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, MAY 12, 2016, 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. Review Employee Health, Dental, Life, Dependent Life, Accidental Death and Dismemberment, and Long Term Disability Insurance (Stephanie Glasgow/Ellen Tucker, Hill, Chesson and Woody)
2. Discuss Draft Scope of Work for Employee Total Compensation Study (Stephanie Glasgow/John Anzivino, Springsted Inc.)
3. Review Information and Options for Employee Merit Pay for Fiscal Year 2017 (Stephanie Glasgow)
4. Review Board Work Schedule (John Young/Ed Kerwin)
   a. Request(s) by Board Committees, Board Members and Staff
   b. May 26, 2016 Board Meeting
   c. June 9, 2016 Work Session
   d. 12 Month Board Meeting Schedule
5. Appointment of the Nominating Committee (John Young)

Summary of Work Session Items

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

Agenda Item 1:

Review Employee Health, Dental, Life, Dependent Life, Accidental Death and Dismemberment (AD&D) and Long Term Disability (LTD) Insurance

Purpose:

Authorize the Executive Director to execute contracts with Blue Cross and Blue Shield of North Carolina (BCBSNC) for employee Health, Dental, Life, Dependent Life, AD&D and LTD Insurance for Fiscal Year 2017.

Background:

The current contracts for Employee Health, Dental, Life, Dependent Life, AD&D and LTD Insurance expire on June 30, 2016.

The Board began receiving information and working on the upcoming renewals with OWASA staff and the consulting firm of Hill, Chesson & Woody (HCW) in January 2016.

At the April 14, 2016 work session the Board received renewal data from staff and HCW and decided to market the Health and Dental plans and continue discussions with BCBSNC.

The Board is scheduled to make a decision no later than May 26, 2016.

Staff Recommendation:

Board authorization for the Executive Director to execute contracts with BCBSNC for employee Health, Dental, Life, Dependent Life, AD&D and LTD insurance.

Information:

- Letter from Ellen Tucker with HCW who will provide information at the May 12th meeting. The current BCBSNC proposal data is as follows:
  - Health insurance premiums increase 15% with no change in benefits for the contract year July 1, 2016 through June 30, 2017.
  - Dental insurance premiums remain the same for contract year July 1, 2016 through June 30, 2017.
  - Life, Dependent Life, AD&D and LTD premiums remain the same for two years with no change in benefits.

- Draft Resolution Authorizing the Executive Director to Execute Contracts with Blue Cross Blue Shield of North Carolina for Employee Health, Dental, Life, Dependent Life, AD&D and LTD Insurance

May 6, 2016

Stephanie Glasgow
Director of Human Resources and Safety
Orange Water and Sewer Authority
400 Jones Ferry Road
Carrboro, NC 27510

Stephanie:

HCW has analyzed the renewals for all plans and negotiated with carriers as directed by the OWASA Board of Directors. The results of those negotiations and our recommendations are as follows:

Medical Plan

Based on the magnitude of the original renewal, we marketed the medical plan and received proposals. Prior to seeing any quotes, BCBSNC agreed to a renewal of 15%. We recommend accepting the 15% renewal as revised.

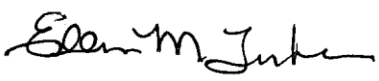
Dental Plan

BCBSNC agreed to no increase for dental. We had marketed the dental plan and received proposals. The most favorable option was less than $7,000 of annual savings. Our recommendation is to renew with BCBSNC, since the savings to move are minimal and employees are happy with the current carrier.

Life/AD&D, Dependent Life, and Long Term Disability

US Able agreed to no increase for Life/AD&D, Dependent Life and Long Term Disability and have guaranteed all for 2 years. We recommend accepting this renewal.

Sincerely,



Ellen Tucker, CMCE

Principal, Health & Welfare Consultant

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE CONTRACTS WITH BLUE CROSS BLUE SHIELD OF NORTH CAROLINA (BCBSNC) FOR EMPLOYEE HEALTH, DENTAL, LIFE, DEPENDENT LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D) AND LONG TERM DISABILITY (LTD) 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), which will expire on June 30, 2016; 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 15%, renewal of its Dental coverage with no increase in rates, and for renewal of its Life, Dependent Life, AD&D and LTD for two years with no increase in premiums; and

WHEREAS, with the capable assistance HILL CHESSON & WOODY the Board of Directors has compared the BCBSNC proposals with proposals from others for like coverage, and 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, as well as Life, Dependent Life, AD&D and LTD Insurance.

2. That the term of the Health and Dental insurance plans shall be for a period of twelve months beginning July 1, 2016.

3. That the term of the Life, Dependent Life, AD&D and LTD insurance plans shall be for a period of twenty-four months beginning July 1, 2016.

4. That the Executive Director is hereby authorized and directed to execute the contract with BCBSNC.

DRAFT

Adopted this 12th day of May 2016.

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John A. Young, Chair

ATTEST:

_____
Heather Payne, Secretary

DRAFT

Agenda Item 2:

Discuss Draft Scope of Work for Employee Total Compensation Study

Purpose:

To seek the Board's questions and feedback on the consultant's (Springsted Incorporated) proposed scope of work for Phase Two of the Total Compensation Study (Study).

Background:

Phase One of the Study was completed on February 11, 2016 with the Board's approval of OWASA's Draft Philosophy for Employee Compensation. The Board also authorized staff to move forward and work with the consultant to develop a proposed scope of work for Phase Two of the Study.

