



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, June 13, 2019, 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
- c. Announcements by Staff
 - Cane Creek Community Engagement Meeting for Forest Management on Thursday, June 20, 2019, 6:00 P.M., Maple View Agricultural Education Center (Ed Kerwin)
- d. Additional Comments, Suggestions, and Information Items by Board Members (Yinka Ayankoya)

Consent Agenda

Action

1. Award the Dobbins Drive Water and Sewer Replacements Construction Contract (Vishnu Gangadharan)
2. Resolution Honoring the Service of John A. Young to the Chapel Hill-Carrboro-Orange County Community as a Member of the Orange Water and Sewer Authority's Board of Directors (Yinka Ayankoya)
3. Resolution to Authorize the Executive Director to Execute the Western Intake Partnership Memorandum of Agreement (Ruth Rouse)
4. Minutes of the April 25, 2019 Meeting of the Board of Directors (Andrea Orbich)

Regular Agenda

Discussion and Action

5. Approval of the Schedule of Rates, Fees and Charges; Annual Budget; Five-Year Capital Improvements Program (CIP); and Cost of Living and Merit Pay Increases (Stephen Winters)
 - A. Resolution Adopting the Schedule of Rates, Fees and Charges Effective on or after October 1, 2019

- B. Resolution Adopting the Annual Budget for Orange Water and Sewer Authority for the Fiscal Year (FY) July 1, 2019 Through June 30, 2020
 - C. Resolution Approving the CIP for FY 2020-2024 and the Accompanying FY 2020 Capital Project Resolution
 - D. Resolution Updating the Schedule of Employee Classification and Authorized Compensation; Adjusting Affected Employees' Compensation to the Minimum of the Pay Range; and Authorizing Cost of Labor and Merit Pay Increases for Eligible Employees
6. Human Resources Committee Recommendations on the Retiree Health Insurance Benefit and Deferred Compensation (457) Plan (Stephanie Glasgow)

Discussion

7. Monitoring of Compounds of Emerging Concern Update and Discussion (Katie Harrold/Monica Dodson)
8. Review Board Work Schedule (Yinka Ayankoya/Ed Kerwin)
- a. Request(s) by Board Committees, Board Members and Staff
 - b. June 27, 2019 Board Meeting
 - c. July 11, 2019 Work Session
 - d. 12 Month Board Meeting Schedule
 - e. Pending Key Staff Action Items
 - f. Action Items Reoccurring Every 3 to 5+ Years

Election of Officers (Effective July 1, 2019)

9. Report of the Nominating Committee for Election of Officers (Yinka Ayankoya)
- a. Chair of the Board
 - b. Vice Chair of the Board
 - c. Secretary of the Board

Summary of Work Session Items

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

Agenda Item 1:

Award the Dobbins Drive Water and Sewer Main Replacements Construction Contract

Purpose:

This memorandum recommends that the OWASA Board award a construction contract to Pipeline Utilities, Inc. (“Contractor”) for the Dobbins Drive Water and Sewer Main Replacements Project (“Project”).

Background:

The Project consists of the replacement and upsizing of distribution and collection mains in a critical part of the service area (see map, Attachment 1). Dobbins Drive is within North Carolina Department of Transportation right of way and functions as a service road to Fordham Boulevard. The existing water and sewer mains were installed in 1971.

- **Water main replacement:** Approximately 2,400 feet of new 16-inch ductile iron pipe (DIP) water line will replace 12-inch asbestos cement (AC) water line running primarily underneath Dobbins Drive from a point west of Erwin Rd to the start of East Franklin Street. The water line was identified for replacement by the Water Main Prioritization Model due to its break history, material, and pressure.

Additionally, the existing pipe is one of the last remaining sections of 12-inch water pipe in the middle of the 16-inch main line that is a key part of OWASA’s drinking water system interconnection with the City of Durham’s water distribution system. Along with providing improved reliability to customers that will be directly connected to the new water pipe, the upsizing of the main will also support OWASA’s ability to transfer drinking water to and from the City of Durham during planned and unplanned events.

- **Sewer main replacement:** Approximately 2,760 feet of new 24-inch DIP sewer line will replace the existing 12-inch vitrified clay pipe (VCP) sewer line from the intersection of Erwin Road and Fordham Boulevard to a point where it connects to the 30-inch Booker Creek Interceptor near East Franklin Street. As shown in Attachment 1, the eastern (upstream) end of the new sewer line will run in the shoulder of Fordham Boulevard, the middle portion will run in the median between Fordham and Dobbins, and the western portion will run in Dobbins Drive and within an easement south of the office complex in this area.

Flows in the sewer pipe during the storm events are nearing the capacity of some sections of the main. Replacement of the pipe will renew the useful life of this section of essential sewer system infrastructure and provide additional capacity needed to support the planned growth and development that is projected to occur in this part of the OWASA service area.

Both projects were designed by Hazen and Sawyer PC (“Engineer”), and they will be contracted for and constructed together to reduce costs to OWASA customers, and minimize the adverse impact of the project on the community and the environment. Design commenced in Fiscal Year 2016, but was delayed in order to apply for and secure funding from the North Carolina State Reserve Loan Program(SRP) for the work. Additionally, in 2018 new information about increased development within the sewer sub-basin led to a review of future sewer flow projections and an increase in the new pipe size from 16-inch to 24-inch. Design work was completed during Fiscal Year 2019.

Throughout design, OWASA coordinated with the Town of Chapel Hill, local property owners and the North Carolina Department of Transportation (NCDOT) to address construction impacts, particularly on pedestrian and vehicular traffic in the area. In the eastern portion of the project, the installation of the sewer main is expected to affect traffic along Fordham Boulevard and is required to be completed at night.

A public meeting was held during the early phases of design to inform and receive feedback from impacted residents and businesses of the upcoming project. OWASA plans to continue coordination and communication with impacted stakeholders, Town staff, and NCDOT before construction commences as well as throughout construction as part of the overall Community Engagement Plan for this project. Construction is expected to last approximately 9 months.

Advertising and Bidding:

Prospective bidders were screened through our standard prequalification process, which involved having interested contractors submit a package outlining their qualifications, including past performance on similar projects, credentials of their management team and safety record. Only those firms that clearly demonstrated the capability to adequately perform the work were invited to submit bids.

Construction procurement details are summarized below:

Event	Date	Notes
Solicitation of Contractor Qualifications	December 21, 2018	5 contractors were prequalified to bid
Construction Contract Advertised for Bid	April 24, 2019	4 prequalified contractors attended the mandatory pre-bid meeting
Construction Contract Bid Deadline	May 23, 2019	4 bids received

A copy of the certified bid tabulation is attached with the Engineer’s recommendation for award (Attachment 2), and the results are summarized below:

DH Griffin Infrastructure, LLC \$5,368,900.00

June 5, 2019

Garney Construction, Inc.	\$3,786,456.00
Moffat Pipe, Inc.	\$4,151,916.00
Pipeline Utilities, Inc.	\$3,496,780.00
<i>Engineer's Final Estimate</i>	<i>\$3,634,046.00</i>

Minority and Women Business Enterprise (MWBE) Participation:

OWASA’s Minority Business Participation Outreach Plan and Guidelines include the statutory requirements from the State of North Carolina and specify a 10% goal for participation by minority businesses. In keeping with standard practice, OWASA staff took several actions to solicit minority participation in this contract, including advertising the Request for Qualifications in the Greater Diversity News, North Carolina Institute of Minority Economic Development, North Carolina Department of Administration Historically Underutilized Businesses, OWASA’s website, and plan rooms. OWASA also requires bidders to complete “good faith” efforts to solicit participation by minority subcontractors. OWASA staff publicly advertised the formal bid as an additional effort to encourage participation by subcontractors, and directly notified MWBE-certified subcontractors within a 50-mile radius about the upcoming subcontracting opportunity.

The apparent low bidder (Pipeline Utilities) identified MWBE participation for two discrete tasks. The summary of these subcontracts is shown below.

Subcontract	Amount	% of contract	Minority Designation
Certified Concrete Construction, Inc. (Paving)	\$50,515.00	1.4%	Minority

Pipeline did not meet the 10% goal for the project. However, after review of their bid documentation, staff has concluded that they made the required good faith efforts to solicit MWBE participation as dictated by both OWASA and SRP bidding guidelines.

Bid Analysis and Recommendation:

Four bids were received and were both above and below the engineer’s estimate. The bidding environment has been relatively unpredictable in recent years leading to higher overall estimates by engineers in recent bids. The job was large enough to attract significant interest from contractors that do not often bid with OWASA and we believe this made the project more competitive. To make the work more attractive to bidders OWASA provided a long schedule for the work and included contractual allowances for work that the contractor was not in control of (e.g., a line item to cover, if needed, the risk of having to relocate Duke Power equipment). This allowed the contractors to bid aggressively and plan the project into their existing schedules while reducing the risk of a lump sum bid by

providing assurances that costs outside of their direct control would be reimbursed fairly if encountered.

Pipeline Utilities' ability to complete this project was evaluated thoroughly during the prequalification process, and they demonstrated appropriate qualifications in past project performance, personnel qualifications/experience, reference checks, and all other rated categories. OWASA staff also determined that the Contractor's safety performance, relevant project experience, bonding capacity, and other non-rated categories met our requirements. Pipeline has successfully completed several recent projects including the Little Creek Sewer Interceptor, Gravity Sewer Rehabilitation - Phase 1, East Cameron Water Main Replacement and the Heritage Hills Force Main Replacement.

The Engineer's recommendation that the construction contract for this project be awarded to Pipeline Utilities is attached along with the certified bid tabulation (Attachment 2). OWASA staff concurs with this recommendation and requests the Board's adoption of the attached resolution (Attachment 3) awarding the construction contract to Pipeline Utilities.

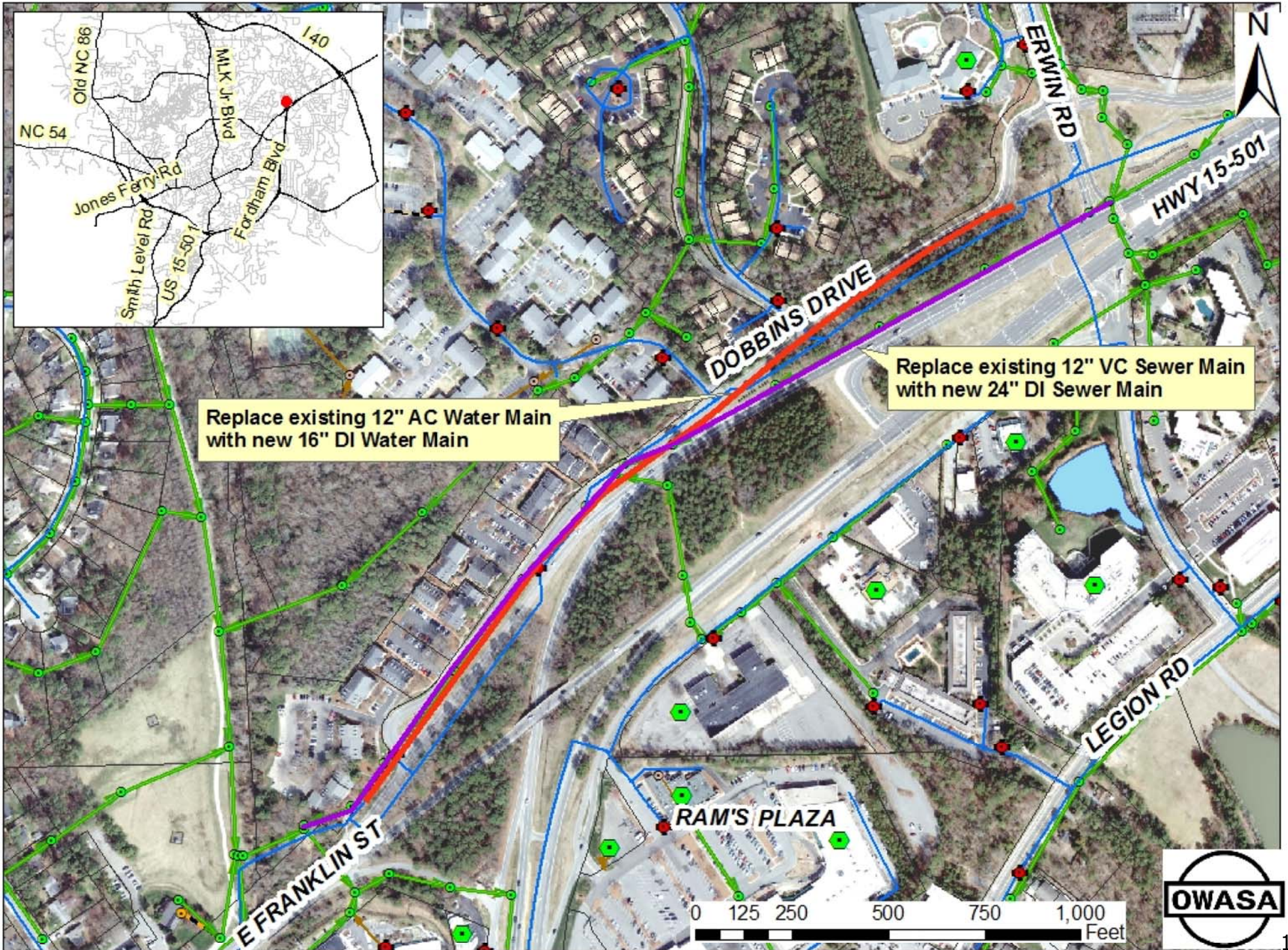
Information:

Attachments

- Project Location Map (Attachment 1)
- Engineer's Recommendation for Award and Certified Bid Tabulation (Attachment 2)
- Resolution (Attachment 3)

June 5, 2019

Attachment 1 - Project Location Map



Attachment 2 - Engineer's Recommendation For Award and Certified Bid Tabulation



Hazen and Sawyer
498 Seventh Avenue, 11th Floor
New York, NY 10018 • 123.345.8765

May 28, 2019

Simon Lobdell, PE
Utilities Engineer
Orange Water and Sewer Authority
400 Jones Ferry Road
Carrboro, NC 27510

**Re: Award Recommendation
Dobbins Drive Water and Sewer Mains Replacement
Hazen Project No. 32391-000
State Project No. E-SRP-W-17-0047 and H-SRP-D-17-0021**

Mr. Lobdell,

Please find the enclosed certified bid tabulation for the Dobbins Drive Water and Sewer Mains Replacement Project. A total of four (4) bid were received and were subsequently opened on May 23, 2019 at 3:00 PM at the offices of Orange Water and Sewer Authority on Jones Ferry Road. Per the enclosed certified bid tabulation, Pipeline Utilities, Inc. submitted the lowest bid of \$3,496,780.

Hazen and Sawyer has reviewed the bid package submitted by Pipeline Utilities, Inc. and concluded their submittal was deemed responsive. Based on these findings, Hazen recommends Pipeline Utilities, Inc. to be awarded the project for a total contract amount of **\$3,496,780**.

Please give me a call at (919) 833-7152 with any questions or request for additional information about the recommendation or certified bid tabulation for the Dobbins Drive Water and Sewer Mains Replacement.

Sincerely,

A handwritten signature in blue ink, appearing to read "J.P. Cook".

Jason P. Cook, PE, PMP
Senior Associate

Enclosure – Bid Tabulation
cc: File

CERTIFIED BID TABULATION

Dobbins Drive Water and Sewer Replacement
Orange Water and Sewer Authority
Carrboro, North Carolina

Item No.	Description	Unit	Estimated Quantity	Pipeline Utilities, Inc.		Garney Companies, Inc.		Moffat Pipe, Inc.		DH Griffin Infrastructure, LLC	
				Unit Bid Price	Extended Total	Unit Bid Price	Extended Total	Unit Bid Price	Extended Total	Unit Bid Price	Extended Total
1a	8" DI Sanitary Sewer, PC 350, 0-8 feet deep	LF	40	\$ 174.00	\$ 6,960.00	\$ 141.00	\$ 5,640.00	\$ 300.00	\$ 12,000.00	\$ 230.00	\$ 9,200.00
1b	24" DI Sanitary Sewer, PC 200, 0-6 feet deep	LF	30	\$ 228.00	\$ 6,840.00	\$ 297.00	\$ 8,910.00	\$ 465.00	\$ 13,950.00	\$ 450.00	\$ 13,500.00
1c	24" DI Sanitary Sewer, PC 200, 6-12 feet deep	LF	2730	\$ 282.00	\$ 769,860.00	\$ 399.00	\$ 1,089,270.00	\$ 325.00	\$ 887,250.00	\$ 450.00	\$ 1,228,500.00
2	42" Steel Casing Pipe installed by Bore and Jack	LF	60	\$ 2,789.00	\$ 167,340.00	\$ 2,900.00	\$ 174,000.00	\$ 2,000.00	\$ 120,000.00	\$ 3,500.00	\$ 210,000.00
3a	4-ft dia. Doghouse Sanitary Sewer Manhole, 6-8 ft deep	EA	1	\$ 10,405.00	\$ 10,405.00	\$ 6,000.00	\$ 6,000.00	\$ 8,000.00	\$ 8,000.00	\$ 13,000.00	\$ 13,000.00
3b	5-ft dia. Precast Sanitary Sewer Manhole, 5-10 feet deep	EA	11	\$ 8,096.00	\$ 89,056.00	\$ 9,000.00	\$ 99,000.00	\$ 16,000.00	\$ 176,000.00	\$ 13,000.00	\$ 143,000.00
3c	5-ft dia. Precast Sanitary Sewer Manhole, 10-15 feet deep	EA	6	\$ 10,827.00	\$ 64,962.00	\$ 10,000.00	\$ 60,000.00	\$ 23,000.00	\$ 138,000.00	\$ 17,000.00	\$ 102,000.00
3d	6-ft dia. Precast Sanitary Sewer Manhole, 10-12 feet deep	EA	1	\$ 15,159.00	\$ 15,159.00	\$ 18,000.00	\$ 18,000.00	\$ 32,000.00	\$ 32,000.00	\$ 26,000.00	\$ 26,000.00
3e	8-ft dia. Precast Sanitary Sewer Manholes, 6-8 feet deep	EA	1	\$ 21,582.00	\$ 21,582.00	\$ 26,000.00	\$ 26,000.00	\$ 25,500.00	\$ 25,500.00	\$ 34,000.00	\$ 34,000.00
4	Abandonment of Existing Sewer Main	LF	470	\$ 33.00	\$ 15,510.00	\$ 103.00	\$ 48,410.00	\$ 25.00	\$ 11,750.00	\$ 50.00	\$ 23,500.00
5	Removal of Existing Sewer Main	LF	2400	\$ 8.50	\$ 20,400.00	\$ 9.00	\$ 21,600.00	\$ 18.34	\$ 44,016.00	\$ 9.00	\$ 21,600.00
6	Sanitary Sewer Bypass Pumping	LS	1	\$ 228,722.00	\$ 228,722.00	\$ 62,000.00	\$ 62,000.00	\$ 245,000.00	\$ 245,000.00	\$ 500,000.00	\$ 500,000.00
7a	8-in DI Water Main, PC 350 Restrained Joint	LF	40	\$ 206.00	\$ 8,240.00	\$ 80.00	\$ 3,200.00	\$ 295.00	\$ 11,800.00	\$ 136.00	\$ 5,440.00
7b	12-in DI Water Main, PC 350 Restrained Joint	LF	40	\$ 223.00	\$ 8,920.00	\$ 83.00	\$ 3,320.00	\$ 300.00	\$ 12,000.00	\$ 160.00	\$ 6,400.00
7c	16-in DI Water Main, PC 350 Restrained Joint	LF	2404	\$ 235.00	\$ 564,940.00	\$ 179.00	\$ 430,316.00	\$ 250.00	\$ 601,000.00	\$ 350.00	\$ 841,400.00
8	DI Bends and Fittings	LBS	8000	\$ 7.50	\$ 60,000.00	\$ 5.00	\$ 40,000.00	\$ 15.00	\$ 120,000.00	\$ 9.00	\$ 72,000.00
9a	8" Gate Valve Assembly	EA	1	\$ 1,721.00	\$ 1,721.00	\$ 2,500.00	\$ 2,500.00	\$ 4,500.00	\$ 4,500.00	\$ 6,000.00	\$ 6,000.00
9b	12" Gate Valve Assembly	EA	1	\$ 2,933.00	\$ 2,933.00	\$ 4,000.00	\$ 4,000.00	\$ 6,500.00	\$ 6,500.00	\$ 8,000.00	\$ 8,000.00
10	16" Butterfly Valve Assembly	EA	5	\$ 21,830.00	\$ 109,150.00	\$ 15,000.00	\$ 75,000.00	\$ 20,000.00	\$ 100,000.00	\$ 24,000.00	\$ 120,000.00
11	Fire Hydrant Assembly	EA	2	\$ 6,276.00	\$ 12,552.00	\$ 5,000.00	\$ 10,000.00	\$ 8,500.00	\$ 17,000.00	\$ 10,000.00	\$ 20,000.00
12	Air Release Valve Assembly	EA	1	\$ 12,891.00	\$ 12,891.00	\$ 12,000.00	\$ 12,000.00	\$ 13,500.00	\$ 13,500.00	\$ 19,000.00	\$ 19,000.00
13a	Connection to Existing 16" Watermain	EA	2	\$ 6,704.00	\$ 13,408.00	\$ 6,800.00	\$ 13,600.00	\$ 19,000.00	\$ 38,000.00	\$ 7,000.00	\$ 14,000.00
13b	Connection to Existing 12" Watermain	EA	1	\$ 8,273.00	\$ 8,273.00	\$ 18,000.00	\$ 18,000.00	\$ 16,500.00	\$ 16,500.00	\$ 16,000.00	\$ 16,000.00
13c	Connection to Existing 8" Watermain	EA	1	\$ 5,706.00	\$ 5,706.00	\$ 15,000.00	\$ 15,000.00	\$ 12,000.00	\$ 12,000.00	\$ 13,000.00	\$ 13,000.00
14	Temporary Blow-Off Assembly	EA	2	\$ 12,101.00	\$ 24,202.00	\$ 9,000.00	\$ 18,000.00	\$ 6,000.00	\$ 12,000.00	\$ 7,000.00	\$ 14,000.00
15	Reconnection of 2" Water Service	EA	1	\$ 9,991.00	\$ 9,991.00	\$ 19,000.00	\$ 19,000.00	\$ 12,000.00	\$ 12,000.00	\$ 20,000.00	\$ 20,000.00
16	Abandonment of Existing AC Water Main	LF	2000	\$ 10.50	\$ 21,000.00	\$ 13.00	\$ 26,000.00	\$ 12.00	\$ 24,000.00	\$ 20.00	\$ 40,000.00
17	Removal of Existing AC Water Main	LF	600	\$ 133.00	\$ 79,800.00	\$ 29.00	\$ 17,400.00	\$ 50.00	\$ 30,000.00	\$ 85.00	\$ 51,000.00
18a	Milling of Asphalt	SY	5540	\$ 5.25	\$ 29,085.00	\$ 7.00	\$ 38,780.00	\$ 10.00	\$ 55,400.00	\$ 4.00	\$ 22,160.00
18b	Surface Course (S9.5B or S9.5C)	TN	920	\$ 203.00	\$ 186,760.00	\$ 256.00	\$ 235,520.00	\$ 175.00	\$ 161,000.00	\$ 175.00	\$ 161,000.00
18c	Asphalt Base Course (B25.0B or B25.0C)	TN	1640	\$ 128.00	\$ 209,920.00	\$ 185.00	\$ 303,400.00	\$ 160.00	\$ 262,400.00	\$ 175.00	\$ 287,000.00
19a	(4"), White, 120 mils (Thermoplastic Pavement Markings)	LF	2600	\$ 2.00	\$ 5,200.00	\$ 4.00	\$ 10,400.00	\$ 2.00	\$ 5,200.00	\$ 2.00	\$ 5,200.00
19b	(4"), Double Yellow, 120 mils (Thermoplastic Pavement Markings)	LF	2100	\$ 3.75	\$ 7,875.00	\$ 6.00	\$ 12,600.00	\$ 4.00	\$ 8,400.00	\$ 4.00	\$ 8,400.00
20	Remove & Replace Curb and Gutter	LF	1600	\$ 39.50	\$ 63,200.00	\$ 45.00	\$ 72,000.00	\$ 80.00	\$ 128,000.00	\$ 50.00	\$ 80,000.00
21	Remove & Replace Concrete Driveway Apron	SY	80	\$ 122.00	\$ 9,760.00	\$ 100.00	\$ 8,000.00	\$ 100.00	\$ 8,000.00	\$ 170.00	\$ 13,600.00
22	Remove & Replace Sidewalk	SY	100	\$ 85.00	\$ 8,500.00	\$ 212.00	\$ 21,200.00	\$ 80.00	\$ 8,000.00	\$ 100.00	\$ 10,000.00
23	Installation of Temporary Sidewalk	LF	200	\$ 33.00	\$ 6,600.00	\$ 362.00	\$ 72,400.00	\$ 35.00	\$ 7,000.00	\$ 65.00	\$ 13,000.00
24	Traffic Control	LS	1	\$ 232,054.00	\$ 232,054.00	\$ 305,000.00	\$ 305,000.00	\$ 400,000.00	\$ 400,000.00	\$ 600,000.00	\$ 600,000.00
25	Tree Trimming, Pruning, Removal, and Landscaping Replacement Allowance	-	-	-	\$ 20,000.00	-	\$ 20,000.00	-	\$ 20,000.00	-	\$ 20,000.00
26	Erosion and Sedimentation Control	LS	1	\$ 31,198.00	\$ 31,198.00	\$ 51,000.00	\$ 51,000.00	\$ 75,000.00	\$ 75,000.00	\$ 250,000.00	\$ 250,000.00
27	Miscellaneous Concrete	CY	30	\$ 481.00	\$ 14,430.00	\$ 353.00	\$ 10,590.00	\$ 350.00	\$ 10,500.00	\$ 500.00	\$ 15,000.00
28	Offsite Fill Material	CY	350	\$ 35.50	\$ 12,425.00	\$ 82.00	\$ 28,700.00	\$ 45.00	\$ 15,750.00	\$ 55.00	\$ 19,250.00
29	Undercut and Replace with #57 Stone	CY	350	\$ 91.00	\$ 31,850.00	\$ 124.00	\$ 43,400.00	\$ 60.00	\$ 21,000.00	\$ 75.00	\$ 26,250.00
30	Trench Rock Removal by Mechanical Means	CY	350	\$ 438.00	\$ 153,300.00	\$ 298.00	\$ 104,300.00	\$ 250.00	\$ 87,500.00	\$ 250.00	\$ 87,500.00
31	Town of Chapel Hill Street Cut and Miscellaneous Utility Relocation Allowance	-	-	-	\$ 10,000.00	-	\$ 10,000.00	-	\$ 10,000.00	-	\$ 10,000.00
32	Mobilization (Less than 3% of Bid)	LS	1	\$ 104,100.00	\$ 104,100.00	\$ 113,000.00	\$ 113,000.00	\$ 124,500.00	\$ 124,500.00	\$ 150,000.00	\$ 150,000.00
Total Bid Amount					\$ 3,496,780.00		\$ 3,786,456.00		\$ 4,151,916.00		\$ 5,368,900.00

CERTIFICATION

- All bid received were opened and read aloud on May 23, 2019 at 3:00 PM at the offices of Orange Water and Sewer Authority on Jones Ferry Road.
- The bids shown represent the total bid amount provided on the original Bid Forms presented within each Bidder's proposal.


