

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

OCTOBER 24, 2013

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a regular meeting on Thursday, October 24, 2013, at 7:00 PM in the Community Room in the OWASA Administration Building, 400 Jones Ferry Road in Carrboro.

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

OWASA staff present: Ed Kerwin; Travis Best; Stuart Carson; Michael ChristySam; Mary Darr; Patrick Davis; Greg Feller; Christian Arvizu; Stephanie Glasgow; Thurman Green; Randy Horton; Andrea Orbich; Nick Parker; Kevin Ray; Ruth Rouse; Kelly Satterfield; Todd Taylor; Stephen Winters; Robert Epting and Robin Jacobs, Epting and Hackney.

Others present: Ben Poulson, Associate Director of Energy Services, University of North Carolina at Chapel Hill.

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

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MOTIONS ACTED UPON

1. Terri Buckner made a motion to change the name of the Outreach Committee to Community Engagement Committee; second by Steve Dear and unanimously approved.
2. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled Resolution Awarding a Construction Contract for the Jones Ferry Road Water Treatment Plant SuperPulsator Rehabilitation Project. (Motion by Will Raymond, second by Michael Hughes and unanimously approved.)
3. Will Raymond made a motion to approve the Minutes of the September 26, 2013 Annual Meeting of the Board of Directors; second by Michael Hughes and unanimously approved.
4. Will Raymond made a motion to approve the Minutes of the October 10, 2013 Closed Session of the Board of Directors; second by Michael Hughes and unanimously approved.
5. Will Raymond made a motion to approve a 1 percent cost of labor increase for eligible employees who have earned a Successful and/or Exceptional performance rating during the annual review process; second by Michael Hughes and unanimously approved.
6. Will Raymond made a motion to approve a 2 percent merit increase for employees who have earned a Successful performance rating and 4 percent merit increase for employees

who have earned an Exceptional performance rating during the annual review process; second by Dana Raborn. The motion failed by a vote of 2 to 6 with Alan Rimer, Michael Hughes, Terri Buckner, Heather Payne, Steve Dear and Amy Witsil opposed.

7. Michael Hughes made a motion to approve a 1 percent merit increase for employees who have earned a Successful performance rating and 2 percent merit increase for employees who have earned an Exceptional performance rating during the annual review process; second by Heather Payne. The motion failed by a vote of 4 to 4 with Alan Rimer, Dana Raborn, Will Raymond and Amy Witsil opposed.

8. Amy Witsil made a motion to approve a 1.5 percent merit increase for employees who have earned a Successful performance rating and 3 percent merit increase for employees who have earned an Exceptional performance rating during the annual review process; second by Michael Hughes. The motion failed by a vote of 4 to 4 with Terri Buckner, Steve Dear, Dana Raborn and Will Raymond opposed.

9. Dana Raborn made a motion to reconsider the Board's prior action (to approve a 1.5 percent merit increase for employees who have earned a Successful performance rating and 3 percent merit increase for employees who have earned an Exceptional performance rating during the annual review process). Ms. Raborn's motion to reconsider was seconded by Will Raymond and unanimously approved.

10. Upon reconsideration, Amy Witsil's motion to approve a 1.5 percent merit increase for employees who have earned a Successful performance rating and 3 percent merit increase for employees who have earned an Exceptional performance rating during the annual review process; second by Michael Hughes. The vote passed 6 to 2 with Terri Buckner and Steve Dear opposed.

11. Will Raymond made a motion that the Board convene in a Closed Session for the purpose of discussing a personnel matter; second by Michael Hughes 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.

BOARD WORK SESSION

Alan Rimer announced a Board Strategic Planning Work Session on Wednesday, October 30, 2013 at 5:30 PM in the OWASA Boardroom.

COMMITTEE MEETINGS

Alan Rimer announced a Finance Committee meeting on Thursday, November 14, 2013, at 5:30 PM in the OWASA Boardroom to discuss Fiscal Year 2015 Operating and Capital Improvement Program budget planning.

Steve Dear said that the Outreach Committee met on October 17, 2013, to discuss draft Committee goals. The next meeting will be Monday, November 18, 2013, at 5:15 PM in the OWASA Boardroom. Mr. Dear stated that the Committee requested changing the Outreach Committee's name to Community Engagement Committee.

Terri Buckner made a motion to change the name of the Outreach Committee to Community Engagement Committee; second by Steve Dear and unanimously approved. Please see Motion 1 above.

