in blue have already been initiated.
- Attachment 2 – Table 2 shows the draft FY 2019 – FY 2023 CIP. Cells highlighted in green indicate projects for which funding was adjusted (from what is shown in Table 2) in order to support rate adjustment Option 4.

**Orange Water and Sewer Authority
Draft FY 2019 Budget Information**

	FY16 Actual	FY17 Actual	FY18 Budget	FY18 Forecast	FY19 Budget	FY19 Amounts in last year's model	FY19 Budget Compared to FY18 Forecast	FY19 Budget Compared to FY18 Budget	FY19 Budget compared to amount in last year's model
Operating Expenses	19,793,818	20,998,593	21,920,477	21,665,927	22,640,654	22,703,460	4.5%	3.3%	-0.3%
Capital Equipment	332,252	1,724,456	1,231,100	1,231,100	871,135	900,000	-29.2%	-29.2%	-3.2%
CIP	7,538,017	9,692,697	15,085,000	20,246,000	22,636,000	23,189,000	11.8%	50.1%	-2.4%
Total	27,664,087	32,415,746	38,236,577	43,143,027	46,147,789	46,792,460			

Assumptions include:

1	4% combined merit and COLA wage increase
2	No health and dental insurance increase (we may have a decrease in health and a small increase in dental)
3	New Safety and Risk Manager position in HR - budget increase for difference in wages between Accounting Tech II position which was reclassified to HR Safety Manager
4	New Communications and Community Relations Officer (CCRO) position in Admin - budget increase for difference in wages between Public Affairs Administrator position which was reclassified to CCRO
5	One new Lab Analyst to meet increasing staffing needs including operating new equipment for managing drinking water taste and odor issues
6	2.5% vacancy allowance
7	135 funded positions
8	140 authorized positions

EXPENDITURE CLASSIFICATION	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2018 Forecast (as of Feb. 2018)	FY 2019 Budget Request	Dollar variance FY19 v FY18 Budgets	Percent variance FY19 v FY18 Budgets	Dollar variance FY19 Budget v FY18 Forecast	Percent variance FY19 Budget v FY18 Forecast
SALARIES									
SALARIES AND WAGES, REGULAR	7,343,784	7,564,689	7,773,625	7,776,214	8,161,052	387,427	5.0%	384,839	4.9%
SALARIES AND WAGES, OVERTIME	267,684	339,115	276,200	300,877	295,620	19,420	7.0%	(5,257)	-1.7%
STANDBY PAY	44,116	48,427	43,780	47,107	44,627	847	1.9%	(2,480)	-5.3%
PART-TIME	80,194	158,427	144,912	107,825	93,606	(51,306)	-35.4%	(14,219)	-13.2%
PER DIEM	12,750	11,550	15,000	15,000	15,000	-	0.0%	-	0.0%
Total	7,748,528	8,122,208	8,253,517	8,247,023	8,609,906	356,389	4.3%	362,883	4.4%
PAYROLL TAXES AND EMPLOYEE BENEFITS									
FICA	569,007	619,190	606,091	610,139	636,309	30,219	5.0%	26,170	4.3%
RETIREMENT CONTRIBUTION	510,261	598,985	597,971	607,169	627,773	29,802	5.0%	20,604	3.4%
DEFERRED COMPENSATION	180,045	187,565	181,480	184,502	170,560	(10,920)	-6.0%	(13,942)	-7.6%
WORKERS COMPENSATION	158,241	173,042	121,680	125,340	119,878	(1,802)	-1.5%	(5,462)	-4.4%
HEALTH INSURANCE	1,631,609	1,654,664	2,059,404	1,984,102	2,016,975	(42,429)	-2.1%	32,873	1.7%
DENTAL INSURANCE	53,429	46,651	55,630	54,319	55,563	(67)	-0.1%	1,244	2.3%
VISION INSURANCE	31,120	34,411	40,000	25,453	35,000	(5,000)	-12.5%	9,547	37.5%
WELLNESS PROFRA REIMBURSEMENT	2,421	2,074	2,300	1,797	2,400	100	4.3%	603	33.6%
RETIREES & COBRA INSURANCE	209,881	198,402	213,773	200,372	211,406	(2,367)	-1.1%	11,033	5.5%
DISABILITY INSURANCE	33,045	33,833	36,732	35,411	36,843	111	0.3%	1,432	4.0%
AUTOMOBILE ALLOWANCE	6,500	6,750	6,000	6,000	6,000	-	0.0%	-	0.0%
UNEMPLOYMENT TAX	1,486	1,968	15,000	9,540	10,000	(5,000)	-33.3%	460	4.8%
UNIFORMS	59,251	61,126	57,183	63,110	55,473	(1,710)	-3.0%	(7,637)	-12.1%
GROUP LIFE & A.D. & D.	39,488	41,128	7,336	40,965	42,859	35,522	484.2%	1,894	4.6%
VACATION ACCRUED	-	10,975	-	-	-	-	-	-	-
Total	3,485,784	3,670,764	4,000,581	3,948,220	4,027,040	26,459	0.7%	78,819	2.0%
UTILITIES									
ELECTRICITY	1,075,156	1,148,288	1,146,420	1,111,601	1,150,645	4,224	0.4%	39,044	3.5%
TELEPHONE - LOCAL	110,729	106,991	110,400	118,634	125,440	15,040	13.6%	6,806	5.7%
CELL PHONES	50,733	53,441	58,100	58,100	61,300	3,200	5.5%	3,200	5.5%
FUEL	92,311	108,750	68,525	66,637	69,888	1,364	2.0%	3,251	4.9%
WASTE DISPOSAL	534,314	253,596	305,030	298,484	289,430	(15,600)	-5.1%	(9,054)	-3.0%
Total	1,863,243	1,671,066	1,688,475	1,653,456	1,696,703	8,228	0.5%	43,247	2.6%
MATERIALS AND SUPPLIES									
CHEMICALS	1,888,609	2,190,143	2,104,897	2,188,580	2,235,122	130,225	6.2%	46,541	2.1%
LAND APPLICATION	25,265	54,340	50,000	49,261	50,000	-	0.0%	739	1.5%
SMALL TOOLS	31,586	16,269	25,155	24,557	22,446	(2,710)	-10.8%	(2,111)	-8.6%
SUBSCRIPTIONS	1,160	1,510	2,425	2,355	1,765	(660)	-27.2%	(590)	-25.0%
LAKE SUPPLIES	25,485	21,340	59,328	49,986	35,060	(24,268)	-40.9%	(14,926)	-29.9%
FUEL - VEHICLES	95,950	118,980	151,118	144,108	165,555	14,437	9.6%	21,447	14.9%
OFFICE SUPPLIES	37,323	34,923	43,375	38,087	46,660	3,285	7.6%	8,573	22.5%
COMPUTER EQUIPMENT & PARTS	73,146	90,410	87,700	87,075	87,300	(400)	-0.5%	225	0.3%

