ORANGE WATER AND SEWER AUTHORITY

A public, non-profit agency providing water, sewer and reclaimed water services to the Carrboro-Chapel Hill community.

AGENDA
WORK SESSION OF THE OWASA BOARD OF DIRECTORS
THURSDAY, SEPTEMBER 10, 2015, 6:00 P.M.
OWASA COMMUNITY ROOM

The Board of Directors appreciates and invites the public to attend and observe its meetings. For the Board's Work Session, public comments are invited on only items appearing on this agenda. Speakers are invited to submit more detailed comments via written materials, ideally submitted at least three days in advance of the meeting to the Clerk to the Board via email or US Postal Service (aorbich@owasa.org/400 Jones Ferry Road, Carrboro, NC 27510).

Public speakers are encouraged to organize their remarks for delivery within a four minute time frame allowed each speaker. Additional time may be allowed at the discretion of the Board of Directors.

The Board may take action on any item on the agenda.

Announcements

a. Announcements by the Chair
   - 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.
   - Update on the September 10, 2015 meeting between Chapel Hill Town Council's OWASA Committee and the Chapel Hill Appointees to the OWASA Board
   - Standing Committee Assignments

b. Announcements by Board Members
   - Michael Hughes' Resignation as an Orange County Appointee to the OWASA Board of Directors following the September 24, 2015 Board Meeting (Michael Hughes)
   - Update on the September 2, 2015 Ad Hoc Working Group Meeting Regarding Collaboration on Energy Management and Renewables (Terri Buckner)

c. Announcements by Staff

Discussion

1. Additional Recreation Activities at the Cane Creek Reservoir (Todd Taylor)
2. Discussion of Potential Water and Sewer Rate Structure Modifications (Stephen Winters)

Discussion and Action

3. Approve Employee Merit Pay for Fiscal Year 2016 (John Young)

Discussion

4. Request(s) by Board Committees, Board Members and Staff (John Young)
5. Review Board Work Schedule (John Young/Ed Kerwin)
   a. 12 Month Board Meeting Schedule
   b. September 24, 2015 Annual Meeting
   c. October 8, 2015 Work Session

Summary of Work Session Items

6. Executive Director will summarize the key staff action items from the Work Session

Closed Session

7. The Board of Directors will Convene in a Closed Session for the Purpose of Discussing Two Personnel Matters (Michael Hughes)

Agenda Item 1:

Additional Recreation Activities at the Cane Creek Reservoir

Purpose:

The Board of Directors will receive comments from the public, discuss staff's recommendations and take action, if needed, regarding additional recreation activities at the Cane Creek Reservoir.

Background:

On July 9, 2015, the OWASA Board of Directors discussed possible changes in recreation at the Cane Creek Reservoir and agreed to seek citizens' comments on September 10, 2015, regarding birdwatching in the months when the lake is normally closed (mid-November to mid-March), and holding a one-time special night event. The Board requested staff provide information about public access for these activities, provide additional details about the proposed night boating activity, and propose an alternative stargazing event that would not include boating.

Staff Recommendations:

Suggestion #1: Provide bird watching opportunities during the off season at Cane Creek Reservoir.

Staff Recommendation: If the Board supports this suggestion, staff proposes to allow bird watching each Wednesday from November 18 – March 16 (excluding holidays) at the Cane Creek Reservoir at no cost to the public. We propose opening the gate on Highway 54 from 7 AM until 11 AM. The average sunrise is approximately 7:05 AM during these months. All participants will be required to sign in at the Recreation Office to ensure we can account for who is on the property and for what purpose, and to accurately track data on the popularity of the new opportunity. Additionally, a sign will be placed at the main entrance notifying users that we are open for the sole purpose of bird watching. All public areas will be accessible for this activity, however, access will be restricted to the entrance on Highway 54. During severe weather or other emergency events, staff may decide to close the reservoir without prior notice.

Suggestion #2: Provide options for stargazing opportunities at Cane Creek Reservoir.

Option A: A special event that would allow users the opportunity to stargaze from a boat on Cane Creek Reservoir after dark.

Option B: A special event that would allow visitors the opportunity to stargaze from the front lawn area at Cane Creek Reservoir.

If the Board supports either option A or B, staff recommends partnering with the Chapel Hill Astronomy and Observation Society (CHAOS) to facilitate astronomy education at the event. CHAOS has been approached about this opportunity and they are willing to help. According to representatives of CHAOS, early October would be an ideal time for this event due to

atmospheric conditions and weather patterns at this time of year. Therefore, we would recommend the event be held on Saturday, October 3, 2015 with a weather contingency date of Saturday, October 10, 2015. The event would start at 8:30 PM and would end at approximately 11 PM.

The anticipated cost to host either of the stargazing events is approximately $420 including $200 for the stargazing guide. Recommended fees are $10 for Orange County residents/OWASA customers and $15 for other residents, which would include the boat rental and lake use fees.

Either event would be a by reservation only and we recommend limiting the number of participants to 20.

Entrance to the facilities will only be permitted through the gate located off Highway 54.

Hosting events at night has inherent risk due to limited visibility. The addition of boating increases that risk significantly. Therefore, prior to the beginning of the boating event, a brief orientation will be given by staff and at which time the rules for the event will be outlined.

Proposed rules for the night boating event would be as follows:

1) No trolling motors allowed.
2) No fishing allowed.
3) All boats must have a light visible at all times (glow sticks will be placed on each boat by staff).
4) All boats must stay within the defined areas which will be denoted by glow sticks along the shore (map provided during orientation).
5) Each boater must wear an approved personal flotation device (PFD) and have access to a whistle in case of an emergency.
6) In case of a sudden threatening weather event or other unforeseen issues during the event, each boater must provide staff with a cell phone number so they can be reached while on the water.
7) All other lake rules will apply for this event.

Following the event, staff will evaluate its success and make recommendations in the 2015 Annual Report on whether or not to continue offering such an event going forward.

Action Needed:

- If desired, set the dates and times for the 2015 Bird Watching Season
- If desired, set the dates, times, and fees for a 2015 Stargazing Event

Agenda Item 2:

Discussion of Potential Water and Sewer Rate Structure Modifications

Purpose

To provide information in support of continued rate structure discussions.

Overview

- As a result of the Board's discussion at its August 27, 2015 meeting, staff identified rate structure attributes that the Board may wish to address through rate structure modifications.
- The following memo includes information and staff's observations about these attributes that staff believes will help the Board determine the aspects of our rate structure it wants to address, if any.
- Staff's recommendation for a path forward is also included.

Action Requested:

Provide direction to staff regarding next steps.

Information:

Staff report: Discussion of Potential Rate Structure Modifications

Purpose

At the August 27, 2015 meeting, the Board received and discussed information on rate structure trends and alternatives. As part of the discussion, staff identified the following rate structure attributes that the Board may wish to address through rate structure modifications:

- Rates charged to multi-family, master-metered customers
- Equity of rates across customer classes
- Cost of service allocation
- Conservation signal
- Affordability for lower income customers

The following information is provided to support further rate structure discussions.

Multi-family, Master-metered Customers

The multi-family, master-metered customer class includes properties:

- With private sub-metering systems that bill tenants for water based on per unit consumption.
- That do not have a way to measure water use by unit and therefore do not bill tenants separately for water; the property's cost of water is included in the tenant's rent.

Currently, multi-family, master-metered customers are subject to seasonal water rates which include a fixed monthly service charge (based on the size of meter(s) serving the property) plus a volumetric charge per 1,000 gallons of water use of $4.16 from October through April and $7.91 from May through September. This is the same rate charged to all OWASA customers other than individually-metered residences. The seasonal rate was adopted in 2002 to provide a conservation signal during warmer months when demand on OWASA's water system is higher.

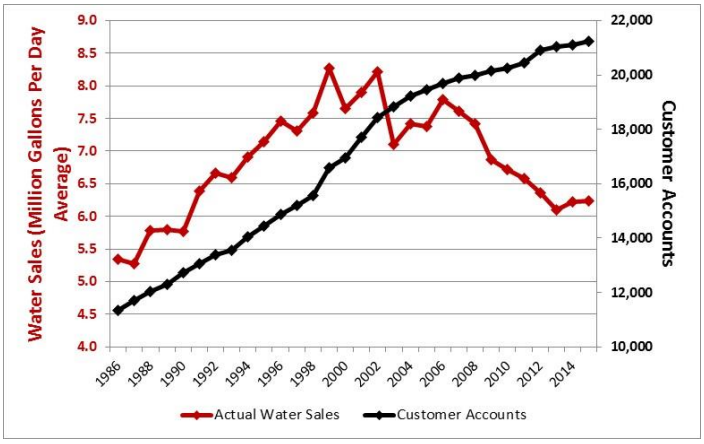
For residents of multi-family, master-metered properties that are privately sub-metered and that rebill residents for their water and sewer services, the seasonal rate structure can lead to confusion and household budget challenges. Water use for our multi-family, master-metered customer class does not fluctuate much with the seasons (Figure 2), but in May through September of each year, their monthly bill is almost twice as much as it is from October through April.

Equity Across Customer Classes and Cost of Service Allocation

The most recent in-depth cost of service allocation update was done when increasing block rates were adopted for individually-metered residential accounts in 2007. Updating the cost allocation analysis would give us information that would form a basis for some of the changes the Board is considering, especially if we decide to apply different type rate structures to customer classes within the non-residential rate class. But even if the Board ultimately chooses not to modify our rate structures, periodic update of cost allocations are important to ensure equity among customer classes.

Conservation Signal

Our community has reduced water use significantly. Average day drinking water sales today are about the same as in the early 1990s even though the community's population and the number of OWASA accounts has steadily increased. The graph to the right shows system-wide, average million gallons per day drinking water sold compared to the number of accounts we serve.



The graphs on pages 4-8 show the change in water consumption of various customer classes since 2007 when increasing block rates went into effect for individually-metered residences.

Affordability

An affordability benchmark for our industry is the measure of the average annual cost of water and sewer services as compared to the area's median household income. A common goal is for water and sewer service to be no more than 2% of median household income. OWASA's financial management policy sets our affordability target at 1.5% of median household income, and we currently meet this goal.

Household income varies widely in our community and for lower income customers, water and sewer service makes up a larger percentage of monthly income. Additionally, lower versus higher volume water use is not characteristic of any particular income level. Therefore, it's very difficult to effectively address affordability through a rate structure.

Staff Observations

- A different rate structure approach should be considered for multi-family, master-metered customers and perhaps other non-residential customer classes as well.
- It is time to update our cost of service distribution among customer classes. The update would follow standard cost allocation methodologies applicable to the water utility industry.
- The conservation signal of our increasing block rate structure is aggressive. This is supported by customer water use patterns. Additionally, the trend among water and sewer utilities is toward applying increasing block rates to residential customer commodity use.
- On a macro level, we have addressed affordability through our rate structure, to a practical extent, as evidenced by meeting our affordability target of 1.5. Additional efforts to address affordability can and should be addressed through projects such as the Affordability Outreach Program we are working on with other community organizations.