Terri Buckner announced a Natural Resources and Technical Systems Committee meeting on Wednesday, November 6, 2013, at 5:30 PM in the OWASA Boardroom to discuss Automated Metering Infrastructure.

PROJECT MANAGEMENT SOFTWARE

Ed Kerwin expressed appreciation to Michael Hughes for his October 23, 2013 presentation to OWASA's Engineering and Planning Department staff on Project Management (Primavera) software.

OWASA EMPLOYEE SERVICE AWARDS

Ed Kerwin said he was pleased to acknowledge OWASA's employees who have served for 10, 15, 20 or 25 years at OWASA. The following employees received service awards:

- 10 Year: Marsha Fearington and Brian Dodson
- 15 Year: *Michael Christy, Sam, Roy Bryant, Jimmy Bullis, Jeff Morris, Jackie Mills and Ted Shaffer
- 20 Year: *Thurman Green, Oleg Mikhanylyants, Donnie Nolf and Ronald Williams
- 25 Years: *Kevin Ray and Kelly Thompson

*These employees attended the Board of Directors' meeting and were recognized and appreciated by their supervisors and the Board of Directors.

ITEM TWO: PETITIONS AND REQUESTS

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

ITEM THREE: RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR THE JONES FERRY ROAD WATER TREATMENT PLANT SUPERPULSATOR REHABILITATION PROJECT

Will Raymond inquired if there was more that could be done to increase minority participation in construction contracts.

Stuart Carson said OWASA exceeds the 10 percent goal but that staff would look at what resources may be available to encourage minority participation in construction contracts.

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

ITEM FOUR: MINUTES

Will Raymond made a motion to approve the Minutes of the September 26, 2013 Annual Meeting of the Board of Directors; second by Michael Hughes and unanimously approved. Please see Motion No. 3 above.

Will Raymond made a motion to approve the Minutes of the October 10, 2013 Closed Session of the Board of Directors; second by Michael Hughes and unanimously approved. Please see Motion No. 4 above.

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

Will Raymond said the Human Resources (HR) Committee met to discuss this item on October 3 and 9, 2013. At the October 10th Board meeting, the HR Committee recommended a 1 percent cost of labor adjustment and 1.5–2 percent merit increase for Fiscal Year (FY) 2014. He noted that the resolution prepared for the Board's consideration has three blanks requiring Board action for compensation increases and encouraged Board Members to indicate their preferences.

Alan Rimer read a summary in John Young's absence from an email he sent to the Board: *This is not the time to adjust the structure of our compensation system. We approved and adopted an entirely new system at the beginning of this year and communicated the information to employees. We should approve salary increases that are above all fair. Whether total increases are labeled "cost of labor plus merit" or "merit" doesn't matter, it will be communicated clearly to employees. Choosing whether to make total increases equal to 2 or 3 percent or something in between depends on the logic you want to apply. Two percent seems consistent with trends of our closest public-entity neighbors (Chapel Hill, Carrboro, Durham, Orange County). Three percent seems consistent with the NC public-entity market (Raleigh, Cary, Asheville, Cape Fear) and seems consistent with national and North Carolina trends for all industries and utilities, and undershoots trends at smaller utilities. This is a judgment call.*

Mr. Rimer suggested the Board's discussion tonight focus on determining a compensation increase of 2, 2.5, or 3 percent using the approved compensation structure. Mr. Rimer said he supports a 3 percent increase for staff.

Heather Payne said she supports a 2 or 2.5 percent increase.

Dana Raborn said she leans towards a 3 percent increase.

Terri Buckner said she supports a fixed dollar amount increase for employees rather than a percentage increase. She also said she did not feel there was sufficient time to review all the alternatives.

Steve Dear said he appreciates Ms. Buckner's comments but at this time he supports the approved compensation structure.

Michael Hughes said he supports a 2.5 percent increase and that for next year he prefers a different approach that is more merit driven.

Mr. Rimer said he would support a 2.5 percent increase. He requested that this topic be discussed by the Board in early 2014 so there is good understanding by the full Board.

Mr. Raymond noted that HR Committee meetings are tentatively scheduled in early spring to revisit this topic. He also said that the Board discussed this topic during the compensation study.

Amy Witsil said she supports a 2.5 percent increase and is pleased feedback will be received from staff and employees for the reevaluation next year.