EXPENDITURE CLASSIFICATION	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2018 Forecast (as of Feb. 2018)	FY 2019 Budget Request	Dollar variance FY19 v FY18 Budgets	Percent variance FY19 v FY18 Budgets	Dollar variance FY19 Budget v FY18 Forecast	Percent variance FY19 Budget v FY18 Forecast
LABORATORY EXPENSES	229,663	233,071	215,343	237,947	240,214	24,871	11.5%	2,267	1.0%
SAFETY SUPPLIES	48,336	59,565	61,685	60,558	87,933	26,248	42.6%	27,375	45.2%
OTHER	26,168	24,967	24,650	18,916	21,400	(3,250)	-13.2%	2,484	13.1%
Total	2,482,691	2,845,518	2,825,676	2,901,431	2,993,454	167,778	5.9%	92,023	3.2%
MAINTENANCE									
MAINTENANCE - EQUIPMENT	890,594	1,235,063	1,002,625	994,119	1,002,665	40	0.0%	8,546	0.9%
MAINTENANCE - PUMPING EQUIPMENT	189,510	336,492	369,450	363,180	384,225	14,775	4.0%	21,045	5.8%
MAINTENANCE - RESERVOIR & TANK	148,619	153,520	170,900	223,155	194,500	23,600	13.8%	(28,655)	-12.8%
FACILITIES	41,135	8,435	32,300	33,325	32,300	-	0.0%	(1,025)	-3.1%
BUILDINGS	311,601	263,700	302,725	296,947	293,225	(9,500)	-3.1%	(3,722)	-1.3%
MAINTENANCE - MAINS	331,460	465,747	434,400	428,618	437,800	3,400	0.8%	9,182	2.1%
MAINTENANCE - METERS	295,046	162,006	439,790	325,641	341,900	(97,890)	-22.3%	16,259	5.0%
MAINTENANCE - HYDRANTS	18,733	37,695	23,925	18,313	23,519	(406)	-1.7%	5,205	28.4%
MAINTENANCE - SERVICE LINES	61,035	83,280	67,584	79,856	82,777	15,193	22.5%	2,921	3.7%
GROUNDS	81,547	75,289	82,000	86,949	87,000	5,000	6.1%	51	0.1%
MOTOR VEHICLES	177,781	201,735	185,500	188,885	186,000	500	0.3%	(2,885)	-1.5%
Total	2,547,061	3,022,962	3,111,199	3,038,988	3,065,911	(45,288)	-1.5%	26,923	0.9%
PROFESSIONAL SERVICES									
LEGAL	258,420	280,300	240,000	261,600	240,000	-	0.0%	(21,600)	-8.3%
ACCOUNTING	23,688	38,263	32,000	31,928	32,000	-	0.0%	72	0.2%
ENGINEERING	1,550	970	12,500	4,151	7,500	(5,000)	-40.0%	3,349	80.7%
INSURANCE	232,405	230,788	225,798	225,314	228,800	3,002	1.3%	3,486	1.5%
COLLECTION SERVICES	35,468	34,624	40,000	40,470	40,000	-	0.0%	(470)	-1.2%
CONSULTANTS	514,344	583,364	602,700	431,472	733,500	130,800	21.7%	302,028	70.0%
FINANCIAL SERVICES	251,042	233,949	267,100	275,755	253,877	(13,223)	-5.0%	(21,879)	-7.9%
TRUSTEE SERVICES	17,050	11,561	29,350	28,600	20,000	(9,350)	-31.9%	(8,600)	-30.1%
OTHER	61,025	61,859	85,000	69,906	86,000	1,000	1.2%	16,095	23.0%
Total	1,394,992	1,475,678	1,534,448	1,369,197	1,641,677	107,228	7.0%	272,480	19.9%
COMMUNICATIONS									
POSTAGE AND FREIGHT	105,815	79,590	112,800	115,327	113,200	400	0.4%	(2,127)	-1.8%
CUSTOMER INFORMATION	29,162	41,575	24,387	24,387	25,387	1,000	4.1%	1,000	4.1%
ADVERTISING	30,952	36,924	28,950	29,081	35,950	7,000	24.2%	6,869	23.6%
OTHER	4,160	5,000	4,950	4,950	8,950	4,000	80.8%	4,000	80.8%
Total	170,089	163,089	171,087	173,745	183,487	12,400	7.2%	9,742	5.6%
PRINTING AND REPRODUCTION									
PRINTING AND REPRODUCTION	7,293	7,980	14,000	11,666	10,850	(3,150)	-22.5%	(816)	-7.0%
Total	7,293	7,980	14,000	11,666	10,850	(3,150)	-22.5%	(816)	-7.0%

EXPENDITURE CLASSIFICATION	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2018 Forecast (as of Feb. 2018)	FY 2019 Budget Request	Dollar variance FY19 v FY18 Budgets	Percent variance FY19 v FY18 Budgets	Dollar variance FY19 Budget v FY18 Forecast	Percent variance FY19 Budget v FY18 Forecast
EDUCATION AND DEVELOPMENT									
EDUCATION AND DEVELOPMENT	105,541	103,681	154,475	138,260	173,830	19,355	12.5%	35,570	25.7%
BOARD TRAVEL	-	-	-	300	-	-		(300)	-100.0%
Total	105,541	103,681	154,475	138,560	173,830	19,355	12.5%	35,270	25.5%
MISCELLANEOUS									
DUES AND MEMBERSHIPS	43,110	37,770	141,531	144,381	147,383	5,852	4.1%	3,002	2.1%
CONSERVATION	1,459	3,703	6,000	6,000	6,000	-	0.0%	-	0.0%
EASEMENTS			-	2,000	6,000	6,000		4,000	200.0%
OVERAGES AND SHORTAGES	167	(486)	-	-	-	-		-	
UNCOLLECTABLE ACCOUNTS	23,197	27,717	30,000	30,389	30,000	-	0.0%	(389)	-1.3%
RENT AND LEASES	59,351	66,171	62,838	65,220	113,163	50,325	80.1%	47,943	73.5%
FOREST MANAGEMENT	43,960	(560)	8,200	14,369	12,000	3,800	46.3%	(2,369)	-16.5%
BOARD EXPENSES	2,743	3,378	4,500	4,500	7,000	2,500	55.6%	2,500	55.6%
RECRUITMENT	1,787	-	4,000	10,632	4,000	-	0.0%	(6,632)	-62.4%
OTHER	45,443	60,227	69,950	75,012	72,250	2,300	3.3%	(2,762)	-3.7%
Total	221,217	197,920	327,019	352,503	397,796	70,777	21.6%	45,293	12.8%
Total Personnel Services	11,234,312	11,792,972	12,254,098	12,195,244	12,636,946	382,847	3.1%	441,702	3.6%
Total Operating Services	8,792,127	9,487,894	9,826,379	9,639,547	10,163,708	337,329	3.4%	524,161	5.4%
Total Operating and Maintenance	20,026,439	21,280,866	22,080,477	21,834,791	22,800,654	720,176	3.3%	965,863	4.4%
CONSTRUCTION CREDIT	(232,621)	(282,273)	(160,000)	(168,864)	(160,000)	-	0.0%	8,864	-5.2%
Net	19,793,818	20,998,593	21,920,477	21,665,927	22,640,654	720,176	3.3%	974,726	4.5%

