

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

MAY 10, 2012

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a regular meeting on Thursday, May 10, 2012, at 7:00 P.M. in OWASA's Community Room at 400 Jones Ferry Road, Carrboro.

Directors present: Gordon Merklein, Chair; Alan Rimer, Vice Chair (arrived at 7:40 P.M.); Amy Witsil, Secretary; Fred Battle; Terri Buckner; Will Raymond; Dana Stidham; William Stott; and John A. Young.

OWASA staff: Ed Kerwin; John Greene; Mason Crum; Patrick Davis; Greg Feller; Ed Holland; Stephanie Glasgow; John Kiviniemi; Heidi Lamay; Andrea Orbich; Kelly Satterfield; Stephen Winters; and Robert Epting, Esq., Epting and Hackney (arrived at 7:25 P.M.).

Others present: Ben Poulson, Associate Director of Energy Services and Meg Holton, Water, Wastewater, and Stormwater Manager of the University of North Carolina at Chapel Hill.

There being a quorum present, Chair Gordon Merklein called the meeting to order.

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MOTIONS ACTED UPON

1. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled, Resolution Authorizing Modification to the Human Resources Policy Changing the Health and Wellness Incentive Program Administration from Calendar Year to a Fiscal Year. (Resolution so titled, attached hereto, and made a part of these minutes. Motion by John Young, second by William Stott and carried by unanimous vote.)

2. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled, Resolution Authorizing the Renewal of Dental Insurance Contract with Blue Cross Blue Shield of North Carolina. (Resolution so titled, attached hereto, and made a part of these minutes. Motion by John Young, second by William Stott and carried by unanimous vote.)

3. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled, Resolution Authorizing Renewal of Health Insurance Contract with Blue Cross Blue Shield of North Carolina. (Resolution so titled, attached hereto, and made a part of these minutes. Motion by John Young, second by William Stott and carried by unanimous vote.)

4. John Young made a motion to approve the Minutes of the April 12, 2012 Board meeting; the motion was seconded by William Stott and carried by unanimous vote.

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ITEM ONE: ANNOUNCEMENTS

CONFLICT OF INTEREST

Gordon Merklein said 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. There were none.

EMPLOYEE APPRECIATION

Gordon Merklein encouraged Board members to attend OWASA's Employee Appreciation event on Friday, May 11, 2012, at noon in OWASA's Operations Center.

FINANCE COMMITTEE MEETING

Amy Witsil reported that the Finance Committee meet prior to the Board meeting to review several items. First was a review of Capital Improvements Program (CIP) expenditures for Fiscal Year (FY) 2012 which staff reported will exceed projections due to unexpected repairs to floodgates at the Cane Creek Reservoir dam and projects that were completed on an accelerated schedule (which will reduce the FY 2013 budget by \$400,000). The Committee requested that staff provide a plan to improve CIP forecasting and tracking and present the plan to the Committee. The Committee may meet again prior to a final decision on budgets and rates by the full Board in June.

The Committee also discussed the Affordability Ratio performance measurement and rate adjustment scenarios. OWASA's Affordability Ratio goal is 1.5 which means OWASA's average annual bill for water and sewer services should be no more than 1.5% of the area's median household income. The ratio calculation is based on an average monthly water use for residential customers of 5,000 gallons per month. Staff research indicates that the actual average monthly water use is closer to 4,000 gallons. Additional analysis of average monthly water use will be conducted and staff will report findings back to the Committee.

Ms. Witsil said that discussion of the FY 2013 Annual Budget and draft Schedule of Rates, Fees and Charges was deferred until the Board meeting. Finally, the Committee discussed and supports an opportunity for OWASA to apply for a no-interest loan from the North Carolina Division of Water Quality for system improvements at the Mason Farm Wastewater Treatment Plant. This will be an action item at the Board's May 24, 2012 meeting.