Recommended Approach:

We propose that the first task in the consultant's scope of work be the development and evaluation of specific pay-for-performance alternatives to encourage and reward high-performance by our employees. This work is described in greater detail as Task A of the proposed scope of work. We believe this is the place to start our work because this task will include the most new and innovative aspects of the Study and will most certainly include the most Board/staff/consultant interaction. While we are providing the proposed scope of work and consultant fees for all tasks expected to be included in Phase Two of the Study, we propose that Springsted be authorized only to complete Task A at this time since that work may have an impact on the remainder of the Study. Once Task A has been successfully completed, we will seek the Board's authorization to proceed with the balance of the work.

Action Requested:

We are seeking the Board's questions and feedback regarding the proposed scope of work and our recommended approach. John Anzivino, Senior Vice President, Springsted Incorporated, will participate in our May 12th discussion. If needed, we will work with Mr. Anzivino to revise the scope of work and seek the Board's authorization to proceed at a future meeting.

Information:

- Memorandum from John Anzivino, Proposed Scope of Work - Phase Two – Total Compensation Study

Springsted Incorporated
9097 Atlee Station Road, Suite 100
Mechanicsville, VA 23116
Tel: 804-726-9750
Fax: 804-277-3435
www.springsted.com

MEMORANDUM

TO: Ms. Stephanie Glasgow, Director of Human Resources and Safety

FROM: John A. Anzivino, Senior Vice President

DATE: May 5, 2016

SUBJECT: Proposed Scope of Work – Phase Two – Total Compensation Study

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Background

OWASA has 136.5 authorized employee positions (includes one part-time position). OWASA's employees cover a wide range of job classes ranging from less skilled to highly skilled positions.

OWASA's Mission, Vision and Values statement include:

"*We value our employees as our most important resource and we provide them competitive compensation and a safe and rewarding work environment which promotes diversity and equal opportunity for all."*

OWASA's most recent Employee Classification and Compensation Study was completed in January 2013. The scope of the 2013 Study examined and updated OWASA's job descriptions, pay plan and performance appraisal system. The Study did not include a detailed assessment and valuation of employee benefits or reward programs; nor did it include a discussion of the compensation philosophy of the Board.

Prior to initiating a complete Total Compensation Study, OWASA worked with Springsted to define a preliminary total compensation philosophy. Establishment of the preliminary philosophy will assist the consultant in offering clearer and better-structured sets of recommendations concerning the various components of OWASAs compensation and benefits program as future components of the Study unfold.

To achieve the Board's objective, Springsted, worked with staff at OWASA to focus on development of a total compensation philosophy with Board and staff input. Efforts focused on conducting research and soliciting input from all levels of staff as well as facilitating discussion with OWASA's Board of Directors to establish OWASA's Preliminary Total Compensation Philosophy, which leads to clearer and more specific expectations for Phase Two of the Study.

To assist the Board in arriving at the approved preliminary total compensation philosophy the following questions were addressed and information obtained as the Board worked collaboratively with Springsted staff to develop a total compensation philosophy:

1. What specific outcomes does the Board seek and how do they fit into OWASA's overall mission and strategic initiatives?

2. What do OWASA's employees value and expect as an OWASA employee (pay; benefits; professional/job growth and development; work culture, etc.)?
3. What are current industry "best practices" as they pertain to a total compensation philosophy?

The effort resulted in the following draft Total Compensation Philosophy adopted at the Board's February 11, 2016 meeting.

Statement of Intent

We value our employees as our most important resource and we provide them competitive compensation, benefits and a safe and rewarding work environment which promotes diversity and equal opportunity for all.

To support and encourage excellence in performance, OWASA's employee total compensation system includes:

- Actively engaging employees in decisions that impact their pay and benefits.
- A competitive total compensation package that is reflective of the defined market area for OWASA's positions that allows for attraction and retention of 'best-in-class' employees and is attractive, flexible, and market based.
- Flexibility in the administration of OWASA's compensation package to reflect availability of funds while supporting the needs of an ever-changing group of diverse employees throughout their careers.
- A reward system based on Pay-for-Performance principles that encourages OWASA employees to exceed established performance objectives.
- A reward system that recognizes the individual contributions of an employee as well as those of their respective team toward the goals of OWASA.
- Opportunities for all employees to be empowered to advance their career by further developing their skills and abilities through an active and balanced career development program.
- A work culture and environment that actively encourages safety, promotion and recognition of new ideas, health, and wellness.

Exceptions

Nothing in OWASA's total compensation philosophy should be construed to be a required benefit in the event that OWASA experiences a decline in revenue or revenue growth lower than the projected increase in expenses. As with all budget decisions, merit increases, market rate adjustments and funds for other employee benefits are subject to annual appropriation.

Phase 2

To begin Phase 2 of OWASA's journey in development of a Total Compensation Philosophy which reflects the values of the Board and OWASA's employees Springsted proposes that the work be broken down into two distinct tasks. The first task, identified as Task A, will involve development of specific pay for performance system alternatives which will encourage and reward employees as they meet and/ or exceed identified and agreed to performance objectives which enhance the employees' career growth and ability serve OWASA's customers.

Proposed Scope of Services Task A – Provision of Specific Pay for Performance Alternatives

The focus of Phase A will be development of a report which examines alternatives developing in the human resources field concerning innovative ways both the public and private sector is moving in conjunction with innovative methods of employee recognition and reward.