**Table 1
Draft FY 2019 CIP**

CIP No.	Project	FY2019	Comments
270-04	Jordan Lake Raw Water Supply Allocation	\$ 5,000	Ongoing required payment
270-09	Quarry Reservoir Development	\$ 15,000	Ongoing required payment
270-11	University Lake Pump Station Improvements	\$ 1,500,000	Replacement of aging pumps #1 - #3 with new, more efficient pumps and variable frequency drives (VFD's)
270-28	University Lake Permanganate Facility	\$ 450,000	New chemical storage and feed facility to improve water treatment
272-14	Water Facility Security Upgrades	\$ 38,000	Security improvements at remote sites including Cane Creek Reservoir, University Lake, and booster pump stations; construction commenced in FY 2018
272-37	WTP Belt Filter Press Replacement	\$ 512,000	Replacement of existing, aging dewatering equipment that does not have redundancy; construction to occur in FY 2019 and FY 2020
272-38	WTP Sedimentation Basin Rehabilitation	\$ 1,800,000	Concrete rehabilitation of sedimentation basin walls and channels; construction to occur in FY 2019 and FY 2020
272-40	WTP Filter Media and Backwash Improvements	\$ 100,000	Completion of construction which commenced in FY 2018
275-15	Water Main Upgrades - Road Improvement Projects	\$ 181,000	Water main upgrades undertaken as part of North Carolina Department of Transportation roadway projects; FY 2019 funds are for payment for prior work along Smith Level Road
275-20	Brandywine Road Water Main Replacement	\$ 862,000	Completion of construction expected to commence in FY 2018
275-20	Fordham Service Road Water Main Replacement	\$ 250,000	Construction along service road south of Fordham Boulevard; being coordinated with adjacent development
275-21	High Priority Water Main Replacement	\$ 2,341,000	FY 2019 funds are primarily for construction of Pritchard Avenue Water Main, and the start of construction for Manning Drive Water Main and Country Club Road Water Main
275-46	Dobbins Drive Water Main Replacement	\$ 288,000	Completion of design and start of construction; coordinated with Dobbins Drive Sewer Main project
275-52	West Cameron Avenue Water Main	\$ 25,000	Planning, design, and construction; majority of construction to occur in summer of calendar year 2020
275-76	Advanced Metering Infrastructure (AMI) System	\$ 1,225,000	Completion of deployment of AMI System
275-77	Galvanized Water Main Replacements	\$ 1,100,000	Start of construction to replace or abandon 1.6 miles of galvanized water mains
276-18	Sanitary Sewer Rehabilitation	\$ 2,091,000	Near-term identified needs for rehabilitation of collection system
276-45	Bolinwood Drive Interceptor	\$ 100,000	Capacity improvements as identified by 2010 Collection System Master Plan; FY 2019 funding is for design
276-48	Dobbins Drive Interceptor Upgrades	\$ 315,000	Completion of design and start of construction to increase collection system capacity; coordinated with Dobbins Drive Water Main project
276-53	Creek Crossing Access Improvements	\$ 20,000	Sitework to improve vehicular access as needed to maintain facilities (primarily aerial sewer crossings at creeks); FY 2019 funding is for stakeholder engagement and planning
276-57	Sanitary Sewer Hydraulic Model	\$ 334,000	Updated capacity analysis and master planning for the collection system; flow monitoring is ongoing as of March 2018
277-31B	Rogerson Drive Pump Station Rehabilitation Phase 2	\$ 2,025,000	FY 2019 funds are for Phase 2 construction including electrical, HVAC, and odor control upgrades to improve reliability and odor control at the second largest wastewater pump station
278-46	Comprehensive Coatings Program	\$ 150,000	Continuation of programmatic coating of priority equipment and structures to protect assets and extend their useful life
278-51	WWTP Solids Thickening Improvements	\$ 1,200,000	Replace aging gravity belt thickeners with new rotary drum thickeners; construction to occur in FY 2019 and FY 2020
278-54	WWTP Intermediate Pump Station (IPS) Rehabilitation	\$ 400,000	Completion of construction in FY 2019 for electrical, HVAC, and VFD's
278-58	WWTP Non-potable Water Pump Replacements	\$ 50,000	Completion of construction work commencing in FY 2018 to replace aging pumps
278-68	Roofing / Building Envelope Rehabilitation	\$ 34,000	FY 2019 includes design funds for roof replacements as prioritized and scoped from a FY 2017 assessment
278-72A	WWTP Secondary Clarifier (SC) Rehabilitation	\$ 750,000	Funding is for rehabilitation of concrete and aging equipment in SC #2 and #3
278-72B	WWTP Secondary Clarifier Pumping Improvements	\$ 100,000	Improvements to the return activated pumping system for the secondary clarifiers to improve clarifier performance
278-73	Wastewater Treatment Plant (WWTP) SCADA System Upgrade	\$ 60,000	Completion of improvements to the WWTP's control system which commenced in FY 2018 to improve functionality and operator awareness
278-78A	WWTP Fermenter Tank and Pumps Rehabilitation	\$ 100,000	Funds are for cleaning, draining, inspection and recommendations for fermenter tank rehabilitation; improvements to be included with Solids Thickening construction
278-80A	Primary Sludge Pump Station Rehabilitation and Old Lab Building Demolition	\$ 25,000	Funding for near-term work that may be identified by FY 2018 study
278-80B	WWTP Chemical Building and Bulk Tank Piping Rehabilitation	\$ 100,000	Completion of design and construction as recommended by ongoing FY 2018 study to improve chemical feed and storage facilities
278-80B	WWTP Spray Water System	\$ 100,000	Completion of design and construction as recommended by ongoing FY 2018 study to improve operational efficiency
278-82	WWTP Headworks Concrete Rehabilitation	\$ 1,700,000	Completion of design and construction on fast-tracked project to rehabilitate a critical WWTP structure; construction to occur in FY 2019 and FY 2020
280-06	Administration Building HVAC System Upgrade	\$ 820,000	Completion of construction which commenced in FY 2018
270-new	University Lake Dam Flashboard Replacement	\$ 325,000	Flashboard (part of the dam used to increase the depth of the impoundment) replacement as recommended by recent inspection
271-05	Cane Creek Raw Water Transmission Main Capacity Study	\$ 40,000	Condition assessment of raw water main
272-42	WTP Finished Water Pump (FWP) Improvements	\$ 25,000	Improvements to FWP #5 VFD and electrical, and FWPs #4 and #6 pumps/motors
272-46A	WTP Chemical Feed Upgrades	\$ 75,000	Upgrades to several chemical feed systems as identified by risk evaluation and other needs to improve reliability and treatment
272-new	WTP Supervisory Control and Data Acquisition (SCADA) Equipment Replacement	\$ 15,000	FY 2019 funds are for design to replace critical process control equipment which will not be supported by manufacturer after 2023
272-new	Heating, Ventilation, and Air Conditioning (HVAC) Replacement Program	\$ 45,000	Age, condition, and energy efficiency-based equipment replacement based on Advanced Energy audit
273-09	Barbee Chapel Road Booster Pump Station (BPS) Study	\$ 75,000	Study to re-evaluate BPS location, needed improvements, timing, and cost estimate.