Staff Recommendation

Staff recommends that we conduct a cost of service allocation study as the next step in the process. Information from this study will provide a basis for rate structure changes we may wish to consider. Because of their knowledge about OWASA and because we have been so pleased with the results of previous engagements they have performed for us, staff would recommend working with Burton and Associates. We estimate that the cost would be approximately $20,000 and we have sufficient funds in our FY 2016 budget. If we begin the process soon, we believe we have sufficient time to present findings and recommendations for the Board's consideration, and for the Board to make preliminary decisions regarding rate structure modifications in time to begin community engagement activities in early calendar year 2016.

The charts on the next several pages, Figures 1 through 5, show the monthly billed drinking water use since July 2007 for the customers classes indicated.

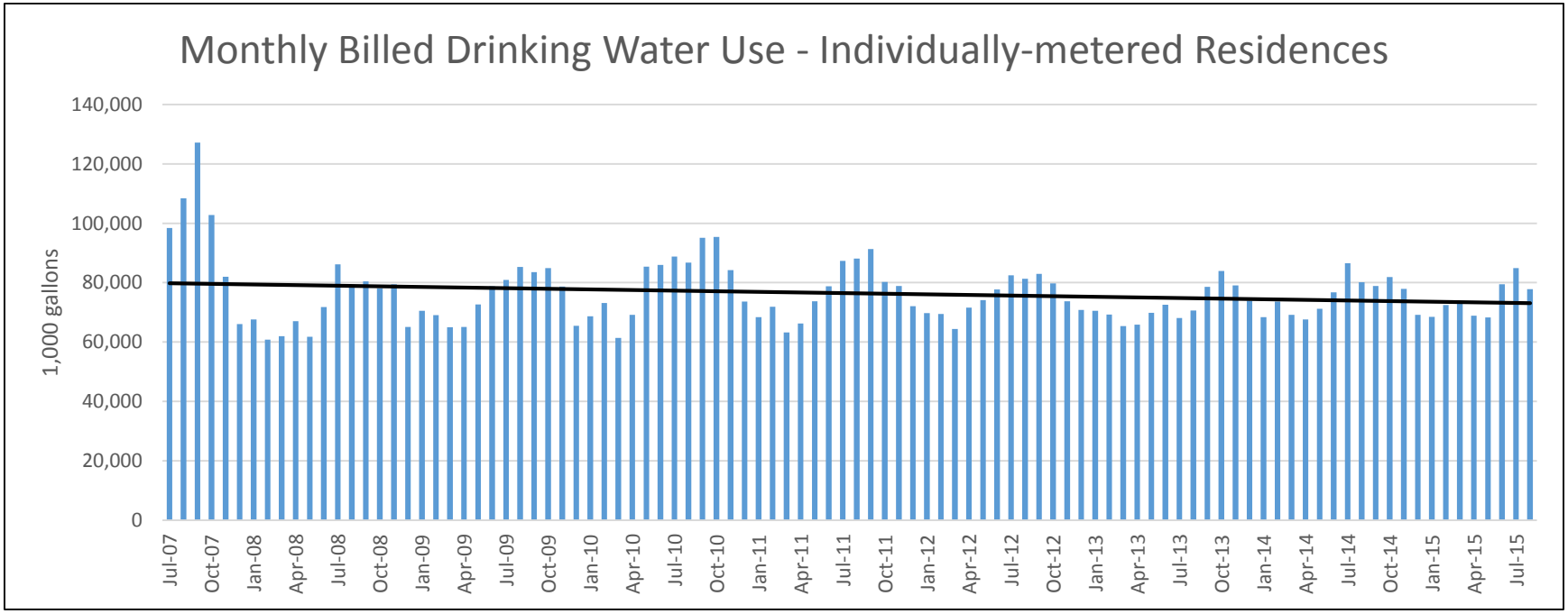


Figure 1

Figure 1 includes individually-metered residences such as single-family homes, townhomes, etc. Increasing block rates for individually-metered residences went into effect in October of 2007.

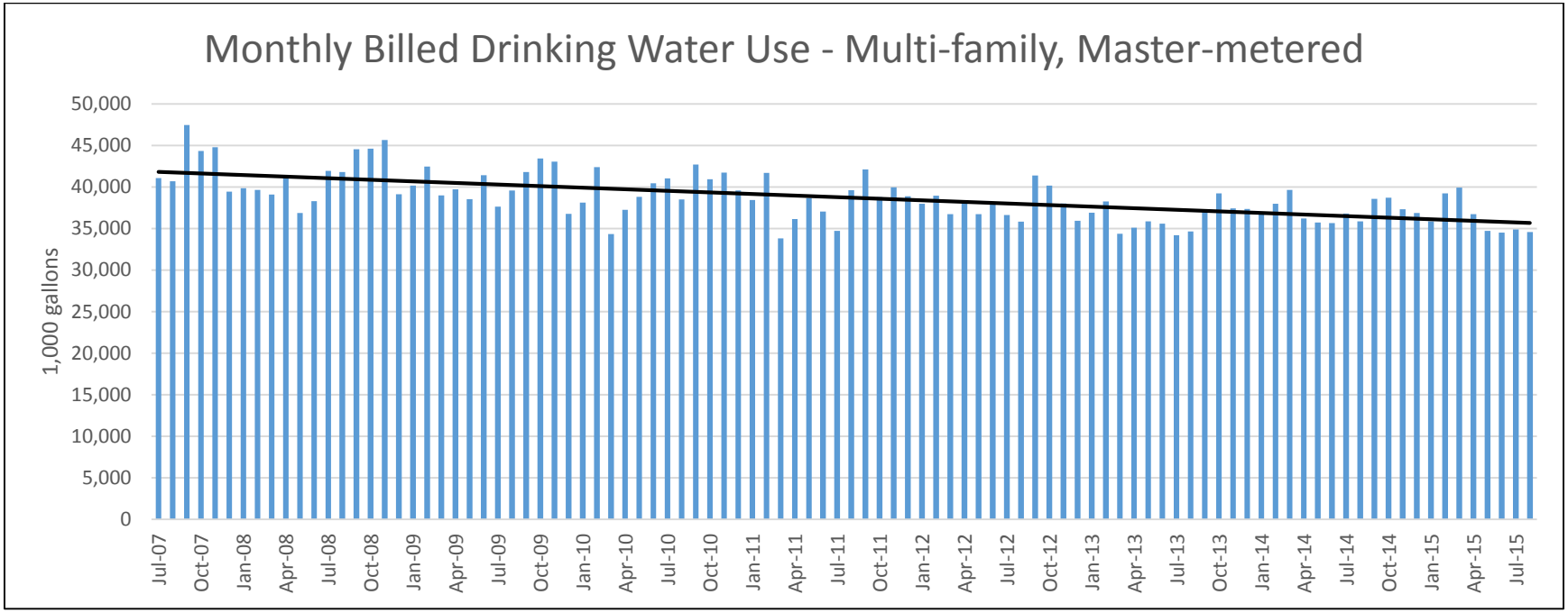


Figure 2

Since 2002, seasonal rates have applied to multi-family, mastered-metered properties. Some of the properties have installed private sub-metering systems and bill tenants for their unit's water use; these tenants receive a pricing (conservation) signal which has proven to be effective at reducing water consumption. Figure 2 shows that this customer class has little seasonal variation in water use.

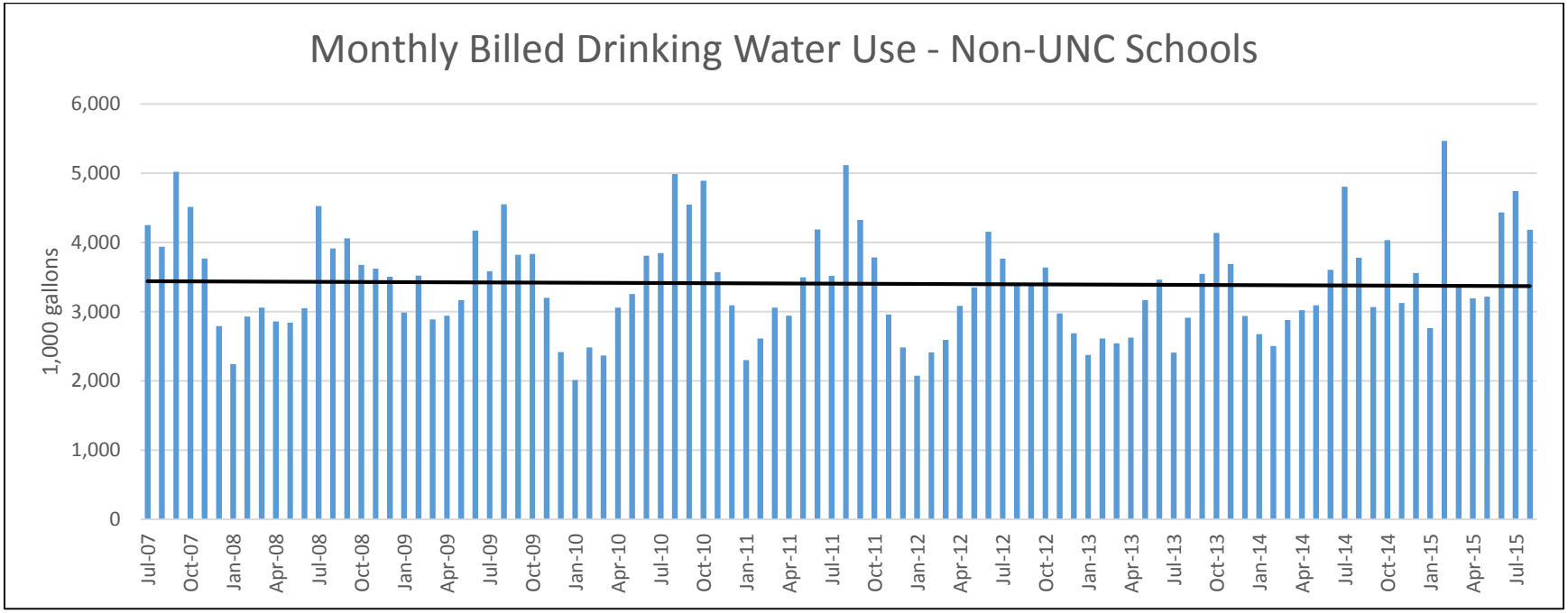


Figure 3

Water use for non-UNC school accounts has remained roughly unchanged since 2007.