The objectives of Task A will be to identify and report on systems which:

- Provides equal opportunity and access to all employees for career growth and encourages increases in skill sets and performance among diverse organizations
- Encourage employees to learn and or develop new skills which will result in employees applying their newly learned/ developed skills to reach individual performance objectives as they increase their career growth opportunities within OWASA and increase their levels of compensation
- Encourage employees to more fully develop and advance their careers which will result in OWASA better serving its customers and meeting its operating objectives ; and,
- Provides a range of rewards and incentives for the Board's consideration which ties back to, and recognizes, employees individual efforts to learn and develop new skills which enhance OWASA's operating and performance objectives

Developing trends in the private sector point to new focal points such as providing financial incentives for quality of service instead of quantity of service and promote efficiency in delivery of services. To reach Task A's objectives Springsted will

- Meet with the Board in a work session to obtain additional information concerning specific Board objectives and ideas concerning pay for performance
- Meet with the Management Team to discuss OWASA's current pay for performance system and how it might be improved to meet the Board's objectives
- Conduct research in both the public and private sector of newly developing pay for performance alternatives which encompass the objectives OWASA is attempting to achieve;
- Investigate and report on resources required to adequately train staff and managers in implementing pay for performance objectives within an organization
- Prepare a detailed report for presentation to the Board which outlines developing trends and highlights systems, such as 'Project ADVANCE' now being developed by the Chapel Hill Carrboro City Schools
- Recommend multiple pay for performance alternatives (three or more) for discussion with the OWASA Board and Management Teams. Elements to be considered in recommendation of various systems will include the following factors (not an all-inclusive listing):
  - Experience
  - Training
  - Education
  - Achievement of skills/competencies
  - Professional/career development
  - Achievement of goals/outcomes
  - Leadership
  - Individual performance

Meet with the Board and Management Team to review the report findings and seek guidance form the Board in conjunction with development of specific alternatives for further evaluation as Part B of the Scope of work

Task B Scope of Work

Upon the Board's selection of specific alternatives identified in Task A for further evaluation Springsted will seek additional information concerning the selected alternatives to include:

- Employee feedback
- More detailed information from benchmark organizations concerning how approved alternatives work within that organization and what challenges exist with the systems
- Meetings with the Management Team and staff to discuss additional information obtained concerning various compensation alternatives

- Preparation of a report for the Board's consideration which provides the findings obtained above and seeks Board direction on the preferred compensation alternative(s)

Task B Scope of Work

Upon completion of Task A Springsted will engage in a more intensive effort to gain information

1. Project Initiation Data Collection

The Springsted Project Director will meet with OWASA's staff to establish and clarify working relationships and obtain all OWASA classification, compensation, benefits and related data to determine the status of existing human resource management programs; and to gain an understanding of existing compensation and benefits offered by OWASA; and begin to quantify existing total compensation costs for the organization.

The purposes of the meeting will be to:

- Review OWASA's current classification and compensation policies, changes in pay practices and benefits programs
- Discuss, in detail, the methodology to be used in conducting the Study
- Review the project schedule and determine significant milestones
- Determine the frequency and content of status reports

2. Information Gathering from Employees

Upon completion of Task 1 above, all OWASA employees will be provided an opportunity to provide feedback (both online and paper) concerning compensation and benefits issues and their current status at OWASA through access to an on-line employee compensation/benefits survey. Work elements include:

- Springsted, working collaboratively with OWASA's staff, will develop an understandable, but thorough educational/communication package for OWASA's employees to help them understand the value of OWASA's current compensation and benefits offerings and to refresh their understanding of OWASA's compensation program. The information will be developed and presented in basic terms. The information will be distributed to employees for their review, to reacquaint them with OWASA's compensation and benefits programs and to refresh their understanding of the contributions that OWASA and they make to the various benefit programs. **(Two meetings with Human Resources staff and Senior Leadership)**
- Benefits will be analyzed qualitatively and quantitatively to ensure employees understand both the type of benefit and dollar value of the benefit prior to meetings being held and the survey being administered
- A series of five (5) focus/discussion sessions with employees will be held in advance of distribution of a compensation/benefits survey to discuss the current benefits and rewards programs and its value to OWASA employees. This will be an important component of determining how employees view their current compensation, benefits and rewards systems. **(Five (5) focus group/meetings)**
- Springsted will develop an electronic and companion paper employee opinion survey for administration to all OWASA employees. The electronic survey (developed using SurveyMonkey®) will gauge employees' attitudes concerning their values and expectations as an OWASA employee in conjunction with pay; benefits; professional/personal growth and development; current work culture and related work factors that contribute to an organization's success. OWASA staff will invite Board Member feedback before finalizing the survey with Springsted.
- Springsted will analyze feedback received from employees through administration of the survey, interpret the results, and present the findings concerning employees attitudes concerning, compensation, benefits and working conditions. Springsted will schedule a series of five (5) meetings with employees to review

the survey results and to answer questions. Employee feedback from the compensation/benefits survey will be presented to the Board to assist in finalizing OWASA's Total Compensation Philosophy. **(Five (5) group/meetings to discuss the survey results and gain further feedback)**

- A series of two (2) focus/discussion sessions with identified leadership team members will be held in advance of distribution of the employee compensation/benefits survey and at conclusion of the survey to discuss the current benefits and rewards programs and their value to OWASA employees and supervisors. This will be an important component of determining how supervisors view the current compensation and benefits systems at OWASA. **(Two meetings with Senior Leadership staff to gain additional insight and review survey results)**
- Throughout the process Springsted staff will assist OWASA in helping to "actively engage employees in decisions that impact their pay and benefits" as identified above.