JAMES McADAM

Terri Buckner recognized the achievements of the late James McAdam who was an instrumental member of the University of North Carolina at Chapel Hill's (UNC) engineering and finance teams that helped plan, finance, and implement the OWASA-UNC reclaimed water system. Ms. Buckner requested that OWASA express appreciation to the family of James McAdam for his contributions to the community and OWASA.

JOHN KIVINIEMI

John Greene introduced John Kiviniemi, OWASA's new Wastewater Treatment and Biosolids Recycling Manager.

REQUEST WITHDRAWN

Will Raymond withdrew his April 12, 2012, request to assemble background information on the draft Drought Response Operating Protocol and the Water and Sewer Management, Planning and Boundary Agreement.

ITEM TWO:     PETITIONS AND REQUESTS

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

ITEM THREE:   RESOLUTION AUTHORIZING A CHANGE TO THE HUMAN  
RESOURCES POLICY ADMINISTERING THE EMPLOYEE WELLNESS  
INCENTIVE PROGRAM ON A FISCAL YEAR

John Young made a motion to approve the resolution; the motion was seconded by William Stott and carried by unanimous vote. Please see Motion No. 1 above.

ITEM FOUR:    RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO  
EXECUTE A CONTRACT WITH BLUE CROSS AND BLUE SHIELD FOR  
DENTAL INSURANCE

John Young made a motion to approve the resolution; the motion was seconded by William Stott and carried by unanimous vote. Please see Motion No. 2 above.

ITEM FIVE:    RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO  
EXECUTE A CONTRACT WITH BLUE CROSS AND BLUE SHIELD FOR  
HEALTH INSURANCE

John Young made a motion to approve the resolution; the motion was seconded by William Stott and carried by unanimous vote. Please see Motion No. 3 above.

ITEM SIX:      MINUTES

John Young made a motion to approve the Minutes of the April 12, 2012, Board meeting; the motion was seconded by William Stott and carried by unanimous vote. Please see Motion No. 4 above.

ITEM SEVEN: REVIEW AND DISCUSSION OF THE DRAFT FISCAL YEAR (FY) 2013 BUDGET AND DRAFT SCHEDULE OF RATES, FEES AND CHARGES PROPOSED TO BE EFFECTIVE AS OF OCTOBER 1, 2012

Stephen Winters said the current draft FY 2013 Annual Budget does not reflect the changes in the Capital Improvements Budget that Amy Witsil reported on from the Finance Committee meeting; those changes will be reflected in the draft FY 2013 Annual Budget for the budgets and rates hearings on May 24, 2012.

Fred Battle inquired as to how many patrons, 65 and older, visit OWASA's lakes and said that perhaps this fee could be waived for Orange County residents and OWASA customers. Staff will follow up.

The Board authorized staff to advertise proposed rates and fees for public hearings on May 24<sup>th</sup> including no increase in monthly rates. Other charges, such as service availability (system capacity) fees for new connections, are proposed to increase based on updated cost calculations.

ITEM EIGHT: APPOINTMENT OF THE NOMINATING COMMITTEE

Gordon Merklein appointed the following Board members as the Nominating Committee:

- Gordon Merklein, Chair
- Fred Battle
- William Stott

Mr. Merklein said that if any Board member desires to be considered for nomination of a position, she or he should inform a member of the Nominating Committee as soon as possible. The election of new officers will occur at the Board of Directors' meeting on June 14, 2012.

ITEM EIGHT: EXECUTIVE DIRECTOR WILL SUMMARIZE THE KEY ACTION ITEMS FROM THE BOARD MEETING AND NOTE SIGNIFICANT ITEMS FOR DISCUSSION AND/OR ACTION EXPECTED AT THE NEXT BOARD MEETING

Ed Kerwin summarized the meeting with the following action items:

- Staff will provide a plan on how to improve Capital Improvements Program forecasting and tracking and present the plan to the Finance Committee. The Finance Committee may also meet once more prior to a final decision on budgets and rates in June 2012.
- Staff will express appreciation to the family of James McAdam for his contributions.
- Staff will report to the Board regarding how many patrons 65 and older use OWASA's lakes.