Jason P. Cook, PE, PMP

Senior Associate
Hazen and Sawyer



5.18.2019

Attachment 3

RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR THE DOBBINS DRIVE WATER AND SEWER MAIN REPLACEMENTS PROJECT

WHEREAS, there is a need to replace the water and sewer mains located in Dobbins Drive; and

WHEREAS, plans and specifications for the construction of this project have been prepared by Hazen and Sawyer PC; and

WHEREAS, advertisement for contractor qualifications was published on the websites of the North Carolina Institute of Minority Economic Development, North Carolina Department of Administration, and OWASA on December 21, 2018 and five contractors were qualified to bid; and

WHEREAS, on April 24, 2019, the prequalified contractors were formally invited to submit construction bids for the project; and

WHEREAS, four bids were subsequently received on May 23, 2019; and

WHEREAS, Pipeline Utilities, Inc. of Raleigh, North Carolina has been determined to be the low responsive, responsible bidder for the project; and

WHEREAS, on February 14, 2019 the Board approved a resolution authorizing funds for this project as part of the State Reserve Program loan;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Orange Water and Sewer Authority Board of Directors awards the construction contract to Pipeline Utilities, Inc, the low responsive, responsible bidder for the Dobbins Drive Water and Sewer Main Replacement Project, in accordance with the approved plans and specifications, in the amount of \$3,496,780.00, subject to such change orders as may apply.

2. That the Executive Director be, and hereby is, authorized to execute said contract, subject to prior approval of legal counsel, and to approve and execute change orders and such documents as may be required in connection with the construction contract.

3. That the tentative award is contingent upon the approval of the North Carolina Department of Environmental Quality.

Adopted this 13th day of June, 2019.

Yinka Ayankoya, Chair

ATTEST:

Raymond E. DuBose, Secretary

Agenda Item 2:

Resolution Honoring the Service of John A. Young to the Chapel Hill-Carrboro-Orange County Community as a Member of the Orange Water and Sewer Authority's Board of Directors

Background:

Since inception of Orange Water and Sewer Authority, the Board of Directors has adopted Resolutions of Appreciation for the service of a retiring member of the Board.

The adopted resolution would be specially printed for John Young.

Staff Recommendation:

Adopt the Resolution Honoring the Service of John A. Young to the Chapel Hill-Carrboro-Orange County Community as a Member of the Orange Water and Sewer Authority's Board of Directors.

June 13, 2019

**Resolution Honoring the Service of John A. Young to the
Chapel Hill-Carrboro-Orange County Community as a Member of the
Orange Water and Sewer Authority's Board of Directors**

Whereas, Mr. John A. Young served on the OWASA Board from March 24, 2011, through June 30, 2019, including service as Vice Chair of the Board of Directors from July 1, 2012, to June 30, 2014, and as Chair of the Board of Directors from July 1, 2014, to June 30, 2017; and

Whereas, Mr. Young served on the Board's Finance, Human Resources and Natural Resources and Technical Services Committees during his service, during which he served as Chair of the Finance Committee from July 2012 to July 2014, and as Chair of the Natural Resources and Technical Services Committee from August 2017 to June 2019; and

Whereas, Mr. Young's creative leadership in facilitating the Board's revision of OWASA's Strategic Plan will remain a testament to his leadership for years to come; and

Whereas, Mr. Young has given invaluable oversight and direction, and demonstrated kindness and courtesy to his fellow Board Members, to staff, and especially to the public; and

Whereas, Mr. Young's own professional training and managerial experience were invaluable in his service as a Board Member; he has mentored his peers and successors, and by that example, our work is most effectively done when care is taken to respect diversity of opinion, and all are encouraged to participate fully in the Board's deliberations; and

Now, Therefore, Be It Resolved by the Orange Water and Sewer Authority Board of Directors:

1. That the Board expresses its sincere appreciation and deep gratitude to John Young for his outstanding service, leadership and stewardship as a Member of the OWASA Board of Directors; and the Board wishes for him much happiness in the years ahead.

2. That this resolution be recorded in the minutes of the OWASA Board of Directors and be part of the permanent records of OWASA, and that a copy of this resolution be transmitted to the Town of Chapel Hill.

Adopted and presented this 13th day of June 2019.

Yinka Ayankoya, Chair

ATTEST:

Raymond E. DuBose, Secretary

Agenda Item 3:

Resolution to Authorize the Executive Director to Execute the Western Intake Partnership Memorandum of Agreement

Purpose:

To receive authorization from the OWASA Board of Directors to enter into a Memorandum of Agreement for the Western Intake Partnership, a proposed partnership with City of Durham, Town of Pittsboro, and Chatham County to cost-share studies to evaluate a new intake and water treatment plant on the western side of Jordan Lake.

Background:

- OWASA has an allocation of 5 percent of Jordan Lake's water supply pool; this is equivalent to approximately 5 million gallons per day of water (mgd).
- The Towns of Apex and Cary jointly own the only water supply intake on Jordan Lake.
- OWASA can currently access its allocation during emergencies through its mutual aid agreements with the Town of Cary and City of Durham (Durham). Cary can transfer treated water to Durham through their interconnections, and Durham can then send the water to OWASA through the interconnections between OWASA and Durham.
- Durham, the Town of Pittsboro, Chatham County and OWASA have been working together to evaluate options to build another intake and water treatment plant (WTP) on the western side of Jordan Lake. These four entities have been called the Western Intake Partners (WIP).
- Two studies have been completed that Durham has funded:
 - Jordan Lake Partnership Western Intake Feasibility Study – This study was completed in 2014 by Hazen and Sawyer and evaluated options to provide permanent access to each Partner's allocation.
 - Jordan Lake Western Intake Partners Economic Feasibility Study – This study was completed by Raftelis in 2018 and evaluated revenue requirements and financing.
- The study completed by Hazen and Sawyer estimated that the capital cost for OWASA to jointly own and operate a new regional WTP on the western side of Jordan Lake was \$15 million for 2 mgd capacity in an initial plant, and an additional \$9.6 million in an expanded plant that would enable us to access 5 mgd of capacity (estimated costs in 2014 dollars).
- During the update of the Long-Range Water Supply Plan, OWASA will evaluate the following three alternatives to access its Jordan Lake allocation:
 - Agreement with Cary that would guarantee a certain amount of water on an annual average basis; on any given day, Cary could opt not to send us water if their own demands were high. An additional agreement would be made with Durham to cover costs for them to wheel that guaranteed water through their interconnections.

June 13, 2019

- Agreement with the WIP to guarantee water on an annual average basis (similar to the agreement with Cary described above).
- Full Partner in a new regional intake and WTP on the western side of Jordan Lake.
- Any additional studies on behalf of the WIP would need to be funded by all Partners. A Memorandum of Agreement (MOA) has been drafted which summarizes how costs would be shared, the ability of each Partner to opt in or out of any future study, and how each Partner would reimburse the other Partners should they choose to opt out of a study and subsequently decide to participate in the regional intake and WTP.
- The OWASA Board of Directors received information on the WIP and MOA at its May 9 work session, and had several questions concerning the MOA. These questions and staff responses are summarized:
 - Paragraph 4a - The second sentence of this paragraph states “When a Partner declines to participate in a Project (“Declining Partner”), the remaining Partners (“Participating Partners”) may reassign the Declining Partner’s cost share as the Participating Partners agree. The Board asked why the Declining Partner’s cost would not be prorated by the other members based on the Jordan Lake allocation. *Staff response is that prorating the cost based on the Jordan Lake allocations was a good starting place, but this could result in making the project too expensive for one of the Participating Partners, or might otherwise affect their decision whether or not to proceed; in this case, the Participating Partners may wish to revise the cost share, revise the scope of the project, or postpone the project. The language as written is intended to provide such flexibility to the remaining Participating Partners.*
 - Paragraph 4b - The language in this paragraph implies that a Declining Partner can choose to later participate with the Partnership as long as it reimburses the other Partners as outlined in that paragraph. Does it provide the right to participate, or could the other Partners not allow the Declining Partner back in. *Staff’s response is that the intention was that the Declining Partner would have the right to participate in future projects as long as it reimbursed the other Partners. The Participating Partners would not refuse readmittance to the Partnership if the Declining Partner met the obligations of the Agreement.*
 - Paragraph 4c - This section summarizes the cost share based on Jordan Lake water supply storage allocation. The Board agreed with this approach for preliminary planning studies, but questioned whether such an allocation would necessarily be used for final plant design and construction of the project. *Staff agrees; this agreement is for preliminary planning, evaluation, and permitting work only.*
- Staff emailed these questions and OWASA staff responses with the other Partners on May 14, 2019, and all Partners have emailed responses that they agree with OWASA staff interpretation of the MOA. In addition, OWASA staff and Counsel and the other Partners believe that the documentation provided through email on the interpretation of MOA is adequate and no modifications to the MOA or formal letter of understanding are needed.
- The other Partners’ Boards have approved or are scheduled to approve the MOA on the following dates:

- City of Durham – Approved June 3, 2019
- Town of Pittsboro – Approved April 22, 2019
- Chatham County – Scheduled for June 17, 2019
- Staff recommends that OWASA participate in this MOA to stay involved with the WIP while we complete our LRWSP. Staff believes that it is important for OWASA to participate in any studies regarding governance of a future intake and WTP on the western side of Jordan Lake as governance could impact two of our options to access our Jordan Lake allocation being evaluated.
- Participating in the WIP through the MOA would not obligate OWASA to any actions or funding concerning Jordan Lake. OWASA staff will seek authorization from the Board of Directors prior to obligating OWASA to participate and share the cost of studies undertaken by the Western Intake Partnership.

Staff and Counsel Recommendation:

Staff and counsel recommend that the Board of Directors adopt the Resolution Authorizing Staff to Enter into a Memorandum of Agreement for the Western Intake Partnership.

Information:

- Draft Memorandum of Agreement for the Western Intake Partnership
- Draft Resolution Authorizing Staff to Enter into a Memorandum of Agreement for the Western Intake Partnership

**MEMORANDUM OF AGREEMENT FOR
THE WESTERN INTAKE PARTNERSHIP**

WHEREAS, Chatham County, the City of Durham, Town of Pittsboro, and Orange Water and Sewer Authority were all founding members of the Jordan Lake Partnership; and

WHEREAS, Chatham County, the City of Durham, Town of Pittsboro, and Orange Water and Sewer Authority were each granted allocations of water supply storage in B. Everett Jordan Reservoir (“Jordan Lake”) by working cooperatively in the Jordan Lake Partnership; and

WHEREAS, Chatham County, the City of Durham, Town of Pittsboro, and Orange Water and Sewer Authority (“Partner” or “Partners” or “Parties”) have been working cooperatively since 2012 as the Western Intake Partnership (“WIP”) to plan for the construction of facilities on the western side of Jordan Lake to obtain access to their Jordan Lake allocations; and

WHEREAS, the Jordan Lake Partnership Western Intake Feasibility Study (“Hazen Study”) assisted the WIP in determining that the most favorable alternative to meet the water supply needs of the individual members as well as the group as a whole is a Regional Water Treatment Facility (“RWTF”) on the west side of Jordan Lake; and

WHEREAS, the Hazen Study estimated that once the project to design and construct the RWTF is initiated, it will take approximately 3 years for preliminary engineering, field evaluations and permitting, 2 years for property acquisition and facility design, and 3 years for construction – all assuming no major delays.

WHEREAS, environmental review and environmental permitting might take 10 years or more; if this effort were to begin now the Hazen Study schedule projects that the RWTF and the associated system connections could be online around mid-2035; and

WHEREAS, the Jordan Lake Western Intake Partners Economic Feasibility Study (“Raftelis Study”) assessed the collective benefits of the treatment plant and the individual impacts to each Partner; and, suggested an optimal time line for undertaking the RWTF Project; and

WHEREAS, the Raftelis Study recommended that the WIP:

1. Develop a plan to begin construction by 2025 so the RWTF can be online by 2031, and
2. Adopt a collaborative approach to RWTF Project governance, including its financing, ownership, and management; and

Western Intake Partnership Agreement

WHEREAS, this Agreement for the Western Intake Partnership (“Agreement”) is authorized by North Carolina General Statute (NCGS) 160A-20.1 and 160A-460 *et seq.*

THEREFORE, BE IT RESOLVED, that the Parties pledge to work together as the Western Intake Partnership (“WIP”) to achieve the foregoing goals; and,

BE IT FURTHER RESOLVED, that the Parties will collaborate through the WIP to begin the preliminary field evaluations and permitting work while simultaneously working on governance, all prior to any design and construction work; and,

BE IT FURTHER RESOLVED, that the WIP will be guided by the principles of stewardship of the public interest in this common water supply, collaboration, sustainability, mutual and collective benefit, shared responsibility, equal representation, and financial stability, in support of the performance of this Agreement.

NOW, THEREFORE, for and in consideration of the recitals and the mutual promises and covenants contained in this Agreement, the Parties agree as follows:

- 1) Management Team. The activities and management of the WIP will be guided by the Management Team. The Management Team shall consist of the Manager or Executive Director, or his/her designee, from each Partner. The Management Team will seek to act by consensus, and after their approval, will advise the Lead Agency on the Projects to be undertaken by the WIP, including selecting consultants.
- 2) Lead Agency. The City of Durham will be empowered to act as the Lead Agency to accomplish the purposes approved by the Management Team; as such, the Lead Agency will be the fiscal and contracting agent for the WIP, and will enter into necessary contracts in support of the WIP. The Lead Agency will only enter into contracts on behalf of the WIP after approval of the contract by the Management Team.

If the City of Durham is a Declining Partner (defined in 4.a, below), the remaining Participating Partners shall retain the right to enter into such contracts as they may deem necessary and appropriate. In such case, the City of Durham will not act as the Lead Agency and the Participating Partners must select an Alternate Lead Agency for those particular contracts.
- 3) Projects. The Partners agree that the following projects will be among those undertaken by the WIP. The anticipated projects and their budgets are based on the Hazen Study. The Management Team may advise variations of these anticipated projects or may advise additional projects.

Western Intake Partnership Agreement

The Lead Agency shall proceed with a Project, including consultant selection, requests for qualifications, project scoping, and other pre-construction actions, only after the Management Team has reached consensus and approved those steps necessary for Project execution. In the event consensus is not reached on the steps of a Project, steps toward Project execution may still be undertaken by those in favor, provided the Parties in favor represent more than fifty percent of the cost share percentages set out in 4.c, below.

Anticipated Projects	Anticipated Budget (\$ Millions)
Policy and Governance - Initial Planning - Organizational Development - Construction, Ownership, Management and Operation	\$0.7
Preliminary Engineering - Source Water Treatability Study/Preliminary Design - Pipeline Routing Study - Hydraulic Evaluations - Preliminary Engineering Report	\$1.4
Field Evaluations (Survey, SUE*, Environmental Resources) - Intake/Raw Water Pump Station - Water Treatment Facilities/Booster Pump Stations - Pipelines	\$1.4
Permitting - USACE Land Use Request - NEPA/SEPA Environmental Assessment - DWR Site Evaluation	\$0.7
Escalation from 2014 (20%)	\$0.8
Total	\$5.0

* Subsurface Utility Exploration

- 4) **Cost Sharing.** Each Partner will contribute by payment of their share of the actual costs of each project in which they elect to participate by payment to the City of Durham in accordance with the cost sharing formula provided in this Paragraph.
 - a) It is not required that every Partner participate in every Project. When a Partner declines to participate in a Project (“Declining Partner”), the remaining Partners (“Participating Partners”) may reassign the Declining Partner’s cost share as the Participating Partners agree. In such cases, the Partners will memorialize who is and who is not participating in any given project, and what the revised cost share is for the Participating Partners, by a letter of agreement signed by the members of the Management Team.
 - b) Should a Declining Partner later choose to participate in a project(s), the Declining Partner must first reimburse the Participating Partners any costs

Western Intake Partnership Agreement

a Declining Partner avoided by declining to participate initially, plus interest calculated to accrue at the rate of 5% per year.

- c) The following cost sharing formula is based on each Partner's Jordan Lake water supply storage allocation.

Party	Jordan Lake Allocation	Cost Share
City of Durham	16.5%	40.74%
Chatham County	13%	32.10%
Town of Pittsboro	6%	14.81%
Orange Water & Sewer Authority	5%	12.35%
Total	40.5%	100.00%

- 5) Invoicing. The Lead Agency (or Alternate Lead Agency, if applicable) will invoice each Participating Partner for its share of the costs as the Lead Agency incurs project costs, and each Participating Partner will pay the invoice within 30 days.
- 6) Duration, Amendment and Termination. The term of this Agreement shall begin upon the approval of the second Party and shall last until June 30, 2023. However, the Agreement shall only become binding on each Party after approval and execution of the Agreement by that Party. The Agreement may be terminated, or extended, upon mutual written agreement of at least two of the original Parties. This Agreement may be amended with written approval of all Parties.
- 7) Withdrawal from Agreement. Any Party may withdraw from this Agreement with 30 days written notice to the other parties, provided that any outstanding financial obligations shall survive such withdrawal until satisfied. A financial obligation will become outstanding when a Partner agrees to be a Participating Partner in a project. The City of Durham will confirm receipt of such withdrawal and will immediately notify the other Parties within 30 days of receipt of such withdrawal.
- 8) Miscellaneous Provisions.
- a) The singular of terms used in the Agreement shall include the plural, and the masculine shall include the feminine, and vice versa.
- b) A signed copy of this Agreement shall be considered as an original.
- c) The Parties, and all subcontractors, shall comply with the E-Verify requirements of Article 2, Chapter 64, of the North Carolina General Statutes.
- d) Service or all notices under this Agreement shall be sufficient, if given personally, by registered or certified mail, return receipt requested, and mailed to the party involved at the address and to the attention of the

Western Intake Partnership Agreement

person set forth below, or to such other person or address as said party may provide in writing from time to time. Any such notice mailed to such address shall be effective upon the date received as shown by the return receipt or otherwise.

CHATHAM COUNTY
Public Utilities Director
PO Box 910
Pittsboro, NC 27312

CITY OF DURHAM
Director
Department of Water Management
101 City Hall Plaza
Durham, NC 27701

ORANGE WATER AND SEWER AUTHORITY
Executive Director
400 Jones Ferry Road
Carrboro, NC 27510-0366

TOWN OF PITTSBORO
Town Engineer
PO Box 759
Pittsboro, NC 27312

Western Intake Partnership Agreement

Dan LaMontagne, Interim County Manager
Chatham County

ATTEST: _____

DRAFT

Western Intake Partnership Agreement

Thomas J. Bonfield, City Manager
City of Durham

ATTEST: _____

DRAFT

Western Intake Partnership Agreement

Ed Kerwin, Executive Director
Orange Water and Sewer Authority

ATTEST: _____

DRAFT

Western Intake Partnership Agreement

Bryan Gruesbeck, Town Manager
Town of Pittsboro

ATTEST: _____

DRAFT

Resolution Authorizing Staff to Enter into a Memorandum of Agreement for the Western Intake Partnership

Whereas, Orange Water and Sewer Authority (OWASA) originally received an allocation of water from Jordan Lake's Water Supply Pool in 1988; and

Whereas, OWASA's current allocation of water from Jordan Lake is 5 percent of the water supply pool, which is approximately 5 million gallons per day; and

Whereas, Jordan Lake is an important part of OWASA's water supply plan, particularly during droughts and operational emergencies; and

Whereas, the uncertainty of climate change makes it important to maintain a diverse water supply portfolio for reliability and resiliency; and

Whereas, the Towns of Cary and Apex currently own and operate the only water supply intake on Jordan Lake; and

Whereas, OWASA can currently access its water supply allocation from Jordan Lake by purchasing drinking water from the Town of Cary and wheeling that water through the City of Durham through its mutual aid agreements with both entities; and

Whereas, these mutual aid agreements do not guarantee OWASA's access to its Jordan Lake allocation; and

Whereas, OWASA has been working with the City of Durham, Chatham County, and Town of Pittsboro to explore a western intake and treatment plant on Jordan Lake and these entities are collectively known as the Western Intake Partners; and

Whereas, the City of Durham has funded all costs of studies to date; and

Whereas, the Western Intake Partners desire to enter into a Memorandum of Agreement which outlines cost shares for each Partner on future studies; and

Whereas, OWASA is currently updating its Long-Range Water Supply Plan and will be evaluating various supply and demand management alternatives which include a potential partnership in a new intake and water treatment plant on the west side of Jordan Lake; and

Whereas, the Memorandum of Agreement does not obligate OWASA to participate in any future study but keeps options open while it completes the update to its Long-Range Water Supply Plan;

Now, Therefore, Be It Resolved By the OWASA Board of Directors That:

1. The Memorandum of Agreement for the Western Intake Partnership is approved, and OWASA's Executive Director is authorized to execute it on OWASA's behalf; and

2. OWASA staff will seek authorization from the Board of Directors prior to obligating OWASA to participate and share the cost of studies undertaken by the Western Intake Partnership.

Adopted this 9th day of May 2019.

Yinka Ayankoya, Chair

ATTEST:

Raymond E. DuBose, Secretary

DRAFT

Agenda Item 4:

Orange Water and Sewer Authority

Meeting of the Board of Directors

April 25, 2019

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in a work session on Thursday, April 25, 2019, at 7:00 p.m. in Chapel Hill Town Hall Council Chamber.

Board Members present: Yinka Ayankoya (Chair), Ruchir Vora (Vice Chair), Ray DuBose (Secretary), Bruce Boehm, Jody Eimers, Robert Morgan, John N. Morris and John A. Young.

OWASA staff present: Denise Battle, Mary Darr, Monica Dodson, Robert Epting, Esq., (Epting and Hackney), Vishnu Gangadharan, Katie Harrold, Robin Jacobs (Epting and Hackney), Ed Kerwin, Kenneth Loflin, Andrea Orbich, Kelly Satterfield, Todd Taylor, Mary Tiger and Stephen Winters.

Others present: Terry Battle, Meg Holton (UNC Water Resources Manager) and Ben Poulson (UNC Associate Director of Energy Services).