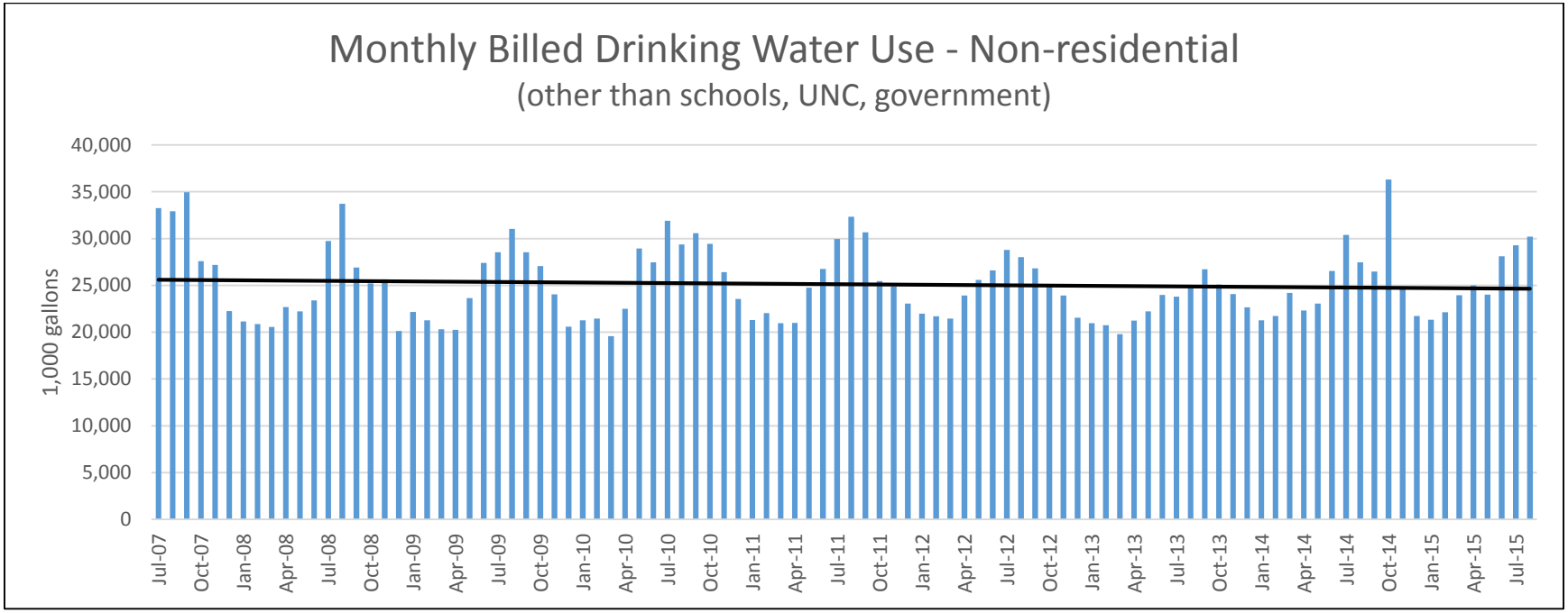


Figure 4

This category includes hotels, non-UNC medical facilities, office buildings, retail, restaurants, etc. While the trend in water use is sloped downward, the change since 2007 has been fairly minor.

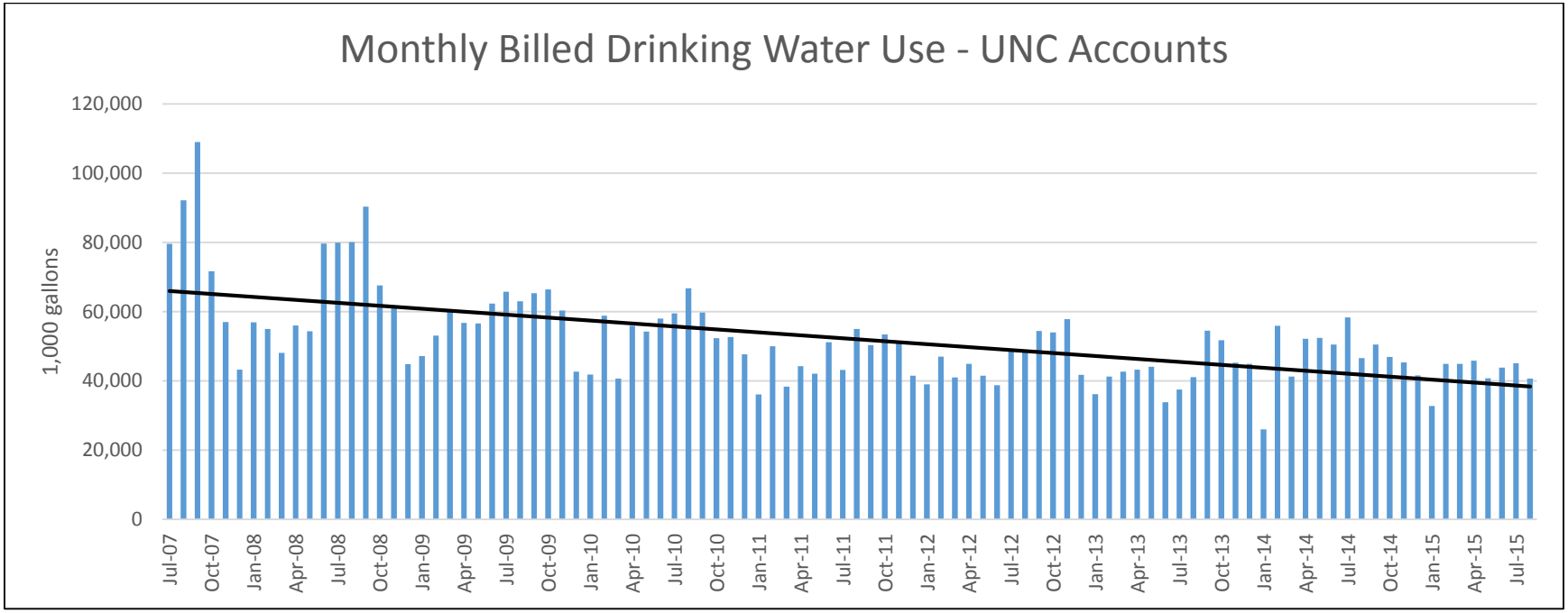


Figure 5

UNC began using reclaimed water in 2009 and has implemented many water use efficiency measures as required under state law.

The blue line in Figure 7 shows how average monthly water use by individually-metered residential accounts has decreased since 2001. Peak seasonal use has declined substantially, especially after increasing block rates went into effect in October 2007. Seasonal rates were in effect for this customer class from 2002 to 2007. (The red line shows average monthly bill amount.)

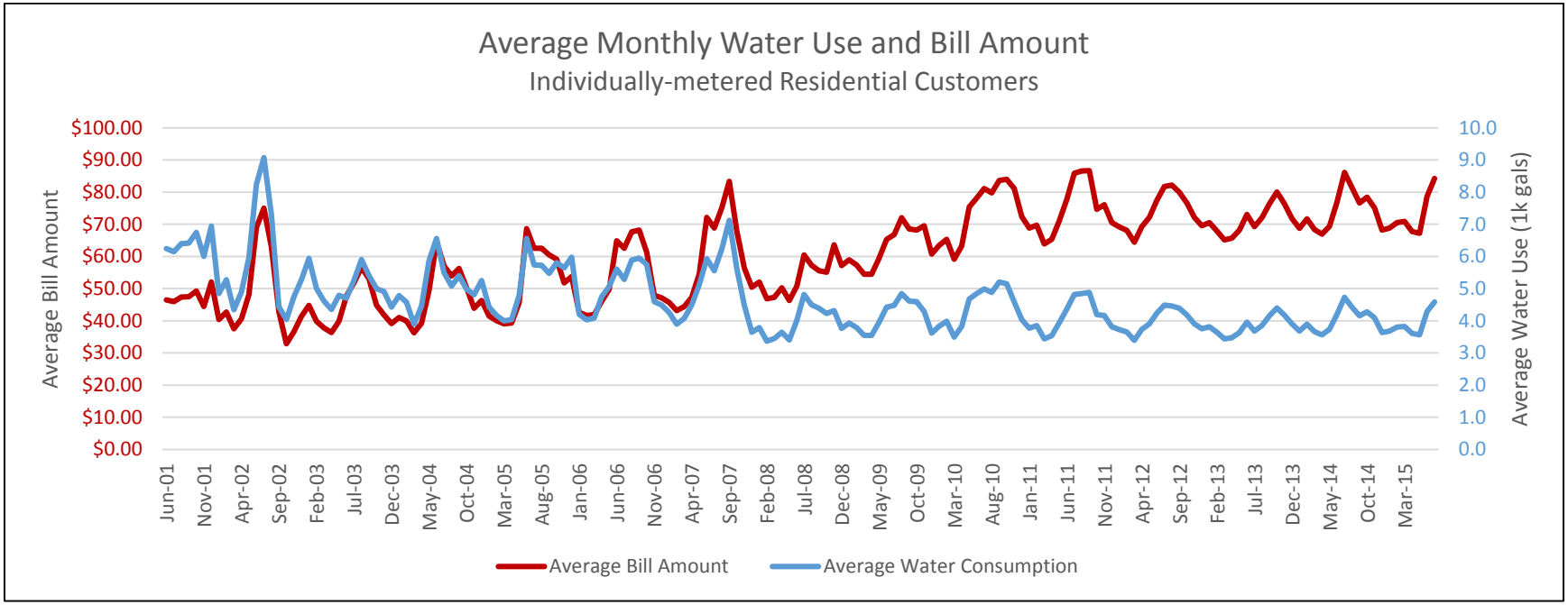


Figure 7

The graph below shows the amount of annual revenue realized from each conservation rate block. Conservation block rates went into effect in October 2007. Rate increases were a factor affecting revenue increases for the first four fiscal years shown, and steeper rate increases in the upper three rate blocks were likely a contributing factor to revenue changes for those years. We have not had a rate increase or modified our increasing block rates since October, 2011.

