

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

JANUARY 12, 2012

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a regular business meeting on Thursday, January 12, 2012, at 7:00 P.M. in OWASA's Community Room at 400 Jones Ferry Road, Carrboro.

Directors present: Alan Rimer, Vice Chair; Amy Witsil, Secretary; Fred Battle; Terri Buckner; Will Raymond; Dana Stidham; William Stott; and John A. Young. Director absent: Gordon Merklein, Chair.

OWASA staff: Ed Kerwin; John Greene; Mason Crum; Stuart Carson; Patrick Davis; Greg Feller; Stephanie Glasgow; Ed Holland; Andrea Orbich; Vishnu Gangadharan; Stephen Winters; and Robert Epting, Esq., Epting and Hackney.

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; Sammy Slade, Carrboro Board of Aldermen; Joyce Preslar, Orange County; Mac Clarke, Chapel Hill; Tom Davis, Orange County; Damon Seils and Reed Palmer, Carrboro.

There being a quorum present, Vice 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 December 8, 2011 Meeting of the Board of Directors; the motion was seconded by Fred Battle, and carried by unanimous vote.

2. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Awarding a Construction Contract for the Fordham Boulevard and Booker Creek Neighborhood Water Main Replacement Project." (Resolution so titled attached hereto and made a part of these minutes. Motion by Will Raymond, seconded by Fred Battle, and unanimously approved.)

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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.

CHANGE TO THE AGENDA

Alan Rimer said that an item has been added to the end of the agenda titled, Discussion on a Training Session Regarding Board Members Legal Authority and Balancing Interests, and without objection the item was added.

ORANGE COUNTY MEETING

Alan Rimer said that on Tuesday, January 24, 2012, at 7:00 P.M. Gordon Merklein will present an annual update to the Orange County Board of County Commissioners on OWASA's activities with an emphasis on Jordan Lake and the Water and Sewer Management, Planning and Boundary Agreement. This meeting will be held at the County's Office Complex at Hillsborough Commons.

COMMITTEE MEETINGS

Alan Rimer said that the Natural Resources/Technical Systems Committee met on December 16, 2011 to discuss efforts to retain and gain access to OWASA's Jordan Lake allocation. The topics discussed during the meeting will be addressed and discussed in tonight's full Board meeting. An additional NRTS follow-up meeting may be scheduled depending on the outcome of upcoming meetings with the Orange County Board of Commissioners and the Chapel Hill Town Council's "OWASA Committee."

Amy Witsil said that the Finance Committee will meet on Thursday, January 26, 2012 at 5:30 P.M. in the First Floor Conference Room at Chapel Hill Town Hall.

UPDATE ON THE EMPLOYEE PAY AND CLASSIFICATION STUDY

Fred Battle, Chair of the Board's Human Resources (HR) Committee said that the purpose of the Employee Classification and Pay Study is to determine what improvements may be needed to ensure that OWASA's employees are properly classified in their jobs and that the total employee compensation is appropriate given the organization's goals and objectives. The last such study was initiated in 2002. A Project Team was formed to provide high level oversight for the this study and Team consists of Rod Dail, Maintenance Mechanic and he also serves on the Employee HR Team; Ed Kerwin, Executive Director; Stephanie Glasgow, HR and Safety Manager; and Mr. Battle.

Mr. Battle said the Team selected The Waters Consulting Group to perform the study and their work includes four main tasks: 1) analyze the present compensation structure; 2) evaluate the classification of all positions; 3) assess the total compensation package; and 4) review the current employee performance evaluation and reward system. During December the consultant also held employee meetings to provide information and distribute Position Description Questionnaires for each employee to complete. It is expected that the project will take approximately four months to complete. A final draft report will be presented to the HR Committee prior to presentation to the full Board by the end of the current fiscal year.

ITEM TWO: PUBLIC PETITIONS AND REQUESTS

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

ITEM THREE: BOARD PETITIONS AND REQUESTS

Will Raymond petitioned staff to look into the costs of televising the first OWASA Board meeting (second Thursday of each month) as well as making video's available on OWASA's website. Alan Rimer suggested that staff also look into the reason why one Board meeting is televised and one is not televised.

Staff is already working on this request and will provide an update a February Board meeting.

ITEM FOUR: STAFF PETITIONS AND REQUESTS

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

ITEM FIVE: MERIT PAY DISTRIBUTION REPORT

The Board received this as an information item.

ITEM SIX: QUARTERLY REPORT ON ATTENDANCE AT BOARD OF DIRECTORS MEETINGS

The Board received this as an information item.

ITEM SEVEN: MINUTES

Will Raymond made a motion to approve the Minutes of the December 8, 2011 Meeting of the Board of Directors; second by Fred Battle, and carried by unanimous vote. Please see Motion No. 1 above.

ITEM EIGHT: RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR THE FORDHAM BOULEVARD AND BOOKER CREEK NEIGHBORHOOD WATER MAIN REPLACEMENT PROJECT

Will Raymond made a motion to adopt the resolution; second by Fred Battle and carried by unanimous vote. Please see Motion No. 2 above.