3. Information Gathering in Conjunction with Board Raised Issues

Springsted will meet with the full OWASA Board and discuss finalization of OWASA's Total Compensation Philosophy in a series of three (3) meetings. The meetings will include three (3) levels of discussion with the Board. These include:

- **Discussion(s) with the Board to discuss outcomes from additional employee feedback concerning current pay and benefit levels**. Springsted will meet with the Board to discuss the findings generated by employees and supervisors in conjunction with the more detailed analysis of current pay and benefits; current work culture and related work factors that contribute to OWASA's organizational success.

4. Classification and Compensation Study Approach and Methodology

A. Data Collection

Pending the outcome of Task A the Springsted Project Director will meet with the Management Team to finalize the comprehensive work plan and timetable which focuses the development of the classification and compensation study on the outcomes identified in Task A and elements of Task B identified above.

After meeting with the Management Team, an individual meeting will be held with each department head to discuss the project objectives and procedures, obtain information regarding department services, structure and staffing and distribute and explain the use of the Position Analysis Questionnaire, and to schedule their distribution, collection, review and verification.

Springsted is sensitive to the human relations aspects of studies of this type. In accordance with this sensitivity, the consulting team proposes that they conduct a series of orientation and information sessions for all employees. Each session will include a PowerPoint presentation outlining the process and appropriate handouts also detailing the process. The sessions of five (5) recommended meetings would be scheduled at various times to allow employees to attend without requiring too many to be absent from the workplace at any one time. During these sessions, project objectives and procedures will be discussed, questions answered and comments and suggestions solicited.

B. Development of Classification System

A Position Analysis Questionnaire (PAQ) will be distributed to each employee (after approval as to form by OWASA) to allow employees to describe their job duties, responsibilities and essential functions in detail, provide input on education, training, certifications, licenses and experience requirements of the position and input on the various job factors which apply to their position. The questionnaire will also provide an opportunity for each employee's supervisor to review and comment on the data supplied by the employee and provide specific comments concerning various job factors that affect the position. It is recommended that the PAQ be customized to obtain core position requirements and determine what are the desired skills and abilities acquired by employees over time that would benefit OWASA and staff individually. Job related items

such as licenses to be obtained over time, additional work related skills, training, certifications, etc. would be sought to better clarify the employee's and OWASA's needs for direct tie in to an expanded rewards and performance evaluation system.

Upon receipt of the completed PAQs, the consulting team will review and conduct a task analysis of the content of all questionnaires and consider whether the job classification needs to be updated or a new class description is warranted and make preliminary classification decisions. Any questionnaires that require clarification and/or verification will be noted and the consulting team will conduct individual job audits and interviews with employees. Job audits will be conducted across a range of all positions and departments. Written documentation will be provided to OWASA outlining recommended changes to ensure all are current and meet the needs of changes in the work place due to emerging technologies. Springsted will meet with appropriate staff identified by OWASA at this stage to review the preliminary class descriptions.

Based on the information collected through the PAQ and on site audits/interviews, a consistent program of job classification will be developed. This will include well defined class descriptions for each position. It will also include the assignment of each employee to the appropriate class with respect to duties and responsibilities, skills and abilities, and minimum education and experience requirements. Classification assignments will be provided in rank order and in rank order by department for OWASA's use and review.

The new class descriptions will include a position title, general definition of work, essential functions necessary minimum knowledge, skills and abilities, education and experience requirements and special qualifications, if any. Special attention will be given to ensuring that bona fide occupational qualifications, licensing, certification and special training, if dictated by standards of practice and/or job requirements, are included as minimum qualifications of classes. Each class description will include a clear designation of FLSA status and ADA related criteria.

C. Review of Preliminary Classifications and Staff Class Descriptions

The consulting team will prepare a preliminary list of employee classifications, develop preliminary class descriptions and submit them to appropriate OWASA staff for review and comment. The consulting team will review the comments and make adjustments based upon the comments received. After all suggested changes have been evaluated, final classification decisions will be made and the class descriptions finalized.

D. Job Evaluation and Development of Pay Plan

In order to determine appropriate salary levels of positions and OWASA's competitiveness in the workplace and to begin to address the issue of total comparable compensation, Springsted will conduct an extensive salary and benefits survey as outlined below to compare OWASA positions with analogous positions in other comparable public agencies in the area labor market, other governmental units of similar size and private sector employers in the area. The salary and benefits study will include detailed questions concerning pay practices and alternative pays of those surveyed and will result in a detailed analysis of OWASA's competitiveness in the benefits area of compensation.

It is recommended that additional benchmark data obtained relate to those organizations with which OWASA is competing for employees and represent the appropriate labor market. As OWASA knows there are different labor markets for positions. Some positions are recruited from the local area, while others are recruited regionally and/or statewide.

A salary survey and benefits survey instrument will be prepared that encompasses a broad cross-section of clerical, labor and trades, public safety, technical and professional positions. Positions will be determined for inclusion based upon rates of turnover, retention issues, difficulty in filling vacancies and special requirements.

