

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

OCTOBER 10, 2013

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a regular meeting on Thursday, October 10, 2013, at 7:00 PM in OWASA's Community Room, 400 Jones Ferry Road in Carrboro.

Directors present: John A. Young, Vice Chair; Michael M. Hughes, P.E., Secretary; Terri Buckner; Steve Dear; Heather Payne; Will Raymond; and Amy Witsil. Directors excused: Alan Rimer, P.E., Chair; and Dana Raborn.

OWASA staff present: Ed Kerwin; Patrick Davis; Mary Darr; Stephanie Glasgow; Randy Horton; Andrea Orbich; Kevin Ray; Kelly Satterfield; Todd Taylor; 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, University of North Carolina at Chapel Hill; Chapel Hill residents: Mac Clarke, Karen Diamond, Bernard Glassman and Gordon Merklein.

There being a quorum present, Vice Chair John Young called the meeting to order.

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MOTIONS ACTED UPON

1. Steve Dear made a motion to approve the Minutes of the September 26, 2013 Closed Session of the Board of Directors; second by Will Raymond and unanimously approved.

2. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled Resolution of Orange Water and Sewer Authority to Change the Salary Grades of the Finance and Customer Service Manager and One of Customer Service Representative Positions. Motion by Amy Witsil, second by Heather Payne and unanimously approved.

3. Michael Hughes made a motion that the Board convene in a Closed Session for the purpose of discussing a personnel matter; second by Heather Payne and unanimously approved.

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ITEM ONE: ANNOUNCEMENTS

CONFLICT OF INTEREST

John Young 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.

GORDON MERKLEIN

John Young read aloud and presented a resolution of appreciation honoring the service of former OWASA Board Member and Chair Gordon Merklein.

The Board expressed their sincere appreciation to Mr. Merklein for his leadership and service to OWASA.

COMMITTEE MEETINGS

Will Raymond said that the Human Resources (HR) Committee met on October 3 and 9, 2013 to discuss three items: cost of labor and merit pay adjustments for Fiscal Year (FY) 2014; proposed organization changes in the Finance and Customer Service department; and set the HR Committee's agenda for the next few months. Mr. Raymond said that the HR Committee recommends a combined 2.5–3% cost of labor and merit pay adjustment as well as endorsing staff's proposed organization changes in the Finance and Customer Service department. Mr. Raymond also noted that HR Committee will meet again in November to discuss health and dental insurance for FY 2015.

Steve Dear said that the Outreach Committee will meet on Thursday, October 17, 2013 at 5:15 PM in OWASA's Boardroom; the agenda will be posted to the website prior to the meeting. Mr. Dear encouraged all Board Members to attend this meeting.

John Young said that the Finance Committee met today prior to the Board meeting to review and discuss OWASA's Financial Management Policy and the FY 2015 budget process and timeline. The Committee also began discussions on a plan to re-engage discussions about rate structure modifications. Mr. Young said the Finance Committee decided to consider rate structure modifications during the process of developing the FY 2015 budget with the expectation that preliminary decisions will be made early enough to allow time to initiate dialogues with the public in April 2014.

ITEM TWO: PETITIONS AND REQUESTS

Karen Diamond petitioned the Board to assist customers with unexplained water usage hikes without charging the \$100 fee to check a meter.

Bernard Glassman spoke to the Board about aging residential water meters and the possible impact on measurements of water consumption. He petitioned the Board to eliminate the \$100 fee to test water meters especially for those customers who are concerned about their water meter. He suggested that an alert, via a telephone call, be provided to those customers who have high water usage and not the yellow high consumption tags. Mr. Glassman suggested that the Board hold an open forum for all customers who may be concerned about their water usage and/or water meters.

Will Raymond informed the petitioners that the Board's Natural Resources and Technical Systems Committee is meeting on November 6, 2013 at 5:30 PM in the OWASA Boardroom to

discuss automated metering infrastructure and suggested they attend to hear the Committee's discussions.

John Young said that OWASA replaces about 1,000 meters a year with remote-read meters. He deferred the petitions to staff for a report a future Board meeting.

John Young asked for petitions and requests from Board and staff; there were none.

ITEM THREE: QUARTERLY REPORT ON ATTENDANCE AT COMMITTEE AND BOARD MEETINGS

The Board received this item as information.

ITEM FOUR: MINUTES

Steve Dear made a motion to approve the Minutes of the September 26, 2013 Closed Session of the Board of Directors; second by Will Raymond and unanimously approved. Please see Motion No. 1 above.

ITEM FIVE: PROPOSED ORGANIZATION CHANGES FOR THE FINANCE AND CUSTOMER SERVICE DEPARTMENT

Will Raymond said that the Human Resources (HR) Committee met and discussed this item on October 3 and 9, 2013. The HR Committee members who attended the October 9th meeting endorsed staff's proposed organization changes in the Finance and Customer Service Department.

Amy Witsil made a motion to adopt the resolution titled, Resolution of Orange Water and Sewer Authority to Change the Salary Grades of the Finance and Customer Service Manager and One of Customer Service Representative Positions; second by Heather Payne and unanimously approved. Please see Motion No. 2 above.