**Table 1
Draft FY 2019 CIP**

CIP No.	Project	FY2019	Comments
275-53	Water Distribution System Hydraulic Model	\$ 30,000	Placeholder funding for on-call modeling, plus FY 2020-2021 update of full hydraulic model
275-new	Distribution System SCADA integration	\$ 25,000	Upgrades to allow for real-time monitoring of distribution system pressure
275-new	Distribution System Prioritization Model	\$ 75,000	Comprehensive overhaul of prioritization model used to determine distribution system rehabilitation; work is planned to occur in FY 2019 and FY 2020
275-new	Distribution System Sampling Stations	\$ 85,000	Additional sampling sites to improve water quality monitoring capabilities for the distribution system
275-new	Kensington Drive Water Main Replacement	\$ 100,000	Funds for completion of design in FY 2019 and construction in FY 2020
276-46	Willow Drive Interceptor Replacement	\$ 25,000	Capacity improvements as identified by 2010 Collection System Master Plan
276-58	Prince Street common service replacement	\$ 30,000	FY 2019 funds for design of the replacement of a common (shared by more than one property) service lateral that is in poor condition
277-new	Pump Station Operational Assessments	\$ 25,000	Motor and pump efficiency assessments at identified pump stations
277-new	Rogerson Drive Force Main (Highway 54 crossing and northern routing study)	\$ 50,000	Initial funding of routing study for future alignment of Rogerson Drive Force Main, including alternatives analysis for crossing Highway 54
278-77	WWTP Bar Screen Replacement	\$ 150,000	Replacement of two bar screens at plant headworks
278-new	WWTP Server Room	\$ 75,000	Architectural modifications, and installation of equipment and HVAC to support new technology infrastructure
278-new	Fixed Continuous Gas Monitoring Systems	\$ 100,000	Installation of gas monitoring systems in identified WWTP structures to provide continuous air monitoring
278-new	WWTP Security Improvements	\$ 100,000	FY 2019 funding for plant-wide security assessment and initial improvements
	Total FY 2019	\$ 22,636,000	

Projects Underway as of 4-4-2018	\$ 21,166,000
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Table 2
Draft FY 2019 - 2023 CIP

CIP No.	Project	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total FY 2019 - FY 2023
270-04	Jordan Lake Raw Water Supply Allocation	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 25,000
270-09	Quarry Reservoir Development	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 75,000
270-11	University Lake Pump Station Improvements	\$ 1,500,000	\$ 455,000	\$ -	\$ -	\$ -	\$ 1,955,000
270-16	Cane Creek Pump Station Improvements	\$ -	\$ 100,000	\$ 1,200,000	\$ -	\$ -	\$ 1,300,000
270-28	University Lake Permanganate Facility	\$ 450,000	\$ 750,000	\$ -	\$ -	\$ -	\$ 1,200,000
270-29	University Lake Fishing Pier and Boat Launch	\$ -	\$ -	\$ 70,000	\$ -	\$ -	\$ 70,000
270-30	Cane Creek Dam Rehabilitation	\$ -	\$ -	\$ 50,000	\$ 500,000	\$ -	\$ 550,000
270-31	Cane Creek Resurfacing	\$ -	\$ -	\$ -	\$ 70,000	\$ -	\$ 70,000
270-new	Cane Creek Solar Photovoltaic System	\$ -	\$ 25,000	\$ 1,600,000	\$ -	\$ -	\$ 1,625,000
270-new	University Lake Dam Flashboard Replacement	\$ 325,000	\$ 250,000	\$ -	\$ -	\$ -	\$ 575,000
271-05	Cane Creek Raw Water Transmission Main Capacity Study	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ 40,000
272-10	Long Term Funding for Water Facility Asset Rehabilitation or Replacement	\$ -	\$ -	\$ -	\$ 2,083,000	\$ 2,714,000	\$ 4,797,000
272-14	Water Facility Security Upgrades	\$ 38,000	\$ -	\$ -	\$ -	\$ -	\$ 38,000
272-35	WTP Flash Mix Basins Isolation Valve Replacement	\$ -	\$ -	\$ -	\$ 70,000	\$ 300,000	\$ 370,000
272-37	WTP Belt Filter Press Replacement	\$ 512,000	\$ 975,000	\$ -	\$ -	\$ -	\$ 1,487,000
272-38	WTP Sedimentation Basin Rehabilitation	\$ 1,800,000	\$ 1,630,000	\$ -	\$ -	\$ -	\$ 3,430,000
272-40	WTP Filter Media and Backwash Improvements	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
272-41	WTP Process, Sedimentation Basin, and Pulsator Turbidimeters	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000
272-42	WTP Finished Water Pump (FWP) Improvements	\$ 25,000	\$ 150,000	\$ 1,200,000	\$ -	\$ -	\$ 1,375,000
272-43	WTP Track Vac System Replacement	\$ -	\$ -	\$ -	\$ 116,000	\$ -	\$ 116,000
272-46A	WTP Chemical Feed Upgrades	\$ 75,000	\$ 500,000	\$ -	\$ -	\$ -	\$ 575,000
272-46B	WTP Chemical Storage Improvements	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
272-new	WTP Filter Console / Operator Console Replacement	\$ -	\$ -	\$ 25,000	\$ 150,000	\$ -	\$ 175,000
272-new	WTP SCADA Master Plan	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
272-new	WTP Supervisory Control and Data Acquisition (SCADA) Equipment Replacement	\$ 15,000	\$ 200,000	\$ -	\$ -	\$ -	\$ 215,000
272-new	Heating, Ventilation, and Air Conditioning (HVAC) Replacement Program	\$ 45,000	\$ 10,000	\$ 25,000	\$ 125,000	\$ -	\$ 205,000
273-09	Barbee Chapel Road Booster Pump Station (BPS) Study	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000
274-new	Storage Tank Water Quality Monitors	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ 100,000
275-15	Water Main Upgrades - Road Improvement Projects	\$ 181,000	\$ -	\$ -	\$ -	\$ -	\$ 181,000
275-20	Long Term Funding for Water Distribution System Asset Rehabilitation or Replacement	\$ -	\$ -	\$ -	\$ 2,259,000	\$ 2,497,000	\$ 4,756,000
275-20	Fordham Service Road Water Main Replacement	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 250,000
275-20	Brandywine Road Water Main Replacement	\$ 862,000	\$ -	\$ -	\$ -	\$ -	\$ 862,000
275-21	High Priority Water Main Replacement	\$ 2,341,000	\$ 5,313,000	\$ 4,278,000	\$ 5,247,000	\$ -	\$ 17,179,000
275-46	Dobbins Drive Water Main Replacement	\$ 288,000	\$ 1,150,000	\$ -	\$ -	\$ -	\$ 1,438,000
275-52	West Cameron Avenue Water Main	\$ 25,000	\$ 298,000	\$ 1,487,000	\$ -	\$ -	\$ 1,810,000
275-53	Water Distribution System Hydraulic Model	\$ 30,000	\$ 250,000	\$ 50,000	\$ 30,000	\$ 30,000	\$ 390,000
275-76	Advanced Metering Infrastructure (AMI) System	\$ 1,225,000	\$ -	\$ -	\$ -	\$ -	\$ 1,225,000
275-77	Galvanized Water Main Replacements	\$ 1,100,000	\$ 600,000	\$ -	\$ -	\$ -	\$ 1,700,000
275-new	MLK Boulevard Water Main Abandonment	\$ -	\$ 100,000	\$ 1,000,000	\$ -	\$ -	\$ 1,100,000
275-new	Distribution System Large Vault Replacement	\$ -	\$ 40,000	\$ 100,000	\$ -	\$ -	\$ 140,000
275-new	Valve Insertion Program	\$ -	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	\$ 90,000
275-new	Porthole Alley Water Main Abandonment	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ 30,000
275-new	Distribution System SCADA integration	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ -	\$ 50,000
275-new	Distribution System Prioritization Model	\$ 75,000	\$ 100,000	\$ -	\$ -	\$ -	\$ 175,000
275-new	Distribution System Sampling Stations	\$ 85,000	\$ 85,000	\$ -	\$ -	\$ -	\$ 170,000
275-new	Kensington Drive Water Main Replacement	\$ 100,000	\$ 1,220,000	\$ -	\$ -	\$ -	\$ 1,320,000
276-17	Sanitary Sewer Condition Evaluation	\$ -	\$ 744,000	\$ -	\$ 906,000	\$ -	\$ 1,650,000
276-18	Long Term Funding for Wastewater Collection System Asset Rehabilitation or Replacement	\$ -	\$ -	\$ -	\$ 2,290,000	\$ 2,771,000	\$ 5,061,000
276-18	Sanitary Sewer Rehabilitation	\$ 2,091,000	\$ 2,429,000	\$ 2,730,000	\$ -	\$ -	\$ 7,250,000
276-45	Bolinwood Drive Interceptor	\$ 100,000	\$ 900,000	\$ -	\$ -	\$ -	\$ 1,000,000