The Base Pay Salary Survey will include:

a. Pay plan salary range comparison to OWASA for each benchmark position for each participant by minimum, midpoint, and maximum;

b. Existing employee average salary comparison to OWASA for each benchmark position for each participant;

c. Combined average pay plan salary range comparison to OWASA for each benchmark position by minimum, midpoint, and maximum;
d. Combined existing employee average salary comparison to OWASA for each benchmark position;
e. Comparison of OWASA's existing employee average salary for all benchmarks to the combined average of all participants;
f. OWASA's market position for each benchmark individually, and overall;
g. Analysis of pay practices, pay rules, and salary structure;

A Survey of Compensation Policies and Procedures of named organizations to include:

a. Type of compensation system: number of classes, number of pay ranges, percent spread for ranges, number of pay plans and/or schedules;
b. Executive/Management pay schedule options to include best practices and recommended options for positions as designated by OWASA;
c. Career ladder position recommendations;
d. Pay delivery: merit pay, pay for performance, steps or open ranges, other, with what frequency do base pay increases occur, maximum percent base pay increase for the next 12 months;
e. Hiring incentives: sign on bonuses, interview expenses, relocation expenses;
f. On-call compensation;
g. Compensatory time for exempt employees;
h. Any other monetary incentives (e.g. performance and/or team bonus, special pay band increase, certification pay, education pay);
i. Shift differentials (what positions/classes of positions and amount);
j. Methods of employee evaluation;
k. Health insurance and other benefits.

The proposed benchmark entities and the survey instrument will be presented to the Board for their review and approval prior to distribution of the survey instrument.

Based on the wage data analysis and the classification system developed the linear least squares method will be used to develop an appropriate salary curve and salary schedule. The salary schedule will contain sufficient pay grades to properly compensate employees for the development of their abilities over time.

Springsted has developed and copyrighted a job evaluation system known as *Systematic Analysis and Factor Evaluation* (SAFE®). This system has been successfully used for several years and has been reviewed by the United States District Court, in conjunction with an Equal Employment Opportunity (EEO) suit, and found acceptable to the Court.

It is important to note that the Systematic Analysis and Factor Evaluation system is a unique method of job evaluation. The SAFE® system was designed to measure job factors which apply specifically to local government.

The system rates and ranks jobs based on skill levels and work factors. The result is an equitable and consistent method of evaluating jobs and relating classes to the compensation plan. The system facilitates proper and equitable cross comparisons between and among classes and minimizes the appearance of favoritism in evaluating, rating and ranking jobs.

Each position, or group of positions, will be evaluated and assigned to an appropriate salary grade based on the classification system and prevailing rates paid by survey participants. The elements considered in determining the relative value of classifications are:

- Training and Ability
- Level of Work
- Physical Demands
- Independence of Actions
- Supervision Exercised
- Experience Required
- Human Relations Skills
- Working Conditions/Hazards
- Impact on End Results

E. Analysis of Benefits

Springsted will carefully analyze the results of the compensation and benefits survey in relationship to the current market and best practices in conjunction with benefits and compare the results of the employees' survey and discussions with the senior leadership staff. As information is compiled we will discuss or findings with a committee of employees (appointed from various levels of the organization) to evaluate specific options for new or modified benefits such as OWASA's current 457 retirement benefit. Benefits will be analyzed and discussed with employees both in quantitative fashion (what is the cost of the benefit) and qualitatively (what is the value of the benefit) so that the employee group has distinct understanding of OWASA's benefits package. (**Four meetings)**

F. Implementation Strategies

Consistent with OWASA's draft Total Compensation Philosophy Springsted will suggest, at a minimum, four (4) plans to implement the study recommendations that coincide with the needs of employees and the financial and budgetary requirements of OWASA. Plans will include solutions covering special compensation issues such as: compression; salaries above the maximum; seniority; market conditions; education rewards; maintenance of salary grade structures; identification of grades/positions that warrant immediate salary adjustments; implementation costs; and other recommendations. An estimate of the cost of the plans of implementation will be provided and phasing plans discussed if the OWASA Board determines that the fiscal impacts are unachievable within a single fiscal year.

G. Staff Training

At the conclusion of the study, Springsted will train members of the staff in the methodology used to develop, maintain and update all aspects of the compensation and classification plan. The training program will include the development and/or revision of class descriptions along with rating, ranking and salary grade assignments of positions. Instruction manuals pertaining to the job evaluation system will be prepared and presented. The Springsted team will remain available to the staff for additional consultation after the study has been completed.

H. Classification and Compensation Plan Final Report

The final report will be a document which contains the following:

- Detailed study methodology.
- Discussion of the consulting team's findings, conclusions and recommendations regarding employee classification, salary structure, estimated cost of implementation, recommended rules, policies and procedures for program administration, policies and strategies for recruitment and retention of OWASA employees, incentives and alternative reward strategies in lieu of or complementing salaries and implementation plan.
- Schematic list of classes and the assignment of each class to a salary grade in alphabetical order by job classification title in descending order by range and by prior (old) class title and new class specifications.
- New revised class descriptions, both in hard copy and electronically.
- Schematic list of classes which includes the designation for the position under the FLSA.
- List of detailed class descriptions.

- The results and an analysis of the Salary and Fringe Benefits Survey.
- List of employees and their recommended classifications.
- Job evaluation factor analysis for each position.
- Discussion of resultant policy revisions and revisions to OWASA's Draft Total Compensation Philosophy that may need to be made to reflect changes in the study, provide for annual maintenance of the newly recommended pay and benefits structure and a reclassification review procedure.

A manual on the use of the SAFE® job evaluation system will be provided. The SAFE® job evaluation system is a copyright protected product and OWASA shall take necessary steps to insure its protection.

Springsted staff will meet with the Management Team and the Board of Directors to present and explain the findings outlined above at times designated by OWASA.

