

Orange Water and Sewer Authority
Meeting of the Board of Directors
May 11, 2017

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a work session on Thursday, May 11, 2017 at 6:00 p.m. in the Community Room in the OWASA Administration Building, 400 Jones Ferry Road, Carrboro.

Board Members present: John A. Young, Chair; Barbara Foushee, Secretary; Yinka Ayankoya; Terri Buckner; David Moreau; Bob Morgan; and Heather Payne. Absent: Jeff Danner, Vice Chair; and Ruchir Vora.

OWASA staff present: Ed Kerwin, Mary Darr, Greg Feller, Alicia Grey, Stephanie Glasgow, Howard Hardiman, Simon Lobdell, Dan Przybyl, Todd Taylor, Stephen Winters and Robert Epting, Esq., Epting and Hackney.

Others present: Kevin O'Conner, Don Schlenger and Associates; Rossie Manning and Kevin Keim, Mueller Systems; Margaret Holton, Water, Sewer and Reclaimed Water Coordinator, University of North Carolina at Chapel Hill; and Ellen Tucker, Hill, Chesson and Woody.

Motions

1. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Awarding a Construction Contract for the Rogerson Drive Pump Station Rehabilitation Project. (Motion by Heather Payne, second by Dave Moreau and unanimously approved.)
2. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Amending the Fiscal Year 2017 Annual Budget for Capital Equipment Expenditures. (Motion by Heather Payne, second by Dave Moreau and unanimously approved.)
3. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Authorizing the Executive Director to Execute Contracts with Blue Cross Blue Shield of North Carolina for Employee Health (6.8% premium increase) and Dental (1.4% premium increase) Insurance. (Motion by Terri Buckner, second by Robert Morgan and unanimously approved.)
4. Terri Buckner made a motion to adopt a fifth health and dental coverage Tier (Employee and Children) with Blue Cross Blue Shield of North Carolina; second by Heather Payne and unanimously approved.
5. BE IT RESOLVED THAT the Board of Directors of the Orange Water and Sewer Authority adopts the Resolution Awarding a Contract for the Advanced Metering Infrastructure System Project. (Motion by Terri Buckner, second by Heather Payne and the resolution passed with a vote of six to one with John Young opposed.)

6. Heather Payne made a motion to increase the Fiscal Year 2018 Annual Budget for employee merit pay from \$260,000 to \$290,000; second by Dave Moreau and unanimously approved.

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 at this time. None were disclosed.

Mr. Young said the Chapel Hill Town Council's OWASA Committee and Chapel Hill appointees to the OWASA Board of Directors will meet on Thursday, May 25, 2017, at 8:30 a.m. in the OWASA Board Room to discuss items of mutual interest.

Yinka Ayankoya reviewed the Board's process for nominating and electing the Chair, Vice Chair and Secretary at the June 8th Work Session. She noted that Jeff Danner, Barbara Foushee, Robert Morgan, Heather Payne and she are available according to the Board's current practice for the Election of Officers to hold an Executive Committee position. John Young and Ruchir Vora declined to be considered for an Executive Committee position.

Item One: Resolution Awarding a Construction Contract for the Rogerson Drive Pump Station Rehabilitation Project

John Young inquired as to the reason for a wide differential in pricing from bidders for the concrete/coatings repair for the Rogerson Drive Pump Station Rehabilitation project.

Heather Payne made a motion to approve the resolution; second by Dave Moreau and unanimously approved. Please see Motion No. 1 above.

Item Two: Resolution Amending the Fiscal Year 2017 Annual Budget for Capital Equipment Expenditures

Heather Payne made a motion to approve the resolution; second by Dave Moreau and unanimously approved. Please see Motion No. 2 above.

Item Three: Discuss Employee Health and Dental Insurance Renewal

The Board received a status report on discussions with Blue Cross Blue Shield of North Carolina regarding renewal of health and dental insurance, current negotiated cost increases of 6.8% and 1.4% respectively and adding a fifth coverage Tier. There are four coverage Tiers and this renewal now includes adding a fifth tier (Employee and Children) which would reduce the cost of coverage for some employees.

The Board requested that staff collect data from employees to find out if their spouses have access to health insurance elsewhere.

Terri Buckner made a motion to adopt the Resolution Authorizing the Executive Director to Execute Contracts with Blue Cross Blue Shield of North Carolina for Employee Health (6.8% premium increase) and Dental (1.4% premium increase) Insurance; second by Robert Morgan and unanimously approved. Please see Motion No. 3 above.