**Table 2
Draft FY 2019 - 2023 CIP**

CIP No.	Project	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total FY 2019 - FY 2023
276-46	Willow Drive Interceptor Replacement	\$ 25,000	\$ 100,000	\$ -	\$ -	\$ -	\$ 125,000
276-48	Dobbins Drive Interceptor Upgrades	\$ 315,000	\$ 1,259,000	\$ -	\$ -	\$ -	\$ 1,574,000
276-52	Rocky Branch Interceptor Upgrade (Phase 1)	\$ -	\$ 62,000	\$ 706,000	\$ -	\$ -	\$ 768,000
276-53	Creek Crossing Access Improvements	\$ 20,000	\$ 563,000	\$ 263,000	\$ -	\$ -	\$ 846,000
276-57	Sanitary Sewer Hydraulic Model	\$ 334,000	\$ 150,000	\$ -	\$ -	\$ -	\$ 484,000
276-58	Prince Street common service replacement	\$ 30,000	\$ 50,000	\$ -	\$ -	\$ -	\$ 80,000
276-new	Manhole Installations	\$ -	\$ 35,000	\$ 80,000	\$ -	\$ -	\$ 115,000
277-21	Force Main Condition Evaluation	\$ -	\$ -	\$ 50,000	\$ -	\$ 300,000	\$ 350,000
277-31B	Rogerson Drive Pump Station Rehabilitation Phase 2	\$ 2,025,000	\$ -	\$ -	\$ -	\$ -	\$ 2,025,000
277-37	Knolls PS Rehab	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ 15,000
277-39A	North Lakeshore Drive Pump Station	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ 15,000
277-39B	Chapel Hill North Pump Station Rehabilitation	\$ -	\$ 25,000	\$ 75,000	\$ -	\$ -	\$ 100,000
277-39C	Clayton Rd Pump Station Replacement	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ 15,000
277-39-F	Patterson Place Pump Station	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ 15,000
277-new	Rogerson Drive Force Main Gravity Interconnect to Meeting of the Waters Interceptor	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000
277-new	Pump Station Operational Assessments	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ -	\$ 50,000
277-new	Rogerson Drive Force Main (Highway 54 crossing and northern routing study)	\$ 50,000	\$ 200,000	\$ -	\$ -	\$ -	\$ 250,000
278-11	Long Term Funding for Wastewater Facility Asset Rehabilitation or Replacement	\$ -	\$ -	\$ -	\$ 4,608,000	\$ 4,466,000	\$ 9,074,000
278-46	Comprehensive Coatings Program	\$ 150,000	\$ 100,000	\$ -	\$ -	\$ -	\$ 250,000
278-50	WWTP Warehouse	\$ -	\$ 75,000	\$ 600,000	\$ -	\$ -	\$ 675,000
278-51	WWTP Solids Thickening Improvements	\$ 1,200,000	\$ 2,700,000	\$ -	\$ -	\$ -	\$ 3,900,000
278-54	WWTP Intermediate Pump Station (IPS) Rehabilitation	\$ 400,000	\$ -	\$ -	\$ 100,000	\$ 600,000	\$ 1,100,000
278-58	WWTP Non-potable Water Pump Replacements	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000
278-61	WWTP Pavement	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
278-68	Roofing / Building Envelope Rehabilitation	\$ 34,000	\$ 226,000	\$ 285,000	\$ 184,000	\$ -	\$ 729,000
278-72A	WWTP Secondary Clarifier (SC) Rehabilitation	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ 750,000
278-72B	WWTP Secondary Clarifier Pumping Improvements	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
278-73	Wastewater Treatment Plant (WWTP) SCADA System Upgrade	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ 60,000
278-75	WWTP Facilities Planning / Capacity Upgrade	\$ -	\$ 150,000	\$ 150,000	\$ -	\$ -	\$ 300,000
278-77	WWTP Bar Screen Replacement	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 150,000
278-78A	WWTP Fermenter Tank and Pumps Rehabilitation	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
278-80A	Primary Sludge Pump Station Rehabilitation and Old Lab Building Demolition	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000
278-80B	WWTP Chemical Building and Bulk Tank Piping Rehabilitation	\$ 100,000	\$ 350,000	\$ -	\$ -	\$ -	\$ 450,000
278-80B	WWTP Spray Water System	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
278-80C	WWTP Scum Pump Station Rehabilitation	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
278-80C	On-Site Biosolids Storage Tanks – Hyperboloid Mixing System	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000
278-82	WWTP Headworks Concrete Rehabilitation	\$ 1,700,000	\$ 500,000	\$ -	\$ -	\$ -	\$ 2,200,000
278-new	Primary Clarifier Rehab	\$ -	\$ 90,000	\$ 500,000	\$ -	\$ -	\$ 590,000
278-new	WWTP Flow Monitoring	\$ -	\$ -	\$ 25,000	\$ 125,000	\$ -	\$ 150,000
278-new	WWTP Server Room	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000
278-new	Fixed Continuous Gas Monitoring Systems	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
278-new	WWTP Security Improvements	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
280-06	Administration Building HVAC System Upgrade	\$ 820,000	\$ -	\$ -	\$ -	\$ -	\$ 820,000
280-13	Admin Building Locker Room Rehabilitation and Improvements	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ 30,000
	Recommended FY 2019 - 2023 CIP	\$ 22,636,000	\$ 25,634,000	\$ 16,844,000	\$ 18,938,000	\$ 13,698,000	\$ 97,750,000
	<i>With potential program reductions</i>	<i>\$ 22,529,000</i>	<i>\$ 22,718,000</i>	<i>\$ 12,366,000</i>	<i>\$ 18,551,000</i>	<i>\$ 14,018,000</i>	<i>\$ 90,182,000</i>

Rate adjustment Options 1 - 3 are based on funding as shown; Option 4 is based on funding that has been **deleted** or **reduced** for this project.