Results from the survey will be utilized to work toward refinements to current compensation and benefits practices at OWASA and begin to align them with the Board's adopted Draft Total Compensation Philosophy.

5. Evaluation of OWASA's Employee Performance System.

The OWASA Board has also expressed a desire to evaluate possible improvements to OWASA's performance appraisal instrument. We propose that our evaluation include the possible decoupling of the performance appraisal process from the distribution of merit/performance pay

Objectives for revisions or development of a revised performance review system include:

- Promoting equal opportunity and access for all employees to receive compensation increases
- Developing and delivering a well-structured performance review process which focuses on OWASA's high performance as an organization.
- Creating a modern, objective, performance system that has credibility with employees and management.
- Developing a system that allows for development of individualized performance plans for OWASA's employees
- Developing a system that allows for development of individualized performance plans for OWASA's employees
- Creating opportunities for moving high performing employees to the midpoint of their salary range through a system of rewards identified in Task A
- Involving all employees in establishing job-related performance criteria.
- Facilitating the use of the performance management system as an employee development tool.
- Ensuring the performance management system is legal and effectively supports the performance pay system.
- Ensuring that employees fully understand the updated system and that Department Hands and supervisors are fully trained to understand, support and use the updated system.
- Review and align the current performance review and employee evaluation process with the compensation structure currently in place.
- Create, provide and lead management training for successful completion of the performance review process. Consultant will successfully train all employees with supervisory responsibilities on how to evaluate competencies and conduct consistent performance reviews.

To initiate revisions to the system for OWASA, Springsted will visit OWASA to meet with the Management Team to gather information and initiate the project.

The purposes of the meeting are to:

1. Discuss, in detail, the methodology to be used in revising the existing or developing a new performance evaluation system, the role of the consultant and the employees, and the amount and type of employee participation (if any).
2. Ascertain the major performance evaluation components OWASA wants the system to address.

OWASA will be expected to provide:

- Copies of all new or revised classification descriptions developed in the classification and compensation study identified in this work plan
- A copy of OWASA's current performance evaluation system manual and evaluation form(s), if one exists
- A copy of OWASA's current compensation and personnel policies
- Other materials related to employee performance evaluation in OWASA

Springsted will review OWASA's current performance evaluation system and practices and develop a customized employee performance evaluation system to evaluate individual employees' annual performance for OWASA.

Informational meetings will be held with employees. Upon development of evaluation factors, meetings will be held with OWASA employees in each of OWASA's major operational areas to review the criteria prior to presentation of the final evaluation tool to OWASA's Board. **(Five Meetings)**

The final evaluation instrument will incorporate survey findings, employee and Management Team input which will result in modifications to the current system to better evaluate each employee's annual performance and recognize performance. The instrument will focus upon each employee's performance in areas such as: essential job responsibilities; other performance factors including professionalism, efficiency, productivity, public/customer relations, etc. and mutually established goals, which can include individual, division or OWASA wide goals, as well as training and development goals for individual employees. The evaluation forms will be customized for OWASA and for each position within OWASA. The form can be completed either electronically or in written form. The overall performance evaluation score will then be linked to the level of annual wage adjustment an individual employee is eligible for.

Springsted will develop and provide a Performance Evaluation manual and will provide supervisor and employee training on the newly approved system.

6. Presentation of the Board's Final Total Compensation Philosophy and Findings Related to Phase Two Study Components.

Springsted will present the report from the survey above and the final Total Compensation Philosophy to the Board via an on-site meeting at a time convenient to the OWASA Board.

Study Deliverables

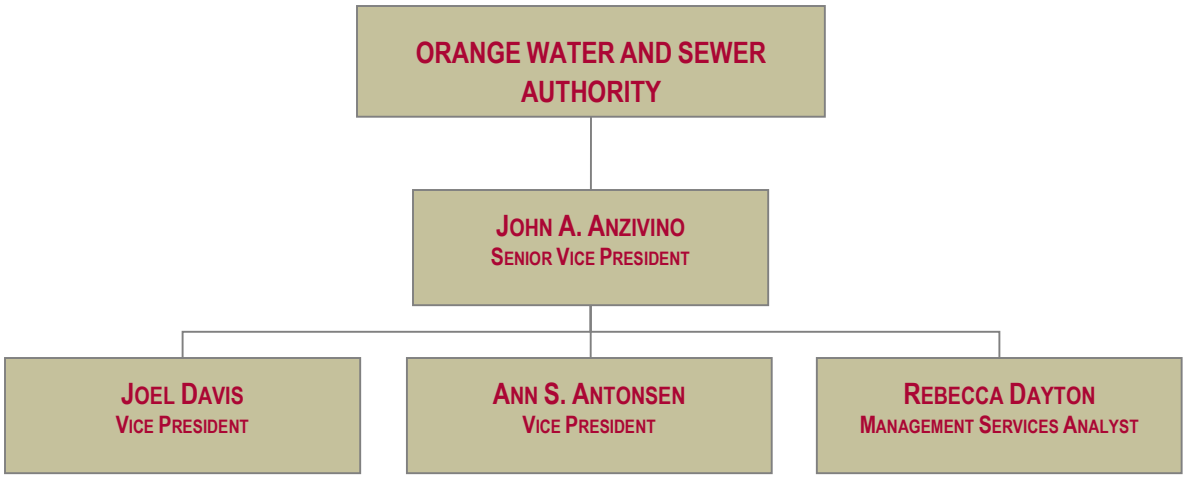
Springsted will provide the following study deliverables to the Board:

- Summary of employee feedback (anonymous).
- Summary of industry best practices and developing trends in conjunction with compensation philosophies Updated Classification, Compensation and Benefits Analysis.
- Recommended changes to benefits programs.
- Recommended compensation philosophy for OWASA.