ITEM NINE: CONTINUED DISCUSSIONS REGARDING OWASA'S JORDAN LAKE ALLOCATION

John Young said that information provided to him by staff after the Dec 12, 2011 NRTS Committee meeting had persuaded him that the proposed water purchase trigger should occur well in advance of a Stage 2 Water Shortage declaration, and that he now supported the proposed Drought Response Operating Protocol (DROP) as presented in the Board's agenda package. He also stated that he believed that it is important to share the range of alternative trigger scenarios (and their rationales) that have been considered when the DROP is presented to Chapel Hill Town Council members.

Dana Stidham stated her preference for a water purchase trigger line closer to or at Stage 2 and asked if there is an alternative solution, such as the rate stabilization fund or similar funding sources, to offset some of the financial burden that Stage 2 restrictions would impose on OWASA customers.

Ed Holland responded to several questions from Board members about the proposed DROP.

Terri Buckner and Mr. Young proposed several editorial changes to the text that describes and explains the DROP. Will Raymond also suggested that the text include specific provisions for periodically reviewing the DROP. The Board was in consensus to accept those changes. It was agreed that staff would incorporate the suggested edits and circulate a revised draft via email for the Board's review.

Alan Rimer asked the Board to indicate its overall level of support for the proposed DROP. Dana Stidham and Will Raymond expressed their preference that the water purchase line be moved to the Stage 2 trigger level. The remaining six Board members concurred with the proposed DROP (including the agreed upon revisions).

Mr. Rimer asked the Board to resume its previous Jordan Lake Level I/II discussion and to provide guidance to staff about when to initiate a request to the NC Environmental Management Commission (EMC) to convert OWASA's existing Level II allocation to a Level I. The Board was in agreement that staff should initiate negotiations with the Town of Cary and the City of Durham regarding the potential terms and conditions of new or modified water purchase agreements, and that no action be taken at this time to initiate conversion of the Level II allocation to Level I. Staff will provide periodic progress reports to the Board and solicit the Board's feedback about the general terms of the Cary/Durham negotiations before staff presents any formal agreements for Board consideration.

Ed Kerwin clarified that it is still staff's expectation that a request to convert OWASA's Level II allocation to Level I would be initiated no later than OWASA's application to the EMC to retain our Jordan Lake allocation.

Mr. Rimer then asked for feedback on the draft PowerPoint presentation to the Chapel Hill Council's "OWASA Committee" meeting scheduled for January 30, 2012.

Mr. Young suggested that the presentation should describe the range of alternative purchase triggers scenarios that the Board has considered and why this version of the DROP is being proposed. He also suggested technical improvements to several graphs in the presentation and recommended deleting references to the "urgency" of need for Council action.

In response to a question by Ms. Buckner, the Board discussed the overall purpose of the presentation in the context of the January 30 meeting. There was consensus that the principal purpose of the meeting was to present and explain the proposed DROP in order to answer questions about when OWASA would purchase water raised during the October 24, 2011 meeting with Chapel Hill Council members, and that a substantially briefer presentation should focus on that purpose. The focus of the meeting would be the DROP, rather than unresolved issues pertaining to the Water and Sewer Management, Planning and Boundary Agreement (WSMPBA).

Mr. Kerwin reported that he received an email (provided to the Board) from Carrboro Alderman Lydia Lavelle indicating her intent to attend tonight's meeting and the January 30th "OWASA Committee" meeting, but would be unable to attend due to schedule conflicts. She requested that the January 30th meeting time be adjusted or rescheduled. Board members agreed that the January 30th meeting date would not be changed, because it had been set in response to Chapel Hill Town Council members.

Carrboro appointees William Stott and Dana Stidham agreed to contact Alderman Lavelle to determine if she or other Aldermen would be interested in a separate meeting with OWASA Board members.

ITEM TEN: BOARD WORK SESSION IN FEBRUARY

Terri Buckner said that a Board work session, facilitated by UNC's School of Government, on Board members' legal authority and balancing interests will be scheduled in February. A future work session for the Board and staff will be scheduled later this year.

The Board agreed to schedule this session at a time convenient for most Board members, and recommended that this type of session be institutionalized for future Boards. The finalized date and time will be publicly noticed.

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There being no further business to come before the Board, the meeting was adjourned at 9:10 P.M.

Attachment

**RESOLUTION AWARDING A CONSTRUCTION CONTRACT
FOR THE FORDHAM BOULEVARD AND BOOKER CREEK NEIGHBORHOOD
WATER MAIN REPLACEMENT PROJECT**

WHEREAS, there is a need for the replacement of certain water mains along Fordham Boulevard and within the Booker Creek Neighborhood; and

WHEREAS, plans and specifications for the construction of this project have been prepared by Hazen and Sawyer; and

WHEREAS, advertisement for contractor qualifications was published on the OWASA website and in the Greater Diversity News (Wilmington, NC) on October 2011; four contractors were qualified to bid on December 6, 2012; and four bids were received on January 5, 2012; and

WHEREAS, on June 9, 2011 the Board approved a resolution authorizing funds for Capital Improvement Projects, including funds for this project;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Orange Water and Sewer Authority Board of Directors awards the construction contract to Moffat Pipe Inc., the low responsive, responsible bidder for the Fordham Boulevard and Booker Creek Neighborhood Water Main Replacement Project, in accordance with the approved plans and specifications, in the amount of \$1,479,590, subject to such change orders as may apply.

2. That the Executive Director be, and hereby is, authorized to execute said contract, subject to prior approval of legal counsel, and to approve and execute change orders and such documents as may be required in connection with the construction contract.

Adopted this 12th day of January 2012.