Terri Buckner made a motion to adopt a fifth health and dental coverage Tier (Employee and Children) with Blue Cross Blue Shield of North Carolina; second by Heather Payne and unanimously approved. Please see Motion No. 4 above.

Item Four: Discuss Advanced Metering Infrastructure Procurement

Terri Buckner made a motion to adopt the Resolution Awarding a Contract for the Advanced Metering Infrastructure System Project (AMI); second by Heather Payne and the motion passed with a vote of six to one with John Young opposed. Mr. Young supports the AMI initiative, but preferred that the Board consider the resolution on May 25th, as scheduled on the board's published agenda, because this would give the community and absent board members the advertised time to review the procurement proposal and provide input. Please see Motion No. 5 above.

The AMI system is expected to take about two years to complete and will make it easier for OWASA to detect apparent leaks in customers' plumbing as well as enable customers to frequently monitor their water uses via the internet.

Dan Przybyl introduced Howard Hardiman, new Business Systems Analyst, in the Information Technology Department who is a key staff person for the AMI project.

Item Five: Discuss Information and Options for Employee Merit Pay for Fiscal Year (FY) 2018

After discussion, the Board asked staff to update the chart showing where employees are within their pay ranges by applying the staff recommended pay increase for FY 2018.

The Board will make specific policy decisions on merit pay after receiving recommendations from the Human Resources (HR) Committee. The Board also requested that the HR Committee discuss approaches to advance employee compensation based on performance.

Heather Payne made a motion to increase the FY 2018 Annual Budget for employee merit pay from \$260,000 to \$290,000; second by Dave Moreau and unanimously approved. Please see Motion No. 6 above.

Item Six: Review Board Work Schedule

The Board agreed not to conduct a Board Self-Assessment this year. The Board also agreed to a trial, web-based broadcast (Skype) of the Board's June 8th Work Session.

The May 25, 2017, agenda will include a discussion on televising Board meetings; Braxton Foushee will be notified of this item. The June 8, 2017, agenda will no longer discuss Fiscal Year 2018 employee merit pay.

Item Seven: Summary of Work Session Items

Ed Kerwin said the items for staff follow-up are:

- Provide the Board the actions taken at the March 9th Board meeting regarding election of officers.
- Provide information on the wide differential in pricing from bidders for the concrete/coatings repair for the Rogerson Drive Pump Station Rehabilitation project.
- Collect data from employees to find out if their spouses have access to health insurance elsewhere.
- Update the chart showing where employees are within their pay ranges by applying the staff recommended pay increase for FY 2018.
- As a trial, provide web-based broadcast (Skype) of the Board's June 8th Work Session.

Item Eight: Closed Session

Without objection, the Board of Directors convened in a Closed Session for the purpose of discussing a personnel matter.

At the conclusion of the Closed Session, the work session was adjourned at 8:30 P.M.

Respectfully submitted by:



Andrea Orbich

Executive Assistant/Clerk to the Board

Attachments

RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR THE ROGERSON DRIVE PUMP STATION REHABILITATION PROJECT

WHEREAS, there is a need to renovate the Rogerson Drive Pump Station; and

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

WHEREAS, advertisement for contractor qualifications was published on the websites of the North Carolina Institute of Minority Economic Development, North Carolina Department of Administration, and OWASA on December 8, 2016, and 11 contractors were qualified to bid; and

WHEREAS, on March 22, 2017, the prequalified contractors were formally invited to submit construction bids for the project, and five bids were received; and

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

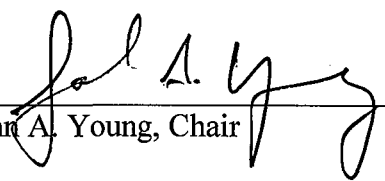
WHEREAS, on June 9, 2016 the Board approved a resolution authorizing funds for Capital Improvement Projects, including funds for this project;

NOW, THEREFORE, BE IT RESOLVED:

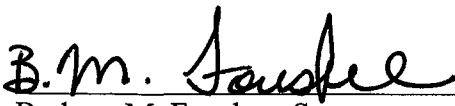
1. That the Orange Water and Sewer Authority Board of Directors awards the construction contract to Turner Murphy Construction, Inc., the low responsive, responsible bidder for the Rogerson Drive Pump Station, in accordance with the approved plans and specifications, in the amount of \$705,390.00, subject 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 11th day of May, 2017.