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 Fordham Boulevard Service Road Water Main Replacement Project. (Motion by Ruchir Vora, second by Ray DuBose and unanimously approved.)
2. Robert Morgan made a motion that the Board of Directors authorize staff to publish information, in advance of public hearings on May 23, 2019, about the draft Fiscal Year 2020 Budget and Schedule of Rates, Fees and Charges, including notice of consideration of an increase of 5% in monthly water and sewer rates; second by Jody Eimers and unanimously approved.
3. John Young made a motion that the Board of Directors authorize staff and General Counsel to communicate to our legislative representatives and local governments OWASA's opposition to the funding mechanism originally proposed in Senate Bill 536, to join other local government units in such opposition, but to express the Board's support for creation of funding from general state revenues or bond proceeds to create a fund to assist distressed units of local government in rehabilitating their water and sewer system assets and operations; second by John Morris and unanimously approved.

* * * * *

Announcements

Yinka Ayankoya asked if any Board Member 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.

Ms. Ayankoya announced OWASA's Annual Update to the Carrboro Board of Aldermen originally scheduled for May 7, 2019 has been rescheduled to Tuesday, June 4, 2019, at 7:00 P.M. at Carrboro Town Hall.

Ms. Ayankoya announced, without objection, a change to the agenda to include a Closed Session for the purpose of updating the Board regarding the settlement of potential litigation.

Ray DuBose announced that OWASA Board members Yinka Ayankoya, Jody Eimers and he met today with members of the Orange County Board of Commissioners (Penny Rich and Mark Marcoplos), and provided a demonstration of Agua Vista Web Portal capabilities, an update on water system resiliency improvements, and OWASA's ongoing community engagement on forest management.

John Young announced a meeting of the Chatham-Orange Joint Planning Task Force on Thursday, May 9, 2019 at 12:00 noon at the Hyatt Place Hotel in Chapel Hill. Agenda topics for this meeting include Jordan Lake Regional Issues, Stormwater Management Best Practices, and 2045 Metropolitan Transportation Plan Employment and Population Projections.

Andrea Orbich provided an update on OWASA's first Youth Water Academy Pilot Program. Seven students from area high schools participated in the four-week program. The students received informative presentations on the process behind protecting, treating, investing, delivering, and designing the community's water and wastewater system.

Mr. DuBose said the update on the April 23, 2019 Finance Committee meeting will be provided when the Board discusses draft budgets and rates for Fiscal Year 2020.

Petitions and Requests

Yinka Ayankoya asked for petitions and requests from the Board, public and staff; there were none.

Item One: 12 Month Board Meeting Schedule

The Board accepted this as an information item.

Item Two: Award the Fordham Boulevard Service Road Water Main Construction Contract

Ruchir Vora made a motion to approve the Resolution Awarding a Construction Contract for the Fordham Boulevard Service Road Water Main Replacement Project; second by Ray DuBose and unanimously approved. Please see Motion 1 above.

Item Three: Update on the Rogerson Drive Wastewater Force Main Repair

Todd Taylor, General Manager of Operations, and Mary Darr, Director of Engineering and Planning, provided an update on the Rogerson Drive Wastewater Force Main that broke the

evening of April 12, 2019, which collects and delivers more than 50% of the community's wastewater collection flow to the Mason Farm Wastewater Treatment Plant.

Mr. Taylor reviewed how the wastewater system works and estimated that the overflow from this line break totaled 760,000 gallons, as the break occurred during a peak flow storm event. Most of the overflow traveled downhill into a wooded area, and some was diverted into a storm drain. Much of the overflow occurred during times of high precipitation and the impact was diluted.

Mr. Taylor summarized what is known, and what is yet to be determined, as to the cause of the line break; he reported that it appeared replacement of at least 520-feet of the sewer main would be required, possibly including additional footage under and south of Raleigh Road. He described the complexity of the needed repairs including the installation of a bypass system, to allow for continued flow during replacement of the broken main. Mr. Taylor noted the OWASA staff had collected and analyzed samples downstream from the location of the broken main, that impact to the environment appeared to have been minimal, and that all necessary environmental cleanup had been completed.

Ms. Darr reviewed the process to secure materials for the emergency repair. She also reported that persons and businesses located near the line break had been notified by OC Alert, hand delivery of notices, and an in-person community meeting. She reported about 80% of the initial 520-foot section has been replaced; further, she reported that staff is investigating the condition of the pipe as it crosses under Raleigh Road and continues south toward the wastewater treatment plant. Ms. Darr said work continues around the clock to complete the repair and site reconstruction; and a rough estimate of the current cost is approaching one million dollars.

Item Four: Demonstration of Agua Vista Web Portal

Mary Tiger, Sustainability Manager, and Denise Battle, Customer Service Manager, provided a presentation on the launch of OWASA's Agua Vista web portal and the ongoing promotion to encourage customers to track their water use as well as establish leak alert notifications. Ms. Tiger noted that 15% of eligible accounts have already registered for Agua Vista.

Item Five: Update on the Analysis of Taste and Odor Compounds in Drinking Water

Katie Harrold, Laboratory Supervisor, provided an update on the use of the OWASA's new Gas Chromatograph/Mass Spectrometer for the analysis of taste and odor compounds in drinking water. This instrument allows staff to make timely and cost-effective treatment changes in our treatment of drinking water with the goal of ensuring that our safe drinking water is also aesthetically pleasing.

Item Six: Financial Report for the Nine-Month Period Ended March 31, 2019

Stephen Winters, Director of Finance and Customer Service, provided a presentation and stated that all performance measurement targets were met for the period except meeting the target balance in the working capital reserve because some of the proceeds from projects which are being financed with low-interest loans from the state of North Carolina have not yet been drawn; staff expects to receive additional funds from these loans prior to June 30, 2019. Fiscal Year

(FY) 2019 net income is forecasted to be about \$800,000 less than budgeted for the year, as a result, the Board agreed to consider a budget amendment at the May 9, 2019 meeting.

The Board requested that staff reevaluate the ability to execute the draft FY 2020 Capital Improvements Program given staff vacancies and other priorities.

Item Seven: Discuss Draft Fiscal Year 2020 Budget and Rate Adjustment and Authorize Staff to Publish Draft Budget and Rates Information

Yinka Ayankoya noted on Wednesday, April 24, 2019, an updated Schedule of Rates, Fees and Charges was e-mailed to the Board and OWASA's website agenda was updated on April 25th.

Ray DuBose, Chair of the Finance Committee, said the Committee meet on April 23, 2019. The Committee supports and recommends authorizing staff to publicize that the Board is considering a 5% increase in OWASA's monthly water and sewer rates.

Robert Morgan made a motion that the Board of Directors authorize staff to publish information, in advance of public hearings on May 23, 2019, about the draft Fiscal Year 2020 Budget and Schedule of Rates, Fees and Charges, including notice of consideration of an increase of 5% in monthly water and sewer rates; second by Jody Eimers and unanimously approved. Please see Motion 2 above.

The Board agreed to cancel the Finance Committee Meeting they were considering holding on April 30, 2019.

Item Eight: Update on the Water/Wastewater Public Enterprise Reform Bills

Robert Epting, General Counsel, provided a brief review and recommendation to communicate OWASA's opposition to the funding mechanism in Senate Bill 526, which would impose a \$2 per month tax on every water and every sewer account in the State, to provide a fund from which distressed local governments could borrow or obtain grants to improve their water and wastewater systems; but he recommended that the Board support the creation of such a State fund, and that it be funded from other general revenues of the State.

John Young made a motion that the Board of Directors authorize staff and General Counsel to communicate to our legislative representatives and local governments OWASA's opposition to the funding mechanism originally proposed in Senate Bill 536, to join other local government units in such opposition, but to express the Board's support for creation of funding from general state revenues or bond proceeds to create a fund to assist distressed units of local government in rehabilitating their water and sewer system assets and operations; second by John Morris and unanimously approved. Please see Motion 3 above.

The Board agreed that General Counsel and staff will prepare a letter to send to local governments and legislative delegation regarding the OWASA Board's position on Senate Bill 536/House Bill 570 titled Water/Wastewater Public Enterprise Reform.

Item Nine: Executive Director Summarized Key Staff Action Items from the Meeting

Ed Kerwin noted the following items for staff follow-up:

- Prepare a letter for the Chair's signature to local governments and legislative delegation regarding the OWASA Board's position on Senate Bill 536/House Bill 570 titled Water/Wastewater Public Enterprise Reform.
- Cancel the placeholder April 30, 2019 Finance Committee Meeting.
- Staff will reevaluate ability to execute the draft Fiscal Year 2020 Capital Improvement Program given staff vacancies and other priorities.
- The Board's May 9, 2019 agenda items will include:
 - Consider an Operations and Maintenance Budget Amendment for Fiscal Year 2019
 - Discuss a potential Western Intake Partnership to access Jordan Lake Water Supply
 - Discuss information and options for employee merit pay for Fiscal Year 2020
 - Approve employee health and dental insurance renewals
 - Resolution honoring 30 years of service to Willie Strowd.

Item Ten: Closed Session

Without objection, the Board continued in Closed Session for the purpose of receiving an update from General Counsel regarding the settlement of potential litigation.

The Board meeting was adjourned at 9:35 p.m.

Respectfully submitted by:

Andrea Orbich
Executive Assistant/Clerk to the Board

Attachment

Agenda Item 5:

Approval of the Schedule of Rates, Fees and Charges; Annual Budget; Five-Year Capital Improvements Program (CIP); and Cost of Living and Merit Pay Increases:

- A. Resolution Adopting the Schedule of Rates, Fees and Charges Effective on or after October 1, 2019
- B. Resolution Adopting the Budget for Orange Water and Sewer Authority for Fiscal Year (FY) 2020
- C. Resolution Approving the CIP for FY 2020-2024 and the Accompanying FY 2020 Capital Project Resolution
- D. Resolution Updating the Schedule of Employee Classification and Authorized Compensation; Adjusting Affected Employees' Compensation to the Minimum of the Pay Range; and Authorizing Cost of Labor and Merit Pay Increases for Eligible Employees

Background:

North Carolina General Statutes and OWASA's Bond Order require that on or before July 1 of each fiscal year, OWASA must adopt an Annual Budget for the ensuing year.

The Board of Directors held public hearings on May 23, 2019 to receive stakeholder input on the proposed FY 2020 Budget and Schedule of Rates, Fees and Charges; no member of the public spoke at the meeting. (Prior to the meeting, the Board received one email message from a customer.) After the close of the public hearings and subsequent discussion, the Board of Directors directed staff to present for adoption at the June 13, 2019 board meeting an Annual Budget for FY 2020 that provides funding for \$23.6 million in operating expenses, \$8 million in debt service payments, \$26.4 million for capital improvements and \$1 million for capital equipment expenditures.

Due to increased workload in managing our capital improvements projects, the FY 2020 budget includes an additional (fourth) Utilities Engineer position which was [approved by the Board](#) in December 2018.

The FY 2020 budget also includes funding for a Communications Specialist position (Salary Grade 615) in the Executive Director's department. Duties for this position include researching and writing key communications, updating OWASA's website and providing social media engagement as well as assisting in responses to information requests. The position will work closely with Project Managers, the Distribution and Collection team, and customers to provide information about service interruptions, educational material and briefings. Board approval of this addition is part of the resolution to adopt the FY 2020 budget.

Funding has been eliminated for two previously funded and currently vacant Utility Mechanic positions (made possible through savings from implementing Agua Vista).

The proposed Annual Budget includes projected operating revenues which are based on a 5% increase in OWASA's monthly water and sewer rates. Certain other fees have been adjusted based on changes in the costs of providing the services.

In July 2017, the North Carolina General Assembly passed a law (NC House Bill 436/Session Law 2017-138) that required a change to the way water and sewer utilities calculate system development fees. In compliance with the statute, OWASA implemented new fees that were effective as of July 1, 2018. The statute requires conducting a rate study, and adjusting rates as necessary, every five years. Therefore, no changes are proposed for OWASA's system development fees for FY 2020.

Savings Reflected in the Operating Budget

OWASA focuses on continuous improvement including seeking ways to reduce the costs of delivering services to the community. The following are a few of the more significant recent initiatives that have resulted in ongoing reductions in expenditures.

- Implemented Agua Vista, an advanced metering infrastructure (AMI) system. This project has allowed us to reduce (through attrition) the number of meter-reading staff by seven positions. Funding for two of these positions has been eliminated resulting in approximate savings of \$160,000 per year. Five of the positions have been reassigned to carry-out the accelerated distribution system valve-maintenance program approved by the Board on [December 13, 2018](#).
- Secured low-interest loans from the state of North Carolina for infrastructure investments. These low-interest loans are projected to save about \$5 million in principal and interest payments, compared to financing with traditional revenue bonds, over the 20-year life of the loans.
- Implemented an [energy management](#) program that reduced our use of purchased natural gas by 8% and electricity by 26% since 2010 levels. Our energy reduction initiatives are responsible for avoiding over \$400,000 in annual energy costs.

Another significant expense reduction in the budget is a decrease of 18.1% in employee health insurance: a savings of about \$330,000 for FY 2020.

The Need for a Rate Increase

The proposed rate increase is necessary for providing the funding required to meet the community's water and wastewater needs.

- As the community's provider of drinking water and wastewater management services, funding the programs needed to efficiently provide high-quality and reliable services around the clock is essential.
- On average, about \$20 million per year, roughly half of the fees customers pay for services, is invested in renewing and replacing the pipes, equipment and facilities necessary for delivering services.
- The costs of construction projects and the chemicals and materials needed for our services are increasing at a rate greater than inflation.
- Our only source of funding is the fees paid by customers for services, so our rates reflect the full and true cost of water.

OWASA is a non-profit, community-owned water and wastewater utility. Our investments in water and wastewater infrastructure are not supported by taxes nor federal grants: only rates and fees paid by customers for services. We reinvest the rates and fees paid by our customers directly into the treatment plants, pipes, and people that will serve our community for years to come. We strive to balance the need to invest in the community's water and wastewater infrastructure and to maintain affordable rates.

The proposed budget described in this memo represents the true costs of providing high-quality, safe and reliable water and wastewater services. The rates projected cover the cost of funding the capital and operating budgets and meeting our financial measurement goals.

We appreciate our customers for their partnership. Beyond paying their OWASA bill each month, the cost and commitment borne by our community to use water wisely and protect the wastewater system pays dividends ecologically and economically. Additionally, we thank the nearly 1,000 customers that voluntarily contribute every month on their monthly OWASA bill to Care to Share, a fund that provides water bill assistance to those in our community that need it most.

We are projecting annual increases of 5% each year for FY 2020-2024. Drivers for increased investments in our operating and capital budgets include supporting our commitment to the community to improve the reliability and resiliency of our services and rising construction costs.

- In FY 2019, two hurricanes, a large water main break, and a break in a critical pressurized sewer main exposed risks and opportunities for enhanced resiliency. These events also highlighted the importance of a reliable water and wastewater system for essential services in our community (e.g. hospital/education/businesses). We are planning for greater investment in risk reduction and resiliency improvement (both in the operating and capital budgets). This includes activities that the Board agreed to jumpstart in FY 2019, such as:
 - A more aggressive valve maintenance program,
 - The replacement of piping and valves at the water treatment plant,
 - The replacement of pressurized sewer piping and installation of bypass infrastructure near and under Highway 54 (downstream of the Rogerson Drive pump station),
 - The addition of a utilities engineer position for accelerated execution of capital projects, and
 - Resources needed for enhanced emergency communications.
- We are accounting for increases in maintenance and chemical costs, as well as continued escalation in construction costs due to material prices and a less competitive bidding environment. For example, proposals recently received for a project at the wastewater treatment plant came in 21% higher (\$1.1 million higher) than the engineering firm's estimate.
- We are taking a more thoughtful and strategic approach to inform and engage the community. In implementing the Communications and Community Engagement Plan approved by the Board earlier this year, we strive to better inform our customers as to how their rates and fees are used and the value of the services OWASA provides.
- We continue to strive to improve the way we do business. As an organization, we are committed to investing time and energy into increasing diversity and creating a more inclusive environment. And with the Agua Vista web portal, we are providing our community with more tools and resources to manage water use and bills.

The five-year capital improvements program projects almost \$113 million of capital spending needed to maintain nearly 800 miles of underground pipe; invest in the renewal or replacement of existing equipment at our treatment plants, pump stations, and reservoirs; and mitigate operational expenses in future years. This year, about three-quarters of our capital improvements budget will be spent on repairing and rehabilitating existing infrastructure.

The average family in our service area uses about 4,000 gallons of water and sewer services per month. The 5% increase the Board is considering would increase the average OWASA family's bill by \$3.60 per month.

Schedule of Rates, Fees and Charges

Resolution A is presented for the Board to adopt the proposed Schedule of Rates, Fees and Charges that would become effective on or after October 1, 2019.

Annual Budget

Resolution B is presented for the Board to adopt the FY 2020 Annual Budget, the budget ordinance and accompanying fund schedules.

Capital Improvements Program

The total five-year CIP for FY 2020-2024 is approximately \$113 million and FY 2020 spending is budgeted to be about \$26.4 million. Board approval of the CIP indicates the Board's endorsement of the proposed projects and identified needs, and funding for the first year of the CIP is adopted as part of the annual budget ordinance.

Employee Cost of Labor and Merit Pay Increases for FY 2020:

On December 14, 2017 the Board received information from staff regarding compensation strategies. The Board adopted a resolution updating the Pay Administration Guidelines establishing:

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

The merit pay increases are illustrated below.

Rating	COLA Increase	Merit Increase
Exceptional	1x	2x
Exceeds Expectations	1x	1.5x
Meets Expectations	1x	1x
Below Expectations	Not Applicable	Not Applicable

Market Analysis

Information about planned employee compensation increases for local entities and market data provided by World at Work was provided to the Board at its [May 23, 2019](#) meeting.

Pay Adjustment Options

The Board is planning to make a decision regarding employee pay adjustments for cost of labor and merit in conjunction with approving the FY 2020 budget. While the Board may consider others, it is currently considering the following options.

Option 1						
	Components of Employee Pay Adjustments	World at Work	Weighted Avg. of Option 1 Increase	Meets Expectations Rating	Exceeds Expectations Rating	Exceptional Rating
	Cost of Labor	1.3 – 3.0%		1.0%	1.0%	1.0%
+	Merit Pay	2.4 - 3.1%	3.8%	3.0%	4.5%	6.0%
=	Total Pay Increase	2.3 – 3.8%	4.8%	4.0%	5.5%	7.0%
Approximate Budget Impact including payroll taxes			\$376,500			
Amount in draft FY 2020 Budget			\$376,500			
Amount equal to draft Budget			0			

Observations about Option 1:

- Meets Board-approved compensation strategies for Merit Pay.
- Cost of labor is slightly below World at Work market data.

Option 2						
	Components of Employee Pay Adjustments	World at Work	Weighted Avg. of Option 2 Increase	Meets Expectations Rating	Exceeds Expectations Rating	Exceptional Rating
	Cost of Labor	1.3 – 3.0%		1.3%	1.3%	1.3%
+	Merit Pay	2.4 - 3.1%	3.1%	2.4%	3.6%	4.8%
=	Total Pay Increase	2.3 – 3.8%	4.4%	3.7%	4.9%	6.1%
Approximate Budget Impact including payroll taxes			\$350,000			
Amount in draft FY 2020 Budget			\$376,500			
Amount less than draft Budget			(\$26,500)			

Observations about Option 2:

- Does not meet Board-approved compensation strategy that annual merit increases for ratings of Meets Expectations and above should be no less than 2.9 percentage points greater than the annual cost of labor adjustment.
- Cost of labor at the low end of the World at Work range.

Option 3						
	Components of Employee Pay Adjustments	World at Work	Weighted Avg. of Option 3 Increase	Meets Expectations Rating	Exceeds Expectations Rating	Exceptional Rating
	Cost of Labor	1.3 – 3.0%		1.3%	1.3%	1.3%
+	Merit Pay	2.4 - 3.1%	3.8%	3.0%	4.5%	6.0%
=	Total Pay Increase	2.3 – 3.8%	5.1%	4.3%	5.8%	7.2%
Approximate Budget Impact including payroll taxes			\$405,000			
Amount in draft FY 2020 Budget			\$376,500			
Amount greater than draft Budget			\$28,500			

Observations about Option 3:

- Meets Board-approved compensation strategies for Merit Pay.
- Cost of labor at the low end of the World at Work range.

Option 4						
	Components of Employee Pay Adjustments	World at Work	Weighted Avg. of Option 4 Increase	Meets Expectations Rating	Exceeds Expectations Rating	Exceptional Rating
	Cost of Labor	1.3 – 3.0%		1.3%	1.3%	1.3%
+	Merit Pay	2.4 - 3.1%	2.9%	2.3%	3.45%	4.6%
=	Total Pay Increase	2.3 – 3.8%	4.2%	3.6%	4.8%	5.9%
Approximate Budget Impact including payroll taxes			\$340,000			
Amount in draft FY 2020 Budget			\$376,500			
Amount less than draft Budget			(\$36,500)			

Observations about Option 4:

- Does not meet Board-approved compensation strategy that annual merit increases for ratings of Meets Expectations and above should be no less than 2.9 percentage points greater than the annual cost of labor adjustment.
- On a weighted average basis, the merit pay adjustment is 2.9 percentage points greater than the cost of labor adjustment.
- Cost of labor at the low end of the World at Work range.

Subsequent to the May 23, 2019 Board meeting at which the above options were discussed, the Board asked staff to provide information on a fifth option that would result in:

- Merit pay adjustments equal those shown in Option 4.
- An increase in the COLA by an amount that would bring the total Option 5 budget impact to equal approximately the provision for wage increases in the proposed FY 2020 budget. Accordingly, the COLA percentage has been increased by 0.45%, from 1.3% to 1.75%.
- The estimated financial impact of Option 5 equals (approximately) the provision for cost of labor and merit adjustments in the proposed FY 2020 budget.

Option 5						
	Components of Employee Pay Adjustments	World at Work	Weighted Avg. of Option 5 Increase	Meets Expectations Rating	Exceeds Expectations Rating	Exceptional Rating
	Cost of Labor	1.3 – 3.0%		1.75%	1.75%	1.75%
+	Merit Pay	2.4 - 3.1%	2.90%	2.30%	3.45%	4.60%
=	Total Pay Increase	2.3 – 3.8%	4.68%	4.05%	5.20%	6.35%
Approximate Budget Impact including payroll taxes			\$376,300			
Amount in draft FY 2020 Budget			\$376,500			
Amount less than draft Budget			(\$200)			

Observations about Option 5:

- Does not meet Board-approved compensation strategy that annual merit increases for ratings of Meets Expectations and above should be no less than 2.9 percentage points greater than the annual cost of labor adjustment.
- On a weighted average basis, the merit pay for employees is 2.9 percentage points greater than the cost of labor adjustment.
- Cost of labor is at the lower end of the World at Work range but higher than Options 1-4.

These calculations are based on current employee wage rates and assume no more than 40% of the workforce will receive a rating of Exceptional or Exceeds Expectations with no more than 15% in the Exceptional category. If approved, pay range adjustments and pay increases normally go into effect the first pay period in November.

Action Needed:

Approval of the resolutions adopting: (A) the Schedule of Rates, Fees and Charges; (B) the Annual Budget for FY 2020; (C) the CIP for FY 2020-2024 and the accompanying capital project resolution; (D) cost of labor and merit pay increases for FY 2020.

Information:

- Resolutions and supporting documents relating to approval of the rates schedule, annual budget, five-year CIP, and cost of labor and merit pay increases.

Resolution Adopting the Schedule of Rates, Fees and Charges Effective on or after October 1, 2019

Whereas, Orange Water and Sewer Authority (OWASA) has an adopted Schedule of Rates, Fees, and Charges as permitted under North Carolina General Statute 162A-9 and Section 7.04 of OWASA's Amended and Restated Bond Order (Bond Order); and

Whereas, General Statute 162A-6(9) and Section 7.04 of OWASA's Bond Order empower and direct the Authority to fix and revise from time to time and to collect rates, fees and other charges for the use of or for the services and facilities furnished by any system operated by the Authority; and

Whereas, the OWASA Board of Directors held a public hearing on May 23, 2019 on the attached, proposed Schedule of Rates, Fees, and Charges, including the new system development fees.

Now, Therefore, Be It Resolved:

1. That the attached Schedule of Rates, Fees, and Charges is hereby adopted by the Board of Directors of Orange Water and Sewer Authority.
2. That the rates shown on the attached schedule shall become effective on or after October 1, 2019.
3. That the Executive Director is authorized with the discretion to make findings and determinations as necessary in the application of the Schedule of Rates Fees and Charges, and otherwise as necessary to resolve customer inquiries or appeals arising thereunder, subject to the customer's right of appeal to the Board of Directors.
4. That the Executive Director is hereby directed to implement the Schedule of Rates, Fees, and Charges.

Adopted this 13th day of June 2019.

Yinka Ayankoya, Chair

ATTEST:

Raymond E. DuBose, Secretary

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

APPLICABLE TO ALL BILLINGS AND SERVICES ON OR AFTER OCTOBER 1, ~~2018~~2019.