Springsted will provide ten (10) copies of all documents developed in support of OWASA's Total Compensation Philosophy and supporting documents as well as electronic versions in both Word and PDF formats.

Consulting Team

While each Springsted client draws on the talents of many members of our staff, we assign a specific client service team to ensure primary responsibility for each project. The teams are comprised of qualified individuals who are experienced in the specific challenges confronting you. The teams are free to draw upon the expertise of our entire staff. The team assigned to this project has extensive experience in organizational and productivity improvement, classification and pay, human resources management and financial management. The team is shown below:



Fees and Project Schedule

Since it will be difficult to know just how much effort will be required to complete this task, we propose compensating completing the tasks outlined above on a time and expenses basis. Staff work would be billed at a 'blended' rate of $185 an hour with a 'Not to Exceed' professional fee of $ 67,640 plus out of pocket expenses. Estimated costs are allocated as follows:

Estimated Costs Phase Two		
Work Element	**Estimated Professional Fee**	**Estimated Out-of-Pocket Costs**
Task A		

Task 1 - Meet with the Board in a work session to obtain additional information concerning specific Board objectives and ideas concerning pay for performance. Meet with the Management Team and Director of Human Resources to discuss OWASA's current pay for performance system and how it might be improved to meet the Board's objectives	$4,800	$1,750
Task 2 - Conduct research in both the public and private sector of newly developing pay for performance alternatives which encompass the objectives OWASA is attempting to achieve.	$17,500	
Task 3 - Investigate and report to Board on resources required to adequately train staff and managers in implementing pay for performance objectives within an organization	$4,800	$1,750
Task 4 - Development of Draft Report Detailing Findings	$3,750	
Task 5 - Presentation to the Board	$4,800	$1,750
Total Task A	**$35,650**	**$5,250**

Estimated Costs Phase Two		
Work Element	**Estimated Professional Fee**	**Estimated Out-of-Pocket Costs**
Task B		
Task 1 - Project Initiation	$3,950	$1,250
Task 2 - Information Gathering from Employees	$8,700	$2,750
Task 3 - Information Gathering in Conjunction with Board Raised Issues	$7,500	$1,000
Task 4 - Classification and Compensation Study	$29,790	$3,500
Task 5 - Evaluation of OWASA's Employee Performance System.	$14,750	$3,500
Task 6 - Presentation of the Board's Final Total Compensation Philosophy and Findings Related to Phase Two Study Components.	$2,950	$1,250
Total Task B	**$67,640**	**$13,250**

Out-of-pocket expenses include travel and sustenance, overnight or messenger deliveries, conference calling beyond our internal capabilities, photocopying and mailing.

Should OWASA request and authorize additional work outside the scope of services as agreed or additional revisions beyond those agreed upon at the discussion of the draft report, we would invoice OWASA at our standard hourly rates shown in the following table:

Additional work outside the scope defined above would be negotiated on an hourly or lump sum basis based upon the following schedule:

2016 Standard Hourly Fee Schedule	
Title	**Rate**
Principal & Senior Officer	$260
Officer & Project Manager	215
Senior Associate	160
Support Staff	75

Additional Work

Springsted takes pride in meeting its time commitments. Springsted is prepared to initiate the Phase Two, Task A component of the study within ten (10) days after receiving the official notice to proceed, and will complete work necessary to adopt a final Total Compensation Philosophy.

There are factors that impact upon meeting the schedule that are beyond the consulting team's control. The proposed time frame is contingent upon a timely decision, the receipt of the data from the participants, when requested, and the timely receipt of feedback and comments on the submitted preliminary data.

Agenda Item 3:

Review Information and Options for Employee Merit Pay for Fiscal Year 2017

Purpose:

To provide the Board of Directors information to make a decision on employee pay adjustments, if any, for Fiscal Year 2017.

Background:

Staff has prepared the following information to assist the Board in its decision on employee compensation adjustments as part of the annual budget development process. The Board is currently scheduled to make a decision about employee pay at the June 9th Work Session. If approved, pay range adjustments and pay increases normally go into effect the first pay period in November.

Action Requested:

Review and discuss employee pay adjustments for Fiscal Year 2017

Information:

- Information for Employee Merit Pay for Fiscal Year 2017
- World At Work Salary Survey Data

Purpose

To provide the Board of Directors information to make a decision on employee pay adjustments, if any, for Fiscal Year (FY) 2017.

Background

Staff has prepared the following information to assist the Board in its decision on employee compensation adjustments as part of the annual budget development process. This information was e-mailed to the Board on May 2, 2016. The Board is currently scheduled to make a final decision about employee pay at the June 9th Work Session (when the rest of the budget is considered for approval). If approved, pay range adjustments and pay increases normally go into effect the first pay period in November.

Employee Pay Administrative Guidelines

At the conclusion of an Employee Classification and Pay Study, the OWASA Board adopted on January 10, 2013 the Pay Administration Guidelines which provides the following recommendations for 1) maintaining a market-based pay structure (Cost of Labor); and 2) implementing employee compensation increases (Cost of Labor and Merit Pay Adjustments).