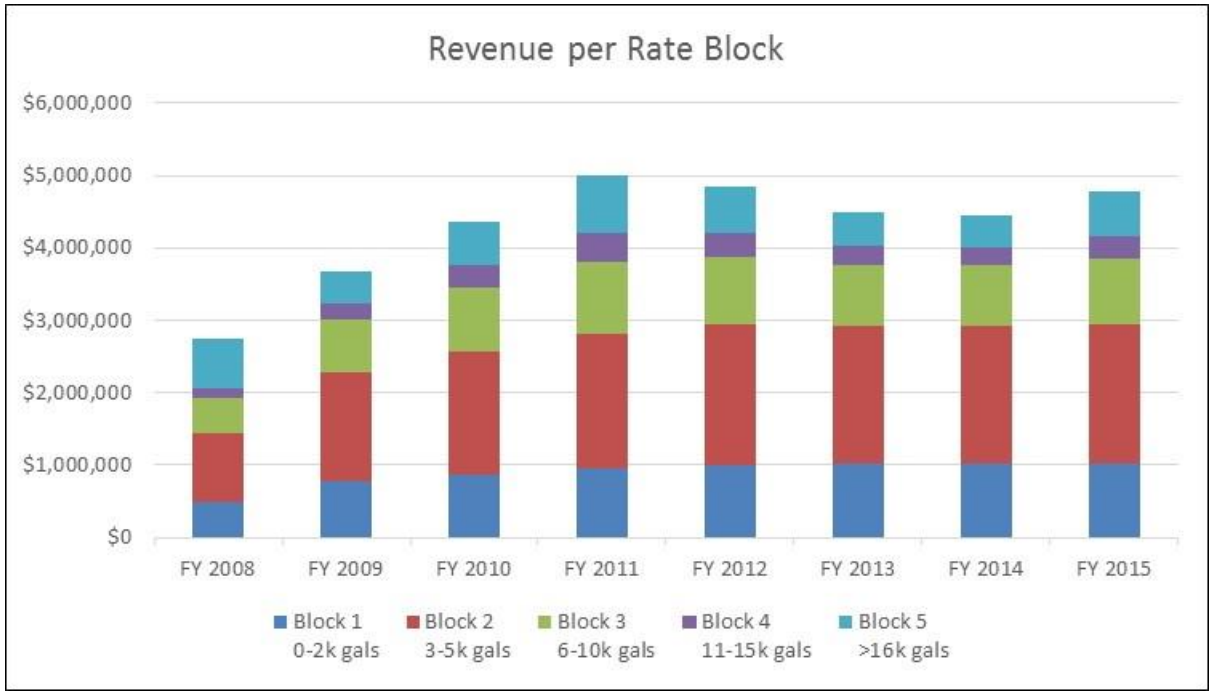


Figure 8

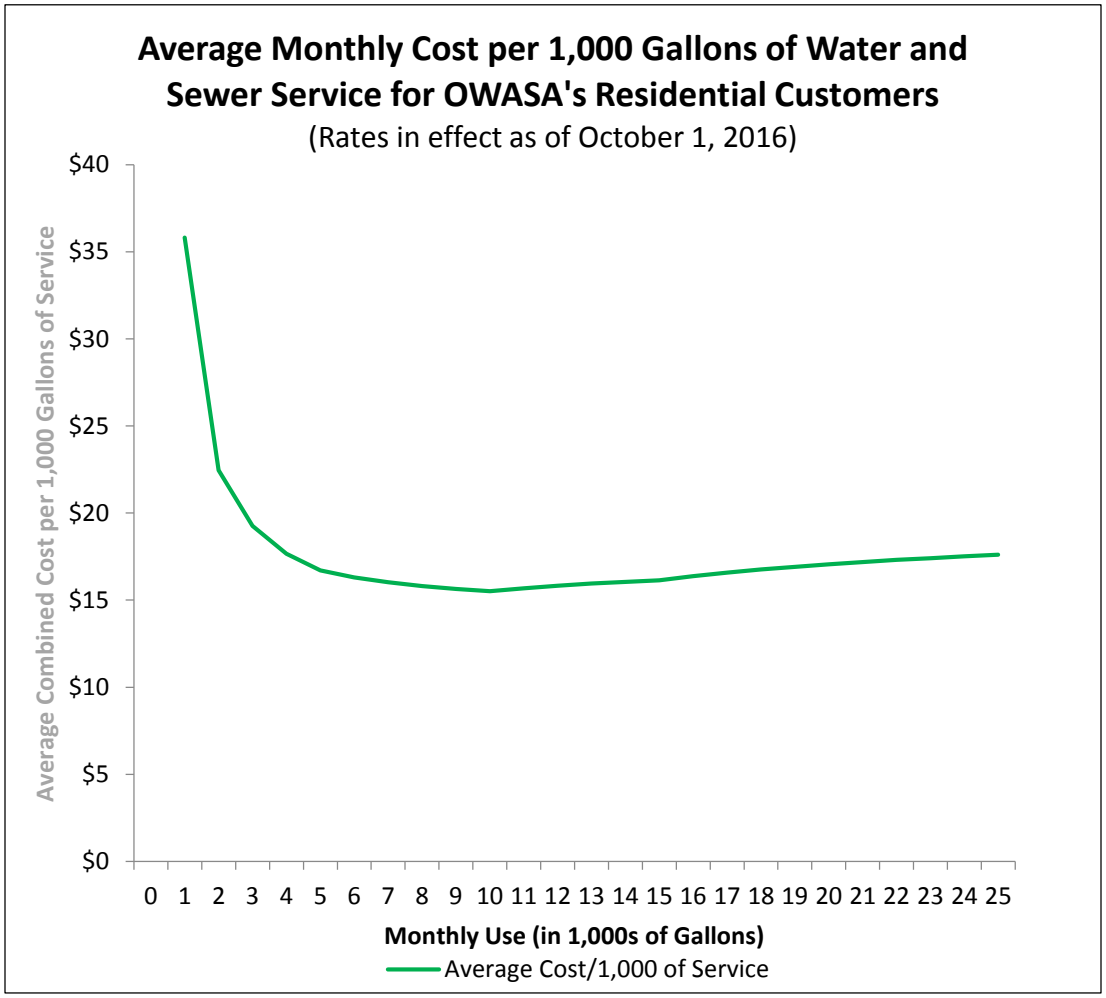


Figure 9

Figure 9 shows the combined average monthly charge for 1,000 gallons of water and sewer service under the conservation block rate structure. Except for very low volume users, the cost per 1,000 gallons is fairly uniform. The price per 1,000 gallons for low volume use is impacted by the fixed monthly service charge applicable to all accounts regardless of commodity use.

Agenda Item 3:

Approve Employee Merit Pay for Fiscal Year (FY) 2016

Purpose:

To provide the Board of Directors information to make a decision on employee merit pay for FY 2016.

Background:

On January 10, 2013 the Board of Directors adopted the recommendations from the Employee Classification and Compensation Study prepared by The Waters Consulting Group which included Pay Administration Guidelines. These Guidelines include recommendations for maintaining a market-based pay structure.

The Board has considered merit pay options at its May 14th, June 11th and June 25th meetings.

At the June 25, 2015 meeting, the Board approved updating the Schedule of Employee Classification and Compensation by increasing each pay grade by 3% effective November 2, 2015. This does not increase employees' salaries except for any employee whose pay would be less than the minimum of the newly established pay ranges; the Board approved moving any such employee to the minimum of the pay range after any applicable merit increase.

Action Needed:

Board decision on employee merit pay for FY 2016.

Information:

- Memorandum – Information and Options for Employee Merit Pay for FY 2016
- Attachment 1 – World at Work Salary Survey Data
- Attachment 2 – Options for Merit Pay Increases
- Attachment 3 – Resolution
- Attachment 4 – January 10, 2013 Board Adopted Resolution with Pay Administration Guidelines

ORANGE WATER AND SEWER AUTHORITY

A public, non-profit agency providing water, sewer and reclaimed water services to the Carrboro-Chapel Hill community.

MEMORANDUM

TO: Board of Directors

THROUGH: Ed Kerwin

FROM: Stephanie S. Glasgow

DATE: September 4, 2015

SUBJECT: Information and Options for Employee Merit Pay for Fiscal Year 2016

Purpose

To provide the Board of Directors information and options to make a decision on employee merit pay for Fiscal Year (FY) 2016.

Background

On January 10, 2013 the Board of Directors adopted the recommendations from the Employee Classification and Compensation Study prepared by The Waters Consulting Group which included Pay Administration Guidelines. These Guidelines include recommendations for maintaining a market-based pay structure and for implementing employee compensation increases as follows.

Cost of Labor Adjustments to OWASA's Pay Structure

The Guidelines recommend that our pay structure be adjusted annually in proportion to movements in the labor market.

> "The percentage allocated for future adjustments to the pay structure will be based on movement of salaries in the market. For example, if salaries have increased on average by two percent (e.g., Cost of Labor equals two percent), the salary structure would need to be adjusted upward by two percent, to maintain OWASA's position relative to the market. This would be accomplished by moving the entire structure by two percent. If the pay structure moves, all employees' salaries in the structure should move a minimum of the same amount to avoid compression."

Merit Pay Adjustments

Our performance management system provides four overall ratings for employee performance:

- Exceptional
- Successful
- Needs Improvement
- Unsuccessful

Only employees with Exceptional or Successful ratings in their annual performance review are to receive an increase in compensation. Regarding increases for employees receiving an Exceptional or Successful rating, the Study states that the amount recommended for merit increases:

> "Should be based on data collected through a market review. Data can be collected from benchmark organizations to determine the average budgets for merit pay increases or data from WorldatWork[1] can be used to determine the acceptable increases that should be allocated." It further states, "It is recommended that employees receiving "Exceptional" ratings should receive a percent increase of at least twice the level of the increase for a "Successful" rating."

Market Analysis

Based on the most recent WorldatWork survey data available (which is the same data used in the fall of 2014), for the calendar year 2015, merit increases are projected to be from 1.6% to 3.1%. (See Attachment #1 for WorldatWork survey data.)

The following table shows planned compensation increases for local entities.

Entity	**Merit**	**Cost of Labor**
City of Durham	3.5%	N/A
Town of Cary	4%	N/A
Town of Hillsborough	3.25%	N/A
Cape Fear Public Utility	2.5%	1.5%
Town of Chapel Hill	N/A	4% (2% in July & 2% in January)
Town of Carrboro	N/A	2%
Orange County	0, $500 or $1,000 Bonus Based on Performance	2%

Fiscal Year 2016 Budget

The Fiscal Year 2016 budget includes a placeholder for a merit increase of 3% of wages or about $210,000.

Board Action Taken

The Board has considered merit pay options at its May 14th, June 11th and June 25th meetings. The options considered on June 25th are provided as Attachment #2.

[1] WorldatWork (www.worldatwork.org) is a nonprofit human resources association for professionals and organizations focused on compensation, benefits, work-life effectiveness and total rewards.

At the June 25, 2015 meeting, the Board approved updating the Schedule of Employee Classification and Compensation by increasing each pay grade by 3% effective November 2, 2015. This does not increase employees' salaries except for any employee whose pay would be less than the minimum of the newly established pay ranges; the Board approved moving any such employee to the minimum of the pay range after any applicable merit increase.

As requested by the Board, the Executive Director has communicated to all employees the Board's intention to provide pay increases for employees rated "Successful" or "Exceptional" in the October 2015 performance review, and that the amount and method for the pay increase is to be decided.

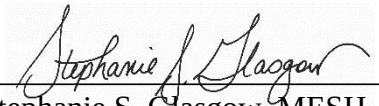
Action Needed

Staff recommends that the Board discuss the information provided and make the following determinations:

1. Employees rated as "Successful" in their October 2015 annual performance review shall receive a merit pay increase of _____ effective November 2, 2015.

2. Employees rated as "Exceptional" in their October 2015 annual performance review shall receive a merit pay increase of _____ effective November 2, 2015.

The draft resolution (Attachment #3) which contains these elements is attached.



