ORANGE WATER AND SEWER AUTHORITY

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

January 17, 2013

Chair Barry Jacobs
Orange County Board of Commissioners
Post Office Box 8181
Hillsborough, NC 27278

Dear ~~Chair Jacobs~~, Barry

We appreciate the opportunity to make our annual presentation to the Board of Commissioners on key items of mutual interest at your February 5, 2013 meeting. I will make brief comments and then be available to answer any questions the Commissioners may have. I will not have any visual aids (PowerPoint presentation) unless you think that would be useful.

OWASA'S Water Supply – Jordan Lake

Background

OWASA's locally protected water supplies (Cane Creek, University Lake, Quarry Reservoir) can meet most, but not all, expected needs for the next 50 years, assuming rainfall patterns remain within the historical record for the last 85 years. The expanded Quarry Reservoir is the most cost-effective option for additional water supply, but it will not be available until around 2035. Jordan Lake – especially until the expanded Quarry Reservoir is online – will become an increasingly important "insurance policy" during severe drought or operational emergencies.

OWASA's water system is connected to the Town of Hillsborough, City of Durham, and Chatham County water systems through existing pipelines that allow us to send or receive treated drinking water. Durham is similarly connected to the Town of Cary, which withdraws all of its drinking water from Jordan Lake. Because OWASA has no direct access to Jordan Lake, the only economically feasible way for OWASA to obtain water from its Jordan Lake allocation at this time is through partnership arrangements with Cary and Durham. Existing mutual aid agreements allow the exchange of water during relatively short periods of need, but those agreements must be modified, or new ones negotiated, to secure the ability to obtain water during an extended drought. OWASA staff is currently having discussions with Durham and Cary staff regarding the need for modified or new water agreements.

Recent and Future Actions

At our December 13, 2012 meeting, the OWASA Board of Directors approved a resolution (Attachment #1) authorizing staff to request that the North Carolina Environmental Management

Commission (EMC) convert OWASA's existing Level II (future use) Jordan Lake allocation to Level I (current use when needed). We expect the EMC to act on our request later this spring.

At our January 10, 2013 meeting, the OWASA Board approved a resolution (Attachment #2) to approve a Drought Response Operating Protocol (DROP). The DROP describes the procedures and criteria that OWASA will use in making water supply and demand management decisions during extended droughts, including provisions for notifying the public about possible Water Supply Shortage declarations, water purchases, and/or the use of OWASA's Jordan Lake allocation.

Later this year we expect to submit our application to retain our existing Jordan Lake allocation (currently equivalent to approximately 5 million gallons per day) as part of the State's Round 4 allocation process. The EMC is expected to make its allocation decisions in 2014.

Water And Sewer Management, Planning And Boundary Agreement

The OWASA Board did not take any action during the past year regarding our 2010 request to clarify certain language in the Water and Sewer Management, Planning and Boundary Agreement (WSMPBA). The OWASA Board has not yet discussed what additional actions, if any, may be taken regarding the WSMPBA.

Below is an excerpt from our January 9, 2012 letter to the Orange County Commissioners which may put this in context.

On December 9, 2010, the OWASA Board adopted a resolution to clarify certain language in the 2001 WSMPBA so that the Agreement cannot be interpreted as constraining OWASA's access to its Jordan Lake allocation for use by OWASA customers. Hillsborough and Orange County adopted resolutions on March 14, 2011 and March 15, 2011, respectively, that would apply OWASA's requested language clarifications to their jurisdictions as well. The Carrboro Board of Aldermen approved the proposed change for Hillsborough and Orange County on March 1, 2011, but not for OWASA. The Chapel Hill Town Council had originally approved OWASA's request on February 28, 2011, but on April 25, 2011 reconsidered its previous action and rejected the language change. On June 9, 2011, the OWASA Board resolved to adopt and maintain a policy to purchase water from other communities or obtain water from its Jordan Lake allocation only after first declaring a Stage 1 Water Supply Shortage – provided that Carrboro and Chapel Hill approve the previously requested clarification to the WSMPBA.

At our October 20, 2011 meeting, the OWASA Board discussed its June 9, 2011 policy resolution regarding water purchases during a drought and the importance of securing permanent access to our Jordan Lake allocation without the constraints of language presently contained in the WSMPBA. The Board was in agreement to modify its June 9th position and adopted a resolution stating that:

> *"OWASA shall only purchase water from other communities or obtain water from its Jordan Lake storage allocation during periods of increased drought risk*

after it has declared a Stage 1 Water Supply Shortage per OWASA's State-approved Water Shortage Response Plan and OWASA's Water Conservation Standards as incorporated therein."

Historic Rogers Road (Water/Sewer)

OWASA staff has provided technical information on water/sewer issues as requested by County staff. Working within the parameters of the State Statutes, our policies and founding agreements, we will continue to support this important initiative as requested by County staff..

Mountains-To-Sea Trail

In response to the County's inquiry, the OWASA Board expressed support (Attachment #3) for this County-led initiative. Our position remains unchanged and we think the benefits to the citizens of the County and State exceed the manageable security and water quality risks that OWASA will assume if the initiative goes forward.

Forestry Management

Pursuant to the North Carolina Wildlife Resources Commission's (WRC) forestry management plan for OWASA's 490-acre Cane Creek Wildlife Mitigation Tract, 25 acres of declining quality Virginia pine were clear-cut, and 25 acres of hardwood forest were thinned during the fall of 2010. The 25-acre clear-cut was replanted with loblolly pines in January 2011. All management activities were conducted according to forestry management best practices; however, we left substantially larger (and completely undisturbed) water quality buffer areas than required by current regulations. We will continue the phased implementation of the WRC's plan on this property in the coming years in compliance with conditions of the U.S. Army Corps of Engineers 404 Permit that allowed construction of the Cane Creek Reservoir.

Upon the recommendation and guidance of the WRC and North Carolina Forest Service, OWASA also commissioned development of a draft plan for sustainable management of our remaining forest lands (about 1,900 acres). We hosted a community meeting in November 2010 to present and receive comments on the draft plan prepared by our consulting forester, and we received extensive comments from citizens, local elected boards, and several State agencies. We have deferred action on the draft plan to address higher priority matters.

Communications

We are very pleased that newly elected Commissioners Dorosin, Price and Rich met with us on January 11, 2013 for an overview of our operation and to discuss items of mutual interest.

We welcome the opportunity to meet with the Commissioners to keep you informed about our work and to receive your feedback. Please let us know if you would like additional information on any of the above topics or information regarding other issues or aspects of our operation.

Very truly yours,

Alan Rimer, P.E., Chair
OWASA Board of Directors

Attachments

c: Mayor Mark Chilton, Town of Carrboro
Mayor Mark Kleinschmidt, Town of Chapel Hill
Mayor Tom Stevens, Town of Hillsborough
Mr. Frank Clifton, Orange County Manager
Mr. Roger L. Stancil, Chapel Hill Town Manager
Mr. David Andrews, Carrboro Town Manager
Mr. Eric Peterson, Hillsborough Town Manager
OWASA Board of Directors
Ed Kerwin, OWASA Executive Director