

ORANGE WATER AND SEWER AUTHORITY
WORK SESSION OF THE BOARD OF DIRECTORS
DECEMBER 10, 2015

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a Work Session on Thursday, December 10, 2015 at 6:00 PM in OWASA's Community Room in the Administration Building, 400 Jones Ferry Road, Carrboro.

Board Members present: John Young, Chair; Robert Morgan, Vice Chair; Heather Payne, Secretary; Terri Buckner; Jeff Danner; Barbara Foushee; David Moreau; Quinton Harper and Ruchir Vora.

OWASA staff present: Ed Kerwin; Mary Darr; Patrick Davis; Randy Horton; Andrea Orbich; Dan Przybyl; Ruth Rouse; Todd Taylor; Kelly Satterfield; Stephen Winters; and Robert Epting, 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; Larry Mitchell, Dewberry; Ian Howes, Chapel Hill resident; and Braxton Foushee, Carrboro resident.

ANNOUNCEMENTS

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; none were disclosed.

Mr. Young announced updates in the membership of the Standing Committees of the Board of Directors: Barbara Foushee is assigned to the Human Resources and Finance Committees and Quinton Harper is assigned to the Natural Resources/Technical Systems Committee. Mr. Young also said that Terri Buckner volunteered to serve as OWASA's representative on the Intergovernmental Parks Work Group.

Mr. Young announced that the OWASA orientation for the newly elected Town of Chapel Hill Mayor and Council Members (Mayor Hemminger, Council Members Anderson, Oates and Parker) will be scheduled in January 2016.

Mr. Young announced that Terri Buckner, Barbara Foushee and he will provide OWASA's annual update to the Orange County Board of County Commissioners on Tuesday, February 16, 2016 at 7:00 PM at Southern Human Services Center.

The Board agreed to have two e-mail groups for the Board: boardmembers@owasa.org and board_and_leadership@owasa.org. The first will include only Board Members and the second will include Board Members, Executive Director, General Counsel and Clerk to the Board.

Terri Buckner reported on the December 2, 2015 meeting of the Inter-local Energy Collaboration Work Group. Patrick Davis will send an e-mail on the energy initiatives the group is considering.

Ruchir Vora reported on the December 7, 2015 meeting of the Community Engagement Committee.

Robert Morgan said the Human Resources Committee met prior to the Work Session to discuss Executive Director's Performance Goals, which will be discussed later on in agenda item 3.

Ed Kerwin said that 2015 Customer Survey will close on December 15, 2015 and the response has been good; the results will be presented to the Board on January 28, 2016.

DISCUSSION

ITEM ONE: DRAFT ADVANCED METERING INFRASTRUCTURE (AMI) FEASIBILITY STUDY

The Board discussed the draft AMI Feasibility Study with staff and the consultant and requested a summary of the key information which will be provided in a supplement to the AMI Feasibility Study at the January 14th Board Work Session. The supplemental information will include: sensitivity analysis of the return on investment in AMI to key variables; analysis of the currently Automated Meter Reading implementation strategy; AMI unit cost trend; evaluation of customer service representative compensation relative to the additional job requirements for AMI; proportional components of project costs; comparison of key benefits, both financial and non-financial, of alternatives; and summary of lessons learned.

ITEM TWO: DISCUSSION OF COST ALLOCATION STUDY

The Board discussed a draft cost of service analysis by Burton and Associates that includes a review of customer rate classes and how the classes were determined. This information will inform future water and sewer rate structure decisions.

The Board received comments from Ian Howes and Braxton Foushee.

Following discussion, the Board requested additional information on a wider range of customer rate class options. This information will be provided and discussed at a Special Board meeting to be held in January 2016.

ITEM THREE: DISCUSS DRAFT EXECUTIVE DIRECTOR'S PERFORMANCE GOALS

The Board received and discussed changes proposed by the Human Resources Committee to Executive Director's Draft Performance Goals. The Board received the proposed changes and suggested that they be shared with Board Members and the Executive Director for comments before finalizing.

ITEM FOUR: REVIEW BOARD WORK SCHEDULE

The Board agreed to the following changes on the 12 Month Board Meeting Schedule:

- Change the title of the January 14th Work Session item for Considering Approval of AMI Feasibility Study to include “and discuss next steps.”
- The Discussion of Financial Reserves will be moved from January 14th to the February 25th Board meeting.
- Discussion of Community Engagement be moved from the January 28th to the February 25th Board meeting.
- Due to the amount of Board discussion on potential rate structure modifications, the Board agreed to schedule a Special Meeting of Board in January 2016 to continue the discussions.

ITEM FIVE: EXECUTIVE DIRECTOR WILL SUMMARIZE THE KEY STAFF ACTION ITEMS FROM THE WORK SESSION

Ed Kerwin summarized the key action items for staff as follows:

- Staff will establish two Board e-mail distribution lists (one of Board Members only; and one of Board Members, Clerk, General Counsel and Executive Director).
- Patrick Davis will provide the Board an update on the energy initiatives of the Inter-local Energy Collaboration Working Group.
- Todd Taylor will provide the Board a summary of the key information that will be part of the supplement to the AMI Feasibility Study for discussion on January 14, 2016.
- Stephen Winters will provide the Board information about alternatives for customer rate classes and rate structure alternatives to analyze.
- Andrea Orbich will distribute the Human Resources Committee’s proposed changes to the Executive Director’s Draft Performance Goals to Board Members and the Executive Director for comments before finalizing.
- Andrea Orbich will poll Board Members to schedule a Special Meeting of Board in January 2016 to continue discussions on potential rate structure modifications.

The work session was adjourned at 9:55 PM.

Respectfully submitted by:



Andrea Orbich
Executive Assistant/Clerk to the Board