Stephanie S. Glasgow, MESH, MPM, PHR
Director of Human Resources and Safety

Attachments: 1 – WorldatWork Salary Survey Data
2 – Options for Merit Pay Increases
3 – Resolution
4 – January 10, 2013 Board Adopted Resolution with Pay Administration Guidelines

WORLD AT WORK SALARY SURVEY DATA

	2014				2015 projected			
	COLA	Merit	Other	Total [4]	COLA	Merit	Other	Total [4]
	(Percent)				(Percent)			
1-499 Employees, $30M-$100M revenue								
All Industries								
National	1.2	2.8	0.7	3.1	1.5	3.1	0.9	3.3
Southern [1]	2.2	2.7	0.9	3.1	2.2	2.9	1.7	3.3
NC	*	2.6	*	3.2	*	2.6	*	3.2
Public Administration [2]								
National	2.0	1.5	*	2.5	2.0	2.0	*	2.5
Southern [1]	2.0	0.5	*	2.5	2.0	*	*	2.5
NC	*	*	*	*	*	*	*	*
Utilities [3]								
National	*	2.4	*	2.9	*	1.6	0.8	2.4
Southern [1]	*	*	*	*	*	*	*	*
NC	*	*	*	*	*	*	*	*
All Size Employees, All Size Revenue								
All Industries								
National	1.4	2.8	0.8	3.0	1.6	2.9	0.8	3.1
Southern [1]	1.3	2.8	0.9	3.0	1.5	2.9	0.8	3.0
NC	1.2	2.7	0.7	2.9	1.5	2.8	0.7	3.0
Public Administration [2]								
National	1.9	2.3	1.6	2.7	1.8	2.5	0.7	2.5
Southern [1]	1.6	2.2	1.1	2.6	1.6	2.5	0.6	2.5
NC	*	2.5	*	2.0	*	2.6	*	2.1
Utilities [3]								
National	2.1	2.8	1.1	3.1	2.5	2.8	1.2	3.1
Southern [1]	1.1	2.7	0.9	3.0	1.7	2.7	1.1	3.0
NC	*	2.7	0.7	2.9	*	2.4	0.1	2.8

* Not enough responses for World at Work to report on this category

[1] Southern includes these states: AL, AR, FL, GA, LA, MS, NC, OK, SC, TN, TX

[2] Public Administration includes cities, states, port authorities, retirement systems, airport authorities, etc.

[3] Utilities include organizations such as Alliant Energy, American Water Works, Black Hills Corp, City Utilities of Springfield, MO, Denver Water Dept, Entergy, NY Power Authority, Southern California Edison, TN Valley Authority, Vermont Gas Systems, Westinghouse Electric

[4] The "Total Increase" is the increase for each year but it includes all types of increases. Therefore, it is not a straight average of the three "Types of Increase." The Total Increase will be an average of all increases across the three options listed (COLA, Merit, Other). When a Total Increase indicates an average that is higher than any of the three options, it means there are organizations that are giving multiple increases and the Total Increase is calculated using all increases provided by that organization.

	Merit Options from June 11, 2015 Board Meeting										Additional Options for June 25			
	Option 1	**Option 2**	**Option 3**	**Option 4**	**Option 5**	**Option 6**	**Option 7**	**Option 8**	**Option 9**	**Option 10**	**Option 11**	**Option 12**	**Option 13**	**Option 14**
Wage increase for Successful employees	1.5%	1.5%	2.0%	2.0%	2.5%	2.5%	3.0%	3.0%	$1,600	$1,500				
Wage increase for Exceptional employees (no more than 10% of EEs)	2.25%	3.0%	3.0%	4.0%	3.75%	5.0%	4.5%	6.0%	$2,400	$3,000				
Wage increase for all Successful and Exceptional employees ($1,500 minimum)											2%	2%		
Wage increase for all Successful and Exceptional employees													2%	2%
One-time performance bonus for Successful employees													$500	1%
One-time performance bonus for Exceptional employees (no more than 10% of EEs)											1%	2%	$1,000	2%
Minimum applied to combined wage increase													$1,500	$1,500
Total impact on wages expense	**$107,352**	**$112,333**	**$143,136**	**$149,777**	**$178,920**	**$187,222**	**$214,704**	**$224,666**	**$212,000**	**$208,500**	**$203,918**	**$210,559**	**$218,073**	**$229,905**

Impact of Options on select employee wage examples – Amount

Assumed annual wage	Option 1		Option 2		Option 3		Option 4		Option 5		Option 6		Option 7		Option 8		Option 9		Option 10		Option 11		Option 12		Option 13		Option 14	
	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E
$32,200	$482	$724	$482	$965	$643	$965	$643	$1,286	$804	$1,206	$804	$1,608	$965	$1,447	$965	$1,930	$1,600	$2,400	$1,500	$3,000	$1,500	$1,822	$1,500	$2,143	$1,500	$1,643	$1,500	$1,500
$38,500	$578	$866	$578	$1,155	$770	$1,155	$770	$1,540	$963	$1,444	$963	$1,925	$1,155	$1,733	$1,155	$2,311	$1,600	$2,400	$1,500	$3,000	$1,500	$1,885	$1,500	$2,270	$1,500	$1,770	$1,500	$1,540
$41,650	$625	$837	$625	$1,249	$833	$1,249	$833	$1,666	$1,041	$1,561	$1,041	$2,082	$1,249	$1,874	$1,249	$2,498	$1,600	$2,400	$1,500	$3,000	$1,500	$1,916	$1,500	$2,333	$1,500	$1,833	$1,500	$1,666
$44,700	$671	$1,006	$671	$1,341	$894	$1,341	$894	$1,788	$1,118	$1,676	$1,118	$2,235	$1,341	$2,012	$1,341	$2,682	$1,600	$2,400	$1,500	$3,000	$1,500	$1,947	$1,500	$2,394	$1,500	$1,894	$1,500	$1,788
$46,775	$702	$1,052	$702	$1,403	$935	$1,403	$935	$1,871	$1,169	$1,754	$1,169	$2,338	$1,403	$2,105	$1,403	$2,806	$1,600	$2,400	$1,500	$3,000	$1,500	$1,968	$1,500	$2,435	$1,500	$1,935	$1,500	$1,871
$49,550	$743	$1,115	$743	$1,486	$991	$1,486	$991	$1,982	$1,239	$1,858	$1,239	$2,477	$1,486	$2,230	$1,486	$2,973	$1,600	$2,400	$1,500	$3,000	$1,500	$1,996	$1,500	$2,491	$1,500	$1,991	$1,500	$1,982
$51,150	$767	$1,151	$767	$1,534	$1,023	$1,534	$1,023	$2,046	$1,279	$1,918	$1,279	$2,557	$1,534	$2,301	$1,534	$3,068	$1,600	$2,400	$1,500	$3,000	$1,500	$2,011	$1,534	$2,523	$1,523	$2,023	$1,535	$2,046
$58,375	$876	$1,313	$876	$1,751	$1,167	$1,751	$1,167	$2,335	$1,459	$2,189	$1,459	$2,918	$1,751	$2,627	$1,751	$3,502	$1,600	$2,400	$1,500	$3,000	$1,500	$2,084	$1,751	$2,667	$1,667	$2,167	$1,751	$2,335
$63,425	$951	$1,427	$951	$1,903	$1,269	$1,903	$1,269	$2,537	$1,586	$2,378	$1,586	$3,171	$1,903	$2,854	$1,903	$3,806	$1,600	$2,400	$1,500	$3,000	$1,500	$2,134	$1,903	$2,769	$1,769	$2,269	$1,903	$2,537
$69,625	$1,044	$1,567	$1,044	$2,089	$1,393	$2,089	$1,393	$2,785	$1,741	$2,611	$1,741	$3,481	$2,089	$3,133	$2,089	$4,178	$1,600	$2,400	$1,500	$3,000	$1,500	$2,196	$2,089	$2,893	$1,893	$2,393	$2,089	$2,785
$89,750	$1,346	$2,019	$1,346	$2,692	$1,795	$2,692	$1,795	$3,590	$2,243	$3,365	$2,243	$4,487	$2,692	$4,038	$2,692	$5,384	$1,600	$2,400	$1,500	$3,000	$1,795	$2,692	$2,692	$3,590	$2,295	$2,795	$2,692	$3,590

Impact of Options on select employee wage examples – Percentage

Assumed annual wage	Option 1		Option 2		Option 3		Option 4		Option 5		Option 6		Option 7		Option 8		Option 9		Option 10		Option 11		Option 12		Option 13		Option 14	
	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E
$32,200	1.5%	2.25%	1.5%	3.0%	2.0%	3.0%	2.0%	4.0%	2.5%	3.75%	2.5%	5.0%	3.0%	4.5%	3.0%	6.0%	5.0%	7.5%	4.7%	9.3%	4.7%	5.7%	4.7%	6.7%	4.7%	5.1%	4.7%	4.7%
$38,500	1.5%	2.25%	1.5%	3.0%	2.0%	3.0%	2.0%	4.0%	2.5%	3.75%	2.5%	5.0%	3.0%	4.5%	3.0%	6.0%	4.2%	6.2%	3.9%	7.8%	3.9%	4.9%	3.9%	5.9%	3.9%	4.6%	3.9%	4.0%
$41,650	1.5%	2.25%	1.5%	3.0%	2.0%	3.0%	2.0%	4.0%	2.5%	3.75%	2.5%	5.0%	3.0%	4.5%	3.0%	6.0%	3.8%	5.8%	3.6%	7.2%	3.6%	4.6%	3.6%	5.6%	3.6%	4.4%	3.6%	4.0%
$44,700	1.5%	2.25%	1.5%	3.0%	2.0%	3.0%	2.0%	4.0%	2.5%	3.75%	2.5%	5.0%	3.0%	4.5%	3.0%	6.0%	3.6%	5.4%	3.4%	6.7%	3.4%	4.4%	3.4%	5.4%	3.4%	4.2%	3.4%	4.0%
$46,775	1.5%	2.25%	1.5%	3.0%	2.0%	3.0%	2.0%	4.0%	2.5%	3.75%	2.5%	5.0%	3.0%	4.5%	3.0%	6.0%	3.4%	5.1%	3.2%	6.4%	3.2%	4.2%	3.2%	5.2%	3.2%	4.1%	3.2%	4.0%
$49,550	1.5%	2.25%	1.5%	3.0%	2.0%	3.0%	2.0%	4.0%	2.5%	3.75%	2.5%	5.0%	3.0%	4.5%	3.0%	6.0%	3.2%	4.8%	3.0%	6.1%	3.0%	4.0%	3.0%	5.0%	3.0%	4.0%	3.0%	4.0%
$51,150	1.5%	2.25%	1.5%	3.0%	2.0%	3.0%	2.0%	4.0%	2.5%	3.75%	2.5%	5.0%	3.0%	4.5%	3.0%	6.0%	3.1%	4.7%	2.9%	5.9%	2.9%	3.9%	2.9%	4.9%	3.0%	4.0%	3.0%	4.0%
$58,375	1.5%	2.25%	1.5%	3.0%	2.0%	3.0%	2.0%	4.0%	2.5%	3.75%	2.5%	5.0%	3.0%	4.5%	3.0%	6.0%	2.7%	4.1%	2.6%	5.1%	2.6%	3.6%	2.6%	4.6%	2.9%	3.7%	3.0%	4.0%
$63,425	1.5%	2.25%	1.5%	3.0%	2.0%	3.0%	2.0%	4.0%	2.5%	3.75%	2.5%	5.0%	3.0%	4.5%	3.0%	6.0%	2.5%	3.8%	2.4%	4.7%	2.4%	3.4%	2.4%	4.4%	2.8%	3.6%	3.0%	4.0%
$69,625	1.5%	2.25%	1.5%	3.0%	2.0%	3.0%	2.0%	4.0%	2.5%	3.75%	2.5%	5.0%	3.0%	4.5%	3.0%	6.0%	2.3%	3.5%	2.2%	4.3%	2.2%	3.2%	2.2%	4.2%	2.7%	3.4%	3.0%	4.0%
$89,750	1.5%	2.25%	1.5%	3.0%	2.0%	3.0%	2.0%	4.0%	2.5%	3.75%	2.5%	5.0%	3.0%	4.5%	3.0%	6.0%	1.8%	2.7%	1.7%	3.3%	2.0%	3.0%	2.0%	4.0%	2.6%	3.1%	3.0%	4.0%

Note: The FY 2016 operating budget includes a provision for a merit increase of 3% or approximately $210,000.

