

I, Brittney Hunt, Town Clerk of the Town of Chapel Hill, North Carolina, hereby certify that the attached is a true and correct copy of (2026-04-29/R-3) adopted by the Chapel Hill Town Council on April 29, 2026.



This the 30th day of April, 2026.

Brittney N. Hunt

**Brittney Hunt
Town Clerk**

A RESOLUTION AUTHORIZING THE MAYOR TO TRANSMIT COMMENTS ON A PROPOSED OWASA REIMBURSEMENT POLICY (2026-04-29/R-3)

WHEREAS, the Orange Water and Sewer Authority (OWASA) is an independent entity governed by a Board of Directors; and

WHEREAS, OWASA is considering adoption of a policy governing reimbursements to applicants who, at their own cost, install and extend water and sewer facilities that will provide services to areas beyond their project's boundaries; and

WHEREAS, the Mayor is the principal representative of the Council.

NOW, THEREFORE, BE IT RESOLVED by the Council of the Town of Chapel Hill that the Council authorizes the Mayor to collect Council comments regarding the proposed OWASA reimbursement policy and transmit such comments to the members of the OWASA Board of Directors who are appointed by the Council.

This the 29th day of April, 2026.

ORANGE WATER AND SEWER AUTHORITY

REIMBURSEMENT POLICY FOR WATER AND SEWER FACILITY EXTENSIONS

Purpose: The Reimbursement Policy establishes a process for providing reimbursements to applicants who, at their cost, install and extend water and sewer facilities that will provide services to areas beyond their project's boundaries in support of future orderly development within the Orange Water and Sewer Authority (OWASA) service area, and which have been dedicated to and accepted by OWASA.

Background: All extensions of water and sewer facilities must be in accordance with the policies and standards of OWASA. The extension of service may consist of constructing water and sewer mains, service lines, pump stations and other appurtenances necessary to serve a property. In some cases, a developer may extend the system into an unserved area in a manner which allows subsequent developers to benefit from that extension (i.e., future benefiting parties). The OWASA Board of Directors has determined that it is appropriate to allow these initial developers to be reimbursed by future benefiting parties.

Eligibility

A development reimbursement applies when OWASA requires, or the developer installs, a main extension that may serve properties outside of the developer's project boundaries. No reimbursements will be approved for facilities that serve only the area inside the developer's project boundaries.

Reimbursements must align with all other OWASA policies, including policies on extension of water and sewer lines or service into the University Lake watershed, and construction standards.

To qualify for reimbursement the water and sewer lines must meet the following minimum lengths:

- 8-inch main: >500 ft
- 12-inch main: >250 ft
- 16-inch or larger: >100 ft

A developer may apply for **either** an excess capacity credit as outlined in that policy **or** a reimbursement outlined in this policy, but not both

Development Reimbursement Agreement

OWASA may enter into an agreement with a developer who builds an eligible extension. The application must be submitted within **one year** of OWASA's acceptance of the improvements.

After OWASA accepts the facilities and the warranty period begins, the developer must submit an *Application for Development Reimbursement*, including:

- Final certified construction quantities and costs
- The minimum water and/or sewer facilities required to serve the developer's project
- A lien waiver certifying under oath that all payments paid to the suppliers and contractors have been made and that there are no liens on the water and/or sewer system.
- Applicable documents associated with the acceptance of the water and/or sewer facilities.
- Any additional documentation OWASA needs to evaluate costs or benefits.

The reimbursement period ends 10 years after the agreement is signed. The agreement is non-transferable.

Basis for Payment

The developer is only eligible to recover the costs associated with the extension beyond what is necessary to serve their project. The reimbursement shall never exceed the original costs.

Eligible reimbursable costs include:

- Engineering and design
- Permitting and easements
- Construction (labor and materials)
- Inspections and testing

Interest paid is not reimbursable.

Calculations

Reimbursement fees will be calculated using an equivalent residential units (ERU) methodology.

1. Total Costs: Determined from the information provided by the applicant.
2. Total ERUs: The service area and the corresponding totalized equivalent residential units are defined for the extension based on information provided by the planning jurisdiction.

Total ERUs = Sum of ERUs for the area served by the extension.

3. Cost per ERU: The total eligible project cost is divided by the total equivalent residential units to establish the cost per unit.

$$\text{Cost per ERU} = \text{Total costs} / \text{Total ERUs}$$

4. Maximum Reimbursable Amount: A total amount eligible for reimbursement to the original developer is calculated by deducting the costs associated with only the developer's project from the total costs.

$$\text{Maximum Reimbursable Amount} = \text{Total Costs} - (\text{Developers ERUs} \times \text{Cost per ERU})$$

5. Reimbursement Fee: Each future benefiting party repayment obligation is calculated by multiplying the cost per equivalent residential unit by that benefiting party's equivalent residential unit.

$$\text{Reimbursement Fee} = \text{Benefiting Party ERUs} \times \text{Cost per ERU}$$

For non-residential units ERU will be determined based on meter size using the table below.

Meter Size	ERU
5/8"	1
1"	2.5
1.5"	5
2"	8
3"	16
4"	25
6"	50
8"	80

The reimbursement fee for each subsequent benefiting party shall be calculated and collected at the time of connection until total reimbursement amount is achieved or the agreement expires.

Administrative Fee

OWASA will deduct an administrative fee for each reimbursement to recover costs for managing the program.

Authority and Interpretation

The Executive Director manages implementation, interpretation, and enforcement of this policy.

Appeals

Appeals must be submitted in writing to OWASA's Board of Directors. The Board's decision is final.



Office of Mayor Jessica Anderson
Town of Chapel Hill
415 Martin Luther King Jr Blvd
Chapel Hill, NC 27514
919-968-2714

May 15, 2026

Orange Water and Sewer Authority Board of Directors
400 Jones Ferry Road
Carrboro, NC 27510

Dear Members of the OWASA Board,

At the request of the Chapel Hill Town Council, I am writing to thank you for your service to our community and, at your request, to provide input on the proposed OWASA reimbursement policy.

At our April 29 meeting, the Town Council reviewed the current draft reimbursement policy. Based on that discussion, Council asked me to convey the following comments:

1. We are grateful for the collaborative approach OWASA has taken in developing this policy and strongly support the direction of the current draft. We believe the policy represents an important tool for facilitating strategic infrastructure investments that can support thoughtful growth and long-term community goals, both in the southern area and townwide.
2. As OWASA continues refining the policy, Council asked that the Board consider lengthening the eligibility window for reimbursements, potentially to 20 years, in recognition of the long-term nature of infrastructure investments and development timelines.
3. We are interested in ensuring that the policy advances the Town's goals around equity and access. In particular, Council members emphasized the importance of considering ways this policy, and future related efforts, can support equitable access to water and sewer infrastructure and create opportunities for a broader range of property owners and residents to benefit from future extensions.

That same evening, Council also received an update on planning efforts for future expansion in southern Chapel Hill. We reaffirmed our commitment to the original vision for this area as a place for middle income and missing middle housing along a key transit corridor.

This work is also closely aligned with Chapel Hill's Complete Community vision — creating connected neighborhoods where residents of different incomes and life stages can access housing choices, transportation options, and essential services in a more equitable and sustainable way. We see coordinated infrastructure planning as foundational to achieving these long-term community goals.

We greatly appreciate OWASA's partnership in supporting this vision, and we hope you will continue to let us know if there are additional tools, programs, funding sources, or policy mechanisms that could help advance our shared goals of expanding transit-supported middle housing in southern Chapel Hill and building a more complete community town-wide.

Sincerely,