Agenda Item 5:

Review Action Plan for Improvements Identified by Organizational Assessment

Purpose:

Information and update from staff regarding the Diversity and Inclusion Organizational Assessment and action plan to make improvements in service excellence, achieving a diverse workforce and providing an inclusive environment.

Staff seeks the Board's input and guidance on the Draft Action Plan for Improvements Identified by the Organizational Assessment.

Background:

In March 2017, the Board approved the Initial Implementation Plan for our Diversity and Inclusion Program (Plan) and requested a consultant be hired to assist with the work.

The Plan's goals are:

1. The diversity of OWASA's workforce reflect the communities we serve.
2. Inclusive work environment for everyone that encourages and supports each Team member to contribute to their full ability towards OWASA's mission.

While there are many tasks from the Plan, there are two (combined) which are specific to the Organizational Assessment:

- Task 2.1e and 2.3d - "Develop, administer and evaluate Focus Group Assessment and recommend options for improvement".

Focus Group Assessments took place with employees and the Board. There were fifteen (15) work group meetings attended by seventy-four (74) employees and nine (9) demographic and cultural group meetings attended by forty-seven (47) employees.

As a result of the Assessment, employees provided forty (40) general recommendations in seven (7) categories. VISIONS provided additional recommendations in four (4) categories. Employees also provided twenty-six (26) recommendations in four (4) categories for recruitment and retention.

The attached Draft Action Plan for Improvements Identified by the Organizational Assessment has two action steps. The first is to assign the Diversity Leadership, Resource and Recruitment Groups along with VISIONS (and inviting all employees to participate) to prioritize and delegate the general recommendations. The second step has three parts that include Human Resources and the Diversity Recruitment and Leadership Groups along with VISIONS to review recruitment

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processes, career development programs, the mentoring program and promotional opportunities for fairness and accessibility.

Next Steps:

While all Diversity and Inclusion work is ongoing, should the Board agree with the approach to prioritize and implement specific recommendations as described, work will continue with an expected target completion date of September 2018.

Information:

- Draft Action Plan for Improvements Identified by the Organizational Assessment
- Exhibit 1 – Organizational Assessment Recommendations (General)
- Exhibit 2 – Organizational Assessment Recommendation (Recruitment and Retention)

Draft Action Plan for Improvements Identified by the Organizational Assessment

Goals/Objectives: Service Excellence; Diverse Workforce; Inclusive Environment

Item 1: Prioritize and Delegate Organizational Recommendations

Action Steps	Ref #	Recommendations	Assignment	Target Date	Outcome/Measure
Prioritize and delegate recommended actions using the Diversity Leadership, Diversity Resource and Diversity Recruitment Groups.	1a	<p>Prioritize the OWASA and VISIONS recommendations from the organizational assessment as low, medium and high priority. There were forty (40) OWASA recommendations from employees in seven (7) categories and thirteen (13) additional VISIONS recommendations in four (4) categories.</p> <p><i>(See Exhibit 1)</i></p>	<p>Diversity Leadership; Diversity Resource; Diversity Recruitment Groups; VISIONS (inviting all employees to participate)</p>	September 2018	Prioritized action plan with assignments and timetable; ensure tie in to OWASA's Diversity and Inclusion Plan

Item 2: Conduct the Recruitment/Hiring Process Assessment and Implement Recommendations

Action Steps	Ref. #	Recommendations	Assignment	Target Date	Outcome/Measure
Conduct work sessions with Human Resources and the Diversity Recruitment Group to thoroughly review every step of the recruitment process and internal career development while incorporating recommendations from organizational assessment.	2a	Guided by tasks identified in OWASA’s Diversity and Inclusion Plan	Human Resources; VISIONS; Diversity Leadership; Diversity Recruitment Group	September 2018	Report with recommended changes and timetable
	2b	Review and prioritize the recruitment/retention recommendations from the organizational assessment. There were twenty-six (26) recommendations from employees in four (4) categories. <i>(See Exhibit 2)</i>	Human Resources; Diversity Recruitment Group; VISIONS	September 2018	Prioritized action plan document with assignments and timetable
	2c	Diversity Recruitment Group to review hiring, mentoring, career development and promotion opportunities for fairness and accessibility	Human Resources; Diversity Recruitment Group; VISIONS	September 2018	Report with recommended changes and timetable

Exhibit 1

Organizational Assessment Recommendations (General)

Employee Recommendations by Category

1. Enhance Workforce Diversity & Equity Complete the plan; More people of color at top levels; Use Diversity Resource Group to build ties; Monitor hiring and promotion for fairness; Skill-based pay for all positions; Increase equity in performance pay and gender pay
2. Relationship-Building More time between senior leaders and front-line workers, between departments and job levels
3. Improve Communication Speak truth to power; Even more transparency from uppers; On-going feedback processes; Increase written work processes; Routinely affirm employees
4. Enhance Training Managers and supervisors, departmental and cross-departmental teams; Career growth; Cross-training with input
5. Improve Inclusion in Work Processes Involve workers in planning, assignments and documentation; Operations input in CIP; Orientation across departments; Develop feedback process; Review bullying policy
6. Improve Support to and from Managers & Supervisors Support and develop supervisor and managers; Priority to role model D&I; Ensure fair career development, discipline, feedback
7. Strengthen Board Impact Review D&I indicators; Assess board role; Build board diversity

VISIONS Recommendations by Category

1. Enhancing Workforce Diversity and Equity Review supervision policy/procedures; Train and monitor supervisors' development of cultural competencies; Create more opportunities for contact, engagement & recognition for all locations and work groups; Acknowledge rural white working-class culture as essential to D&I
2. Relationship-Building Develop performance expectation to take action to address inclusion/exclusion and create fairness
3. Leadership Address and bridge unhelpful work level differences; motivate others to include and be included
4. Improved Work Processes Integrate Diversity and Inclusion training with coaching and active learning assignments at work

Exhibit 2

Organizational Assessment Recommendations (Recruitment and Retention)

Employee Recommendations by Category

1. Outreach Process Revamp website and materials; Tout benefits; Use radio, internships, Historically Black Colleges and Universities (HBCU), community colleges, community ambassadors; emphasize D&I goals and mission; clarify cleanliness and safety of job
2. Networking Release information on upcoming vacancies as early as possible; Contacts with HBCU's, women and people of color in Science, Technology, Engineering and Math (STEM) networks; High school "Water Academy"
3. Application and Hiring Process Check for diversity awareness of applicants; Add tagline about D&I; Training and inclusion for hiring panels; Monitor fairness
4. Retention Revamp merit pay for equity; Workload audit; Expand skill-based pay; Address pros/cons of family relations; Support supervisors; Include employees in "big picture" conversations

Agenda Item 6:

Appointment of the Nominating Committee

Purpose:

To determine how the Board of Directors' wishes to choose candidates for the Election of Officers for coming year.

Discussion:

According to OWASA's Bylaws, the Nominating Committee shall consist of the present Chair of the Board and enough other Board Members, to be appointed by the Chair, to total not less than three (3) members. The nominations made by the Nominating Committee shall not preclude other nominations from the floor during the meeting when elections are conducted.

The Nominating Committee shall advise members of its nominations by mail and by email not less than seven (7) days before the day on which the elections are to be held for the following officers: Chair, Vice Chair and Secretary.