John A. Young, Chair

ATTEST:


Barbara M. Foushee, Secretary

**RESOLUTION AMENDING THE FISCAL YEAR (FY) 2017 ANNUAL BUDGET FOR
CAPITAL EQUIPMENT EXPENDITURES**

WHEREAS, the Board of Directors adopted the FY 2017 Annual Budget of Orange Water and Sewer Authority; and

WHEREAS, North Carolina General Statute 159-15 provides the authority for the Board of Directors to amend the adopted budget; and

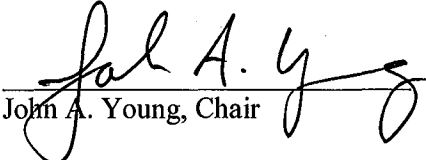
WHEREAS, staff has identified a need for capital expenditures that were not included in the FY 2017 Annual Budget, because those expenditures were previously budgeted for FY 2016 and the funds were not carried over; and

WHEREAS, funds exist in the capital improvements program category sufficient to cover the purchase the equipment.


NOW, THEREFORE, BE IT RESOLVED:

1. That pursuant to the provisions of North Carolina G.S. 159-15, the Official Budget of Orange Water and Sewer Authority for the FY 2017 is amended as set forth in Attachment A.
2. That \$500,000 in FY 2017 capital improvement program expenditure appropriations be transferred to capital expenditures as set forth in Attachment A.
3. That the Executive Director is authorized and instructed to implement the revised budget as herein set forth.

Adopted this 11th day of May, 2017.


John A. Young, Chair

ATTEST:


Barbara M. Foushee, Secretary

**ORANGE WATER AND SEWER AUTHORITY
FISCAL YEAR 2017 ANNUAL BUDGET
STATEMENT OF INCOME, EXPENSE AND DEBT SERVICE**

	FY2017 Annual Budget	<u>Amendment</u>	FY2017 Amended Budget
Operating Revenue			
Water	\$ 17,923,072		\$ 17,923,072
Sewer	16,578,878		16,578,878
Reclaimed Water	439,110		439,110
Service Initiation Fee	168,898		168,898
Other	1,069,578		1,069,578
Refunds and Adjustments	<u>(325,766)</u>		<u>(325,766)</u>
Total Operating Revenue	<u>35,853,770</u>		<u>35,853,770</u>
Operating Expense			
General and Administrative	6,924,545		6,924,545
Operations	<u>14,083,038</u>		<u>14,083,038</u>
Total Operating Expense	<u>21,007,583</u>		<u>21,007,583</u>
Net Operating Income	<u>14,846,187</u>		<u>14,846,187</u>
Non-operating Revenue			
Customer Fees	995,950		995,950
Interest	<u>14,708</u>		<u>14,708</u>
Total Net Income	<u>15,856,845</u>		<u>15,856,845</u>
Debt Service			
Existing	6,932,059		6,932,059
New	<u>0</u>		<u>0</u>
Total Debt Service	<u>6,932,059</u>		<u>6,932,059</u>
Net Income Less Debt Service	<u>\$ 8,924,786</u>		<u>\$ 8,924,786</u>
General Fund			
Resources			
Transfer From Revenue	\$ 8,924,786		\$ 8,924,786
Assessments	0		0
Grants and Contributions	<u>0</u>		<u>0</u>
Annual Income Available for Capital	<u>8,924,786</u>		<u>8,924,786</u>
Capital Expenditures			
Project ordinances			
General Fund Contribution	13,648,000	(500,000)	13,148,000
Funded by Bond Proceeds	<u>0</u>		<u>0</u>
Total Project Resolutions	<u>13,648,000</u>		<u>13,148,000</u>
Capital Equipment	<u>1,227,000</u>	500,000	<u>1,727,000</u>
Total Capital Outlay	<u>14,875,000</u>		<u>14,875,000</u>
Annual General Fund Balance	<u>(5,950,214)</u>		<u>(5,950,214)</u>
General Fund Beginning Balance	<u>25,108,579</u>		<u>25,108,579</u>
General Fund Ending Balance	19,158,365		19,158,365
Project Funding	3,111,268		3,111,268
Reserves			
Rate/Revenue Stabilization	1,725,097		1,725,097
Capital Improvements	3,200,000		3,200,000
Working Capital	<u>11,122,000</u>		<u>11,122,000</u>
Unallocated General Fund Balance	<u>\$ -</u>		<u>\$ -</u>