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Background and Authorization

In providing essential public water, sewer and reclaimed water services to Chapel Hill, Carrboro and portions of southern Orange County, Orange Water and Sewer Authority (OWASA) incurs substantial operating and capital expenses. As a community-owned non-profit public utility, OWASA has no authority to levy taxes, nor does it receive tax revenues from local governments for ongoing operations. OWASA finances its water, sewer and reclaimed water operations and extensive capital improvements almost entirely through customer paid fees and charges.

North Carolina G.S. 162A-9 requires that OWASA's "rates, fees and charges shall be fixed and revised so that the revenues of the Authority, together with any other available funds, will be sufficient at all times" to fund operating and maintenance expenses and to pay the principal and interest on all debt issued or assumed by OWASA. OWASA's rates are established under cost-of-service rate-making methodology. OWASA's customers pay for the cost of providing the services and/or facility capacity required to meet customer demand.

The OWASA Board of Directors has determined that the provisions in this Schedule of Rates, Fees, and Charges are necessary to adequately sustain OWASA's near-term and long-range utility operations. Revenues generated by these rate adjustments will provide OWASA with the financial resources necessary to: (1) fund operating costs; (2) adequately maintain existing water, sewer, and reclaimed water facilities; (3) fully comply with environmental and public health standards; (4) meet debt service requirements; (5) create additional facility capacity to stay abreast of water, reclaimed water and sewer service demand in a growing, dynamic community; and (6) maintain adequate reserves.

All fees go into effect on October 1, ~~2018~~2019.

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

SECTION I: WATER RATES AND FEES

MONTHLY WATER RATES

Water charges are billed monthly at approximately 30-day intervals. Charges are due upon receipt of the bill, and become delinquent 25 days after the billing date. Monthly water rates consist of two components; a monthly service charge and a commodity (volume) charge.

Water Service Charge

This charge recovers costs related to certain direct and indirect customer service efforts, meter and lateral maintenance, and capital costs associated with supplying water to the customer's property. Applicable to all metered water accounts, independent of the quantity of water consumed, the monthly charge is based on meter size as follows:

Meter Size	As of Oct. 1, 2018 Monthly Service Charge	Proposed for Oct. 1, 2019
5/8"	\$14.99	\$15.74
3/4" Combination Fire and Domestic Service Meter	\$15.50	\$16.28
1"	\$30.12	\$31.63
1" Combination Fire and Domestic Service Meter	\$30.63	\$32.16
1-1/2"	\$65.14	\$68.39
2"	\$98.31	\$103.22
3"	\$202.18	\$212.29
4"	\$330.05	\$346.55
6"	\$718.75	\$754.69
8"	\$1,022.10	\$1,073.21

Water Irrigation Service Charge

This charge is calculated to recover certain direct and indirect customer service, meter and lateral maintenance, and capital costs associated with supplying water for irrigation through irrigation-only meters. Applicable to all metered irrigation water accounts, regardless of the quantity of water consumed, the monthly charge is based on meter size as follows:

Meter Size	As of Oct. 1, 2018 Monthly Service Charge	Proposed for Oct. 1, 2019
5/8"	\$24.01	\$25.21
1"	\$47.99	\$50.39
1-1/2"	\$88.84	\$93.28
2"	\$136.64	\$143.47
3"	\$270.45	\$283.98
4"	\$415.16	\$435.92
6"	\$816.68	\$857.52
8"	\$1,298.77	\$1,363.70

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

Monthly service charges for compound meter arrangements are based on the largest meter in the grouping. In addition to the applicable charge for the primary meter, existing OWASA-owned sub-meters are billed according to the above schedule. OWASA-owned sub-meters are no longer available and no additional sub-meters will be installed. Meter readings and service charges for first and final bills are prorated based on days of service.

(NOTE: In accordance with state law, all new in-ground irrigation systems installed on lots platted and recorded in the office of the register of deeds in the county or counties in which the real property is located after July 1, 2009 and supplied by a public drinking water system are required to have a separate meter to measure the volume of water used through the irrigation system.)

Water Commodity Charge

This charge recovers the direct and indirect costs of water supply and treatment, water distribution, general administration and capital costs not recovered by the monthly service charge. This charge is applicable to all water accounts based on meter readings of water consumed. When a billing period includes a change in commodity rates, the charges are prorated based on the ratio of days in the billing period at the old and new rates. Metered monthly consumption will be billed in thousand-gallon increments rounded down to the nearest thousand gallons. Unbilled consumption due to rounding will be carried forward and billed in the month when the next thousand-gallon increment is registered by the meter.

When no meter reading is available due to an inoperative, damaged or inaccessible meter, consumption will be estimated based on prior usage at the location.

Individually Metered Residential Accounts Except Irrigation-only Accounts

Individually metered residential accounts will be billed under an increasing block rate structure designed to encourage efficient water use by applying increasing commodity charges (rate per thousand gallons) to incremental increases in water use.

	Volume of Use (Gallons)	As of Oct. 1, 2018 Commodity Rate per 1,000 Gallons	Proposed for Oct. 1, 2019
Block 1	1,000 to 2,000	\$2.68	\$2.82
Block 2	3,000 to 5,000	\$6.52	\$6.84
Block 3	6,000 to 10,000	\$7.99	\$8.39
Block 4	11,000 to 15,000	\$11.16	\$11.72
Block 5	All use 16,000 and up	\$20.19	\$21.20

Multi-family Master-metered Residential Accounts

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

As of Oct. 1, 2018 - \$5.78 per thousand gallons
Proposed for Oct. 1, 2019 - **\$6.07**

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

Non-residential Accounts Except Irrigation Accounts

To achieve demand reduction during peak water use periods, a seasonal conservation rate structure will be applied to all non-residential accounts other than irrigation-only accounts. A reduced water commodity charge is in effect during lower demand months (October through April), and a higher commodity charge is in effect during high demand months (May through September).

	As of Oct. 1, 2018 Rate	Proposed for Oct. 1, 2019
Off-peak seasonal rate per 1,000 gallons (October through April)	\$4.24	\$4.46
Peak seasonal rate per 1,000 gallons (May through September)	\$8.07	\$8.47

Irrigation-only Accounts

To promote conservation of water used for irrigation and to achieve greater equity between rates for irrigation-only use and irrigation use through a domestic meter, irrigation-only accounts shall be charged the following year-round commodity rate.

As of Oct. 1, 2018 - \$8.68 per thousand gallons
Proposed for Oct. 1, 2019 - **\$9.11**

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

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

Conservation Water Commodity Charges Under Mandatory Water Use Restrictions

Water commodity charges will be temporarily increased during periods of declared Water Shortages and mandatory water use restrictions regardless of the time of year. These applicable surcharges are summarized in the following table.

Individually-Metered Residential						Multi-family Master-metered Residential	Non-Residential and Irrigation- Only
Block:	Res. Block 1	Res. Block 2	Res. Block 3	Res. Block 4	Res. Block 5		
Use Level: (gallons)	1,000 to 2,000	3,000 to 5,000	6,000 to 10,000	11,000 to 15,000	16,000 and up		
Stage 1	No surcharge	No surcharge	1.25 times normal Block 3 rate	1.5 times normal Block 4 rate	2 times normal Block 5 rate	1.15 times year- round rate	1.15 times seasonal and irrigation-only rate
Stage 2	No surcharge	1.25 times normal Block 2 rate	1.5 times normal Block 3 rate	2 times normal Block 4 rate	3 times normal Block 5 rate	1.25 times year- round rate	1.25 times seasonal and irrigation-only rate
Stage 3 and Emergency	No surcharge	1.5 times normal Block 2 rate	2 times normal Block 3 rate	3 times normal Block 4 rate	4 times normal Block 5 rate	1.5 times year- round rate	1.5 times seasonal and irrigation- only rate

INTERLOCAL WATER TRANSFER CHARGES – No changes proposed for this section

The purpose of this charge is to recover costs associated with the provision of supplemental water supply under contractual agreement with other water purveyors. The specific rates to be charged will be negotiated with the other party based upon specific conditions using the cost-of-service rate-making approach and approved by OWASA.

TEMPORARY HYDRANT METER CHARGE

Subject to availability, a Customer may obtain a temporary hydrant meter from OWASA for a period of up to 60 days. A customer may submit a written request to use the hydrant meter for one additional 60-day period but granting said request will be subject to availability and is at OWASA’s sole discretion. Service from a fire hydrant is subject to interruption when the hydrant is needed for fire protection, compliance with water conservation standards, and other applicable law. For situations where temporary water service is needed for a period longer than 120 days, the user can purchase a metering device of a size, make and model specified by OWASA. A service charge, payable in advance, shall be collected for setting and removing the meter.

As of Oct. 1, 2018 - Service Charge \$290
Proposed as of Oct. 1, 2019 - **\$320**

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

In addition, a security deposit shall be required.

Temporary Hydrant Meter Security Deposit
\$1,000

Monthly billings for temporary hydrant meters consist of two charges: (1) a service charge for that size meter, and (2) the seasonal commodity charge, including surcharges where applicable, based on monthly readings of the meter. When the hydrant meter is returned, the security deposit shall be applied to the final bill plus any damages. The Customer is responsible for paying OWASA for damages that exceed the amount of the Security Deposit. Any credit balance will be refunded within thirty (30) days.

WATER SYSTEM DEVELOPMENT FEE – No changes proposed for this section

Water system development Fees are calculated to recover a portion of the capital costs of providing water system facility capacity. The system development fee is applicable to each new connection to a water main, regardless of who may have paid for the installation of the water main to which the connection is to be made. For the purpose of system development fees, customer accounts are divided into three categories: (1) Single-family Residential, (2) Multi-family Residential, Individually- metered; and (3) Non-residential. The Non-residential category includes master-metered multi-family customers and all commercial, University, and other institutional accounts. The use of these categories is justified by distinctive patterns of water and sewer consumption.

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

* Same fee for Irrigation-Only accounts.

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

A person or party completing a development or re-development project may be eligible to request and receive a credit on the water system development Fees due if their project directly results in the permanent abandonment of previously existing water meters which were connected to residences, buildings or facilities connected to and having a documented demand on the OWASA water system.

If OWASA determines that a credit is due, the amount of the credit shall be based on the current water system development Fees that would apply to the size of the water meters that are permanently abandoned as a direct result of the project. However, the credit due shall not exceed the amount of the water system development Fees that would otherwise apply to the development or re-development project. System development fee credits are not transferrable to any other project or property.

If an existing water meter is removed from service and/or is replaced with a smaller meter, OWASA will not issue any credit or refund to the customer for any previously paid system development fees.

WATER SERVICE AND METER INSTALLATION CHARGE

This charge is to recover costs of extending service from the OWASA distribution system to individual properties, and includes the installation of a service connection from the water main to the meter and the setting of the meter to serve the customer’s premises, subject to satisfactory easement or license being provided by the applicant. Where a suitable OWASA stub-out for service has been made and is available, the "meter-only" charge shall apply. Customer requested meter/water service relocations shall be performed on a time and materials basis. Complete new and/or additional water service installation and meter-only charges are as follows:

Service Description	As of Oct. 1, 2018 Fee	Proposed for Oct. 1, 2019
Complete Water Service Installation, 5/8” meter	\$4,110	\$4,600
Complete Water Service Installation, 3/4” Combination Fire and Domestic Service Meter	\$4,350	\$4,840
Complete Water Service Installation, 1” meter	\$4,280	\$4,850
Meter Only Installation, 5/8” meter	\$260	No change
Meter Only Installation, 3/4” Combination Fire and Domestic Service Meter	\$500	No change
Meter Only Installation, 1” Combination Fire and Domestic Service Meter	\$540	No change
Meter Only Installation, 1” meter	\$340	No change
Meter Only Installation, 1-1/2” meter	\$660	\$650
Meter Only Installation, 1-1/2” Combination Fire and Domestic Service Meter	\$830	No change
Meter Only Installation, 2” meter	\$890	\$1,320
Meter Only Installation, 2” Combination Fire and Domestic Service Meter	\$1,000	No change
Remote Read Box with 5/8” Detector Meter	\$500	No change

Complete installation costs are determined on a time and materials basis for 1-1/2 inch and 2- inch meters. For 3-inch and larger meters, the applicant shall be responsible for providing a meter box or vault constructed to OWASA standards. All meters, regardless of size, shall be purchased from OWASA at cost plus 10%.

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

Deliver fee for 3-inch and large meters:

As of Oct. 1, 2018 Delivery Fee \$150
Proposed for Oct. 1, 2019 - **\$160**

A remote read box and 5/8" detector meter shall be required on all private fire protection service connections. The remote read box shall be purchased from OWASA and installed by the applicant. OWASA shall install the 5/8" detector meter at the applicant's expense.

WATER MAIN TAPPING FEE – No changes proposed for this section

This charge is for making a tap into an OWASA water main. The tap fee shall be paid in advance of OWASA performing the work, with a minimum of 48-hours advance notice given to OWASA.

The applicant shall be responsible for opening the ditch, providing adequate working clearance at the point of tap, adequately shoring the trench sidewalls, dewatering and such other associated activities as may be needed to provide a suitable and safe condition for OWASA personnel to complete the tap. Additionally, the applicant shall be responsible for providing an appropriate size tapping sleeve and tapping valve, and a backhoe or similar device shall be available on-site for lowering the tapping unit into the ditch line. All permits, bonds and paving shall be the responsibility of the applicant. The charge shall be for time and equipment plus an allowance for overhead, subject to minimum amount.

Minimum Charge \$430

The base fee noted above includes one (1) site visit by OWASA to determine if the applicant is ready for OWASA to perform the tap. A reinspection fee will be charged for each additional site visit required to determine if the water main is accessible and all required material and safety measures are in place. The tap will not be performed until any applicable reinspection fees are paid in full.

Tap Reinspection Fee - \$150

HYDRAULIC FIRE FLOW TESTING – No changes proposed for this section

This charge is calculated to recover the cost of hydrant 'fire flow' testing of the water distribution system. Test results provide data to developers and engineers to determine available flows and pressures in the systems they are designing for new developments.

\$230 per test

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SECTION II: SEWER RATES AND FEES

MONTHLY SEWER RATES

Sewer charges are billed monthly at approximately 30-day intervals. Charges are due upon receipt of the bill, and become delinquent 25 days after the billing date. Monthly sewer rates consist of two components: a monthly service charge and a sewer commodity (volume) charge.

Sewer Service Charge

This charge is calculated to recover the direct and indirect customer service, service and inspection maintenance, and capital costs associated with providing sewer service to the customer’s property. Meter readings and service charges for first and final bills are prorated based on days of service. Applicable to all sewer accounts, regardless of whether there is a commodity charge, the monthly service charge is based on the size of the meter where sewer usage is measured as follows:

Meter Size	As of Oct. 1, 2018 Monthly Service Charge	Proposed for Oct. 1, 2019
5/8” or 3/4” Combination Fire and Domestic Service	\$12.24	\$12.85
1”	\$21.02	\$22.07
1-1/2”	\$36.24	\$38.05
2”	\$54.79	\$57.53
3”	\$103.61	\$108.79
4”	\$158.39	\$166.30
6”	\$290.39	\$304.91
8”	\$495.54	\$520.31

The monthly sewer service charge shall apply to any meter(s) used to directly or indirectly measure the volume of wastewater discharged from a customer’s premises, regardless of whether the water source to the customer is from OWASA’s drinking water and/or reclaimed water system, or a non-OWASA water source including but not limited to harvested rainwater or groundwater.

Sewer Commodity Charge

This charge is calculated to recover the remaining direct and indirect costs of wastewater treatment and collection, maintenance, inspection, customer service and administration and sewer capital costs not recovered by the monthly service charge. When a billing period includes a change in commodity rates, the charges are prorated based on the ratio of days in the billing period at the old and new rates. Metered monthly consumption will be billed in thousand-gallon increments rounded down to the nearest thousand gallons. Unbilled consumption due to rounding will be carried forward and billed in the month when the next thousand-gallon increment is registered by the meter. This charge is applicable to all accounts receiving sewer service based on the water meter reading, sewer meter reading if applicable, or estimated volume of discharge as determined by OWASA.

The sewer commodity charge is applicable to all customers discharging wastewater into the OWASA sewer system, regardless of whether that discharge results from the customer’s use of OWASA’s drinking water or reclaimed water, or their use of a non-OWASA water source, including but not limited to harvested rainwater or groundwater.

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As of Oct. 1, 2018 - \$6.61 per thousand gallons
Proposed for Oct. 1, 2019 - **\$6.94**

Individually-metered residential customers will not be charged for monthly sewer use in excess of 15,000 gallons.

INTERLOCAL WASTEWATER COLLECTION, TREATMENT AND DISPOSAL CHARGES – No changes proposed for this section

The purpose of this charge is to recover costs associated with the provision of wastewater collection, treatment and disposal services under contractual agreements with other wastewater service providers. The specific rates to be charged will be negotiated with the other party based upon specific conditions using the cost-of-service rate-making approach and approved by OWASA.

MONTHLY RATES FOR SEWER-ONLY ACCOUNTS

For sewer-only accounts where there is no OWASA meter for directly or indirectly measuring the volume of wastewater discharged by the customer, the monthly sewer service and commodity charges shall be fixed and be the total of:

- (1) a monthly service charge which shall be determined by the water meter size which would be required to supply water service to the property,

plus
- (2) a sewer commodity charge per 1,000 gallons of the estimated volume of wastewater expected to be discharged by the customer (using national engineering standards as the basis); provided however, that in no case shall the billable quantity be less than 4,000 gallons per month.

As of Oct. 1, 2018 - \$6.61 per 1,000 gallons
Proposed for Oct. 1, 2019 - **\$6.94** per 1,000 gallons

For special commercial and industrial customer classifications where the proportion of water consumed to wastewater discharged is extremely large, a metered sewer account may be approved. Metered sewer accounts must also pay the appropriate monthly sewer service charge based on the sewer meter size.

If a customer that has a standard metered water and sewer service (sewer gallons billed are based on the water gallons billed) also discharges wastewater resulting from the use of OWASA reclaimed water, harvested rainwater, groundwater, or sources other than OWASA drinking water, that customer shall be billed a monthly service charge and commodity charges calculated in accordance the *OWASA Rainwater Harvesting Systems Requirements and Charges Policy* for said additional discharge; provided, however, that the minimum threshold for which the charges shall apply is 3,000 gallons per month. For this purpose, such systems serving single-family residential customers are deemed to fall below this threshold, provided there is also a standard metered water and sewer service.

SEWER SYSTEM DEVELOPMENT FEE – No changes proposed for this section

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

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who may have paid for the installation of the main to which the connection is to be made. For the purpose of the system development fee, customer accounts are divided into three categories: (1) Single-family Residential; (2) Multi-family Residential, Individually-metered; and (3) Non-residential. The Non-residential category includes master-metered Multi-family customers plus all other commercial, University, and other institutional accounts. The use of these categories is justified by distinctive patterns of water and sewer consumption.

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

In addition to the sewer system development fee, an excess sewer capacity fee of four percent (4%) of the applicable sewer system development fee shall be charged to recover the costs of excess sewer capacity installed in an area covered by an agreement between OWASA and a developer for credit payments to the constructing developer. This fee shall apply to residential and non-residential customers.

A person or party completing a development or re-development project may be eligible to request and receive a credit on the sewer system development fees due if their project directly results in the permanent abandonment of previously existing water meters and sewer services which were connected to residences, buildings or facilities connected to and having a documented demand on the OWASA sanitary sewer system.

If OWASA determines that a credit is due, the amount of the credit shall be based on the current sewer system development fees that would apply to the size water meters that are permanently abandoned as a direct result of the project. However, the credit due shall not exceed the amount of the sewer system development fees that would otherwise apply to the development or re-development project. System development fee credits are not transferrable to any other project or property.

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If an existing water or sewer meter upon which consumption is based is removed from service and/or is replaced with a smaller meter, OWASA will not issue any credit or refund to the customer for any previously paid system development fees.

SEWER TAP CHARGE – No changes proposed for this section

This charge is for making a tap of the applicant's private sewer lateral into the main sewer line or sewer manhole of OWASA. The tap fee must be paid in advance of OWASA performing the work, with a minimum of 48-hours advance notice given to OWASA.

The applicant shall be responsible for opening the ditch, providing adequate working clearance at the point of tap, adequately shoring the trench sidewalls, dewatering and such other associated activities as may be needed to provide a suitable and safe condition for OWASA to connect the service lateral of the applicant into the facilities of OWASA. The minimum charge is based on a standard 4" service tap to the OWASA sewer line. All lines 6" in diameter and larger must be tapped into a manhole. All permits, bonds and pavement repairs are the responsibility of the applicant. The charge shall be for time and equipment plus an allowance for overhead, subject to a minimum.

Minimum charge \$520.

The base fee noted above includes one (1) site visit by OWASA to determine if the applicant is ready for OWASA to perform the tap. A reinspection fee will be charged for each additional site visit required to determine if the sewer main is accessible and all required material and safety measures are in place. The tap will not be performed until any applicable reinspection fees are paid in full.

Tap Reinspection Fee - \$150

HIGH STRENGTH WASTE SURCHARGE

The purpose of this charge is to recover operation and maintenance costs from customers whose wastewater discharge into the system is in excess of certain parameters for normal strength domestic wastewater as determined by OWASA. Based on local sampling and analysis, normal strength domestic wastewater has been determined to have the following pollutant characteristics.

Normal Strength Domestic Wastewater	
Carbonaceous Biochemical Oxygen Demand (CBOD)	205 mg/l
Suspended Solids (SS)	235 mg/l
Ammonia Nitrogen (NH ₃ -N)	25 mg/l
Phosphorus (P)	6.5 mg/l

High Strength Waste Surcharges shall apply at the following rates to all wastes exceeding the above concentrations:

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As of Oct. 1, 2018	
Carbonaceous Biochemical Oxygen Demand (CBOD)	\$0.44 per pound for all CBOD in excess of 205 mg/l
Suspended Solids (SS)	\$0.53 per pound for all SS in excess of 235 mg/l
Ammonia Nitrogen (NH ₃ -N)	\$3.10 per pound for all NH ₃ -N in excess of 25 mg/l
Phosphorus (P)	\$12.51 per pound for all P excess of 6.5 mg/l

Proposed for Oct. 1, 2019	
Carbonaceous Biochemical Oxygen Demand (CBOD)	\$0.46 per pound for all CBOD in excess of 205 mg/l
Suspended Solids (SS)	\$0.56 per pound for all SS in excess of 235 mg/l
Ammonia Nitrogen (NH ₃ -N)	\$3.26 per pound for all NH ₃ -N in excess of 25 mg/l
Phosphorus (P)	\$13.13 per pound for all P excess of 6.5 mg/l

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SECTION III: RECLAIMED WATER RATES AND CHARGES

No changes proposed for Section III

MONTHLY RECLAIMED WATER RATES

Reclaimed water (RCW) charges will be billed monthly at approximately 30-day intervals. Charges are due upon receipt of the bill, and become delinquent 21 days after the original billing date. Monthly reclaimed water rates consist of two components: a monthly service charge and a commodity (volume) charge.

The University of North Carolina at Chapel Hill (UNC) funded the construction of the first phase of the reclaimed water system, and the methodology for determining reclaimed water charges applicable to UNC is stipulated by a contract between OWASA and UNC. For this reason, reclaimed water charges have been established for two major customer classes: UNC uses and non-UNC uses. As determined necessary by OWASA, and in accord with OWASA’s contractual obligations to UNC, reclaimed water service to non-UNC customers may be temporarily interrupted to ensure the UNC’s reclaimed water demand can be met from the facilities and capacity paid for by UNC.

Reclaimed Water Service Charge

This fixed monthly charge is calculated to recover direct and indirect costs including but not limited to customer service and billing, meter and lateral maintenance, general and administrative services, and fixed costs associated with supplying reclaimed water to the customer’s property. The Reclaimed Water service charge is applicable to all metered reclaimed water accounts, independent of the quantity of reclaimed water consumed. Meter readings and service charges for first and final bills are prorated based on days of service.

UNC Reclaimed Water Use (covers all UNC reclaimed water uses served by the facilities paid for by UNC) \$24,000 per month.

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

Service charges for non-UNC reclaimed water meters larger than 2” will be determined on a case-by-case basis following an evaluation of the reclaimed water demands of the customer.

Reclaimed Water Commodity Charge

This charge is calculated to recover the direct costs for reclaimed water treatment and distribution and all other direct and indirect costs not recovered by fixed monthly service charges. This charge is applicable to all reclaimed water accounts based on meter readings of reclaimed water consumed.

When a billing period includes a change in commodity rates, the charges are prorated based on the ratio of days in the billing period at the old and new rates. Metered monthly consumption will be billed in thousand-gallon increments rounded down to the nearest thousand gallons. Unbilled consumption due

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

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

RECLAIMED WATER SYSTEM DEVELOPMENT AND CONNECTION FEES

Reclaimed Water System Development Fees

The purpose of this fee is to recover the capital costs of providing reclaimed water system facility capacity and to fund future expansion of that capacity. Since the University (UNC) has paid to construct the reclaimed water system, UNC will not be required to pay a reclaimed water system development fee for UNC facilities that are connected to and can be served by capacity available in the reclaimed water facilities paid for by the UNC.

