

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

OCTOBER 25, 2012

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a regular meeting on Thursday, October 25, 2012, at 7 PM in Council Chambers at Chapel Hill Town Hall.

Directors present: Alan Rimer, P.E., Chair; John A. Young, Vice Chair; Terri Buckner; Stephen Dear; Michael M. Hughes, P.E.; Gordon Merklein; Will Raymond; and Dana Stidham. Director absent: Amy Witsil, Secretary.

OWASA staff: Ed Kerwin; Mason Crum; Patrick Davis; Stephanie Glasgow; Heidi Lamay; Ed Holland; Kenneth Loflin; William "Dusty" Martin; Andrea Orbich; Kelly Satterfield; Stephen Winters; and Robert Epting, Esq., Epting and Hackney.

Others present: Meg Holton, Water, Wastewater, and Stormwater Manager of the University of North Carolina at Chapel Hill; Ruth Ann Eledge, Vice President and Senior Consultant, The Waters Consulting Group, Inc.; Paula, Brandon and James Martin.

There being a quorum present, Chair Alan Rimer called the meeting to order.

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MOTIONS ACTED UPON

1. Will Raymond made a motion to approve the Minutes of the September 27, 2012 Annual Meeting of the Board of Directors; the motion was seconded by John Young, and carried by unanimous vote.

2. Will Raymond made a motion to approve the Minutes of the October 11, 2012 Closed Session of the Board of Directors for the purpose of discussing a settlement of litigation; the motion was seconded by John Young, and carried by unanimous vote.

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ITEM ONE: ANNOUNCEMENTS

CONFLICT OF INTEREST

Alan Rimer 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.

CHAPEL HILL OWASA COMMITTEE MEETING

Alan Rimer said that on October 18, 2012, the Chapel Hill Town Council's OWASA Committee and the Chapel Hill appointees to the OWASA Board met and discussed Jordan Lake water supply, Rogers Road sewer, OWASA's Employee Classification and Compensation Study, and OWASA's position on the Mountains-to-Sea Trail.

An overview of Jordan Lake water supply was provided regarding OWASA's work to secure access to its Jordan Lake water supply allocation including updates on the Town of Carrboro's OWASA Subcommittee. The OWASA Board will consider action to request converting OWASA's Jordan Lake water supply allocation from Level II to Level I at the December 13, 2012 meeting. Council Members suggested that a process to keep the elected Boards informed during future droughts, including the opportunity for feedback before the Board authorizes water purchases, be explicitly incorporated into the draft Drought Response Operating Protocol by OWASA staff.

Mr. Rimer said that questions were answered regarding the technical work OWASA staff did regarding possible sewer service for the Historic Rogers Road area. An update was given on the OWASA Employee Classification and Compensation Study, which is nearing completion. Mr. Rimer stated that he summarized OWASA's position regarding the Mountains-to-Sea Trail, that staff remains in close contact with the County's efforts and that the OWASA Board will respond to any formal request by the County at the appropriate time. The group agreed to schedule its next meeting in January 2013.

FINANCE COMMITTEE MEETING

John Young said that the Finance Committee met on October 17, 2012, to continue the Committee's discussions about the ongoing rate study. Staff provided information in response to questions by the Committee during its meeting on September 13, 2012. The Committee also reviewed scenarios that summarized the effects of various changes to OWASA's water and sewer rate structure. The Finance Committee will meet again on November 15 at 8 AM in the OWASA Boardroom to review staff's recommended changes to the rate structure based on input by the Committee. Any decisions to modify OWASA's rate structure will be made by the full Board during the budget planning process for Fiscal Year 2014, which also includes public input.

ORANGE COUNTY MEETING

Michael Hughes said that Terri Buckner and he will be meeting with Orange County officials on Tuesday, October 30, 2012 to discuss issues similar to those discussed at the Chapel Hill OWASA Committee meeting on October 18th.

OUTSTANDING A-SURFACE OPERATOR OF THE YEAR – WILLIAM “DUSTY” MARTIN

Kenneth Loflin announced that Dusty Martin, OWASA Operations Supervisor, was named 2012 Outstanding A-Surface Operator of the Year for the North Carolina Waterworks Operators Association.

The Board congratulated Mr. Martin.

ITEM TWO: PETITIONS AND REQUESTS

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

ITEM THREE: UPDATE ON WATER/SEWER RELATED MITIGATION EFFORTS IN THE HISTORIC ROGERS ROAD AREA

The Board received this item as information.

ITEM FOUR: MINUTES

Will Raymond made a motion to approve the Minutes of the September 27, 2012 Annual Meeting of the Board of Directors; the motion was seconded by John Young, and carried by unanimous vote. Please see Motion No. 1 above.

Will Raymond made a motion to approve the Minutes of the October 11, 2012 Closed Session of the Board of Directors for the purpose of discussing a settlement of litigation; the motion was seconded by John Young, and carried by unanimous vote. Please see Motion No. 2 above.

ITEM FIVE: FINANCIAL REPORT FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2012

The Board received this item as information.

ITEM SIX: ANNUAL REVIEW AND UPDATE OF STRATEGIC TRENDS AND MASTER PLAN ISSUES

Dana Stidham inquired about the differences between the Contaminant Candidate List and the Unregulated Contaminant Monitoring Rule; staff will follow up.

ITEM SEVEN: REVIEW RECOMMENDATIONS FROM THE EMPLOYEE CLASSIFICATION AND COMPENSATION STUDY

The Board received a presentation on the draft final report of the Employee Classification and Compensation Study from Ruth Ann Eledge, Vice President and Senior Consultant, The Waters Consulting Group, Inc.

After considerable discussion by the Board, consultant and staff, it was agreed that demographic information will be completed and provided to the Board. Discussion will continue at the Board's November 8, 2012 meeting. Board members were encouraged to send any questions regarding the recommendations in the draft final report to staff before the November 8th meeting. If there is a need to plan a Human Resources Committee meeting, one will be scheduled.

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 items:

- Staff will follow up on Dana Stidham's inquiry regarding the differences between the Contaminant Candidate List and the Unregulated Contaminant Monitoring Rule.
- Board members will send any questions regarding the recommendations of the Employee Classification and Compensation Study to staff prior to the November 8, 2012 meeting and staff will provide demographic information to the Board.
- The November 8, 2012 Board Meeting will include:
 - o Consider discussion and possible adoption of recommendations from the Employee Classification and Compensation Study; and
 - o Continue discussion and review of OWASA's Strategic Plan update.

There being no further business to come before the Board, the meeting was adjourned at 10:00 PM.