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE
CONTRACTS WITH BLUE CROSS BLUE SHIELD OF NORTH CAROLINA
(BCBSNC) FOR EMPLOYEE HEALTH AND DENTAL
INSURANCE**

WHEREAS, OWASA employees are provided Health and Dental insurance coverage, as well as Life, Dependent Life, AD&D and LTD Insurance through OWASA's contract with Blue Cross Blue Shield of North Carolina (BCBSNC). The Health and Dental insurance contract will expire on June 30, 2017; and

WHEREAS, OWASA employees have expressed their satisfaction with their present coverage through BCBSNC, and the Board of Directors has determined that continuing the contract for such coverage with BCBSNC is desirable and in OWASA's best interests; and

WHEREAS, with the capable assistance of its insurance consultant Hill Chesson & Woody, OWASA has obtained proposals from BCBSNC for continuing the health coverage for an increase in annual premiums of 6.8 %, and renewal of its Dental coverage with an increase in annual premiums of 1.4 %; and

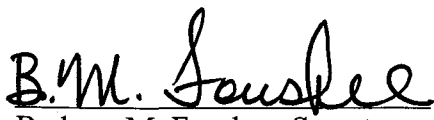
WHEREAS, with the capable assistance of Hill, Chesson & Woody the Board of Directors has determined that the rates proposed by BCBSNC for continuation of its present coverages are reasonable and appropriate, and that it is in best interests of OWASA to accept the BCBSNC proposals;

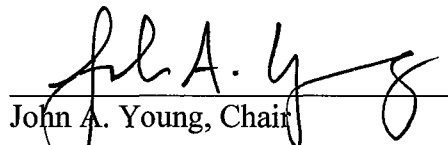
NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors has determined to accept the BCBSNC proposals for continuation of their present plans for Health and Dental insurance coverage for a period of twelve months beginning July 1, 2017.
2. That the Executive Director is hereby authorized and directed to execute the proposed contract with BCBSNC for the year commencing July 1, 2017..

Adopted this 11th day of May 2017.

ATTEST:


Barbara M. Foushee, Secretary


John A. Young, Chair

**RESOLUTION AWARDING A CONTRACT FOR THE ADVANCED METERING
INFRASTRUCTURE SYSTEM PROJECT**

WHEREAS, having conducted a feasibility study and an extensive community engagement effort, the Board of Directors has determined that implementing an Advanced Metering Infrastructure (AMI) System is in the best interests of the Orange Water and Sewer Authority's customers; and

WHEREAS, a request for proposals was prepared and issued by the Orange Water and Sewer Authority with assistance from Don Schlenger and Associates and following concurrence by the North Carolina Division of Water Infrastructure; and

WHEREAS, a total of six individual proposals were received and evaluated in response to the request for proposals; and

WHEREAS, Mueller Systems, Inc., through due diligence, was selected as the most responsive and qualified vendor; and

WHEREAS, the Orange Water and Sewer Authority and Mueller Systems, Inc. have mutually agreed to the terms and conditions for the execution of the project; and

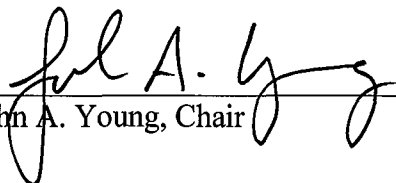
WHEREAS, the Capital Improvements Program (CIP) contains sufficient funds for the execution of this project, and Orange Water and Sewer Authority expects to receive low-interest loan funding for this project through North Carolina's Drinking Water State Revolving Fund;

NOW, THEREFORE, BE IT RESOLVED:

1. That, subject to the approval of the North Carolina Division of Water Infrastructure and provided said approval is received on or before June 30, 2017, the Orange Water and Sewer Authority Board of Directors awards the AMI contract to Mueller Systems, Inc., in accordance with the approved contract documents, in the amount of \$4,903,304, subject to such change orders as may apply.

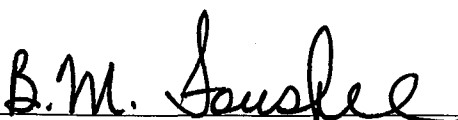
2. That, following receipt of the North Carolina Division of Water Infrastructure's approval as provided above, or after June 30, 2017 whichever occurs first, the Executive Director be, and hereby is, authorized to execute said contract, subject to prior approval of legal counsel, and to approve and execute change orders and such documents as may be required in connection with the AMI contract.

Adopted this 11th day of May, 2017.



John A. Young, Chair

ATTEST:



Barbara M. Foushee, Secretary