Mr. Raymond said he supports a 3 percent increase.

Will Raymond made a motion to approve a 1 percent cost of labor increase for eligible employees who have earned a Successful and/or Exceptional performance rating during the annual review process; second by Michael Hughes and unanimously approved. Please see Motion No. 5 above.

Will Raymond made a motion to approve a 2 percent merit increase for employees who have earned a Successful performance rating and 4 percent merit increase for employees who have earned an Exceptional performance rating during the annual review process; second by Dana Raborn. The motion failed by a vote of 2 to 6 with Alan Rimer, Michael Hughes, Terri Buckner, Heather Payne, Steve Dear and Amy Witsil opposed. Please see Motion No. 6 above.

Michael Hughes made a motion to approve a 1 percent merit increase for employees who have earned a Successful performance rating and 2 percent merit increase for employees who have earned an Exceptional performance rating during the annual review process; second by Heather Payne. The motion failed by a vote of 4 to 4 with Alan Rimer, Dana Raborn, Will Raymond and Amy Witsil opposed. Please see Motion No. 7 above.

Amy Witsil made a motion to approve a 1.5 percent merit increase for employees who have earned a Successful performance rating and 3 percent merit increase for employees who have earned an Exceptional performance rating during the annual review process; second by Michael Hughes. The motion failed by a vote of 4 to 4 with Terri Buckner, Steve Dear, Dana Raborn and Will Raymond opposed. Please see Motion No. 8 above.

After discussion, Dana Raborn made a motion to reconsider the Board's prior action (to approve a 1.5 percent merit increase for employees who have earned a Successful performance rating and 3 percent merit increase for employees who have earned an Exceptional performance rating during the annual review process). Terri Buckner asked whether the Board would reconsider Mr. Hughes' previous motion (to approve a 1 percent merit increase for employees who have earned a Successful performance rating and 2 percent merit increase for employees who have earned an Exceptional performance rating during the annual review process). Ms. Raborn's motion to reconsider was seconded by Will Raymond and unanimously approved. Please see Motion No. 9 above.

Mr. Dear stated that he was disappointed that the Board did not have sufficient time to evaluate the process for such important topics.

Mr. Rimer indicated that staff has developed a schedule of recurring items that require Board action and suggested the schedule be an agenda item at a future Board meeting.

Upon reconsideration, Amy Witsil's motion to approve a 1.5 percent merit increase for employees who have earned a Successful performance rating and 3 percent merit increase for employees who have earned an Exceptional performance rating during the annual review process; second by Michael Hughes. The vote passed 6 to 2 with Terri Buckner and Steve Dear opposed. Please see Motion No. 10 above.

ITEM SIX: ANNUAL REVIEW AND UPDATE OF STRATEGIC TRENDS AND UTILITY PLANNING ISSUES

The Board received this presentation and requested staff provide additional information and recommendations on projected water supply and demands. Staff will also review recent climate models for the southeastern portion of the United States as well as receive input from local governments. Staff was also requested to look at cost information on denitrification at the Mason Farm Wastewater Treatment Plant and provide an update to the Board.

ITEM SEVEN: FINANCIAL REPORT FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2013

The Board received this as an information item.

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 look at what resources may be available to encourage minority participation in construction contracts.
- Staff will work with Alan Rimer and Will Raymond to develop a list of Board recurring action items.
- Staff will provide additional information and recommendations on projected water supply and demands. Staff will also review recent climate models for the southeastern portion of the United States as well as receive input from local governments.
- Staff will look at cost information on denitrification at the Mason Farm Wastewater Treatment Plant and provide an update to the Board.
- The November 14, 2013 Board meeting will include:
 - o Response to petitioners from two customers regarding unexpected increase in billed water use and follow up actions; and
 - o Possible agenda item regarding strategic planning.

ITEM NINE: CLOSED SESSION

Will Raymond made a motion that the Board convene in a Closed Session for the purpose of discussing a personnel matter; second by Michael Hughes and unanimously approved. Please see Motion No. 11 above.

There being no further business to come before the Board, the meeting was adjourned at 9:50 PM.

**RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR THE JONES
FERRY ROAD WATER TREATMENT PLANT SUPERPULSATOR
REHABILITATION PROJECT**

WHEREAS, there is a need for the rehabilitation of the SuperPulsators at the Jones Ferry Road Water Treatment Plant; and

WHEREAS, plans and specifications for the construction of this project have been prepared by Marziano and McGougan, Inc.; and

WHEREAS, advertisement for contractor qualifications was published on the websites of the Carolinas AGC and OWASA and in the Greater Diversity News (Wilmington, NC) in June 2013, and four contractors were prequalified to bid; and

WHEREAS, on August 19, 2013, the prequalified contractors were formally invited to submit construction bids for the project, and four bids were subsequently received, opened and read aloud on September 19, 2013; and

WHEREAS, Turner Murphy Company, Inc. of Rock Hill, South Carolina has been determined to be the low responsive, responsible bidder for the project; and

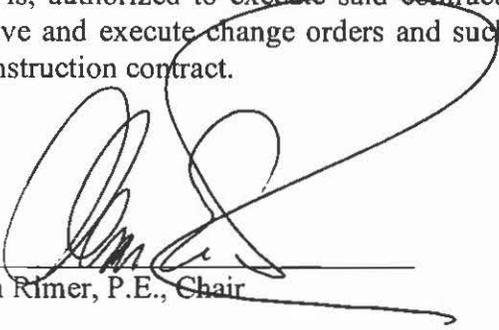
WHEREAS, on June 13, 2013 the Board approved a resolution authorizing funds for Capital Improvement Projects, including funds for this project;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Orange Water and Sewer Authority Board of Directors awards the construction contract to Turner Murphy Company, Inc., the low responsive, responsible bidder for the Jones Ferry Road Water Treatment Plant SuperPulsator Rehabilitation Project, in accordance with the approved plans and specifications, in the amount of \$665,151.00, subject to such change orders as may apply.

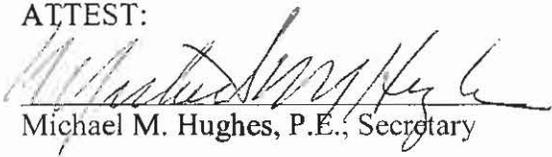
2. That the Executive Director be, and hereby is, authorized to ~~execute said contract~~, subject to prior approval of legal counsel, and to approve and execute change orders and such documents as may be required in connection with the construction contract.

Adopted this 24th day of October 2013.



Alan Rimer, P.E., Chair

ATTEST:



Michael M. Hughes, P.E., Secretary

**RESOLUTION AUTHORIZING COST OF LABOR AND MERIT PAY INCREASE
FOR ELIGIBLE EMPLOYEES**

WHEREAS, the Board of Directors of Orange Water and Sewer Authority has determined that it is reasonable and prudent to adjust its employee compensation plan in order to provide the Cost of Living and Merit increases described herein, to provide fair and equitable compensation so that qualified employees may be retained and others employed to do the work necessary for the operation of the OWASA service system;

WHEREAS, the Human Resource Committee of the Board of Directors has recommended that the Board of Directors adopt and implement a Cost of Labor increase of 1% for eligible employees, and a merit increase between 1.5% and 2.0% for eligible employees, each to be effective November 4, 2013;

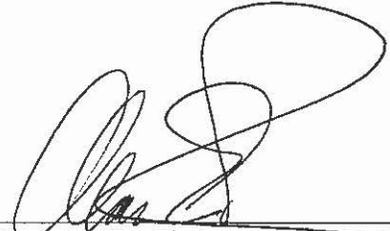
NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors hereby approves a 1 % Cost of Labor increase for eligible employees who have earned a Successful and/or Exceptional Performance review during the Annual review process and the Executive Director is directed to adjust and implement the same percentage increase in salary ranges in the Schedule of Employee Classification and Authorized Compensation. Provided, however, ineligible employees whose salary falls below the minimum amount of the new pay range shall be brought up to the minimum.

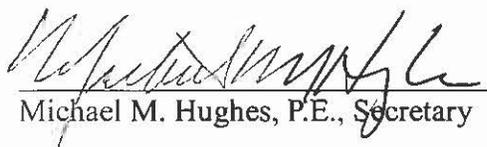
2. That the Board of Directors hereby approves 1.5 % for merit increases for employees who have earned a Successful performance review and 3 % for employees who have earned an Exceptional performance review during the Annual review process.

3. Compensation increases shall be effective November 4, 2013.

Adopted this 24th day of October 2013.



Alan Rimer, P.E., Chair



Michael M. Hughes, P.E., Secretary