Reclaimed water system development fees are applicable to each non-UNC connection to the reclaimed water system, regardless of who may have paid for the installation of the main to which the connection is to be made. Reclaimed water system development fees for non-UNC customers are as follows:

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

Reclaimed water system development fees for connections to be served by meters larger than 2 inches shall be determined on a case-by-case basis following an evaluation of the reclaimed water demands of the customer.

Reclaimed Water Service Connection Fees

Reclaimed water service connection fees, including meter installation and meter fees, shall be the same as the fees applicable to potable water system service connections, as specified in Section I of this schedule.

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SECTION IV: MISCELLANEOUS CHARGES

SERVICE INITIATION FEE – No changes proposed for this section

The purpose of this charge is to defray the labor and administrative costs associated with the establishment of a water and/or sewer account. This includes establishing service and account records for billing and is applicable to all accounts.

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

RETURNED CHECK CHARGE – No changes proposed for this section

Checks or automatic bank drafts made payable to OWASA are accepted as payment on account subject to collection. When a check or bank draft is not honored for payment by the bank or other institution on which it is drawn, a Returned Check Charge will be applied to the customer's account as follows:

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

The customer will be notified of the returned check charge and instructed to pay the amount due immediately. Failure to respond within the time allowed will result in disconnection of water service and an additional charge for reconnection. The customer may also be required to pay a security deposit or an additional security deposit.

CHARGE FOR DELINQUENT ACCOUNTS – No changes proposed for this section

The purpose of this charge is to offset the costs of special handling of delinquent accounts, which may include, but is not limited to, the disconnection and reconnection of service due to nonpayment of the customer's bill. This charge applies to all accounts scheduled for disconnection for nonpayment and is applicable on or after the specified disconnect date, regardless of whether the service was disconnected or not. Reconnection resulting from disconnection due to nonpayment will be made within 24 hours of receipt of full payment of the balance due plus the delinquency charge and applicable security deposit.

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

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

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

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

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if the customer provides documentation that a master cutoff valve has been installed within thirty (30) days of the date of the temporary service disconnection.

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

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

CHARGE FOR MANUALLY READING WATER METERS – new section

To measure and bill for customers' water use, OWASA utilizes meters that record hourly water use readings and transmits them to OWASA's administrative office electronically. The system provides customers with valuable information about their water use: information that can be used to detect and limit the impact (cost and property damage) of leaks in the customer's plumbing system.

At the time the metering system was installed, a few customers objected to the installation of an electronic meter at their locations. In response, OWASA's Board of Directors adopted a policy that allowed then-existing customers the option of continuing to be served by a non-electronic meter. Doing so requires that an OWASA staff member travel to the customer's location once per month to read the meter. For manually read meters, the following conditions apply:

- Customers choosing a manual read option shall not be eligible for leak notifications or emergency water loss adjustments.
- A monthly fee of \$45 will be charged to cover the cost of reading the meter manually.

LATE PAYMENT FEE – No changes proposed for this section

This fee is designed to recover a portion of the cost of delinquent payment collection efforts that arise prior to service termination and are not recovered by charges for reconnection of delinquent accounts, and to encourage customers to make timely payments, thereby reducing the overall cost of a delinquent account to the customer base. The late payment fee applies when a customer's account is delinquent as defined above.

Late Payment Fee: For past due balances of \$10.00 or more, \$2.40 plus 0.42% a month (5% APR) of the outstanding balance.

SECURITY DEPOSITS – No changes proposed for this section

OWASA requires security deposits from customers to ensure payment of the final bill. To offset administrative costs in handling these monies, no interest is paid on security deposits.

Security deposits shall be required on all accounts other than those of (1) residential customers, whether detached or attached units, who have a satisfactory credit history as determined by a credit check, and (2) local, state and federal governments or agencies thereof. Security deposits shall be required for accounts other than those in (1) and (2) above and shall be \$50 or \$100 depending on credit worthiness for residential customers. All security deposits must be paid at the time application for service is made and in advance of service initiation.

Any residential customer whose service has been disconnected for non-payment of billing charges twice within a six-month period and for whom OWASA does not have a security deposit will be required to pay a \$50 or \$100 deposit depending on credit worthiness prior to reconnection of service.

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Non-residential security deposits are required based on credit worthiness and will be computed as one or two times the average monthly bill of the previous customer at the same location over the past calendar year. If there is no previous customer at the service location, the security deposit will be determined by OWASA based on the best information available, such as OWASA’s experience with similar types, sizes, etc. of businesses.

Repeated disconnections will require additional security deposits until the customer has accumulated a security deposit balance, which will cover an average of three months’ billing charges.

Security deposits may be refunded upon written request after the customer has established a satisfactory payment history for twelve (12) consecutive months. Otherwise, security deposits will be applied to the final bill when a customer's account is terminated with any remaining balance refunded to the customer.

BULK WASTEWATER CHARGES

Normal Domestic Septage

The purpose of these charges is to recover the costs associated with the service rendered by OWASA to those customers who discharge normal domestic septic tank wastes into the wastewater treatment facilities of OWASA. Applicable to those customers who have an account established at OWASA’s Customer Service Office, charges for handling normal domestic septage will be billed to the customer on a monthly basis. The monthly bill will include two components: (1) an administrative charge for special services required to receive this type waste and rendering the monthly bill; and (2) a charge for the treatment of the septage as determined by OWASA. This charge is calculated as follows:

As of Oct. 1, 2018	
Administrative Charge	\$30 per trip, plus
Volume Charge and High Strength Surcharge	\$142.80 per thousand gallons
Proposed for Oct. 1, 2019	
Administrative Charge	\$30 per trip, plus
Volume Charge and High Strength Surcharge	\$149.94 per thousand gallons

Other High Strength Waste

Other wastes may be discharged to OWASA’s septage facilities only with prior approval by OWASA and upon OWASA’s direct inspection of the actual discharge. The costs associated with these services will be as follows:

- NH₃-N = Ammonia Nitrogen
- CBOD = Carbonaceous Biochemical Oxygen Demand
- TSS = Total Suspended Solids
- P = Phosphorus

Administrative Charge of \$30 per trip, plus Volume and High Strength Surcharge calculated as follows:

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As of Oct. 1, 2018
A + B + C + D + E = Calculated Dollars per Thousand Gallons, where:
A = pounds of NH ₃ -N per thousand gallons in waste x \$3.10 per pound
B = pounds of CBOD per thousand gallons in waste x \$0.44 per pound
C = pounds of TSS per thousand gallons in waste x \$0.53 per pound
D = \$6.61 per 1,000 gallons Sewer Commodity Charge
E = pounds of P per thousand gallons in waste x \$12.51 per pound
Waste concentrations shall be determined by OWASA

Proposed for Oct. 1, 2019
A + B + C + D + E = Calculated Dollars per Thousand Gallons, where:
A = pounds of NH ₃ -N per thousand gallons in waste x \$3.26 per pound
B = pounds of CBOD per thousand gallons in waste x \$0.46 per pound
C = pounds of TSS per thousand gallons in waste x \$0.56 per pound
D = \$6.94 per 1,000 gallons Sewer Commodity Charge
E = pounds of P per thousand gallons in waste x \$13.13 per pound
Waste concentrations shall be determined by OWASA

TANK SALES OR BULK WATER SALES

The purpose of this charge is to recover the labor and administrative costs associated with the supply of bulk quantities of water to tank trucks or trailers from a metering point on the premises of OWASA. Applicable to all tank or bulk water sales, the following charges apply for each loading.

As of Oct. 1, 2018	
Administrative Charge	\$25 per trip, plus
Commodity Charge	\$6.14 per thousand gallons or portion thereof

Proposed for Oct. 1, 2019	
Administrative Charge	\$25 per trip, plus
Commodity Charge	\$6.45 per thousand gallons or portion thereof

Bulk sales are subject to administrative regulations and controls for protection of the wastewater system and efficient operation. Water tank trucks or trailers are only authorized to withdraw water from locations approved by OWASA and for which adequate usage monitoring measures are provided. Charges for bulk sales are not subject to seasonal adjustments.

DIRECT SALES OF SUPPLIES – No changes proposed for this section

Applicable to the direct sale of supplies from inventory to municipalities or contractors, the supplies will be billed at the most recent cost plus a handling charge of 10%.

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

Fees are applicable to all persons using row boats and canoes on University Lake and Cane Creek Reservoir during scheduled hours of operation as established by OWASA. Boat rental and lake user charges are:

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

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

Group Season Pass	
Boat or canoe rental	\$163.00 (maximum of 3 people per pass.) Each additional person pays appropriate lake use fee.
Boat with trolling motor rental	\$245.00 (maximum of 3 people per pass.) Each additional person pays appropriate lake use fee.

For visitors who are not OWASA Customers or Orange County Residents	
Charge for each flat-bottomed boat or canoe rental	\$8.00 for one-half day plus the applicable lake use fee for each person
Trolling motor rental	\$22.00 for one-half day
Kayak rental	\$20.00 for one-half day plus the applicable lake use fee for each person
Private Boat Launching Fee	\$7.00 per boat plus the applicable lake use fee for each person
Lake Use Fee, Under 12 years old	\$2.50 per person
Lake Use Fee, 12-64 Years	\$5.50 per person
Lake Use Fee, 65 Years and over	\$2.50 per person
UNC Men’s Crew Club and Women’s Rowing Team	By agreement between UNC-Chapel Hill and OWASA

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

Upon a customer's written request, OWASA will conduct a special field test of the customer's 5/8" water meter or 3/4" combination fire and domestic service meter. There will be no charge for testing meters (1) which have not been tested during the past five years, or (2) which are found to be over-registering. Over-registering meters will be replaced by OWASA at no charge to the customer.

If, however, the meter has been tested within the past five years and the results of the meter test indicate proper or under-registering, the customer will be charged:

As of Oct. 1, 2018 - Meter test \$90
Proposed for Oct. 1, 2019 - Meter test **\$100**

SHOP TESTING OF METER

Upon a customer's written request, OWASA will conduct a special shop test of water meters that are larger than 3/4 inches. There will be no charge for testing meters (1) which have not been tested during the past five years, or (2) which are found to be over-registering. Over-registering meters will be replaced by OWASA at no charge to the customer.

If, however, the meter has been tested within the past five years and the results of the meter test indicate proper or under-registering, the customer will be charged:

As of Oct. 1, 2018 - Shop meter test \$200
Proposed for Oct. 1, 2019 - Shop meter test **\$220**

FIELD TEST OF LARGE METERS

Upon a customer's written request, OWASA will conduct a special field test of water meters that are larger than 5/8 inches. There will be no charge for testing meters (1) which have not been tested during the past five years, or (2) which are found to be over-registering. Over-registering meters will be replaced by OWASA at no charge to the customer.

If, however, the meter has been tested within the past five years and the results of the meter test indicate proper or under-registering, the customer will be charged a meter test fee based on the actual time and equipment required to complete the field test.

As of Oct. 1, 2018 - Minimum charge \$170
Proposed for Oct. 1, 2019 - Minimum charge **\$190**

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REINSPECTION FEE – No changes proposed for this section

OWASA will initially inspect grease traps, cross connections and water and sewer taps at no cost to the customer. Should a subsequent reinspection be required for any of these fixtures, a fee will apply to each reinspection.

Tap Reinspection Fee - \$150

PLAN REVIEW AND CONSTRUCTION OBSERVATION FEES – Propose to include a minimum fee

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

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

Fees for Plan Review are due when the sealed plans are submitted for review. Fees for Construction Observation are collected upon final plan approval. Additional fees for projects which increase in scope (e.g. the number of feet of mains is lengthened after initial fee payment) shall be collected prior to receiving a permission to proceed from OWASA. No refunds will be granted for projects which decrease in scope after fee payment.

CHARGES FOR MISCELLANEOUS SERVICES – No changes proposed for this section

Charges for miscellaneous services provided by OWASA shall be on a time and materials basis and include out-of-pocket expenses, cost of materials and services supplied by third parties, and overhead. Typical applications would be for repair of damages to water and sewer lines by outside parties, relocation of mains, services and meters, special services for billing information, expenses related to spill containment responses, etc.

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

TRANSFER OF CHARGES – No changes proposed for this section

Any unpaid balance from past due charges for water and/or sewer services of terminated accounts or Charges for Miscellaneous Services will be transferred to any available active account(s) through which the customer is receiving services. The payment status of the active account through which the customer is receiving service will be determined by the payment status of transferred accounts.

OWASA may temporarily withhold service from a customer, or refuse service to a customer when such a customer (including but not limited to individuals, corporations, or partnerships), owes OWASA any past due balance.

Accounts or portions of accounts, including charges for material or damaged property that are disputed and delinquent fees and delinquent assessment charges, may be submitted to the courts by the Executive Director, upon approval by General Counsel, for collection if such amounts do not exceed \$1,500. For amounts exceeding \$1,500, approval of the Board of Directors shall also be required prior to filing an action for collection.

**Resolution Adopting the Annual Budget For
Orange Water and Sewer Authority (OWASA) for the Fiscal Year
July 1, 2019 Through June 30, 2020**

Whereas, Section 7.05 of the Bond Order and North Carolina G.S. Chapter 159 require that on or before the first day of July in each fiscal year OWASA will adopt a Budget for the ensuing fiscal year;

Whereas, such Budget is to include estimates of revenues of the water, sewer and reclaimed water systems, current operations expenses, interest income, debt service costs, and disbursements from the general fund for capital improvements and equipment purchases; and

Whereas, during the preparation of the Fiscal Year (FY) 2020 Budget, and after holding public hearings on May 23, 2019 concerning the FY 2020 Budget, the Board of Directors determined that it is necessary to increase the rates OWASA charges for monthly water and sewer services by 5% in order to provide sufficient revenues to fund ongoing operations, debt service and the Capital Improvements Program; and

Whereas, certain other fees have been adjusted based on changes in the costs of providing the services; and

Whereas, due to increased workload in executing communication initiatives and other administrative tasks, the budget also includes increased funding for a new position, Communications Specialist;

Now, Therefore, Be It Resolved:

1. That pursuant to the provisions of North Carolina G.S. Chapter 159-13 the attached pages marked 3 through 7 be, and they hereby are, adopted as the official budget of Orange Water and Sewer Authority of the Fiscal Year beginning July 1, 2019 through June 30, 2020.
2. That a new Communications Specialist position, Salary Grade 615, shall be added to the Schedule of Employee Classification and Authorized Compensation.
3. That the appropriations for departments, functions, and projects as shown in the attached budget for the respective purposes and in the respective amounts therein specified are hereby made.
4. That the Executive Director shall administer the budget and is hereby authorized to expend the funds for the purposes set forth therein.

Adopted this 13th day of June 2019.

Yinka Ayankoya, Chair

ATTEST:

Raymond E. DuBose, Secretary

ORANGE WATER AND SEWER AUTHORITY
STATEMENT OF INCOME, EXPENSE AND DEBT SERVICE
(OPERATING)

	FY 2020 Annual Budget
Operating Revenue	
Water	\$19,144,421
Sewer	18,157,612
Reclaimed Water	458,820
Service Initiation Fee	153,928
Other	969,168
Refunds and Adjustments	(212,573)
Total Operating Revenue	\$38,671,376
Operating Expense	
General and Administrative	8,055,734
Operations	15,503,228
Total Operating Expense	23,558,962
Net Operating Income	15,112,414
Non-operating Revenue	
Customer Fees	1,448,887
Interest	46,403
Total Net Income	16,607,704
Debt Service	
Existing	6,735,246
New	1,312,016
Total Debt Service	8,047,262
Net Income Less Debt Service	\$8,560,442
Debt Coverage Ratio	2.06

**ORANGE WATER AND SEWER AUTHORITY
STATEMENT OF INCOME AND EXPENSE
(CAPITAL/NON-OPERATING)**

		FY 2020 Annual Budget
General Fund		
Resources		
Transfer from Revenue	\$8,560,442	
Annual Income Available for Capital		8,560,442
Transfer from Construction Fund (Bond/Loan Proceeds)		<u>20,000,000</u>
Total Available for Capital		<u>28,560,442</u>
Capital Expenditures		
Project Ordinances		
General Fund Contribution	6,423,000	
Funded by Bond Proceeds	<u>20,000,000</u>	
Total Project Ordinances		26,423,000
Capital Equipment		<u>989,700</u>
Total Capital Outlay		<u>27,412,700</u>
Annual General Fund Balance		1,147,742
General Fund Beginning Balance		<u>17,018,861</u>
General Fund Ending Balance		18,166,603
Project Funding	(1,719,299)	
Reserves		
Rate/Revenue Stabilization	1,865,102	
Capital Improvements	4,400,000	
Working Capital	<u>13,620,800</u>	<u>18,166,603</u>
Unallocated General Fund Balance		<u><u>\$0</u></u>

REVENUE FUND

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Fund Balance July 1, 2019			\$0
Receipts			
Operating Revenue			
Customer Billings	\$19,144,421	\$18,157,612	\$37,302,033
Reclaimed Water	458,820	-	458,820
Service Initiation Fee	76,964	76,964	153,928
Other	484,584	484,584	969,168
Refunds and Adjustments	<u>(106,287)</u>	<u>(106,286)</u>	<u>(212,573)</u>
Total Operating Revenue	20,058,502	18,612,874	38,671,376
Non-operating Revenue			
Customer Fees	634,836	814,051	1,448,887
Interest Income	<u>23,202</u>	<u>23,201</u>	<u>46,403</u>
Total Non-operating Revenue	658,038	837,252	1,495,290
Total Receipts	20,716,540	19,450,126	40,166,666
Expenditures			
Current Expense	(12,177,627)	(11,381,335)	(23,558,962)
Debt Service	<u>(4,753,142)</u>	<u>(3,294,120)</u>	<u>(8,047,262)</u>
Total Expenditures	(16,930,769)	(14,675,455)	(31,606,224)
Net Revenue			8,560,442
To General Fund			(8,560,442)
Fund Balance June 30, 2020			<u>\$0</u>
Change in Available Balance			<u><u>\$0</u></u>

BOND SERVICE FUND

Fund Balance July 1, 2019		\$0
Receipts		
Transfer from Revenue Fund	\$8,047,262	
Interest	<u> </u>	
Total Receipts		8,047,262
Expenditures		
Debt Service	<u>8,047,262</u>	
Total Expenditures		<u>(8,047,262)</u>
Fund Balance June 30, 2020		<u>\$0</u>
Change in Available Balance		<u><u>\$0</u></u>

GENERAL FUND

Fund Balance July 1, 2019		\$17,018,861
Receipts		
Transfer from Revenue Fund	\$8,560,442	
Transfer from Construction Fund (Bond/Loan Proceeds)	20,000,000	
Interest	-	
Assessments	-	
Grants and Contributions	-	
	<hr/>	
Total Receipts		<u>28,560,442</u>
Total Balance Before Expenditures		45,579,303
Expenditures		
Capital Equipment/Leases	989,700	
Project Resolutions	26,423,000	
Transfer to Revenue Fund	0	
	<hr/>	
Total Expenditures		<u>(27,412,700)</u>
Fund Balance June 30, 2020		<u><u>\$18,166,603</u></u>
Allocation of Fund Balance June 30, 2020		
Project Funding	(1,812,497)	
Capital Reserves	19,979,100	
	<hr/>	
Total Allocation		<u><u>\$18,166,603</u></u>
Unallocated General Fund Balance June 30, 2020		<u>\$0</u>
Change in Available Balance		<u><u>\$1,147,742</u></u>

**Resolution Approving the Capital Improvements Program and Budget
For Fiscal Years 2020-2024**

Whereas, a Five-Year Capital Improvements Program and budget enables Orange Water and Sewer Authority to identify, assess, and project the water and sewer systems’ capital projects in an orderly, coordinated, and fiscally sound manner, and to plan for the replacement and repair of existing facilities; and

Whereas, the Capital Improvements Program and budget for Fiscal Years 2020-2024 have been developed by the staff, reviewed by the Board of Directors, and revisions incorporated therein; and

Whereas, a Public Hearing on the Capital Improvements Program was held on May 23, 2019;

Now, Therefore, Be It Resolved:

1. The Board of Directors of Orange Water and Sewer Authority approves the Capital Improvements Program and budget for Fiscal Years 2020-2024 as required by the Financial Management Policy.
2. That the Executive Director be, and is hereby, authorized to administer the planning, studies, design, and financing, and make recommendations to the Board of Directors for award of contracts, as appropriate, for the projects in the Capital Improvements Budget.
3. The Five-Year Capital Improvements Program Budget for Fiscal Years 2020-2024 is as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$26,423,000
2021	27,939,000
2022	16,178,000
2023	23,987,000
2024	<u>18,148,000</u>
Total	<u>\$112,675,000</u>

Adopted this 13th day of June 2019.

Yinka Ayankoya, Chair

ATTEST:

Raymond E. DuBose, Secretary

**Capital Project Resolution for
Fiscal Year 2020 Infrastructure Improvements**

Whereas, present infrastructure must be maintained and additional infrastructure developed to meet future needs; and

Whereas, Orange Water and Sewer Authority (OWASA) has determined that certain additional infrastructure improvements are needed, including improvements to the water supply system; water treatment and distribution system; wastewater collection, treatment and disposal system; reclaimed water system; and support services facilities; and

Whereas, adequate funds will be available for the completion of these improvements;

Now, Therefore, Be It Resolved:

1. A project fund of \$26,423,000 is hereby established and expenditures therefrom authorized for the following improvements:

Expenditures

Water Supply Improvements:

Jordan Lake Raw Water Supply Allocation	\$10,000
Quarry Reservoir Development	15,000
University Lake Pump Station Improvements	981,000
Cane Creek Pump Station Improvements	10,000
University Lake Permanganate Facility	35,000
Cane Creek Raw Water Transmission Main Capacity Study	50,000

Subtotal	1,101,000
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Water Treatment and Distribution Improvements:

Near Term Funding for Water Facility Assets	80,000
WTP Belt Filter Press Replacement	350,000
WTP Sedimentation Basin Rehabilitation	1,190,000
Concrete Condition Assessment	100,000
WTP Finished Water Pump Improvements	250,000
WTP Chemical Facility Improvements	555,000
WTP and WWTP SCADA Master Plan	25,000
HVAC Replacement Program	150,000
WTP Electrical Distribution Improvements	50,000
Repair/Rehabilitation of WTP Front Entry	35,000
Near-term Funding for Water Distribution System - Rehabilitation	400,000
Reimbursement for Distribution System Improvements	48,000
Fordham Service Road Water Main Replacement	864,000
High Priority Water Main Replacement Program	5,813,000
Dobbins Drive Water Main Replacement	750,000
West Cameron Avenue Water Main Replacement	150,000
Distribution System Hydraulic Model	150,000
Galvanized Water Main Replacement Program	200,000
Kensington Drive Water Main Replacement	521,000
Distribution System Prioritization Model	345,000
Distribution System Sampling Stations	60,000
Jones Ferry Rd Water Main Replacements	300,000
Bolinwood Bridge Water Main Replacement	50,000

Westwood Neighborhood Water and Sewer Rehabilitation 50,000

Subtotal

 12,486,000

Wastewater Collection, Treatment and Disposal Improvements:

Gravity Sewer Rehabilitation Program	3,081,000
Bolinwood Drive Interceptor Replacement	100,000
Dobbins Drive Interceptor Replacement	850,000
Creek Crossing Access Improvements	50,000
Gravity Sewer Hydraulic Model	510,000
Prince Street Service Replacement	10,000
Rogerson Drive Force Main - Program Services	75,000
Rogerson Drive Pump Station Rehabilitation Phase 2	894,000
Pump Station Operational and Needs Assessments	35,000
Rogerson Drive Force Main 2019 Emergency Repair and Rehabilitation	1,200,000
Near-term Funding for Wastewater Facilities Rehabilitation	360,000
Comprehensive Coatings Program	75,000
WWTP Warehouse	25,000
WWTP Solids Thickening Improvements	3,282,000
WWTP Intermediate Pump Station Rehabilitation	113,000
Water and Wastewater Facilities Building Envelope Rehabilitation	50,000
WWTP Secondary Clarifier Rehabilitation	344,000
WWTP Fermenter Improvements	112,000
WWTP Chemical Building and Bulk Tank Piping Rehab	470,000
WWTP Headworks Rehabilitation	888,000
WWTP Server Room	150,000
WWTP Security Improvements	32,000
WWTP Gas Monitoring Systems	90,000
Offsite Biosolids Storage Improvements	40,000

Subtotal

 12,836,000

Total Expenditures

 \$26,423,000

Revenues

Transfers from the General Fund, Bond or Loan Proceeds, and Grants

 \$26,423,000

2. That supplementary funds will be appropriated in future years for completion of the projects.
3. That this Resolution shall take effect upon its passage.
4. That this Resolution shall be entered in the Minutes of OWASA and within five (5) days after its adoption copies thereof shall be filed with the Finance Officer, the Budget Officer, and the Clerk to the Board of Directors as required by General Statute 159-13.2(d).