Last year, the Board determined that the full Board would serve on the Nominating Committee. If the Board wishes to continue this practice, it would be prudent to resolve to do so, since the Board elected to follow the present practice for that election cycle. And, since the Board determine to set one-year term limits for each office (Chair, Vice Chair and Secretary), the Board should also determine whether to continue that practice.

The Chair, Vice-Chair and Secretary shall be elected annually at the Board's first regular meeting in June (June 14, 2018) and shall hold office for one year or until their successors are elected and qualified.

Action:

Determine whether to follow existing practice or revert to the nomination procedure set out in the Bylaws.

Informational Links:

- March 9, 2017 Board Agenda, Item 4: [Discussion of Board Officer Nomination and Election Process](#)
 - [March 9, 2017 Approved Minutes](#) – Item Four
- June 8, 2017 Board Agenda, Item 8: [Report of Nominating Committee for Election of Officers](#)
 - [June 8, 2017 Approved Minutes](#) – Item Eight

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Agenda Item 7:

Review Board Work Schedule

Purpose:

- a) Request(s) by Board Committees, Board Members and Staff
- b) April 26, 2018 Board Meeting
- c) May 10, 2018 Work Session
- d) Review and update the 12 Month Board Meeting Schedule
- e) Review Pending Key Staff Action Items

Information:

- Draft agenda for the April 26, 2018 meeting
- Draft agenda for the May 10, 2018 meeting
- 12 Month Board Meeting Schedule
- Pending Key Staff Action Items from Board Meetings

April 12, 2018

Agenda
Meeting of the OWASA Board of Directors
Thursday, April 26, 2018, 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.

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/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
 - A. Update on the April 18, 2018 Finance Committee Meeting (Jeff Danner)
 - B. Chapel Hill Town Council OWASA Committee and Chapel Hill Appointees to the OWASA Board of Directors will meet on Monday, May 7, 2018 at 8:30 a.m. in the OWASA Board Room (Heather Payne)
 - C. Natural Resources and Technical Services Committee Meeting on Tuesday, May 8, 2018 at 4:30 p.m. in OWASA's Boardroom to Discuss Source Water Protection (John Young)
 - D. Human Resources Committee Meeting on Wednesday, May 9, 2018 at 5:30 p.m. in OWASA's Boardroom to Continue Discussing Retiree Health Benefits for New Hires and 457 Deferred Compensation (Barbara Foushee)
3. Announcements by Staff
 - A. Linda Low, OWASA's new Communications and Community Relations Officer (Ed Kerwin)
4. Additional Comments, Suggestions, and Information Items by Board Members (Robert Morgan)

Petitions and Requests

1. Public
2. Board
3. Staff

Consent Agenda

Information and Reports

1. 12 Month Board Meeting Schedule (Heather Payne/Ed Kerwin)

Action

2. Minutes of the March 8, 2018 Meeting of the Board of Directors (Andrea Orbich)
3. Minutes of the March 22, 2018 Meeting of the Board of Directors (Andrea Orbich)

Regular Agenda

Discussion and Action

4. Resolution Awarding a Construction Contract for the Rogerson Drive Pump Station Phase 2 Project (Simon Lobdell)
5. Discuss Draft FY 2019 Budget and Rate Adjustment and Authorize Staff to Publish Proposed Budget and Rates Information (Stephen Winters)

Discussion

6. Update on Agua Vista (Advanced Metering Infrastructure) Initiative (Todd Taylor)
7. Status of Action Items on Communications During Emergencies (Ed Kerwin)
8. Discuss Criteria for Request for Proposals for Banking Services (Stephen Winters)

Information and Reports

9. Financial Report for the Nine-Month Period Ended March 31, 2018 (Stephen Winters)

Summary of Board Meeting Action Items

10. 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

Agenda
Work Session of the OWASA Board of Directors
Thursday, May 10, 2018, 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/400 Jones Ferry Road, Carrboro, NC 27510).

For items on the agenda, 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.
- b. Announcements by Board Members
 - Update on the May 7, 2018 Chapel Hill Town Council OWASA Committee and Chapel Hill Appointees to the OWASA Board of Directors Meeting (Heather Payne)
 - Update on the May 8, 2018 Natural Resources and Technical Services Committee Meeting (John Young)
 - Update on the May 9, 2018 Human Resources Committee Meeting (Barbara Foushee)
- c. Announcements by Staff
- d. Additional Comments, Suggestions, and Information Items by Board Members (Robert Morgan)

Consent Agenda

Action

1. Minutes of the April 12, 2018 Work Session of the Board of Directors (Andrea Orbich)

Regular Agenda

Discussion and Action

2. Approve Employee Health, Dental, Life, Dependent Life, Accidental Death and Dismemberment and Long-Term Disability Insurance Renewals (Stephanie Glasgow/Ellen Tucker, Hill, Chesson & Woody)

Discussion

3. Discuss Information and Options for Employee Merit Pay for Fiscal Year 2019 (Stephanie Glasgow)
4. Discuss Draft Approach for Forestry Management and Community Engagement (Ruth Rouse)
5. Review Board Work Schedule (Robert Morgan/Ed Kerwin)
 - a. Request(s) by Board Committees, Board Members and Staff

- b. May 24, 2018 Board Meeting
- c. June 14, 2018 Work Session
- d. 12 Month Board Meeting Schedule
- e. Pending Key Staff Action Items

Summary of Work Session Items

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

DRAFT

OWASA Board of Directors – 12 Month Board Meeting Schedule (April 6, 2018)

Month	Board Meetings		Committee & Other Meetings and Reports
	Work Session	Business Meeting	
April 2018	Review Employee Health, Dental, Life, Dependent Life, Accidental Death and Dismemberment and Long-Term Disability Insurance Renewal FY 19 Draft Budget and Rate Adjustment Information Review Action Plan for Improvements Identified by Organizational Assessment Appointment of the Nominating Committee 4/12/2018	Q3 Financial Report Agua Vista Update Discuss Criteria for Draft Banking RFP FY 19 Budget and Rates Discussion and Authorize Staff to Publish Proposed Rates Award the Rogerson Drive Pump Station Phase 2 Contract Status of Action Items on Communications During Emergencies 4/26/2018	3 rd Board Session with VISIONS, Inc. (4/4/2018) AMI Update for Chapel Hill Town Council (4/11/2018) Finance Committee Meeting (4/18/2018)
May 2018	Approve Employee Health, Dental, Life, Dependent Life, Accidental Death and Dismemberment and Long-Term Disability Insurance Renewal Discuss Employee Merit Pay for FY 19 Discuss Draft Approach for Forestry Management and Community Engagement 5/10/2018	Public Hearings – FY 19 Budget and Rates Budget Amendment for FY 2018 CIP (Tentative) Discuss Revisions to Retiree Health Insurance for New Hires and 457 Deferred Compensation (Tentative) Approve Criteria for Draft Banking RFP 5/24/2018	Chapel Hill OWASA Board Members meet with TOCH OWASA Committee (5/7/2018) NRTS Committee Meeting to discuss Source Water Protection (5/8/2018) Human Resources Committee Meeting (5/9/2018)
June 2018	(Tentative) Discuss LRWSP – Demands & Yield Approve FY 19 Budget and Rates, including merit pay decision Election of Officers Review Draft WTP & WWTP Reliability and Risk Assessment Report Award the WWTP Intermediate Pump Stations Rehabilitation Contract 6/14/2018	TBD	
July 2018	Award the Galvanized Water Main Replacement Contract Award the Pritchard Avenue Water Main Construction Contract 7/12/2018	TBD	
August 2018	TBD	Award the WWTP Solids Thickening Construction Contract Preliminary 12 Month Financial Report CIP Semiannual Report Discuss AMI Policies (other than manual read) CS – General Counsel Review 8/9/2018	NRTS Committee Meeting to continue discussion of Drought Response Operating Protocol (TBD)
September 2018	EEO/Affirmative Action Report Annual Report on Disposal of Surplus Personal Property Review Updated Implementation Plan for D&I Program 8/9/2018	Annual Report and Financial Audit Approve General Counsel Engagement CS – ED Review 8/23/2018	