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- Staff will advertise proposed rates and fees for public hearings on May 24, 2012 including no increase in monthly rates.

There being no further business to come before the Board, the meeting was adjourned at 8:03 P.M.

Attachments

**RESOLUTION AUTHORIZING MODIFICATION TO THE HUMAN RESOURCE  
POLICY CHANGING THE HEALTH AND WELLNESS INCENTIVE PROGRAM  
ADMINISTRATION FROM CALENDAR YEAR TO FISCAL YEAR**

**WHEREAS**, the current Human Resource Policy provides a Health and Wellness Incentive Program for employees; and

**WHEREAS**, the current Human Resource policy states that the Health and Wellness Incentive program be administered on an calendar year basis; and

**WHEREAS**, it would be practical to administer this policy on a fiscal year basis aligning it with other employee benefits;

**NOW THEREFORE, BE IT RESOLVED:**

1. That the Board of Directors approves changing the Human Resource Policy to administer the employee Health and Wellness Incentive Program on a fiscal year.

Adopted this 10<sup>th</sup> day of May 2012.

**RESOLUTION AUTHORIZING THE RENEWAL OF THE DENTAL INSURANCE  
CONTRACT WITH BLUE CROSS BLUE SHIELD OF NORTH CAROLINA**

**WHEREAS**, to provide adequate and appropriate dental insurance coverage for Orange Water and Sewer Authority (OWASA) employees, it is desirable to continue with dental insurance as proposed by Blue Cross Blue Shield of North Carolina (BCBSNC); and

**WHEREAS**, it is determined that BCBSNC offers excellent dental care coverage; and

**WHEREAS**, BCBSNC has offered to renew dental insurance with a decrease in premiums of 8.8% with no change in coverage; and

**WHEREAS**, the existing dental insurance contract with BCBSNC will expire on June 30, 2012; and

**WHEREAS**, the Human Resources Committee met on April 26, 2012 and recommends approval;

**NOW, THEREFORE, BE IT RESOLVED:**

1. That the Board of Directors has determined to continue to provide for its employees and their families the Dental plan offered through BCBSNC in accordance with provisions of plan.
2. That OWASA shall pay 100% of the cost of dental insurance premiums for employees and 40% of the cost for dependent coverage.
3. That the Executive Director is hereby authorized and directed to execute the contract with BCBSNC.
4. That the term of the above insurance coverage shall be for a period of twelve months beginning July 1, 2012.

Adopted this 10<sup>th</sup> day of May 2012.

**RESOLUTION AUTHORIZING THE RENEWAL OF THE HEALTH INSURANCE  
CONTRACT WITH BLUE CROSS BLUE SHIELD OF NORTH CAROLINA**

**WHEREAS**, to provide adequate and appropriate health insurance coverage for Orange Water and Sewer Authority (OWASA) employees, it is desirable to continue with health insurance as proposed by Blue Cross Blue Shield of North Carolina (BCBSNC); and

**WHEREAS**, it is determined that BCBSNC offers excellent health care coverage; and

**WHEREAS**, BCBSNC has offered to renew health insurance with a decrease in premiums of 1.7% with no change in coverage; and

**WHEREAS**, the existing health insurance contract with BCBSNC will expire on June 30, 2012; and

**WHEREAS**, the Human Resources Committee met on April 26, 2012 and recommends approval;

**NOW, THEREFORE, BE IT RESOLVED:**

1. That the Board of Directors has determined to continue to provide for its employees and their families the health plan offered through BCBSNC in accordance with provisions of plan.
2. That OWASA shall pay 100% of the cost of health insurance premiums for employees and 50% of the cost for dependent coverage.
3. That the Executive Director is hereby authorized and directed to execute the contract with BCBSNC.
4. That the term of the above insurance coverage shall be for a period of twelve months beginning July 1, 2012.

Adopted this 10<sup>th</sup> day of May 2012.