Adopted this 13th day of June 2019.

Yinka Ayankoya, Chair

ATTEST:

Raymond E. DuBose, Secretary

Resolution Updating the Schedule of Employee Classification and Authorized Compensation; Adjusting Affected Employees' Compensation to the Minimum of the Pay Range; and Authorizing Cost of Labor and Merit Pay Increases for Eligible Employees

Whereas, the Orange Water and Sewer Authority (OWASA) maintains a Schedule of Employee Classification and Authorized Compensation which provides the appropriate number of properly classified and compensated employees to efficiently and effectively fulfill the organization's duties and responsibilities; and

Whereas, the Board of Directors has determined that it is reasonable and prudent in achieving and maintaining competitiveness in the market to increase the pay ranges in the Schedule of Employee Classification and Authorized Compensation; and

Whereas, the Board of Directors has determined that it is reasonable and prudent to provide merit increases to provide fair and equitable compensation so that qualified employees may be retained to do the work necessary for the operation of the OWASA service system:

Now Therefore, Be It Resolved:

1. That the Board of Directors hereby approves a ___% cost of labor increase for eligible employees who have earned a Meets Expectations, Exceeds Expectations or Exceptional Performance review rating during the October 2019 annual review process and the Executive Director is directed to adjust and implement the same percentage increase in salary ranges in the Schedule of Employee Classification and Authorized Compensation.

2. That the Board of Directors hereby approves a merit increase to employees earning a performance review rating of Meets Expectations during the October 2019 annual review process by increasing base pay ___%.

3. That the Board of Directors hereby approves a merit increase to employees earning a performance review rating of Exceeds Expectations during the October 2019 annual review process by increasing base pay ___%.

4. That the Board of Directors hereby approves a merit increase to employees earning a performance review rating of Exceptional during the October 2019 annual review process by increasing base pay ___%.

5. That employees whose salaries fall below the minimum amount of the new pay ranges shall be brought up to the minimum of the respective pay range regardless of the performance rating earned.

6. That the pay adjustments will be effective October 28, 2019.

Adopted this 13th day of June 2019.

Yinka Ayankoya, Chair

ATTEST:

Raymond E. DuBose, Secretary

Agenda Item 6:

Human Resources (HR) Committee Recommendations on the Retiree Health Insurance Benefit and Deferred Compensation (457) Plan

Purpose and background:

In 2014, consultants analyzing OWASA’s compensation and benefits programs determined that two of our benefit plans are not in sync with the employment market. In summary: our deferred compensation (457) plan benefit is below market, whereas our retiree health benefit is above market. Based on recommendations in the report, the Board considered changes to our retiree health benefit and deferred compensation (457) plans. The Board ultimately decided to defer action and directed the HR Committee to work with staff to consider options, and to make a recommendation to the Board of Directors.

The HR Committee met on February 5 and March 18 of 2019 to discuss these subjects and develop a recommendation for the Board of Directors. The HR Committee’s recommendation was provided at the March 28, 2019 board meeting. The HR Committee and staff recommended, and the Board agreed that we present the proposed changes to employees, and obtain their input and feedback, prior to the Board making a final decision.

Information - Retiree Health Benefit:

In the current retiree health insurance plan, OWASA pays a percentage of the health insurance premiums for pre-65-year-old retirees and provides a Medicare Supplement for post-65-year-old retirees. An employee’s age and years of service determine the percentage of premium paid by OWASA.

Years of Service	Age	Percentage of Premium (Pre-65) or Supplement (Post-65) Paid by OWASA
10 years	60	50%
15 years	60	75%
20 years	60	100%
30 years	Any age	100%

Pre-65-year-old retirees stay on OWASA’s group health plan. Post-65-year-old retirees receive a Medicare Supplement where costs vary based on the plan chosen by the retiree (OWASA is not involved in the employee’s decision).

HR Committee Recommendation:

As shown in Appendix A, most of OWASA peer organizations have terminated retiree health insurance benefit plans like the one we currently offer employees. Such plans can be expensive, and they create a long-term liability. In place of plans like ours, many of our peers have implemented a Retiree Health Savings (RHS) plan to help provide employees with funds for healthcare upon retirement.

The RHS account is a trust account established exclusively to receive after tax contributions on behalf of employees to be used for retiree health care expenses. Earnings on the amounts contributed accumulate on a tax-free basis and are not subject to tax if they are used to pay for eligible medical expenses for employees after the employee retires. Eligible expenses include health insurance plan premiums, Medicare premiums, long-term care insurance premiums and out-of-pocket health expenses after retirement. Funds in these plans are portable; if an employee leaves employment at OWASA, the plan goes with the employee.

The (HR) Committee recommends continuing the current retiree health insurance benefit for current employees and, as of a to-be-determined date, provide new employees with a RHS account. The plan would include an employer and employee contribution. Employees hired after the established date would not be eligible for the current benefit: only the medical savings account. Existing employees would not be eligible for the new RHS account plan.

The HR Committee suggests a plan similar to those offered by our nearby peers:

- Mandatory employee participation
- Employees contribute 2% each pay period up to \$1,000 per plan year
- Employer contributes \$35 per pay period (26 periods per year) with a maximum of \$910 per year
- Total annual RHS contribution not to exceed \$1,910

Employee Feedback

Multiple open meetings were held, and all employees were invited to provide feedback on the proposed changes. The following summarizes the feedback:

- There was general support of the recommended changes and employees appreciated the opportunity to discuss.
- Employees understood the need to reduce benefits and many were grateful that it would start with new hires and current employee benefits would remain intact.
- Employees asked if they could choose whether to stay on the current plan or move to the RHS.
- Some were concerned that \$1,910 invested each year would not build up enough to cover future medical costs.
- Some asked if they could keep the current benefit and participate in the RHS voluntarily without the employer contribution.
- Some felt that requiring an additional 2% contribution (over the 6% for the Local Government Retirement System) is too much to ask of new employees.
- It was suggested that the \$35 per pay period contribution be adjusted annually with the cost of labor.

Plan Costs

By continuing to offer the current retiree health benefit to existing employees and offering a new plan to employees hired in the future, long-term costs will decrease but costs in the short-term will rise.

- Costs to provide health insurance generally increase annually.
- The number of employees eligible for the current benefit will decline over time with employee turnover.
- The number of retired employees collecting the benefit of the current plan will decline as fewer will be alive to receive it.
- As the number of employees and retirees participating in the new benefit plan increase, costs, as compared to continuing with the current plan, will decline.

See Appendix B for further details about projected costs of implementing the HR Committee’s recommendation.

Information – Deferred Compensation (457)

One of the goals of the HR Committee was to improve the competitiveness of OWASA’s 457 plan while ensuring that no current employees will have a reduction in their current benefit.

The benefit provided by OWASA’s current 457 plan is shown below. Contributions have not been adjusted in almost 20 years.

OWASA’s Annual Contribution to Employees’ 457 Accounts (amount)					
	Employee’s Tenure				
	0 to < 4 Years	4 to 9 Years	10-14 years	15-19 Years	20+ Years
Bi-weekly	\$0	\$40	\$60	\$80	\$100
Annual	\$0	\$1,040	\$1,560	\$2,080	\$2,600

Information about the benefits offered by other local entities is presented in Appendix C.

HR Committee Recommendation:

After reviewing several options that were provided to the Board on [March 28, 2019](#), the HR Committee recommends the following:

- Offering a 457 plan that includes employer contributions that are 3% of an employee’s salary without requiring an employee matching contribution brings our 457 benefit in-line with peer organizations and provides a more valuable benefit to employees.
- Benefits shall begin at hire date.
- Including a minimum employer contribution amount ensures a meaningful benefit for all employees.
- No employees would realize a reduction in the amount of their 457 benefit. Current employees may choose to stay with the current plan and cost projections assume current employees would remain on the current plan if the benefit is greater than the new plan.
- A significant number of employees would realize an increase in the amount of their benefit. This assumes employees would be eligible for the benefit upon starting employment with OWASA.
- The HR Committee recommends escalating the minimum contribution (\$1,300) annually by the amount of the Board approved cost of labor adjustment.

Employee Feedback

Multiple open meetings were held, and all employees were invited to provide feedback on the proposed changes. The following summarizes the feedback:

- Many were excited about the benefit improvement and appreciated the opportunity to discuss.
- Some asked if a current employee could make an election and then change their mind in the future? Maybe in 5 years?
- Many supported the provision that benefits would begin at hire. A small number of employees stated that it should begin after probation.

Human Resources Committee Recommendations on the Retiree Health Insurance Benefit and Deferred Compensation (457) Plan

June 7, 2019

Page 4

- A few asked if there would be increases to the employer contribution for those that stay with the current plan?
- It was stated that those with higher salaries will receive more contribution money.
- Employees questioned how the HR Committee decided on 3%? To them, it still seems below market.
- Many felt that this will help attract qualified new hires.

Plan Costs

The average annual cost, over the past five years, has been about \$200,000 for the Deferred Compensation (457) plan. With the HR Committee's recommendation, costs would increase by approximately \$73,000 in the first 12-month period; the proposed budget includes funds for the estimated FY 2020 cost of the new plan.

Human Resource Policy Changes:

Should the Board implement the recommended HR Committee changes for these two benefits, changes are necessary to the Human Resource Policy. Staff has prepared suggested changes in Appendix D.

Action Needed:

Board approval to accept the HR Committee's recommendations regarding the Retiree Health Benefits for New Hires and Deferred Compensation (457) Plan by approving the accompanying resolutions.

Information:

- Appendix A Retiree Health Benefit Plan Comparative Information
- Appendix B Cost of Retiree Health Plan
- Appendix C Deferred Compensation (457) Plan Comparative Information
- Appendix D Human Resource Policy Changes
- Resolution Authorizing the Executive Director to Execute Contract with ICMA and Amend Retiree Health Insurance Benefits for New Hires
- Resolution to Amend the Deferred Compensation Benefit for Employees
- Resolution Updating the Human Resource Policy; Changes to Retiree Health Benefits for New Hires and Deferred Compensation (457) Plan

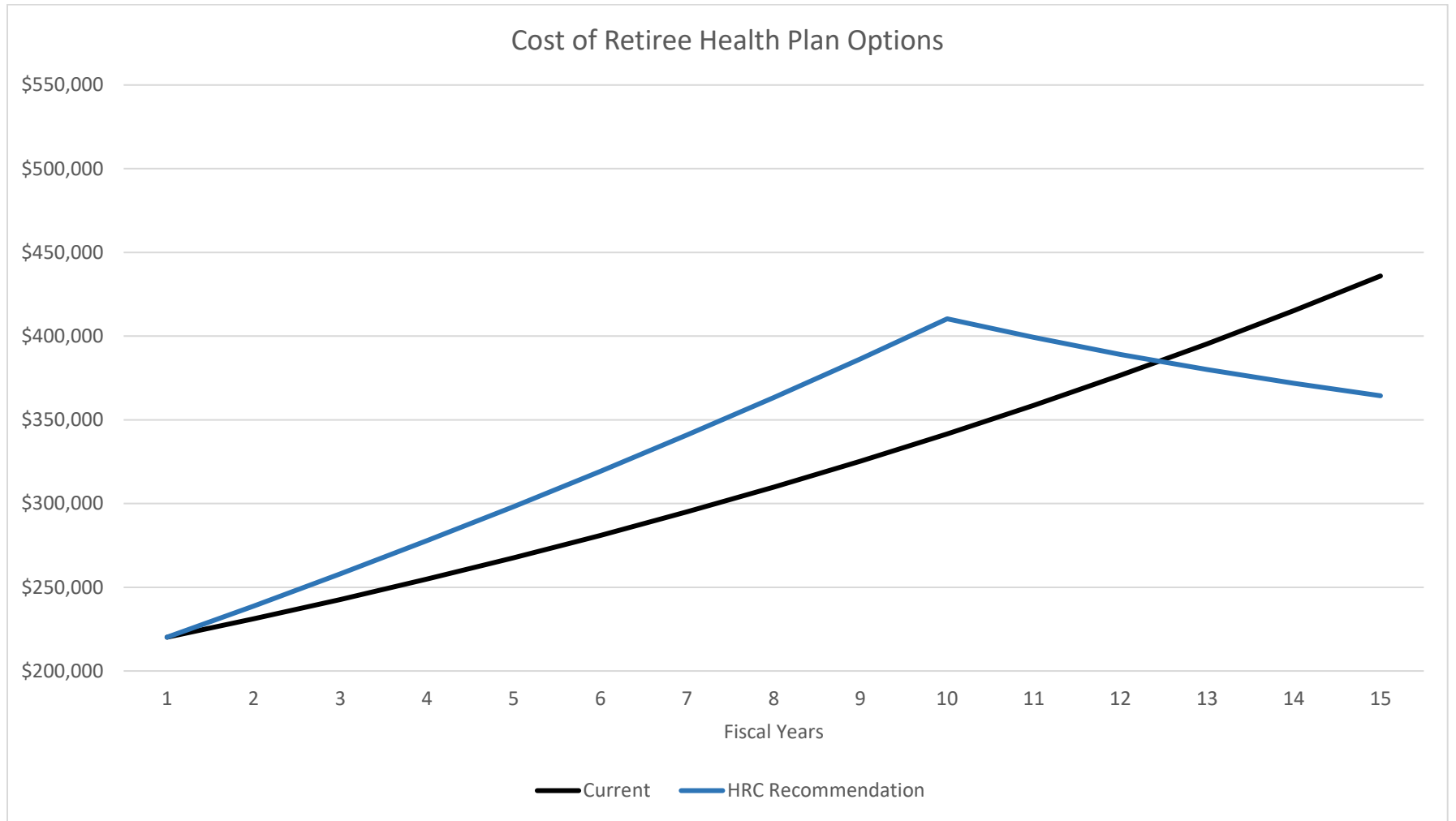
Appendix A
Retiree Health Benefit Plan Comparative Information

Entity	Retiree Benefits																																			
Cape Fear Public Utility Authority	Cape Fear Public Utility Authority formed in July 2008 from a merger of the City of Wilmington and New Hanover County. Existing employees hired prior to July 2008 are eligible for individual health policies until age 65. If hired after July 2008, no retiree benefits available.																																			
City of Durham	<p>Employees hired prior to July 1, 2008 are eligible to participate in the medical benefits up to age 65. Those hired after July 1, 2008 must participate in a Retirement Health Savings (RHS) plan by contributing 2% each pay period up to \$1,000 per plan year. The City of Durham contributes \$35.00 per pay period with a maximum of \$910 per year. The total annual RHS contribution will not exceed \$1,910 for the plan year. The plan includes a vesting schedule for employer contributions.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Hire Date</th> <th style="text-align: center;">10 Years of Service</th> <th style="text-align: center;">15 Years of Service</th> <th style="text-align: center;">20+ Years of Service</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Prior July 2008</td> <td style="text-align: center;">Active Employee Cost + 50% of City Cost</td> <td style="text-align: center;">Active Employee Cost + 25% of City Cost</td> <td style="text-align: center;">Pays Active Employee Cost</td> </tr> <tr> <td style="text-align: center;">After July 2008</td> <td style="text-align: center;">50% Vested</td> <td style="text-align: center;">75% Vested</td> <td style="text-align: center;">100% Vested</td> </tr> </tbody> </table>	Hire Date	10 Years of Service	15 Years of Service	20+ Years of Service	Prior July 2008	Active Employee Cost + 50% of City Cost	Active Employee Cost + 25% of City Cost	Pays Active Employee Cost	After July 2008	50% Vested	75% Vested	100% Vested																							
Hire Date	10 Years of Service	15 Years of Service	20+ Years of Service																																	
Prior July 2008	Active Employee Cost + 50% of City Cost	Active Employee Cost + 25% of City Cost	Pays Active Employee Cost																																	
After July 2008	50% Vested	75% Vested	100% Vested																																	
Greenville Utilities Commission	<p>Retirees remain on the group plan until age 65 and may participate in Medicare Supplemental Plan and Medicare Part-D at the same percentage based on the eligibility schedule below.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Years of Service</th> <th style="text-align: center;">Base Plan Contribution Percentage Age 55 - 59</th> <th style="text-align: center;">Base Plan Contribution Percentage Age 60 - 64</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">20 – 24 Years</td> <td style="text-align: center;">50% for retiree</td> <td style="text-align: center;">65% for retiree</td> </tr> <tr> <td style="text-align: center;">25 Years or more</td> <td style="text-align: center;">75% for retiree</td> <td style="text-align: center;">95% for retiree</td> </tr> </tbody> </table>	Years of Service	Base Plan Contribution Percentage Age 55 - 59	Base Plan Contribution Percentage Age 60 - 64	20 – 24 Years	50% for retiree	65% for retiree	25 Years or more	75% for retiree	95% for retiree																										
Years of Service	Base Plan Contribution Percentage Age 55 - 59	Base Plan Contribution Percentage Age 60 - 64																																		
20 – 24 Years	50% for retiree	65% for retiree																																		
25 Years or more	75% for retiree	95% for retiree																																		
Orange County	<p>If hired on or before June 30, 2012 retirees must have worked 10 years as permanent employees for Orange County. If hired after, retirees must have worked 20 years as permanent employees. After age 65, Orange County pays for Medicare Supplement Plan and Part D at same percentage.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Hire Date</th> <th colspan="2" style="text-align: center;">Before* - 6/30/2012</th> <th colspan="2" style="text-align: center;">7/1/2012 and later</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Age</td> <td style="text-align: center;">Under age 65</td> <td style="text-align: center;">65 or older</td> <td style="text-align: center;">Under age 65</td> <td style="text-align: center;">65 or older</td> </tr> <tr> <td style="text-align: center;">Years of Service (Minimum)</td> <td style="text-align: center;">10</td> <td style="text-align: center;">10</td> <td style="text-align: center;">20</td> <td style="text-align: center;">20</td> </tr> <tr> <td style="text-align: center;">Retiree Coverage</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">100%</td> </tr> <tr> <td style="text-align: center;">Age</td> <td style="text-align: center;">Under age 65</td> <td style="text-align: center;">65 or older</td> <td style="text-align: center;">Under age 65</td> <td style="text-align: center;">65 or older</td> </tr> <tr> <td style="text-align: center;">Years of Service (Minimum)</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">5</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">10</td> </tr> <tr> <td style="text-align: center;">Retiree Coverage</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">50%</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">50%</td> </tr> </tbody> </table> <p>*Prior to 7/1/2008, County subsidized the cost of retiree dependent health premiums.</p>	Hire Date	Before* - 6/30/2012		7/1/2012 and later		Age	Under age 65	65 or older	Under age 65	65 or older	Years of Service (Minimum)	10	10	20	20	Retiree Coverage	100%	100%	100%	100%	Age	Under age 65	65 or older	Under age 65	65 or older	Years of Service (Minimum)	n/a	5	n/a	10	Retiree Coverage	n/a	50%	n/a	50%
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Years of Service (Minimum)	n/a	5	n/a	10																																
Retiree Coverage	n/a	50%	n/a	50%																																

Entity	Retiree Benefits																			
Town of Carrboro	<p>If hired before July 1, 2007 the retiree may remain on the group health plan until age 65 at which time they participate in a Medicare Supplement Plan based on the same eligibility schedule. If hired after July 1, 2007 the same schedule applies but retiree receives a monetary stipend for their own plan. The stipend amount is based on the current active employee individual premium rate.</p> <table border="1" data-bbox="464 411 1336 596"> <thead> <tr> <th data-bbox="464 411 899 499">Years of Service</th> <th data-bbox="899 411 1336 499">Percentage Insurance Premium or Stipend Amount</th> </tr> </thead> <tbody> <tr> <td data-bbox="464 499 899 533">10 – 14 Years</td> <td data-bbox="899 499 1336 533">50%</td> </tr> <tr> <td data-bbox="464 533 899 567">15 – 19 Years</td> <td data-bbox="899 533 1336 567">75%</td> </tr> <tr> <td data-bbox="464 567 899 596">20 or more Years</td> <td data-bbox="899 567 1336 596">100%</td> </tr> </tbody> </table>					Years of Service	Percentage Insurance Premium or Stipend Amount	10 – 14 Years	50%	15 – 19 Years	75%	20 or more Years	100%							
Years of Service	Percentage Insurance Premium or Stipend Amount																			
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15 – 19 Years	75%																			
20 or more Years	100%																			
Town of Cary	<p>Retirees with 15 years of service are eligible for the Town to subsidize 50% of the individual rate. Each additional year of service beyond 15 years increases the percentage of the subsidy by 5%, with a maximum subsidy of 100% for 25 years of service. When the retiree is no longer covered by the group health insurance plan due to coverage under Medicare or some other form of a Federal Government-sponsored health insurance program, the Town will continue to provide a subsidy to the retiree to be applied to the cost of the retiree’s Medicare supplemental plan, Part D prescription drug plan, Town-sponsored group vision plan, and Town sponsored group dental plan, or any other applicable health-related supplemental plan. The amount of the subsidy applied toward these plans shall not exceed 100% of the amount due each month to keep these plans in force, will not change more than once each fiscal year, and will never exceed the amount of the subsidy provided to the retiree still active on the Town’s group health insurance plan. The retiree is responsible for paying any balance due after the Town’s subsidy (if applicable) has been applied. Current, monthly subsidy amount is \$718.</p>																			
Town of Chapel Hill	<p>Retirees hired prior to July 1, 2010 receive health insurance or Medicare Supplement premiums paid by employer on a vested schedule based on their time in service. If hired after July 2010, enrollment is mandatory in a Retirement Health Savings (RHS) plan with employee contributions of 1% of compensation, and the Town contributes \$35 each pay date (26 pay periods). The plan includes a vesting schedule for employer contributions.</p> <table border="1" data-bbox="342 1440 1459 1644"> <thead> <tr> <th data-bbox="342 1440 553 1503">Hire Date</th> <th data-bbox="553 1440 760 1503">5 Years of Service</th> <th data-bbox="760 1440 967 1503">10 Years of Service</th> <th data-bbox="967 1440 1214 1503">15 Years of Service</th> <th data-bbox="1214 1440 1459 1503">20+ Years of Service</th> </tr> </thead> <tbody> <tr> <td data-bbox="342 1503 553 1598">Prior July 2010</td> <td data-bbox="553 1503 760 1598">25% of Premiums Paid by Town</td> <td data-bbox="760 1503 967 1598">50% of Premiums Paid by Town</td> <td data-bbox="967 1503 1214 1598">75% of Premiums Paid by Town</td> <td data-bbox="1214 1503 1459 1598">100% of Premiums Paid by Town</td> </tr> <tr> <td data-bbox="342 1598 553 1644">After July 2010</td> <td data-bbox="553 1598 760 1644">25% Vested</td> <td data-bbox="760 1598 967 1644">50% Vested</td> <td data-bbox="967 1598 1214 1644">75% Vested</td> <td data-bbox="1214 1598 1459 1644">100% Vested</td> </tr> </tbody> </table>					Hire Date	5 Years of Service	10 Years of Service	15 Years of Service	20+ Years of Service	Prior July 2010	25% of Premiums Paid by Town	50% of Premiums Paid by Town	75% of Premiums Paid by Town	100% of Premiums Paid by Town	After July 2010	25% Vested	50% Vested	75% Vested	100% Vested
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Prior July 2010	25% of Premiums Paid by Town	50% of Premiums Paid by Town	75% of Premiums Paid by Town	100% of Premiums Paid by Town																
After July 2010	25% Vested	50% Vested	75% Vested	100% Vested																

Entity	Retiree Benefits											
Town of Hillsborough	<p>The retiree may continue to receive health insurance coverage comparable to that being provided for regular employees without cost either for the life of the retiree or until eligible for Medicare. No post-65 benefits available.</p>											
	<table border="1"> <thead> <tr> <th data-bbox="475 384 797 447">Hire Date</th> <th data-bbox="797 384 1002 447">Minimum Age</th> <th data-bbox="1002 384 1323 447">Continuous service with Town</th> </tr> </thead> <tbody> <tr> <td data-bbox="475 447 797 478">Before Feb. 2009</td> <td data-bbox="797 447 1002 478">55</td> <td data-bbox="1002 447 1323 478">20</td> </tr> <tr> <td data-bbox="475 478 797 510">After Feb. 2009</td> <td data-bbox="797 478 1002 510">60</td> <td data-bbox="1002 478 1323 510">30</td> </tr> </tbody> </table>	Hire Date	Minimum Age	Continuous service with Town	Before Feb. 2009	55	20	After Feb. 2009	60	30		
	Hire Date	Minimum Age	Continuous service with Town									
	Before Feb. 2009	55	20									
After Feb. 2009	60	30										

Appendix B



Appendix C
Deferred Compensation (457) Plan Comparative Information

Organization	Deferred Compensation	Effective	Employee Contribution	Last Update
Town of Chapel Hill	401K - employer 5% contribution	At hire	Not Required	Not sure of exact date but 18+ years ago
Town of Hillsborough	401K - employer 5% contribution	At hire	Not Required	Employer reported "Unknown"
Town of Carrboro	401K - employer 3% contribution	At hire	Not Required	July 1, 2013
Greenville Utilities Commission	401K - employer contributes flat amount \$40 per pay period (\$1,040 annually)	At hire	Not Required	Employer reported "Unknown"
Cape Fear Public Utility Authority	401K and 457 offered; employer 2% contribution, plus another 2% match if the employee contributes 2% or greater	First of the month following employment	Not Required to receive employer contribution; matching option available	January 1, 2018
Town of Cary	401K and 457/401a plan offered; employer will contribute 5% to employee's choice of 401K or 401a	At hire	Not Required	Not sure of exact date 17+ years ago
City of Durham	401K and 457 offered; employer contributes 5% to 401K	At hire	Not Required	Unknown
Orange County	401K and 457 offered; employer contributes \$715 per year; if an employee contributes employer will match up to \$63 each pay period for a matching total of \$1,512 per year; employee can choose either 401K or 457 for the employer contribution/matching option	At Hire	Not Required to receive employer contribution; matching option available	July 1, 2014

Appendix D
Human Resource Policy Changes

Section 13. Employee Benefits

B. Group Health and Dental Insurance

OWASA provides full-time employees group health and dental insurance plans including dependent coverage and will pay ~~either the majority or~~ full cost of the premium for the employee. OWASA will also pay for a portion of the cost for dependent coverage as determined by the Board of Directors.