RESOLUTION AUTHORIZING MERIT PAY INCREASES FOR ELIGIBLE EMPLOYEES

WHEREAS, the Board of Directors has determined that it is reasonable and prudent to provide Merit Increases in order to provide fair and equitable compensation so that qualified employees may be retained to do the work necessary for the operation of the OWASA service system:

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS, THAT:

1. Employees rated as "Successful" in their October 2015 annual performance review will receive a merit pay increase in the amount of _____.

2. Employees rated as "Exceptional" in their October 2015 annual performance review will receive a merit pay increase in the amount of _____.

3. The aforementioned pay adjustments will be effective November 2, 2015.

Adopted this 10th day of September 2015.

_____
John A. Young, Chair

ATTEST:

_____
Heather Payne
Secretary

RESOLUTION UPDATING THE SCHEDULE OF EMPLOYEE CLASSIFICATION AND AUTHORIZED COMPENSATION; ADJUSTING AFFECTED EMPLOYEES' COMPENSATION TO THE MINIMUM OF THE PAY RANGE; AUTHORIZING THAT THE INCUMBENT PART-TIME CUSTOMER SERVICE SPECIALIST BE PAID ABOVE THE MAXIMUM OF THE PAY RANGE UNTIL THE MARKET REACHES THE EMPLOYEE'S PRESENT PAY LEVEL; APPROVING THE PAY ADMINISTRATION GUIDELINES RECOMMENDED BY THE CONSULTING FIRM, THE WATERS CONSULTING GROUP; AND FURTHER EVALUATION OF LONGEVITY PAY AND RETIREMENT BENEFITS

WHEREAS, the Orange Water and Sewer Authority maintains a Schedule of Employee Classification and Authorized Compensation which provides the appropriate number of properly classified and compensated employees to efficiently and effectively fulfill the organization's duties and responsibilities; and

WHEREAS, OWASA engaged the services of The Waters Consulting Group (WCG) to conduct an Employee Classification and Compensation Study (Study) to ensure OWASA's compensation program achieves internal equity and external competitiveness in the market; and

WHEREAS, the Study recommends a new pay structure for all employees whereby approximately 35 employees whose pay falls below the new range minimums, those employees will receive pay adjustments effective November 5, 2012 to bring their compensation to the minimum of the new range; and

WHEREAS, because the incumbent Part-Time Customer Service Specialist's compensation is presently above the maximum of the new pay range for that position, this employee's pay will be frozen until market data establishes a higher maximum for the position; and

WHEREAS, in order to establish Pay Administration Guidelines for future hiring, promoting and retaining employees;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors hereby approves the updated Schedule of Employee Classification and Authorized Compensation, effective November 5, 2012 and shall thereafter remain in effect until further modification or revision by the Board of Directors. In taking this action, the Board of Directors acknowledges that staff may recommend changes for the Board's consideration once the classification appeals process for employees has been completed later this year.

2. That the Board of Directors hereby approves moving those employees who are being paid less than the minimum of their newly established pay range, to the minimum of the pay range effective November 5, 2012.

3. That the Board of Directors hereby approves compensating the incumbent Part-Time Customer Service Specialist above the pay range until market salaries for similar positions exceed current pay; and after separation of the present employee from that position, compensation for that position will conform to the new pay schedule.

4. That the Board of Directors hereby approves the Pay Administration Guidelines for future use in hiring, promoting and retaining employees as proposed in WCG's Study.

5. That the OWASA staff further evaluate (including feedback from employees) the following WCG recommendations:

a. Phase out Service Pay (longevity) because it works counter to OWASA's performance/merit based compensation strategy. Elimination of this program may be accomplished by making a one-time salary adjustment to all current employees, based on their years of service.
b. Reduce retirement benefits for new hires.
c. Analyze the competiveness of our 457 retirement benefits.

Staff shall review the above with the Human Resources Committee before making a final recommendation to the Board of Directors.

6. OWASA staff shall review and update as appropriate the data points referenced in the WCG proposal, and the Board of Directors will receive the OWASA staff analysis and revisit the WCG proposal within the next three to five years.

Adopted this 10th day of January 2013.

Alan Rimer, P.E.
Chair

Attested:

Amy Witsil, Secretary

PAY ADMINISTRATION GUIDELINES

BASIC PHILOSOPHY AND OBJECTIVES

Philosophy

Orange Water and Sewer Authority's (OWASA) compensation philosophy is to establish and administer an equitable program that provides consistent treatment for all employees. Position responsibility and market information are the key considerations in determining employee salaries. WCG recognizes that OWASA is dedicated to providing an atmosphere that demonstrates a commitment to service, excellence, and customer satisfaction. WCG's objective during this project has been to recommend a compensation strategy that constitutes a good "fit" to OWASA's management philosophy.

The purpose of OWASA's compensation program is to attract, retain, and motivate employees by offering pay opportunities commensurate with their position's internal and external value.

Objectives

The objectives of the compensation program are:

- To clearly define the essential functions of each position through written job descriptions;
- To reinforce employee perception of fair compensation between classifications and with comparable classifications outside the organization;
- To establish a program that is understandable to employees, fiscally sound and cost effective, and easily administered and maintained;
- To establish a pay grade for each job classification that is based on a systematic blending of the position's internal worth to the organization and its external value in the market; and

- To provide a methodology that allows OWASA to determine market-based adjustments consistent with OWASA's ability to pay.

- To link employee pay progression to performance.

COMPENSATION PHILOSOPHY

OWASA's compensation program design is based on the following values:

1. **Competition**

   OWASA will provide total compensation opportunities that are competitive with its competitors.

2. **Pay Grades and Structures**

   Each job classification in OWASA will be assigned to the proposed pay structure that will have a pay grade defined by minimum and maximum dollar limits. The pay grade defines the pay opportunities for the job. Merit increases based on performance allows the employee to move through the salary range over a period of years.

   Pay structures should be reviewed every two years, depending on the volatility of the market, and revised to reflect OWASA's changing competitive position, economic conditions, and compensation objectives.

3. **Job Descriptions**

   Each position title in OWASA will have a written description. Descriptions should be reviewed once every two years or each time a position is filled.

4. **Job Evaluation**

   Each position will be placed in the pay structure at a grade level and accompanying salary range utilizing a point factor evaluation methodology. The Human Resources and Safety Manager is responsible for position evaluation and placement in the appropriate pay grade. A Job Evaluation Team comprised of the Human Resources and Safety Manager, Department

Directors and the Executive Director should continue to review and evaluate recommendations for new positions and the reclassification of current positions.

5. Administration

The Human Resources and Safety Manager will manage and administer the pay program. In this capacity he/she is responsible for:

A. Recommending changes in the basic philosophy and objectives of the compensation policy, which ensure compliance with all relevant laws and regulations;
B. Updating job descriptions to ensure they are current and accurate;
C. Managing the Performance Management System and resulting pay changes;
D. Conducting salary surveys, analyzing data and making recommendations for market adjustments and pay structure adjustments; and
E. Coordinating the implementation and periodic review of the Salary Administration Guidelines.

JOB DESCRIPTIONS

A job description is a written document that describes the essential functions of a position, focusing on the general purpose and the principal duties and responsibilities of the position. Every position in OWASA should have a written job description. The job description is intended to describe the major functions of the position, not to provide a complete listing of all possible tasks and responsibilities. The main purposes of the job description are:

- To serve as a means of communication between the supervisor and the employee to clarify the responsibilities and expectations of the position;
- To serve as the basis for position evaluation;
- To assist in the Authority's succession planning efforts by identifying career progression and opportunities for upward mobility;
- To provide documentation for validating salary survey matches;
- To serve as a basis for the performance appraisal process; and
- To identify qualifications for purposes of recruitment, selection and training.

The Human Resources Department is responsible for maintaining all job descriptions.

JOB EVALUATION

Job evaluation is a process of determining the relative worth of all positions in OWASA. Each position in OWASA has been evaluated utilizing a customized point factor job evaluation system. A Job Evaluation Team comprised of the Human Resources and Safety Manager, Department Directors and the Executive Director has been established and trained to oversee and conduct the job evaluation process. Recognizing that the requirements, responsibilities and expectations of positions periodically change, re-evaluation may be required. OWASA should continue to employ this system for future position evaluation activity.

Reclassifications/New Positions

As new positions are approved, or if a request for reclassification of an existing position is made, the Job Evaluation Team will convene to prepare evaluation recommendations. Evaluation requests must be submitted in writing and include a rationale for modifying a current or creating a new position. (Note: This process is not meant to replace requests for new personnel as normally submitted during the budget process. It is assumed that the addition of the position has been approved prior to evaluating the position.) Any request to reevaluate a position should follow the appropriate chain of command. All requests should be sent to the Human Resources and Safety Manager for review and recommendation

The evaluation will be based on the factors and levels defined in the applicable Job Evaluation System. Once all factors have been considered, a grade will be assigned using the Job Evaluation Point System. The Human Resources and Safety Manager will maintain a copy of the Job Evaluation Team's recommendations. The Board of Directors must approve all changes or modifications to Pay Grades. The Human Resources and Safety manager will maintain the Job Evaluation Summary showing all approved positions and grades.

After the plan is implemented, reclassifications should not be necessary for at least a one year period. Only department directors may request the evaluation of any position more than once in any twelve-month period.

Requests for Review

When an employee disagrees with the placement of their position in the pay structure, the following details the procedure for a review of an assigned position:

1) Through the appropriate chain of command, the employee, supervisor or manager submits a written request to the Department Director. This written request should contain a documented rationale for the proposed change. The request should also have attached to it a new Position Description Questionnaire that has been completed to reflect the changes in duties or responsibilities since the time of the original questionnaire that was used to complete the initial evaluation of the position. A Position Description Questionnaire should also be completed for new positions. If the Department Director does not approve the reclassification, it is their responsibility to explain to the employee the reasons why their request will not move forward.

2) Upon approval of the Department Director, the request is submitted to the Human Resources and Safety Manager, accompanied by a written recommendation from the Department Director.

3) If the request is to change the evaluation of an existing position, to reclassify a position to another existing position, or to create a new position, the Human Resources and Safety Manager will submit the information to the Job Evaluation Team for review.

4) The Job Evaluation Team will use the evaluation manual to compare the proposed factors of the job to the factors of comparable jobs. The Team will make a recommendation to retain the current evaluation, create a new evaluation score, or create a new position.