ITEM SIX: RECOMMENDATION FROM THE HUMAN RESOURCES COMMITTEE REGARDING COST OF LABOR AND MERIT PAY ADJUSTMENTS FOR FISCAL YEAR 2014

Will Raymond noted that the Human Resources (HR) Committee met and discussed this item on October 3 and 9, 2013; while no decision is necessary tonight, approval would be needed by the Board's October 24th meeting. The HR Committee supports a 1 percent cost of labor adjustment and a merit increase between 1.5–2 percent.

Stephanie Glasgow noted that staff received compensation data from World at Work for entities about the same size as OWASA. Ms. Glasgow said the data indicates the compensation increase for the market is 3 percent; area local governments are providing 2 percent; and the City of Raleigh, Town of Cary and Cape Fear Public Utility are providing 3 percent.

Ms. Glasgow said OWASA's current Pay Administration Guidelines explain the two areas of compensation are cost of labor and merit. The Guidelines also state that those employees with "Exceptional" ratings earn twice the merit increase than those employees earning a "Successful" rating. OWASA's Administrative Guide on Performance Reviews states that there will be no more than 10 percent of the organization receiving the "Exceptional" rating. Employees rated at "Needs Improvement" or "Unsuccessful" will not receive a cost of labor or merit adjustment.

Heather Payne asked how many OWASA employees voluntarily left OWASA employment in the last year.

Steve Dear asked how many OWASA employees left involuntarily.

Staff will follow up on Ms. Payne's and Mr. Dear's requests.

Mac Clarke, Chapel Hill resident and former OWASA Board Member, said that the Classification and Compensation Study recommended an overall increase of 7 percent in pay ranges and he believes the study results should be fully utilized, not only to insure staff is paid appropriately but to show that the OWASA pay structure is being fairly applied. Mr. Clarke suggested the Board ask staff to calculate what the total pay cost would be if all employees were paid at the mid-point of their respective ranges. If the overall cost of salary and wages were in line with the study, the calculation should be close to the actual salary wage and budget. He noted that depending on the difference found, it should be decided how the gap might be eliminated and may involve a multi-year program to close the gap. Mr. Clarke also commented that all pay increases should be merit based.

Terri Buckner said she agrees with Mr. Clarke's comments and requested time to consider them prior to making a decision. She noted that she is more comfortable providing fixed dollar amount increases to OWASA employees than percentage increases.

Without objection, John Young recommended that the Board delay action on this item until additional information is provided. He also requested staff clarify the percentages for "Successful" and "Exceptional" performance ratings.

Will Raymond requested that Board Members submit any additional questions for clarification to staff. He also requested that the Board be prepared for discussion and action on this item at the October 24th meeting.

ITEM SEVEN: 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 follow up on the petitions from Karen Diamond and Bernard Glassman regarding unexpected increases in their billed water use as well as a report on same at a future Board meeting.
- Staff will provide the Board attrition information from the last year, scenario information for merit increases, and a list of hypothetical pay grades/ranges for employees who may receive an “Exceptional” rating.
- The October 24, 2013 Board meeting will include:
 - Discussion and possible action regarding cost of labor and merit adjustments for Fiscal Year 2014;
 - Discussion and possible action on a resolution to award a construction contract for the Jones Ferry Road Water Treatment Plant SuperPulsator Rehabilitation Project;
 - Annual presentation on strategic trends and utility planning issues; and
 - Financial report for the three month period ended September 30, 2013.

ITEM EIGHT: CLOSED SESSION

Michael Hughes made a motion that the Board convene in a Closed Session for the purpose of discussing a personnel matter; second by Heather Payne and unanimously approved. Please see Motion No. 3 above.

There being no further business to come before the Board, the meeting was adjourned at 8:30 PM.

**RESOLUTION OF ORANGE WATER AND SEWER AUTHORITY TO CHANGE THE
SALARY GRADES OF THE FINANCE AND CUSTOMER SERVICE MANAGER AND ONE OF
CUSTOMER SERVICE REPRESENTATIVE POSITIONS**

WHEREAS, the Executive Director has reviewed the duties, functions and responsibilities of the Finance and Procurement Manager, Finance and Customer Service Manager, and Customer Service Representative; and

WHEREAS, the Executive Director has determined that it is in the best interests of the organization to change the responsibilities of the Finance and Customer Service Manager position and change its title to Customer Service Manager; and

WHEREAS, the Executive Director has determined that it is in the best interests of the organization to change the responsibilities of one of the Customer Service Representative positions and change its title to Customer Service Billing Supervisor; and

WHEREAS, the Executive Director recommends changing the Salary Grade of the Customer Service Manager (currently titled Finance and Customer Service Manager) from Salary Grade 621 to Salary Grade 619; and

WHEREAS, the Executive Director recommends changing the Salary Grade of the Customer Service Billing Supervisor (currently titled Customer Service Representative) from Salary Grade 613 to Salary Grade 617; and

NOW THEREFORE, BE IT RESOLVED, THAT THE BOARD OF DIRECTORS OF ORANGE WATER AND SEWER AUTHORITY:

1. Reclassify the existing Finance and Customer Service Manager position from Salary Grade 621 (\$66,487 - \$102,389) to Customer Service Manager, Salary Grade 619 (\$53,966 - \$83,108)
2. Reclassify an existing Customer Service Representative position from Salary Grade 613 (\$36,315 - \$55,925) to Customer Service Billing Supervisor, Salary Grade 617 (\$45,843 - \$70,598)
3. That the Schedule of Employee Classification and Authorized Compensation be amended as above effective October 10, 2013.

Adopted this the 10th day of October, 2013.