~~If hired before (to be determined date), OWASA will pay 100% of the health insurance premium or Medicare supplemental premium for any employee who retires after completing 30 years of service with the organization. OWASA will also pay 100% of the premium costs for those employees who retire at age 60 with 20 years of service; 75% of the premium for employees who retire at age 60 with 15 years of service; and 50% of the premiums for those who retire at age 60 with 10 years of service. Retiree health coverage does not extend to dependents and does not include dental or vision care coverage for the retired employee.~~

~~If hired after (to be determined date), employees are required to contribute to a Retirement Health Savings (RHS) account. Employees will contribute 2% each pay period up to \$1,000 per plan year. OWASA will contribute \$35 per pay period up to \$910 per year. The total annual RHS contribution shall not exceed \$1,910.~~

J. Deferred Compensation Plan

OWASA provides an annual contribution to a Section 457 Tax Deferred Compensation Plan for all full-time employees. ~~with four or more years of continuous service.~~ The purpose of this Plan is to provide employees with supplemental income upon ~~reaching retirement age~~ retiring. OWASA contributions to the Plan ~~are pre-tax by OWASA and subsequent earnings accrued within the Plan remain~~ are not taxable tax free to employees until withdrawn. Employees may ~~make elective contributions to participate on their own by making individual contributions into the 457~~ to the Plan. Such voluntary contributions do not require employees to complete any minimum service requirements prior to enrollment in the Plan. Eligible employees may convert Sick or Annual Leave into their 457 Plan at designated periods during the year.

~~Employees hired after (to be determined date) are eligible to receive an employer contribution beginning at the employment date. The contribution is 3% of the employee's annual salary with a minimum annual contribution to be set by the Board. The minimum annual contribution will be adjusted annually by the amount of the Board-approved cost of labor adjustment.~~

~~Employees hired before (to be determined date) had x-days after (to be determined date) to elect to either remain on the 457 plan in-place prior to (to be determined date) or participate in the new plan. Employees who chose to remain on the "old" plan shall receive contribution amounts are based on the employee's their years of service. and that increases as the employee continues his/her service in good standing with the organization.~~ Employees with 4-9 years of service receive contributions of \$40 per pay period; those with 10-14 years receive \$60 per pay period; those with 15-19 years receive \$80 per pay period and those with 20 or more years of service receive \$100 per pay period.

**RESOLUTION UPDATING THE HUMAN RESOURCES POLICY; CHANGES TO
RETIREE HEALTH BENEFITS FOR NEW HIRES AND DEFERRED
COMPENSATION (457) PLAN**

WHEREAS, the Board of Directors has determined to revise the Human Resources (HR) Policy to reflect changes to OWASA’s retiree health benefits and deferred compensation plan.

NOW THEREFORE, BE IT RESOLVED:

1. The Board of Directors hereby amends the Human Resources Policy; and
2. HR Policy, Section 13.B and Section 13.J are amended as provided below; and
3. That the Executive Director is hereby authorized to determine the “to-be-determined” effective date to be no later than December 31, 2019.

B. Group Health and Dental Insurance

OWASA provides full-time employees group health and dental insurance plans including dependent coverage and will pay either the majority or full cost of the premium for the employee. OWASA will also pay for a portion of the cost for dependent coverage as determined by the Board of Directors.

If hired before (to be determined date), OWASA will pay 100% of the health insurance premium or **Medicare** supplemental premium for any employee who retires after completing 30 years of service with the organization. OWASA will also pay 100% of the premium costs for those employees who retire at age 60 with 20 years of service; 75% of the premium for employees who retire at age 60 with 15 years of service; and 50% of the premiums for those who retire at age 60 with 10 years of service. Retiree health coverage does not extend to dependents and does not include dental or vision care coverage for the retired employee.

If hired after (to be determined date), employees are required to contribute to a Retirement Health Savings (RHS) account. Employees will contribute 2% each pay period up to \$1,000 per plan year. OWASA will contribute \$35 per pay period up to \$910 per year. The total annual RHS contribution shall not exceed \$1,910.

J. Deferred Compensation Plan

OWASA provides an annual contribution to a Section 457 Tax Deferred Compensation Plan for all full-time employees. ~~with four or more years of continuous service.~~ The purpose of this Plan is to provide employees with supplemental income upon ~~reaching retirement age~~ **retiring**. **OWASA** contributions to the Plan **are pre-tax** by OWASA and subsequent earnings accrued **within the Plan remain are not taxable** tax free to employees until withdrawn. Employees may **make**

Resolution Updating the Human Resources Policy; Changes to Retiree Health Benefits for New Hires and Deferred Compensation (457) Plan

June 13, 2019

Page 2

~~elective contributions to participate on their own by making individual contributions into the 457 to the Plan.~~ Such voluntary contributions do not require employees to complete any minimum service requirements prior to enrollment in the Plan. Eligible employees may convert Sick or Annual Leave into their 457 Plan at designated periods during the year.

Employees hired after (to be determined date) are eligible to receive an employer contribution beginning at the employment date. The contribution is 3% of the employee's annual salary with a minimum annual contribution to be set by the Board. The minimum annual contribution will be adjusted annually by the amount of the Board-approved cost of labor adjustment.

Employees hired before (to be determined date) had x-days after (to be determined date) to elect to either remain on the 457 plan in-place prior to (to be determined date) or participate in the new plan. ~~Employees who chose to remain on the "old" plan shall receive contribution amounts are based on the employee's their years of service. and that increases as the employee continues his/her service in good standing with the organization.~~ Employees with 4-9 years of service receive contributions of \$40 per pay period; those with 10-14 years receive \$60 per pay period; those with 15-19 years receive \$80 per pay period and those with 20 or more years of service receive \$100 per pay period.

Adopted this 13th day of June 2019.

Yinka Ayankoya, Chair

ATTEST:

Raymond E. DuBose, Secretary

RESOLUTION TO AMEND THE DEFERRED COMPENSATION BENEFIT FOR EMPLOYEES

WHEREAS, in 2014 consultants analyzing OWASA’s compensation and benefits programs determined that its deferred compensation (457) plan benefit plan is below market;

WHEREAS, the Orange Water and Sewer Authority currently makes biweekly contributions to qualifying employees’ deferred compensation (457) plan accounts; and

WHEREAS, current 457 plan benefits begin after an employee has reached four years of service, and contribution amounts are based on the employee’s years of service. Employees with 4-9 years of service receive contributions of \$40 per pay period; those with 10-14 years receive \$60 per pay period; those with 15-19 years receive \$80 per pay period and those with 20 or more years of service receive \$100 per pay period.

WHEREAS, the Human Resource (HR) Committee has recommended to the OWASA Board of Directors that employees be offered a new 457 plan benefit, for employees hired after (to be determined date); and

WHEREAS, employees shall be eligible to participate in the new 457 plan as of employment start date; annual employer contributions to employees’ accounts shall be the greater of 3% of wages or \$1,300; the minimum annual contribution of \$1,300 shall be adjusted annually by the amount of the Board-approved cost of labor adjustment; and

WHEREAS, employees hired before (to be determined date) shall have until (x-days after to be determined date) to choose to participate in the new plan or remain on the 457 plan in-place prior to (to be determined date).

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors accepts the above recommendations set forth by the HR Committee, and directs the same be implemented by the Executive Director.

Adopted this 13th day of June 2019.

Yinka Ayankoya., Chair

ATTEST:

Raymond E. DuBose., Secretary

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE
CONTRACT WITH INTERNATIONAL CITY/COUNTY MANAGEMENT
ASSOCIATION (ICMA-RC) AND AMEND RETIREE HEALTH INSURANCE
BENEFITS FOR NEW HIRES**

WHEREAS, in 2014 consultants analyzing OWASA’s compensation and benefits programs determined that our retiree health benefit was above market.

WHEREAS, current benefits pay 100% of the health insurance premium or supplemental premium for any employee who retires after completing 30 years of service or retirees age 60 with 20 years of service; 75% of the premium for employees who retire at age 60 with 15 years of service; and 50% of the premiums for those who retire at age 60 with 10 years of service.

WHEREAS, the Human Resource (HR) Committee has recommended that OWASA’s retiree health insurance benefits be amended;

WHEREAS, employees hired after (to-be-determined date) will be enrolled in a Retiree Health Savings (RHS) account with ICMA-RC; and

WHEREAS, employees hired after (to-be-determined date) are required to contribute 2% of their salary each pay period up to a maximum of \$1,000 per plan year; and

WHEREAS, OWASA will contribute \$35 per pay period (26 periods per year) with a maximum of \$910 per year with total annual RHS contribution not to exceed \$1,910.

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors has determined to accept the above recommendations set forth by the HR Committee; and
2. That the Executive Director is hereby authorized to execute the RHS contract with ICMA-RC; and
3. That the Executive Director is hereby authorized to determine the “to-be-determined” effective date and such date shall be no later than December 31, 2019.

Adopted this 13th day of June 2019.

Yinka Ayankoya, Chair

ATTEST:

Raymond E. DuBose, Secretary

Agenda Item 7:

Monitoring of Compounds of Emerging Concern Update and Discussion

Purpose:

To provide an update on the monitoring, ongoing state and federal research, regulatory interest, proposed next steps with regards to compounds of emerging concern in drinking water and wastewater.

Background

OWASA is committed to providing our customers with high quality and reliable drinking water and wastewater services. That means we are staying informed, involved, and proactive in the science and research regarding the water quality impacts of compounds of emerging concern.

OWASA's drinking water is safe. OWASA maintains full compliance with all Federal and State regulations and levels of unregulated compounds are below health advisory levels, where applicable, in our treated drinking water.

The Environmental Protection Agency's (EPA) Unregulated Contaminant Monitoring Rule (UCMR) is a program used to gather occurrence data for emerging compounds that do not currently have federal drinking water quality standards. Data reviewed as part of the UCMR3 has indicated elevated concentrations of 1,4-dioxane and PFAS compounds in some North Carolina waters. Additionally, [monitoring performed by the North Carolina Division of Water Resources \(DWR\)](#) confirmed the presence of these compounds in surface waters within the Cape Fear River Basin.

Federal and State agencies, industry leaders, scientists, and utilities are working together to better understand the prevalence, sources, and impacts of these compounds throughout the state. With advances in laboratory analyses that can detect compounds in the parts per trillion (equivalent to a single grain of sand in an Olympic-sized swimming pool), the science is evolving to better understand what that means for our water quality.

1,4-Dioxane: 1,4-Dioxane is a clear liquid that is highly miscible in water. It has historically been used as a solvent stabilizer and is currently used for a wide variety of industrial and manufacturing purposes. The compound can be found in industrial solvents, paint strippers, and varnishes and is often produced as a by-product of chemical processes to manufacture soaps, plastics, and other consumer products. The compound has been characterized as "likely to be carcinogenic to humans". 1,4-Dioxane has not been found in OWASA's raw water sources or treated drinking water. OWASA has not tested wastewater influent for 1,4-dioxane, however, we will begin proactively monitoring in the summer of 2019.

PFAS: Per and polyfluoroalkyl substances (together, PFAS) are a class of man-made chemicals. These compounds have been sometimes referred to as perfluorinated compounds or PFCs, however the EPA and other organizations are switching to PFAS rather than PFCs to consistently and collectively describe this class of compounds. There is evidence that continued exposure above specific levels to certain PFAS may lead to adverse health effects.

PFAS are found in a wide array of consumer and industrial products. They are used in a variety of products resistant to water, grease, or stains such as carpet, clothing, fabric for furniture, paper packaging for food and other materials (e.g., cookware). Thus, PFAS are commonly found in household dust as well as household discharges to wastewater. They are also used in aqueous firefighting foams (AFFF) that are used at airfields and in industrial processes.

PFAS can enter lakes, rivers, or groundwater through industrial releases, discharges from wastewater treatment plants, and the use of AFFF. Often, PFAS in water are localized and associated with a specific facility, such as river adjacent to a facility where these chemicals are produced or used in the manufacture other products. However, sources such as fire training facilities, military bases, domestic airports have also been identified as potential PFAS contributors. Treated effluent from wastewater treatment plants and biosolids land application sites have also been identified as PFAS contributors as they are conveyors of PFAS that enter the wastewater stream from industrial and household sources.

Health Advisory Level & Regulatory Outlook

In 2016, the EPA established a lifetime health advisory level (HAL) of 70 parts per trillion (ppt) for the combined amount of two PFAS - PFOA and PFOS - in drinking water (one part per trillion is equivalent to one grain of sand in an Olympic size pool). HALs are not regulatory and do not indicate the line between safe and unsafe levels. They identify the level at which adverse health effects are not anticipated to occur from a lifetime of exposure, including a protective factor for the most sensitive populations.

The EPA is in the process of making a regulatory determination for PFOS and PFOA. Depending on the outcome, the EPA may move forward with establishing a maximum contaminant level (MCL) for these two compounds. The regulatory determination is expected by the end of 2019. If the EPA decides to pursue an MCL for these compounds, it could still take several years to implement ([EPA's PFAS Action Plan](#)).

Currently there is no established MCL for 1,4-dioxane. In 2012, the EPA established a lifetime HAL of 0.20 parts per million (ppm) for 1,4-dioxane (one part per million is equivalent to one penny in \$10,000).

State Efforts

The North Carolina Division of Water Resources (DWR) conducted a special study of PFAS and 1,4-dioxane in the Cape Fear River Basin in 2018. These studies included data from OWASA's raw water sources and Jordan Lake, which is where our wastewater effluent ends up via Morgan Creek. 1,4-Dioxane was not detected in OWASA's raw water sources. Additionally, 1,4-Dioxane was not detected in Morgan Creek upstream of Jordan Lake.

There were detectable levels of one PFAS compound, PFOS, in the one sample collected from Cane Creek Reservoir. There were detectable levels of one PFAS compound, PFBA in Morgan Creek upstream of Jordan Lake however, this detection was diluted to nondetectable levels upon entering the

reservoir. Overall, these studies found measurable levels of at least one PFAS compound in samples from the Haw River arm of Jordan Lake during every sampling event compared to minimal levels and fewer detections in samples collected from the New Hope Creek arm of Jordan Lake.

To help address industrial sources, DWR is requiring the 25 utilities with pretreatment programs in the Cape Fear River Basin to sample their wastewater influent for both PFAS and 1,4-dioxane. Depending on these results, utilities will be required to identify potential sources to their collections system and work with them to reduce/eliminate these compounds in their wastewater discharge.

Although OWASA is not required to participate in this program, because we do not have any significant industrial users and therefore no pretreatment program, we will begin proactively monitoring our wastewater influent for these compounds this summer.

PFAS Testing Network

The NC [PFAS Testing Network](#) was created in response to a legislative mandate and funding by the North Carolina General Assembly to help answer questions about exposure to PFAS chemicals throughout NC. The Network is comprised of Principal Investigators from NC State, Duke, UNC-Chapel Hill, UNC-Wilmington, UNC-Charlotte, ECU, and NC A&T who have received funding through the North Carolina Policy Collaboratory. The North Carolina Policy Collaboratory was established by the state legislature to utilize and disseminate the environmental research expertise of the University of North Carolina for practical use by state and local government.

Among other studies of PFAS, the PFAS Testing Network is conducting testing of all lakes, reservoirs, and rivers that are public drinking water supplies as well as one representative groundwater well source from each public water supply that relies on groundwater.

In May 2019, the PFAS Testing Network collected a sample from Cane Creek Reservoir. This sample was collected at the same time OWASA collected our second quarter (Q2) 2019 samples. Results from the PFAS Testing Network sample and OWASA's sample were quite consistent with each other.

OWASA's treatment process remains effective at reducing the levels of several of the PFAS compounds. The paired treated drinking water sample OWASA collected had much lower levels of PFOS and PFOA as well as lower levels of the sum of all PFAS compounds detected.

OWASA 2018 PFAS Monitoring Results

In response to testing performed by Duke University, OWASA collected samples for PFAS analysis in January 2018. These analyses measured the level of 39 PFAS in OWASA's raw source waters, treated drinking water, and treated wastewater effluent as well as the raw well water source for Cane Creek Reservoir and Recreation water system, process water within the water treatment plant, and Morgan Creek upstream of the wastewater effluent discharge. Below are some key findings. For full discussion, see the Board's agenda item from February 22, 2018, [Update on Unregulated Compounds in Water Resources, Including Recent Regional Analysis](#).

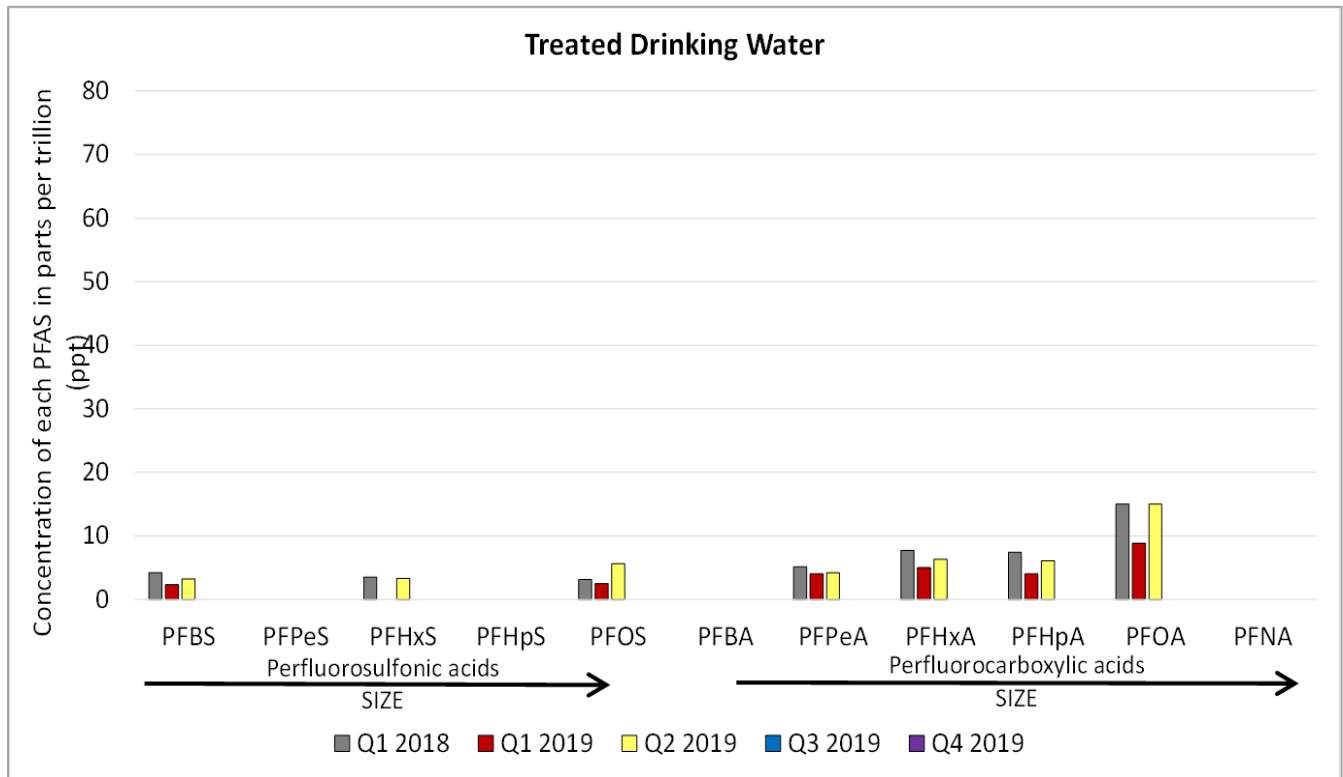
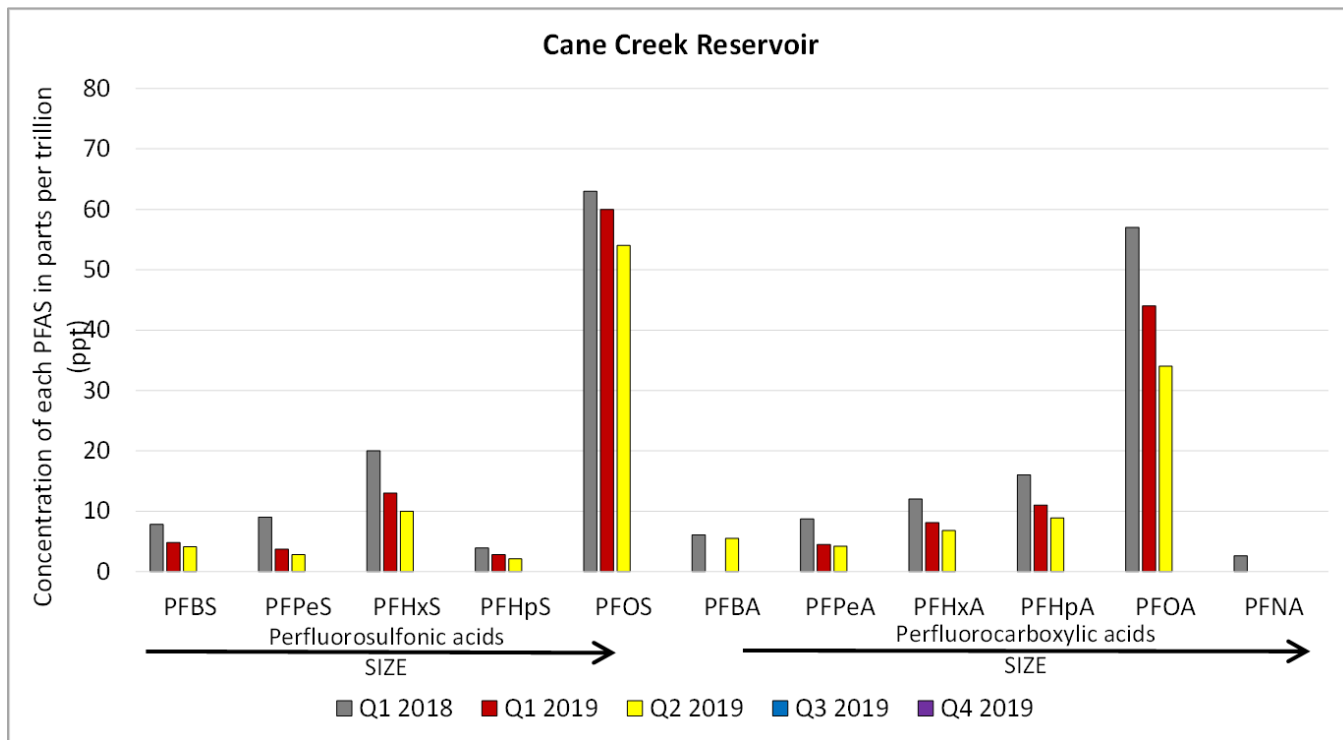
	University Lake	Cane Creek Reservoir	Quarry Reservoir	Treated Drinking Water	Treated Wastewater Effluent	Morgan Creek Upstream
Count of PFAS Detected	2	11	2	7	9	8
Sum of PFAS (ppt) [No HAL]	4.7	206	4.9	37.8 – 45.9	102	49.6
Sum of PFOS & PFOA (ppt) [HAL 70 ppt, drinking water only]	4.7	120	4.9	13.7 – 18.0	23.1	13.4

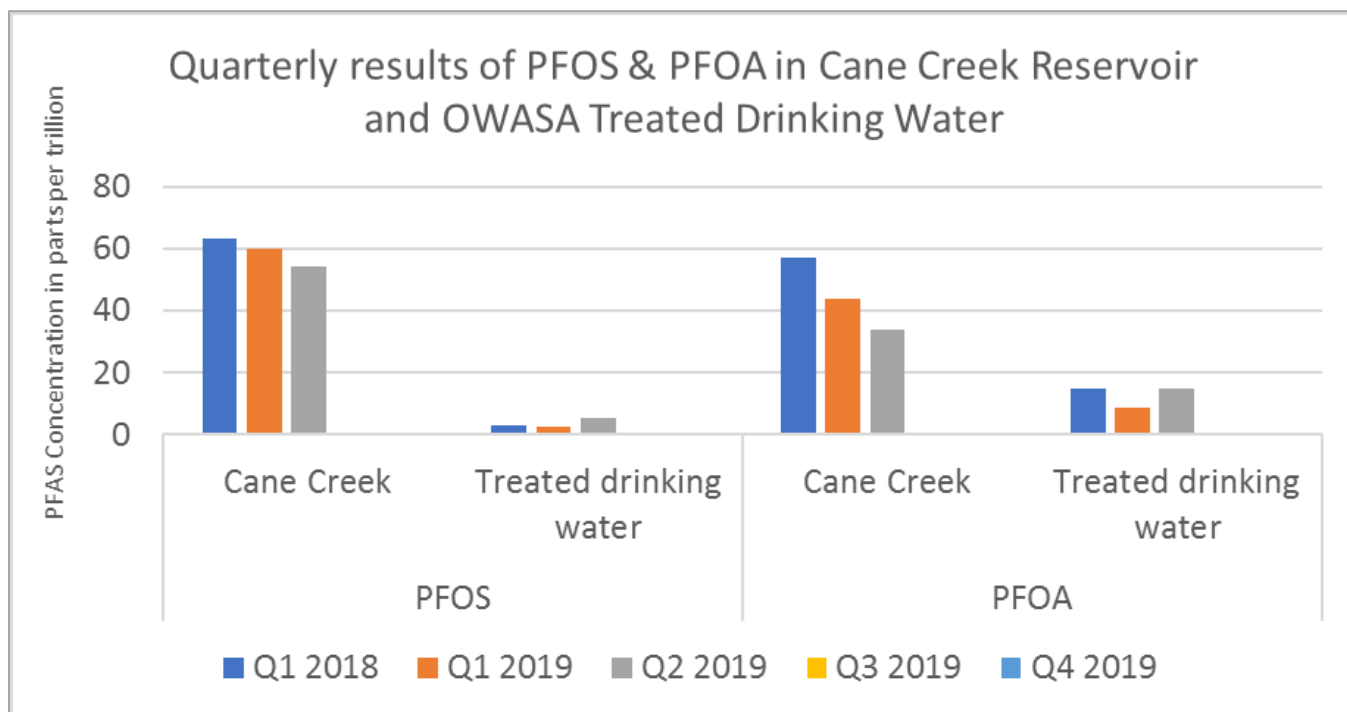
OWASA 2019 PFAS Monitoring Results

The 2018 results confirmed that levels of PFOS and PFOA in OWASA’s treated drinking water were below the HAL. The elevated levels found in the Cane Creek Reservoir, however, warranted follow-up, and we have begun collecting quarterly samples from the Cane Creek Reservoir to track and trend the seasonality of PFAS. This localized data helps us to make informed decisions with respect to PFAS.