OWASA Board of Directors – 12 Month Board Meeting Schedule (April 6, 2018)

	Discuss Action Plan from WTP/WWTP Reliability and Risk Assessment Project Discuss KPI Deep Dive on Water Loss and Non-Revenue Water CS – General Counsel Review (C)	9/13/2018	9/27/2018	
October 2018	CS – ED Review (C)	10/11/2018	Q1 Financial Report (C) Strategic Trends Report and Strategic Plan Update (C) 10/25/2018	<i>Chapel Hill Peoples Academy – OWASA Session (10/20/2018)</i>
November 2018	TBD	11/8/2018	<i>Holiday - no meeting</i>	
December 2018	TBD	12/13/2018	<i>Holiday - no meeting</i>	
January 2019	Employee Health and Dental Insurance Update (C) Appoint Audit Firm (C) Affordability Outreach Program Plan Update (C) 1/10/2019	1/10/2019	Annual Lakes Recreation Report (C) CIP Semiannual Report (C) Q2 Financial Report (C) FY 20 Budget Calendar and Assumptions (C) 1/24/2019	
February 2019	CS - General Counsel Interim Review (C) 2/14/2019	2/14/2019	CS - General Counsel Interim Review (C) 2/28/2019	
March 2019	FY 20 Draft Budget & Rates (C) CS - ED Interim Review (C) 3/14/2019	3/14/2019	FY 20 Draft Budget & Rates and Proposed Staff Rate Adjustment Recommendation (C) Set date for Public Hearings – FY 20 Budget & Rates (C) CS – ED Interim Review (C) 3/28/2019	

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 discussed this issue in September 2017 and determined it was lower priority than Forestry Management. Staff will develop a Community Engagement Plan for Forestry Management by June 2018, and currently plan to present a draft in May 2018.
- Improve effectiveness as a learning organization is considered a longer-term priority.

OWASA Board of Directors – 12 Month Board Meeting Schedule (April 6, 2018)

- 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.

OWASA Board of Directors – 12 Month Board Meeting Schedule (April 6, 2018)

Abbreviations Used in Draft Schedule:

- | | |
|---|--|
| <ul style="list-style-type: none"> ☐ Recurring agenda item (generally these are “required” items) AMI Advanced Metering Infrastructure CE Community Engagement CEP Community Engagement Plan CIP Capital Improvements Program COLA Cost of Labor Adjustment CS Closed Session of the Board CY Calendar Year D&I Diversity and Inclusion ED Executive Director FY Fiscal Year | <ul style="list-style-type: none"> JLP Jordan Lake Partnership LRWSP Long-Range Water Supply Plan MST Mountains-to-Sea Trail MFMM Multi-Family Master Meter NRTS Natural Resources and Technical Services Q Quarter SOW Scope of Work TBD To Be Determined WTP Water Treatment Plant WWTP Wastewater Treatment Plant |
|---|--|

Current and Pending Key Projects and Stages

Project	Strategic Initiative	Project Lead	Apr-18	May-18	June-18	July-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
AMI	6	Taylor												
LRWSP	1	Rouse			Demand & Yield									
Energy Plan	5	Tiger												

Stages	Committee Discussion	Feasibility Study	Board Review	Community Engagement	Action	Procurement	Implementation
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Pending Key Staff Action Items from Board Meetings

No.	Date	Action Item	Target Board Meeting Date	Person(s) Responsible	Status
1.	3-22-2018	Schedule a Finance Committee meeting to discuss rate options for Fiscal Year 2019 the week of April 16, 2018.	NA	Winters	Complete – scheduled for 4-18-2018
2.	3-22-2018	Address Board Members feedback about the draft Fiscal Year 2019 budget and rates for the 4-12-2018 Work Session.	4-12-2018	Winters	Complete
3.	3-22-2018	Complete follow up information from the BOCC/CHTC Joint meeting: provide background and guidance on how each respective Board can promote Care to Share.	NA	Tiger	
4.	3-8-2018	Answer follow-up questions on the draft FY 2019 operating budget to include information on possible discretionary expenditures in operating services.	3-22-2018	Winters & All Dept. Directors	Complete
5.	3-8-2018	Prepare for and schedule a NRTS Committee meeting to discuss the possible value of better understanding activities in the Cane Creek and University Lake watersheds that may impact water quality, whether further monitoring is needed, and what additional community engagement might be useful.	TBD	Rouse Darr Taylor Loflin	Complete – scheduled for 5-8-2018
6.	3-8-2018	Answer follow-up questions on Energy Management Plan.	NA	Tiger	Complete – email to BOD on 3-14-2018
7.	3-8-2018	Add to each Board agenda a comments, suggestions and information items for Board members near the beginning of the meeting	All	Orbich	Complete – added to agendas
8.	2-8-2018 and 2-22-2018	Provide Board and public an update on Agua Vista (AMI) including financial performance data.	4-26-2018	Taylor	
9.	2-8-2018	Provide Board an outline and overview of staff's work to prepare a Community Engagement Plan (CEP) for forestry management in advance of the draft CEP the Board will discuss on May 10, 2018.	5-10-2018	Rouse	Information scheduled to be emailed the week of April 9, 2018.

Pending Key Staff Action Items from Board Meetings

No.	Date	Action Item	Target Board Meeting Date	Person(s) Responsible	Status
10.	2-8-2018	Address various Board member suggestions on affordability outreach program to include Care-To-Share	NA	Tiger	Complete – email to BOD on 3-19-2018
11.	1-25-2018	Incorporate Board Members suggestions in the next CIP report.	8-23-2018	Gangadharan	
12.	1-25-2018	Consider an Open House and other opportunities to attract greater MWBE participation in bidding construction projects.	NA	Gangadharan	
13.	1-11-2018	Provide Board a brief on state of art methods to determine water main condition.	NA	Gangadharan	
14.	11-9-2017	Address Board member feedback on Strategic Trends Report for next year.	10-25-2018	Rouse	
15.	10-12-2017	Schedule future Board discussion about low-flow benchmarks to be used once AMI is implemented.	TBD	Winters Taylor	To be scheduled in summer or fall of 2018
16.	9-14-2017	Issue request for qualifications in the spring of 2018 for banking services and seek the Board's input on the criteria to be considered in selecting the best-qualified bank.	4-26-2018	Winters	To occur in Spring 2018.
17.	5-25-2017	Prepare a Community Engagement Plan for Forestry Management.	5-10-2018	Rouse	