5) The Human Resources and Safety Manager will recalculate any new evaluation scores using the Job Evaluation Point System spreadsheet. If the resulting score does not change the pay grade determined by total points, the employee will be informed of the decision. If the new score changes the pay grade determined by total points, the Human Resources and Safety Manager will implement the Team's recommendation and calculated pay grade after review and approval. It is

the responsibility of the Human Resources and Safety Manager to maintain and administer the Evaluation Process.

If an employee wishes to appeal the decision of the Job Evaluation Team, the following process should be followed.

Step I

A written request should be submitted to the Human Resources and Safety Manager. A formal meeting with the employee, Department Director, and the Human Resources and Safety Manager will be held not later than ten work days from the date the complaint was received. A written response will be furnished to the employee not later than five work days following this meeting. Should the response to the complaint not be satisfactory to the employee, he/she may appeal the complaint to the next (Step II) level.

Step II

The employee must submit a written appeal to the Executive Director not later than five work days from the date the Step I response was received. The Executive Director will meet with the employee and appropriate management personnel within ten work days following receipt of the complaint. The Executive Director will then provide his/her written response not later than ten work days following this Step II meeting. The decision of the Executive Director is final and is not subject to appeal under the OWASA Grievance Procedures. Reasonable extensions of time limits are acceptable when agreed to by all parties.

MAINTENANCE OF THE PAY SYSTEM AND STRUCTURES

During the normal budget process, the Human Resources and Safety Manager is responsible for developing recommendations regarding structure adjustments. As these recommendations reflect the compensation policy of OWASA, the final budget allocations will rest with OWASA Board of Directors, and should be made in the context of the total financial outlook for OWASA.

When determining the adjustments to make, OWASA will need to consider the impact of these adjustments on the salary structure and individual salaries. WCG has recommended and OWASA

has adopted a market-competitive position for implementation in 2012 of approximately 100% of the designated market's average. This approach to establishing market competitiveness will provide OWASA will the ability to attract and maintain a competent, high performing workforce while still recognizing its responsibility as stewards of ratepayer dollars. OWASA will need to allocate the required amounts in upcoming budget years to maintain or improve its market position in anticipation of market movements. Changes to the definition of OWASA's targeted competitive position will affect how much of the budget must be allocated to maintain a specific competitive position. The structure, if maintained, will keep the market position at 100% of the market average (actual average salaries of the survey cities/organizations compared to the mid-point of OWASA's salary ranges), providing the ability to maintain a competitive workforce.

Market Movement

The market is dynamic. Therefore, once the pay structure has been developed using market data, OWASA should allocate funds sufficient to maintain the same relationship to the market as it changes. Salary surveys should be conducted on a regular schedule to assess market changes. Guidelines for conducting salary surveys are defined in the next section "Salary Survey Data Collection and Analysis." The percentage allocated for future adjustments to the pay structure will be based on movement of salaries in the market. For example, if salaries have increased on average by two percent (i.e., Cost of Labor equals two percent), the salary structure would need to be adjusted upward by two percent, to maintain OWASA's position relative to the market. This would be accomplished by moving the entire structure by two percent. If the pay structure moves, all employees' salaries in the structure should move a minimum of the same amount to avoid compression. Every five to seven years, a full market review (similar to this project) should be conducted.

Financial Status

One of the functions of the budget process is to consider the competing priorities for limited fiscal resources. Once these factors are evaluated, it may be determined that OWASA's current financial status cannot support the total cost. Conversely, in a positive financial condition, OWASA may

consider increasing the percentage allocated for the above factors. Clearly, OWASA's financial condition will affect both structure adjustments and individual salaries.

Other Policy Considerations

It is recommended employees be paid no less than the minimum of the pay grades established for their position. It is also recommended that increases do not allow employees' salaries to exceed the maximum of the pay range for their position. Employee pay should always be maintained within their assigned range.

STANDARDS FOR SALARY SURVEY DATA COLLECTION AND ANALYSIS

As mentioned previously, salary surveys should be conducted every two years to gather current labor market information. Reliable labor market information can be used by OWASA for a variety of purposes including: pricing jobs, determining competitive position, identifying trends, measuring market movement, diagnosing compensation challenges, monitoring internal equity, and defending current pay practices. OWASA has chosen benchmark cities/organizations that should be used for all future market data collection. As an alternative, OWASA may choose to use published survey data to determine average labor movement. WorldAtWork publishes annual market movement and can be regionalized for use by OWASA.

Competitive Labor Market

A labor market is generally the identified group of employers with which OWASA most likely competes for qualified employees. The survey data collected by OWASA should continue to be representative of the competitive labor market. Factors that have been considered in selecting organizations for survey purposes include the following:

- Competition of jobs;
- Commonality of positions;
- Geographic proximity; and
- Nature of services provided.

The survey entities and benchmark positions selected should remain consistent year to year to be able to obtain an accurate market movement.

Data Collection

It is recommended that OWASA survey its selected benchmark cities/organizations every two years to determine average overall structure movement by its competitors to guide recommendations for future structure adjustments.

STARTING SALARY GUIDELINES

There are several considerations in deciding what to offer someone to come to work for OWASA. What is offered to a person in exchange for his/her time, talent, services, and judgment are compensation, benefits, challenging work, effective working environment, career opportunities, and so on. For example, a partial listing of some of the tangibles and intangibles include: 1) the benefits package; 2) the security of a stable organization; 3) the work environment; and 4) location and community.

The hiring Supervisor should consider all of these factors and, in particular, the value of all benefits offered by the organization. The total package is what should be explicitly communicated in extending the offer. This will aid the applicant in evaluating and making an informed and realistic decision.

Based on OWASA's ability to pay and the application of survey data, the pay grade for each position has been assigned, thereby defining the pay opportunities for each job. New employees with the minimum experience level for the job should normally be compensated at the minimum of the approved pay grade. Individuals with exceptional qualifications, extraordinary work experience or depth of skill level may be compensated above the entry rate within the pay grade. Additionally, market conditions or specific duties can create situations requiring a need to provide compensation above the minimum of the pay grade. All such decisions should be contingent upon available funding. The following guidelines are recommended for adoption to establish starting salaries:

In all cases:

- The starting salary will be within the classification's pay range.
- Generally, employees that meet minimum requirements for the position will start at the minimum of the pay range.
- All starting salaries will be approved by the Executive Director and the Human Resources and Safety Manager. Guidelines for determination of starting salaries for applicants with qualifications that exceed the minimum requirements are as follows:

  -For applicants who exceed the minimum relevant experience requirements for the job by two to five years, starting pay between the entry and the top of the first quartile in the pay range may be considered.

  -When an applicant's relevant experience exceeds the minimum requirements by six to nine years or a special skill requirement is identified, a starting salary up to midpoint of the salary range may be considered.

  -In circumstances where there has been difficulty in recruiting for the position or if the applicant has special skills, background, or over ten years of relevant experience beyond the minimum qualifications, a starting salary above mid-point may be considered.

- Documentation justifying the request and approval by the Human Resources and Safety Manager, Department Director, and Executive Director should be maintained by the Human Resources Department. An analysis of the impact of the starting pay should be conducted by the Human Resources Department to assist the Director in avoiding the creation of any internal pay equity issues.
- It is recommended that, effective immediately, OWASA discontinue its practice of providing salary increases when an employee completes probation.

PROMOTION GUIDELINES

For purposes of salary administration, a promotion occurs when an employee applies, competes and is offered a new position in a higher pay grade than the previous pay grade.

A promoted employee shall be compensated within the new grade under the same guidelines as new employees. In all cases, the amount of a promotional increase should:

- Be determined using the same guidelines for establishing a rate of pay for a new hire;
- Be an amount sufficient to reach the salary range minimum for the new classification or a minimum of a 10% increase, whichever is greater.

The increase should become effective in the first pay period in which the employee assumes the new job.

INDIVIDUAL MOVEMENT THROUGH THE RANGE BASED ON PERFORMANCE

Employees will move through their pay ranges over time based on their performance. The updated performance management system provides four ratings. Current policy requires a mid-year and year-end evaluation. It is recommended that, at the end of the year, all employees receiving either "Exceptional" or "Successful ratings should receive an increase in base pay. Employees receiving a "Needs Improvement" or "Unsuccessful Performance" rating will forfeit their performance increase for the fiscal year. Additionally, a Performance Improvement Plan will be developed for employees receiving an "Unsuccessful Performance" rating. This plan may also include providing the employee receiving an "Unsuccessful Performance" rating with a "Last Chance" agreement.

A recommended budget for merit pay increases will be provided by staff each year during the budget process, for approval by the Board of Directors. The amount recommended for budgeting purposes should be based on data collected through a market review. Data can be collected from benchmark organizations to determine the average budgets for merit pay increases or data from WorldAtWork can be used to determine the acceptable increases that should be allocated. Once the budget for

merit pay increases is approved by the Board, the determination of the percentage increase for each of the two levels of ratings ("Exceptional" or "Successful) can be determined. Merit pay increases may vary from year to year and will be subject to available funding. It is recommended that employees receiving "Exceptional" ratings should receive a percent increase of at least twice the level of the increase for a "Successful" rating. The OWASA executive team should monitor the number of "Exceptional" ratings each year to ensure that all employees receiving this level of rating meet the requirements as stated in the Performance Evaluation Form. Historical data can be tracked to assist in the review of annual ratings as well as to project future funding requirements.

SPECIAL INDIVIDUAL PAY ADJUSTMENT GUIDELINES

At times there may be a need for pay adjustments in order to respond to market changes and to address internal equity issues. Occasionally, the market for individual positions may move faster than what has been funded for pay changes/structure adjustments for the majority of positions at OWASA. This situation is generally reflected in high turnover (employees separating for promotional opportunities or career changes are not included in this example) or difficulty in recruitment for individual positions. In these extreme circumstances, the Human Resources and Safety Manager should conduct a market review of the individual position and other positions that may be in the same career family to evaluate the appropriateness of the pay range and incumbent pay. Requests for review can be made by Department Directors and submitted to the Human Resources and Safety Manager. The Human Resources Department will conduct the review only after the review has been authorized by the Executive Director.

The Department Director may request a review of an incumbent's pay. The review may be used as a basis for a request for an individual pay adjustment to relieve pay inequities (internal or external).

GUIDELINES FOR OTHER PERSONNEL ACTIONS

Transferred Employees

An employee who moves to a new job classification in the same pay grade will not receive an increase in compensation. An employee requesting a transfer to a lower grade cannot be compensated above the range maximum established for the new classification.

Reclassified and Demoted Employees

If an employee's classification is moved to a higher pay grade, the promotion guidelines should be applied to determine the employee's new rate of pay. If an employee is in a job classification that is moved to a lower pay grade due to a demotion, the employee's salary will be reduced to accommodate the range in the new salary grade based on the Director's recommendation.

