

October 17, 2014

Dear Piney Mt. Homeowners Association Board of Directors:

Orange Water and Sewer Authority, under a 1994 Agreement with the Piney Mountain Homeowners' Association (PMHOA), operates and maintains the wastewater pump station, force main, and sewer collector lines that provide wastewater service to the individual properties within the Piney Mountain Subdivision.

On an annual basis OWASA provides a summary of the activities and expenditures related to the operation of the Piney Mountain Subdivision wastewater system. This report for Fiscal Year 2014 covers the period July 1, 2013 to June 30, 2014.

Financial Status:

A capital reserve fund was established to fund future renewal and replacement of the wastewater system components. The balance in the capital reserve account at the beginning of this reporting period was \$157,757.71 and the ending balance as of June 30, 2014 was \$192,345.28. Contributions to the capital reserve fund are currently \$50.00 per month per property. The capital reserve contribution will remain at \$50.00 per month per property; there is no proposed increase at this time.

OWASA's approval to operate the wastewater system requires that all direct and indirect cost for operation of the wastewater facilities that serve the Piney Mountain Subdivision must be recovered directly from the users. Any past due charges from properties that are in bankruptcy or foreclosure must be collected which requires any outstanding balance be divided equally among the remaining Piney Mountain customer base. As of the date of this report there are no past due accounts for service fees or capital reserve charges.

For budgetary purposes it appears that the operation and maintenance expenses continue to be in the range of \$40,000 per year. The table below provides a summary of the total cost for system operation over the past five fiscal years:

Fiscal Year	Total Charges
2009	\$33,653.05
2010	\$37,676.10
2011	\$33,604.50
2012	\$32,578.20
2013	\$37,158.17
2014	\$39,743.45

System Operation & Maintenance:

For the period between July 2013 and June 2014 the Piney Mountain Subdivision wastewater system required routine operational checks (currently performed once per week) and episodic after hours response calls. The significant corrosion from high hydrogen sulfide levels associated with the STEP system effluent to the pump station continues to provide on-going maintenance challenges. Replacement or rebuilding of the station's wastewater pumps is scheduled for 2015; a more detailed inspection of the pump station was performed in 2014 and additional needed improvements have been identified. Specifically the issues related to the significant corrosion have impacted various structural integrity aspects of the pump station. In addition, OWASA would prefer to incorporate full functionality of SCADA monitoring and a permanent on-site back-up emergency generator; as well as make needed improvements to the pump station electrical/control systems. A more detailed assessment of these improvements will be provided as part of OWASA's CIP budget development process in the coming months.

Oil and Grease Issues:

As noted in previous reports, the pump station continues to receive a buildup of grease which can result in operational problems and additional maintenance cost. Excess grease in the wastewater system is related to the improper disposal of fats, oils and grease (FOGs) primarily associated with cooking and dishwashing. Fats, oils and grease should not be discharged down the drain but wiped or scraped off cooking equipment and disposed of in the trash.

Pharmaceutical Disposal:

The proper disposal of pharmaceuticals is an area that OWASA continues to stress to its customers. The effect on the environment from pharmaceuticals and personal care products discharged into the wastewater system and eventually into waterways is an increasing concern. Unused pharmaceuticals should not be flushed down the toilet but mixed with an undesirable substance (cat litter, coffee grounds, etc.) and put in a sealed container to be thrown out with the trash. Another disposal alternative is to take unused pharmaceuticals to one of the pharmaceutical collection points sponsored by Chapel Hill or Durham. Collection points are typically located at fire departments or local shopping malls. You can check local town and hospital websites to see when and where pharmaceutical collections are being held.

Should you have any questions about this report or would like to see different or additional content please do not hesitate to give me a call at (919) 537-4352.

John Kiviniemi

Wastewater Treatment and Biosolids Recycling Manager

Orange Water & Sewer Authority

**PINEY MOUNTAIN SUBDIVISION WASTEWATER SYSTEM
ANNUAL REPORT - REPORT PERIOD: July, 2013-June, 2014**

CAPITAL RESERVE ACCOUNT:

Previous Balance as of 6/30/2013	\$ 157,757.71
Collected This Period	\$ 34,517.56
Interest This Period	\$ 70.01
Service Charges	\$.00
Expended This Period	\$.00
Balance as of 6/30/2014	\$ 192,345.28

BILLING/COLLECTION:

City of Durham	\$ 27,287.43
Piedmont Electric	\$ 1,788.39
Frontier (phone service)	\$ 897.77
Site Maintenance/additional in March	\$ 2,629.06
Administrative	\$ 1,091.94
Maintenance	\$ 6,048.72
TOTAL	\$ 39,743.45
Billing Adjustments	\$.00
Billed to Home Owners	\$ 39,743.45

Balance as of 6/30/14

MAINTENANCE WORK PERFORMED:

Pump Station: Routine Operational Checks
Collector Lines: No Work Required
Force Main: No Work Required

MAINTENANCE WORK SCHEDULED:

Pump Station: Replace Corroded Pump Guide Rail Caps/Hangers + Scheduled Pump Replacement in 2015 and other improvements planned in future CIP
Collector Lines: No Work Planned
Force Main: Condition Assessment Inspections – No Work Planned

SEWER OVERFLOW:

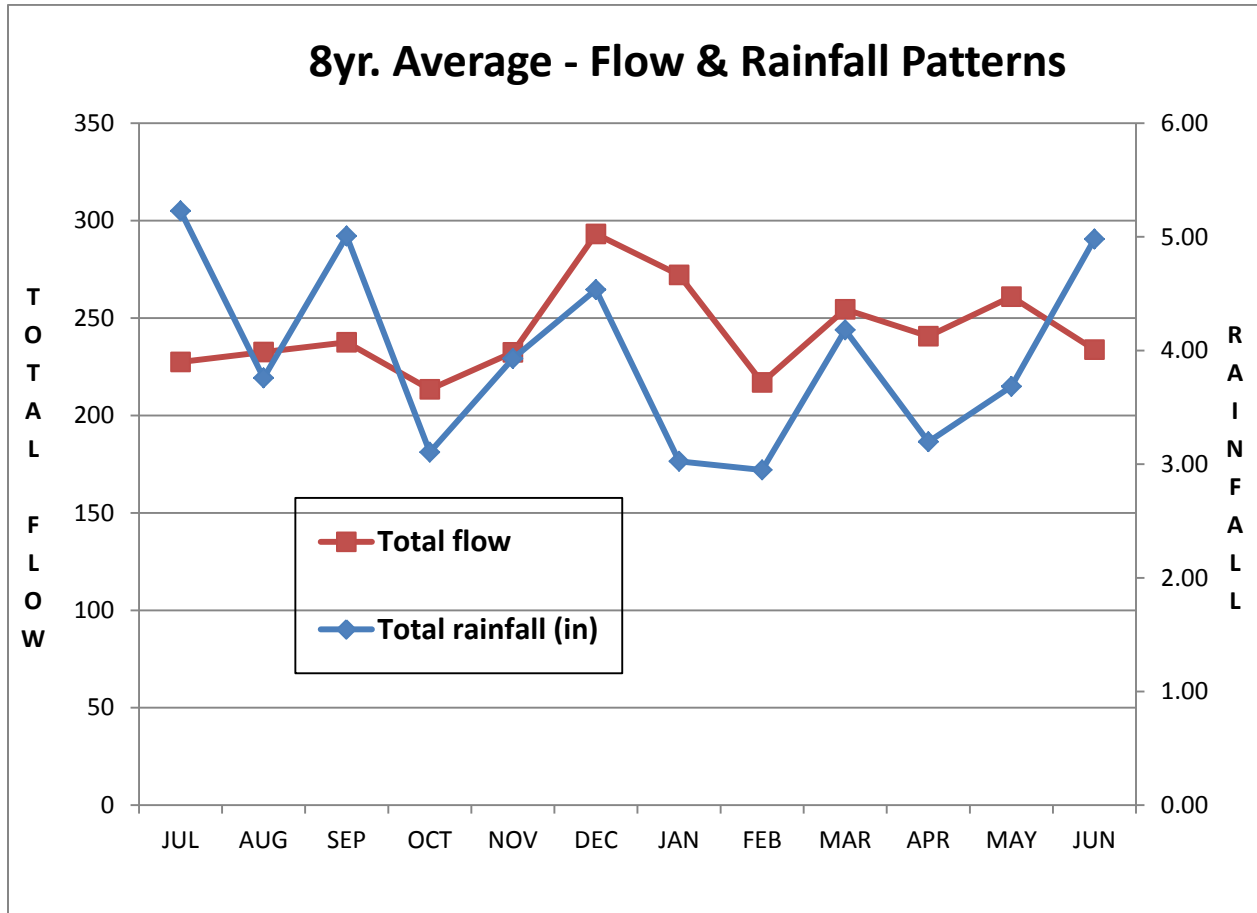
Event Date: No sewer overflows during the report period

NUMBER OF CONNECTIONS:

Connections as of 6/30/14: 55

Rainfall vs Total Flow and Gallons/Unit/Month

2013/2014	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUN.
Total Rainfall (in.)	8.35	3.55	2.32	2.78	2.34	5.16	3.21	2.88	5.42	4.84	4.73	1.32
Total Flow (1,000 gal.)	331.2	227.8	239.8	261.7	92.0	245.1	218.7	131.5	197.3	212.5	253.0	301.4
Avg. (gal./month/unit)	6,021	4,142	4,359	4,758	1,672	4,457	3,975	2,391	3,587	3,864	4,600	5,479



8yr. Averages	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUN.
Total Rainfall (in.)	5.23	3.76	5.01	3.11	3.93	4.54	3.03	2.95	4.18	3.20	3.68	4.98
Total Flow (1,000 gal.)	227	233	238	213	232	293	272	217	254	241	261	234
Average (gal./month/unit)	4,190	4,298	4,373	3,929	4,288	5,398	5,008	4,005	4,688	4,432	4,817	4,284