Below are some key findings from results of the first two quarters of sampling. Our monitoring includes sampling of treated drinking water at the same time as sampling of our untreated raw water, to assure OWASA and our customers of the efficacy of our treatment process and the safety of the drinking water. Below are the few observations about the results of the sampling followed by the data:

- The combined level of PFOS and PFOA in our treated drinking water remains well below the HAL of 70 ppt.
- Our results are consistent with studies showing that powder activated carbon (PAC) is successful in the removal of some but not all PFAS in treated drinking water.
- Though there is a downward trend in the levels of some PFAS in samples from Cane Creek Reservoir, the results remain fairly consistent over time.





Family	Length	Analyte	Acronym	Site	parts per trillion				
					Q1 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Perfluorosulfonic acids SIZE ↓	C4	Perfluorobutanesulfonic acid	PFBS	CC	7.8	4.8	4.1		
				DW	4.2	2.3	3.2		
	C5	Perfluoropentanesulfonic acid	PFPeS	CC	9.0	3.7	2.8		
				DW	<2.0	<2.0	<2.0		
	C6	Perfluorohexanesulfonic acid	PFHxS	CC	20.0	13.0	10.0		
				DW	3.5	<2.0	3.3		
	C7	Perfluoroheptanesulfonic acid	PFHpS	CC	3.9	2.8	2.1		
				DW	<2.0	<2.0	<2.0		
	C8	Perfluorooctane sulfonate	PFOS	CC	63.0	60.0	54.0		
				DW	3.1	2.5	5.6		
Perfluorocarboxylic acids SIZE ↓	C4	Perfluorobutanoic acid	PFBA	CC	6.1	<5.0	5.5		
				DW	<5.0	<5.0	<5.0		
	C5	Perfluoropentanoic acid	PFPeA	CC	8.7	4.5	4.2		
				DW	5.1	4.0	4.2		
	C6	Perfluorohexanoic acid	PFHxA	CC	12.0	8.1	6.8		
				DW	7.7	5.0	6.3		
	C7	Perfluoroheptanoic acid	PFHpA	CC	16.0	11.0	8.9		
				DW	7.4	4.0	6.1		
	C8	Perfluorooctanoic acid	PFOA	CC	57.0	44.0	34.0		
				DW	15.0	8.8	15.0		
	C9	Perfluorononanoic acid	PFNA	CC	2.6	<2.0	<2.0		
				DW	<2.0	<2.0	<2.0		
Count of PFAS detected from 39-45 compounds analyzed				CC	11	9	10		
				DW	7	6	7		
Sum of all PFAS (ppt)			[no HAL]	CC	206.1	151.9	132.4		
			DW	46.0	26.6	43.7			
Sum of PFOS & PFOA (ppt)			[no HAL]	CC	120.0	104.0	88.0		
			[DW HAL is 70 ppt]	DW	18.1	11.3	20.6		

Commitment to making information about PFAS accessible

PFAS research is emerging. It is also complex. OWASA is committed to sharing available information about PFAS with customers in a manner that is accessible – in terms of where and how information is distributed, and with language that is not overly technical.

OWASA has a dedicated PFAS [webpage](#) which we update regularly. It includes [background information about PFAS](#) as well as OWASA’s sampling results.

We include PFAS monitoring updates in our quarterly reports to local governments, which we send to the Town of Chapel Hill, Town of Carrboro, and Orange County. We have also sent information directly to customers. Last week, [OWASA’s 2018 Water Quality Report Card](#) was mailed to all OWASA account holders (more than 20,000 households and businesses) which includes a page dedicated to providing information about PFAS and OWASA’s monitoring program.

In the coming months, we plan to engage with the public more comprehensively on water topics such as PFAS; for example, through a water education series in the Fall. We are also exploring opportunities to collaborate with community partners on offering joint educational initiatives on PFAS. Our goal is to ensure that community members have access to the information they need, and we encourage customers to contact OWASA anytime if they have questions or would like to request additional information.

Future Steps

Staff will continue to stay abreast of all proposed regulatory requirements and best practices. Staff will also continue to monitor and participate in scientific research regarding the monitoring of unregulated compounds and attend relevant workshops and meetings.

The EPA periodically requires water utilities to test drinking water for various compounds which could become subject to new Federal standards. The EPA uses data collected by the utilities and scientific research when deciding whether to adopt new standards and when determining what the standards should be. These testing requirements are part of the Safe Drinking Water Act and are called the Unregulated Contaminant Monitoring Rule, or UCMR. For the EPA's webpage on the UCMR, [please click here](#). To date there have been three rounds of UCMR testing, each focusing on a separate set of compounds. OWASA has participated in all three rounds for those results please click [here](#). The EPA published [UCMR 4](#) in the Federal Register on December 20, 2016. UCMR 4 consists of monitoring for 30 compounds. Participating water utilities are assigned sampling periods between 2018 and 2020. OWASA will collect samples beginning in August 2019 and ending August 2020.

Staff will continue to update OWASA's webpage on perfluorinated compounds with each set of PFAS results when received and provide links as new information becomes available. We aim to also identify ways to offer public education on PFAS in collaboration with community partners.

OWASA remains a committed member of several regional organizations that fund independent and peer-reviewed research on unregulated compounds. For example, some of the funding for Dr. Detleif Knappe's research on the Cape Fear River came from the Urban Water Consortium, of which OWASA is an active member. Likewise, OWASA contributes to national and international organizations that fund independent and peer-reviewed research. A benefit of these partnerships is the impact of combined funds to further cutting-edge research rather than piecemeal, uncoordinated efforts.

Staff will continue to sample untreated water from Cane Creek Reservoir and our treated drinking water for analysis of PFAS on a quarterly basis, report the results to the Board via email, and post the results on our webpage. The next sampling event will occur in August and results will be provided when they are available from our contract laboratory.

Staff will sample wastewater treatment plant influent for 21 PFAS and 1,4-dioxane in accordance with DWR protocols for three consecutive months this summer. We will evaluate those results before deciding on our next steps. Staff will report those results to the Board through email and post them on our webpage.

Staff will provide the next update to the Board in the Fall of 2019.

Agenda Item 8:

Review Board Work Schedule

Purpose:

- a) Request(s) by Board Committees, Board Members and Staff
- b) June 27, 2019 Board Meeting
 - If the Board approved the Fiscal Year 2020 budgets and rates on June 13, 2019, this meeting can be canceled.
- c) July 11, 2019 Work Session
- d) Review and update the 12 Month Board Meeting Schedule
- e) Review Pending Key Staff Action Items (none currently)
- f) Actions Items Recurring Every 3 to 5+ Years

Information:

- Draft agenda for the July 11, 2019 meeting
- 12 Month Board Meeting Schedule
- Pending Key Staff Action Items from Board Meetings
- Action Items Recurring Every 3 to 5+ Years

June 13, 2019

Agenda
Work Session of the OWASA Board of Directors
Thursday, July 11, 2019, 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.

Administer Oath of Office to Mr. Bruce Runberg, Town of Chapel Hill Appointee

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
- c. Announcements by Staff
- d. Additional Comments, Suggestions, and Information Items by Board Members (Chair)

Consent Agenda

Information and Reports

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

Action

2. Award the Kensington Drive and Barclay Road Water Main Replacement Construction Contract (Allison Spinelli)

Regular Agenda

Discussion

3. Diversity and Inclusion Program Update (Stephanie Glasgow)
4. Feedback on June 20, 2019 Forest Management Community Meeting (Linda Low/Ruth Rouse)
5. Update on Water Main Prioritization Model (Mary Darr)
6. Review Board Work Schedule (Chair/Ed Kerwin)
 - a. Request(s) by Board Committees, Board Members and Staff
 - b. July 25, 2019 Board Meeting
 - c. August 8, 2019 Work Session
 - d. 12 Month Board Meeting Schedule
 - e. Pending Key Staff Action Items

Summary of Work Session Items

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

OWASA Board of Directors – 12 Month Board Meeting Schedule (June 7, 2019)

Month	Board Meetings		Committee & Other Meetings
	Work Session	Business Meeting	
June 2019	Approve FY 20 Budget and Rates, including merit pay decision (C) Award the Dobbins Drive Water and Sewer Replacement Construction Contract Approve Changes to Retiree Health Insurance & 457 Deferred Compensation Monitoring of Compounds of Emerging Concern Update and Discussion Approve Western Intake Partnership Agreement Resolution of Appreciation to John Young Election of Officers (C) 6/13/2019	TBD 6/27/2019	<i>Cane Creek Community Engagement Meeting for Forest Management (6/20/2019)</i> <i>New Board Member Orientation (TBD)</i>
July 2019	Diversity and Inclusion Update Award Kensington Drive and Barclay Road Water Main Replacement Construction Contract Update on Water Main Prioritization Model Forest Management – Feedback on Community Meeting 7/11/2019	<i>Possible Summer Recess</i> 7/25/2019	<i>OC Appointees to the OWASA Board meet with Members of Orange County BOCC (7/25/2019)</i>
August 2019	<i>Possible Summer Recess</i> 8/8/2019	Preliminary 12 Month Financial Report (C) CIP Semiannual Report (C) (Tentative) Forest Management – discuss draft priority sites CS – Prepare for General Counsel Review (C) 8/22/2019	
September 2019	EEO/Affirmative Action Report & Diversity and Inclusion Update (C) Annual Report on Disposal of Surplus Personal Property (C) (Tentative) LRWSP – Final Water Supply and Demand Management Alternatives AMI Low-Flow Leak Alerts CS – General Counsel Review (C) 9/12/2019	Annual Report and Financial Audit (C) Approve General Counsel Engagement (C) (Tentative) Forest Management – select priority sites CS – Prepare for ED Review (C) 9/26/2019	<i>OWASA’s Annual Update to the Carrboro BOA (9/17/2019)</i> <i>(Tentative) Chapel Hill OWASA Board Members meet with TOCH OWASA Committee (TBD)</i>
October 2019	(Tentative) Approve New Banking Services Provider (C) CS – ED Review (C) 10/10/2019	Q1 Financial Report (C) Strategic Trends Report and Strategic Plan Update (C) Water Main Break and WTP/WWTP Reliability and Risk Assessment Action Plans Progress Report 10/24/2019	<i>(Tentative) OC Appointees to the OWASA Board meet with Members of Orange County BOCC (TBD)</i>
November 2019	(Tentative) LRWSP – Draft Evaluation of Water Supply and Demand Management Alternatives (Tentative) Forest Management – draft plans and community engagement for priority sites 11/14/2019	<i>Holiday – no meeting</i>	
December 2019	TBD 12/12/2019	<i>Holiday – no meeting</i>	
January 2020	Appoint Audit Firm (C) Employee Health and Dental Insurance Update for FY 21 (C) Affordability Outreach Program Update (Tentative) LRWSP – Final Evaluation of Water Supply and Demand Management Alternatives 1/9/2020	Annual Lakes Recreation Report (C) CIP Semiannual Report (C) Q2 Financial Report (C) FY 21 Budget Calendar and Assumptions (C) 1/23/2020	

OWASA Board of Directors – 12 Month Board Meeting Schedule (June 7, 2019)

Month	Board Meetings		Committee & Other Meetings
	Work Session	Business Meeting	
February 2020	CS – Prepare for General Counsel Interim Review 2/13/2020	CS – General Counsel Interim Review 2/27/2020	<i>(Tentative) OC Appointees to the OWASA Board meet with Members of Orange County BOCC (TBD)</i>
March 2020	FY 21 Draft Budget & Rates CS – Prepare for ED Interim Review 3/12/2020	Set date for Public Hearings – FY 21 Budget & Rates Annual Update of the Energy Management Plan FY 21 Draft Budget & Rates and Proposed Staff Rate Adjustment Recommendation CS – ED Interim Review 3/26/2020	
April 2020	Review Employee Health and Dental Insurance Renewals FY 21 Draft Budget and Rate Adjustment Information 4/9/2020	Q3 Financial Report 4/23/2020	
May 2020	Approve Employee Health and Dental Insurance Renewals Discuss Employee Merit Pay for FY 21 5/14/2020	Public Hearings – FY 21 Budget and Rates 5/28/2020	

Note: Additional Board Meetings will include matters related to improving reliability and resiliency on OWASA’s services.

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 Forest Management.
- Water Conservation Plan will be prepared concurrent with update of the Long-Range Water Supply Plan.
- Update of Strategic Plan. On November 15, 2018, the Board and staff agreed to defer update of the Strategic Plan to a date to be determined.

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

OWASA Board of Directors – 12 Month Board Meeting Schedule (June 7, 2019)

development of recommendations. Board also determines priorities and desired timeframes for addressing topics. Committee meetings will be updated on the schedule routinely.

Abbreviations Used in Draft Schedule:

☺	Recurring agenda item (generally these are “required” items)	JLP	Jordan Lake Partnership
AV/AMI	Agua Vista/Advanced Metering Infrastructure	KPI	Key Performance Indicator
BOCC	Board of County Commissioners	LRWSP	Long-Range Water Supply Plan
CBOA	Carrboro Board of Aldermen	MOA	Memorandum of Agreement
CE	Community Engagement	MST	Mountains-to-Sea Trail
CEP	Community Engagement Plan	MFMM	Multi-Family Master Meter
CHTC	Chapel Hill Town Council	NCDOT	North Carolina Department of Transportation
CIP	Capital Improvements Program	NRTS	Natural Resources and Technical Services
COLA	Cost of Labor Adjustment	OC	Orange County
CS	Closed Session of the Board	Q	Quarter
CY	Calendar Year	RFP	Request for Proposals
D&I	Diversity and Inclusion	SRF	State Revolving Fund
ED	Executive Director	SOW	Scope of Work
EEO	Equal Employment Opportunity	TBD	To Be Determined
FY	Fiscal Year	WTP	Water Treatment Plant
HR	Human Resources	WWTP	Wastewater Treatment Plant

OWASA Action Items Recurring Every 3 to 5+ Years

No.	Action Item	Purpose	Board Action Needed	Target Start Date	Target Completion Date	Frequency	Staff Lead
1.	Strategic Plan	Identify key strategic initiatives and corresponding actions for OWASA during the next 3-5 years	<ol style="list-style-type: none"> 1) Participate with and guide staff to develop an updated draft Strategic Plan 2) Invite and consider customer and stakeholder feedback on draft Plan 3) Approve Strategic Plan 4) Provide staff resources and guidance needed to execute the Plan 	TBD	Delayed; on 11-15-2018 the Board agreed that progress reports will continue with Annual Review and Updates of Strategic Trends	3-5 years	Executive Director
2.	Local Water Supply Plan and Water Shortage Response Plan	NC General Statutes requires Local Water Supply Plan and Water Shortage Response Plan be updated at least every 5 years to be submitted to NC Department of Environmental Quality	<ol style="list-style-type: none"> 1) If staff identifies a policy or material change in the update of the Plans, Board guidance is required 2) Approve Plans 	Spring 2022 (if policy or material change)	Spring 2023	5 years	Planning and Development Manager
3.	Water Demand Projections (Long-Range Water Supply Plan will be updated approximately every 10 years, unless there is a significant change in supply or projected demand)	Periodically check the assumptions used to develop our water demand projections	<ol style="list-style-type: none"> 1) Provide staff feedback and guidance on assumptions and methods to develop demand projections 2) Invite and consider stakeholder feedback on draft demand projections 	2028	2029	10 years	Planning and Development Manager

OWASA Action Items Recurring Every 3 to 5+ Years

No.	Action Item	Purpose	Board Action Needed	Target Start Date	Target Completion Date	Frequency	Staff Lead
4.	Source Water Protection Plan	Develop plan to protect OWASA's local water supply reservoirs that meets regulations	No Board action needed. Regulation (finalized Jan 2019) requires staff to notify Board when Plan developed and updated. Staff will keep Board apprised of progress and will present a draft plan to Board for feedback in spring/summer 2022.	TBD	1/1/2023	Every 3 years	Planning and Development Manager
5.	Cost of Service Rate Study	<ol style="list-style-type: none"> 1) Ensure OWASA's rates, fees and charges continue to meet the goals of the organization (e.g. sustainability, conservation, affordability, etc.) 2) Update cost allocations and adjust rates as necessary. NC General Statutes requires review of System Development Fees every 5 years.	<ol style="list-style-type: none"> 1) Provide guidance to staff on draft Rate Study 2) Invite and consider customer and stakeholder feedback on draft Rate Study 3) Approve Rate Study and annual update of rates, fees and charges as needed 	2022	2023	5 years	Director of Finance and Customer Service
6.	Auditor	NC General Statutes requires an annual audit of OWASA's finances. It is a best-practice to invite proposals and select best-qualified audit firm every 3 years.	<ol style="list-style-type: none"> 1) Assign 1 or 2 Board Members to participate on staff's panel to select a best-qualified audit firm 2) Award annual contract to audit firm 	Winter 2020	Spring 2021	3 years	Director of Finance and Customer Service
7.	Banking Services	It is a best-practice to invite proposals and select a best-qualified financial institution to provide OWASA's various banking needs.	<ol style="list-style-type: none"> 1) Provide guidance to staff on the social responsibility and environmental sustainability criteria to be considered when selecting a best-qualified financial institution for banking services 2) Approve financial institution 	October 2018	October 2019	10 years	Director of Finance and Customer Service

OWASA Action Items Recurring Every 3 to 5+ Years

No.	Action Item	Purpose	Board Action Needed	Target Start Date	Target Completion Date	Frequency	Staff Lead
8.	Employee Classification Pay and Compensation	It is best-practice every 5-7 years to thoroughly review employee jobs to ensure they are properly classified in their position and to ensure total compensation (pay and benefits) are competitive and meeting OWASA's needs.	<ol style="list-style-type: none"> 1) Provide guidance to staff about goals and objectives for employee total compensation 2) Approve Employee Classification, Pay and Compensation Study & Pay Administration Guidelines 	2020	2021	5-7 years	Director of Human Resources and Safety
9.	Financial Management Policy	It is a best-practice to review OWASA's Financial Management Policy periodically to ensure organizational fiscal objectives are appropriate.	<ol style="list-style-type: none"> 1) Provide guidance to staff about OWASA's Financial Management objectives 2) If needed, approve update to Financial Management Policy 	2021	2022	5 years	Director of Finance and Customer Service
10.	Audit of OWASA Board Policies and Ordinances (such as Cross-Connection, Sewer Use, Purchasing and Procurement, etc.)	It is a best-practice to have staff audit the various Board approved policies to ensure they are still appropriate. As needs change, staff is responsible to act and inform the Board.	<ol style="list-style-type: none"> 1) Provide guidance to staff on staff's recommended updates to various Board policies. 2) As needed, approve policy updates 	2019	2020	5+ years	Executive Director
11.	Energy Management Plan	Annual reporting of energy use trends and identification of strategic initiatives to reduce energy use	<ol style="list-style-type: none"> 1) Provide recommendations on energy management strategies 2) Approve strategies to better manage energy 	2020	Ongoing	Annual	Sustainability Manager

OWASA Action Items Recurring Every 3 to 5+ Years

No.	Action Item	Purpose	Board Action Needed	Target Start Date	Target Completion Date	Frequency	Staff Lead
12.	Communications and Community Engagement Plan	Establish key communications and community engagement initiatives and corresponding actions for OWASA during the next 3-5 years.	<ol style="list-style-type: none"> 1) Participate with and guide staff to develop a draft Plan 2) Invite and consider customer and stakeholder feedback on draft Plan 3) Approve Plan 4) Provide staff resources and guidance needed to execute the Plan 	2019	Ongoing	Annual	Communications and Community Relations Officer
13.	Human Resources Policy	As needs change, staff is responsible to act and inform the Board	<ol style="list-style-type: none"> 1) Provide guidance to staff on staff's recommended updates to various topics within the HR Policy. 2) As needed, approve policy updates 	As needed	As needed	As needed	Director of Human Resources and Safety

Agenda Item 9:

Report of the Nominating Committee for Election of Officers

Background:

The Bylaws of Orange and Sewer Authority state that officers shall be elected annually at the Board's first regular meeting in June and shall hold office for one year or until their successors are elected and qualified.

At the April 11, 2019 meeting, the Board approved a change to the Bylaws that the full Board would serve on the Nominating Committee. At the May 23, 2019 meeting, nominations were made and seconded for Board Members who are available for election to office. In accordance with this information, the persons nominated for election as Chair are:

- Yinka Ayankoya
- Ray DuBose
- Ruchir Vora

Board Members nominated for election as Vice Chair are:

- Yinka Ayankoya
- Robert Morgan
- Ruchir Vora

Board Members nominated for election as Secretary are:

- Bruce Boehm
- Robert Morgan
- Ruchir Vora

Board Members are reminded that ballots will be prepared, distributed at the meeting, and counted by the Clerk to the Board, with assistance from General Counsel. Voting will proceed in rounds, until a candidate receives five votes. In each subsequent round, the Board Member(s) receiving the fewest votes in the preceding round will be dropped from the next ballot. Proxy ballots will only be counted in the first round and any subsequent round in which the person named on the proxy ballot is still eligible for election. Each Board Member will place his or her initials on each ballot he or she marks during the election. The ballots are preserved as public records of OWASA.

In order to accommodate Board Members who must be absent at the June 13, 2019 meeting, the Board is reminded that the Bylaws do permit proxy voting in the Election of Officers, provided the vote is in writing and submitted to the Board Chair prior to the meeting. The Board Chair has delegated to the Clerk to the Board the receipt of proxy ballots and these must be received by the Clerk before the meeting in order to be counted in the election of officers.

Action Needed:

Election of Officers by the Board of Directors.