Agenda Item 5:

Review Board Work Schedule

Purpose:

a) Review and update the 12 Month Board Meeting Schedule
   Note: as part of reviewing the 12 Month Board Meeting Schedule, staff seeks the Board's guidance on desired changes to the Schedule's format and content. For example, it was suggested that we add, "*notes on the calendar that point out decisions that need to be preceded by special community meetings…*"
b) Review the draft agenda and discuss expectations for the September 24, 2015 annual meeting
c) Review the draft agenda and discuss expectations for the October 8, 2015 work session

Information:

- Draft 12 Month Board Meeting Schedule
- Draft agenda for the September 24, 2015 annual meeting
- Draft agenda for the October 8, 2015 work session

OWASA Board of Directors – 12 Month Board Meeting Schedule (September 1, 2015)

Month	Board Meetings		Committee & Other Meetings
	Work Session	Business Meeting	
September 2015	Approve Merit Pay for FY 2016 Discuss Rate Structure Discuss Possible Lake Recreation Additions Committee Assignments CS - General Counsel Review ( ) CS – ED Review ( ) *9/10/2015*	Annual Report and Financial Audit AMI – Interview Findings & Technology/Strategy Review Equal Employment Opportunity Report ( ) Approve General Counsel Engagement ( ) CS – ED Review ( ) *9/24/2015*	
October 2015	Discuss Rate Structure Draft Biosolids Management Plan, Part II Award Purefoy Road Water Line Replacement Contract *10/8/2015*	Discuss Draft Affordability Program Plan Review AMI Prelim Economic & Financial Analysis Discuss 2016 Recreation Season Fees & Activities Q1 Financial Report ( ) Strategic Trends Report ( ) *10/22/2015*	**Board Tour** – *Cane Creek Mitigation Tract (TBD)* **CEC –** *Draft Affordability Program Plan (TBD)*
November 2015	Discuss Total Compensation Philosophy Draft AMI Feasibility Study Presentation/ Report *11/12/2015*	*Holiday - no meeting*	
December 2015	Discuss Draft Total Compensation Philosophy Final AMI Feasibility Study Presentation/ Report Approve Biosolids Management Plan Affordability Program Plan Concurrence *12/10/2015*	*Holiday - no meeting*	**NRTS -** *Energy Plan – Strategy Evaluation (TBD)*
January 2016	Discuss & Approve/Disapprove AMI Phase 2* w/Dr. Schlenger (if needed) Approve Total Compensation Philosophy Update on Employee Health Insurance Discuss Financial Reserves Policies Discuss FY17 budget calendar and assumptions ( ) *1/14/2016*	Community Engagement Approach/ Process Annual Lakes Recreation Report Discuss CIP Investment Practices Discuss Rate Structure (if needed) Q2 Financial Report ( ) CIP Semiannual Report ( ) *1/28/2016*	
February 2016	Review Energy Plan – Strategy Evaluation Discuss Review & Update of Strategic Plan Discuss Rate Structure (if needed) CS - General Counsel Interim Review ( ) *2/11/2016*	Approve contract with DS&A for AMI procurement phase (if needed) Rate Structure – Community Engagement Process CS - General Counsel Interim Review ( ) *2/25/2016*	
March 2016	Review, discuss and approve AMI communications plan (if needed) Review findings of Easement Pilot Draft Budget and Rates ( ) Set date for public hearings ( ) CS – ED Interim Review ( ) *3/10/2016*	Draft Budget and Rates ( ) CS – ED Interim Review ( ) *3/24/2016*	**NRTS –** *Draft Energy Plan (TBD)*
April 2016	Review and approve AMI RFP (if needed) Review Employee Health and Dental Insurance Renewal ( ) FY 17 Draft Budget and Rates ( ) Authorize staff to publish proposed rates ( ) *4/14/2016*	*Q3 Financial Report* ( ) *Audit Firm Selection* ( ) *4/28/2016*	
May 2016	Discuss LRWSP – Goals and Metrics Award the Cane Creek Permanganate Facility Project Contract Review Employee Health and Dental Insurance Renewal (if needed) ( ) Review Employee Merit Pay for FY 2017 ( ) Review Draft Energy Plan Appointment of Nominating Committee ( ) *5/12/2016*	Public Hearings - FY 17 Budget and Rates ( ) Approve Employee Health and Dental Insurance ( ) Approve LRWSP – Goals and Metrics *5/26/2016*	

OWASA Board of Directors – 12 Month Board Meeting Schedule (September 1, 2015)

Month	Board Meetings		Committee & Other Meetings
	Work Session	Business Meeting	
June 2016	Approve Employee Merit Pay for FY 2017 ↻ Approve FY 17 Budget and Rates ↻ Public Comment on Draft Energy Plan Approve AMI contract award (if needed) Election of Officers ↻ *6/9/2016*	To Be Determined *6/23/2016*	
July 2016	Discuss LRWSP - Demands and Yield *7/14/2016*	To Be Determined *7/28/2016*	
August 2016	CS – General Counsel Review ↻ *8/11/2016*	12 Month Financial Report ↻ CIP Semiannual Report ↻ CS – General Counsel Review ↻ *8/25/2016*	

*AMI Phase 2 includes assisting OWASA Staff with developing a community engagement plan and developing and managing an AMI RFP.

The 12 Month Board Meeting Schedule shows Strategic Plan initiatives and other priority efforts that the Board and staff plan to give greatest consideration to during the next twelve months. The schedule also shows major recurring agenda items that require Board action, or items that have been scheduled in response to the Board's prior standing request. This schedule does not show all the items the Board may consider in a work session or business meeting.

The 12 Month Board Meeting Schedule will be reviewed and updated at each monthly work session and may also be discussed and updated at the Board's business meetings.

In addition to the initiatives shown in this schedule, staff will be working on other Strategic Plan and organizational priorities that are not expected to require major additional discussion with the Board except as part of budget deliberations (e.g., continuing our comprehensive asset management work).

The schedule implies that the following Strategic Plan initiatives would be addressed beyond the 12 month period. The Board may conclude that one or more of the following initiatives are higher priority. The schedule will be revised as needed to reflect the Board's priorities, and any additional initiatives that the Board may decide to address.

- Development of a plan and policy framework for OWASA lands is considered a longer-term priority.
- Improve effectiveness as a learning organization is considered a longer-term priority.
- Water Conservation Plan will be prepared concurrent with update of the Long-Range Water Supply Plan.

The OWASA Board determines which topics it wants to explore as a full Board (potentially in a work session format) and which topics it wants to assign to Board committees or committee chairs for further analysis and development of recommendations. Board also determines priorities and desired timeframes for addressing topics. Committee meetings will be updated on the schedule routinely.

Abbreviations Used in Draft Schedule:

↻	Recurring agenda item (generally these are "required" items)	ED	Executive Director
AMI	Advanced Metering Infrastructure	FY	Fiscal Year
CIP	Capital Improvements Program	JLP	Jordan Lake Partnership
COLA	Cost of Labor Adjustment	LRWSP	Long-Range Water Supply Plan
CS	Closed Session of the Board	Q	Quarter
CY	Calendar Year	WTP	Water Treatment Plant
		WWTP	Wastewater Treatment Plan

AGENDA
ANNUAL MEETING OF THE OWASA BOARD OF DIRECTORS
THURSDAY, SEPTEMBER 24, 2015, 7:00 P.M.
CHAPEL HILL TOWN HALL

In compliance with the "Americans with Disabilities Act," interpreter services are available with five days prior notice. If you need this assistance, please contact the Clerk to the Board at 919-537-4217 or aorbich@owasa.org.

The Board of Directors appreciates and invites the public to attend and observe its meetings. Public comment is invited either by petition upon topics not on the Board's agenda, or by comments upon items appearing on the Board's agenda. Speakers are invited to submit more detailed comments via written materials, ideally submitted at least three days in advance of the meeting to the Clerk to the Board via email or US Postal Service (aorbich@owasa.org/400 Jones Ferry Road, Carrboro, NC 27510).

Public speakers are encouraged to organize their remarks for delivery within a four minute time frame allowed each speaker. Additional time may be allowed at the discretion of the Board of Directors.

Announcements

1. Announcements by the Chair
   A. 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.
2. Announcements by Board Members
3. Announcements by Staff

Petitions and Requests

1. Public
2. Board
3. Staff

PRESENTATION OF ANNUAL REPORT

1. A. Executive Director's Comments (Ed Kerwin)
   B. Finance and Customer Service Director's Comments (Stephen Winters)
   C. Martin Starnes & Associates, CPAs, P.A.'s Comments

CONSENT AGENDA

Information and Reports

2. Equal Employment Opportunity/Affirmative Action Report for Fiscal Year 2015 (Stephanie Glasgow)
3. Annual Report on Disposal of Surplus Personal Property (Kevin Ray)

Action

4. Approval of the Minutes of the August 27, 2015 Meeting of the Board of Directors (Andrea Orbich)
5. Approval of the Minutes of the August 27, 2015 Closed Session of the Board of Directors (Michael Hughes)

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6. Approval of the Minutes of the September 10, 2015 Work Session of the Board of Directors (Andrea Orbich)
7. Approval of the Minutes of the September 10, 2015 Closed Session of the Board of Directors (Michael Hughes)

REGULAR AGENDA

Discussion

8. Advance Metering Infrastructure – Interview Findings and Technology/Strategy Review (Todd Taylor/Dan Przybyl)

Discussion and Action

9. Resolution Reappointing Robert Epting as General Counsel to the Orange Water and Sewer Authority (Michael Hughes)

Summary of Board Meeting Action Items

10. 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 meeting

Closed Session

10. The Board of Directors will Convene in a Closed Session immediately following the Board Meeting for the Purpose of Discussing a Personnel Matter (Michael Hughes)

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AGENDA
WORK SESSION OF THE OWASA BOARD OF DIRECTORS
THURSDAY, OCTOBER 8, 2015, 6:00 P.M.
OWASA COMMUNITY ROOM

The Board of Directors appreciates and invites the public to attend and observe its meetings. For the Board's Work Session, public comments are invited on only items appearing on this agenda. Speakers are invited to submit more detailed comments via written materials, ideally submitted at least three days in advance of the meeting to the Clerk to the Board via email or US Postal Service (aorbich@owasa.org/400 Jones Ferry Road, Carrboro, NC 27510).

Public speakers are encouraged to organize their remarks for delivery within a four minute time frame allowed each speaker. Additional time may be allowed at the discretion of the Board of Directors.

The Board may take action on any item on the agenda.

Announcements

a. Announcements by the Chair
   - 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.

b. Announcements by Board Members

c. Announcements by Staff

Discussion

1. Draft Biosolids Management Plan, Part II (Todd Taylor/John Kiviniemi)
2. Discussion of Water and Sewer Rate Structure Modifications (Stephen Winters)

Discussion and Action

3. Resolution Awarding a Construction Contract for the Purefoy Road Water Line Replacement Project (Vishnu Gangadharan)

Discussion

4. Request(s) by Board Committees, Board Members and Staff (John Young)
5. Review Board Work Schedule (John Young/Ed Kerwin)
   a. 12 Month Board Meeting Schedule
   b. October 22, 2015 Board Meeting
   c. November 12, 2015 Work Session

Summary of Work Session Items

6. Executive Director will summarize the key staff action items from the Work Session

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