Cost of Labor Adjustments to OWASA's Pay Structure

Pay structure should 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."

Pay Range adjustments should be the same percentage as the Cost of Labor per Pay Administration Guidelines.

Merit Pay Adjustments

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

- Exceptional (10% of employees maximum)
- Successful
- Needs Improvement
- Unsuccessful

Only employees with Exceptional or Successful performance ratings are to receive an increase in compensation. Regarding increases for employees receiving an Exceptional or Successful rating, the Pay Administration Guidelines state 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 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 for the calendar year 2016, Cost of Labor increases are projected to be from 0.8% to 2.8% and the Merit Pay increases are projected to be from 0.9% to 3%. (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	3.25% Average (Expected)	N/A
Town of Cary	4% Average	N/A
Town of Hillsborough	3.25% Average (Proposed)	N/A
Cape Fear Public Utility	1.5% - 2% (TBD)	N/A
Town of Chapel Hill	N/A	3.5% (Proposed 2% July 2016; plus 1.5% Jan. 2017)
Town of Carrboro	N/A	1.5% (Proposed on May 3rd)
Orange County	One-time $500, $750 or $1,000 Bonus Based on Performance (Proposed)	3% (Proposed 2% July 2016; plus 1% Jan. 2017)
Greenville Utilities	1.5%	2%

Preliminary Fiscal Year 2017 Budget

The preliminary Fiscal Year 2017 budget includes a placeholder for an increase of 3% of wages or about $220,000.

Staff Recommendation

Based on the market data provided and following our Pay Administration Guidelines, staff recommends the Board consider the following:

1. Approve 1.5% Cost of Labor increase for all eligible employees who earn a Successful or Exceptional rating on their October 2016 annual performance review and implement the same 1.5% percentage increase to salary ranges in the Schedule of Employee Classification and Authorized Compensation effective October 31, 2016.

2. Employees rated as Successful in their October 2016 annual performance review shall receive a Merit pay increase of 1.5% effective October 31, 2016.

3. Employees rated as Exceptional in their October 2016 annual performance review shall receive a Merit pay increase of 3.0% effective October 31, 2016.

Implementing the recommendation above would result in the following:

- Employees receiving a Successful performance rating would receive a total wage increase of 3.0%.
- Employees receiving an Exceptional performance rating would receive a total wage increase of 4.5%.

	Components of Employee Pay Adjustments	WorldatWork	Recommended Adjustment for Successful Rating	Recommended Adjustment for Exceptional Rating
	Cost of Labor	0.8 – 2.7%	1.5%	1.5%
+	Merit Pay	0.9 – 3.0%	1.5%	3.0%
=	Total Pay Increase		3.0%	4.5%
	Approximate Budget Impact		$190,000	$30,000

The total budget impact of the recommended wage adjustment is approximately 220,000. The calculations above are based on current employee wage rates and assume no more than 10% of the workforce will receive a rating of Exceptional.

Attachment #1: World at Work Survey Data

WORLD AT WORK SALARY SURVEY DATA

	2015				2016 projected			
	COLA	Merit	Other	Total [4]	COLA	Merit	Other	Total [4]
	(Percent)				(Percent)			
1-499 Employees, $30M-$100M revenue								
All Industries								
National	1.0	3.0	0.8	3.2	1.5	3.0	0.6	3.2
Southern [1]	0.9	2.8	0.7	3.0	1.3	2.8	0.7	3.0
NC	1.2	2.4	0.1	2.9	1.2	2.4	0.6	3.1
Public Administration [2]								
National	*	1.8	*	2.7	*	0.9	*	1.8
Southern [1]	*	1.5	*	3.0	*	1.5	*	3.0
NC	*	*	*	*	*	*	*	*
Utilities [3]								
National	1.9	2.0	2.0	3.8	2.7	1.9	*	3.3
Southern [1]	*	*	*	*	*	*	*	*
NC	*	*	*	*	*	*	*	*
All Size Employees, All Size Revenue								
All Industries								
National	1.3	2.8	0.7	3.0	1.4	2.9	0.7	3.1
Southern [1]	1.2	2.8	0.7	3.0	1.2	2.9	0.8	3.1
NC	1.2	2.8	0.6	3.0	1.1	2.9	0.9	3.1
Public Administration [2]								
National	1.5	2.2	0.7	2.7	1.5	2.5	0.7	2.7
Southern [1]	2.0	2.5	0.8	3.2	1.8	2.8	0.7	3.0
NC	*	2.4	*	2.4	*	2.1	*	1.9
Utilities [3]								
National	1.3	2.8	0.7	3.0	1.7	2.9	0.7	3.0
Southern [1]	0.5	2.7	0.5	2.9	0.8	2.8	0.8	3.0
NC	1.1	2.4	0.6	2.7	1.3	2.6	1.7	3.1

* 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.

Agenda Item 4:

Review Board Work Schedule

Purpose:

a) Request(s) by Board Committees, Board Members and Staff
b) Review the draft agenda and discuss expectations for the May 26, 2016 meeting
c) Review the draft agenda and discuss expectations for the June 9, 2016 work session
d) Review and update the 12 Month Board Meeting Schedule

Information:

- Draft agenda for the May 26, 2016 meeting
- Draft agenda for the June 9, 2016 work session
- Draft 12 Month Board Meeting Schedule

AGENDA
PUBLIC HEARINGS AND MEETING OF THE OWASA BOARD OF DIRECTORS
THURSDAY, MAY 26, 2016, 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 the 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

PUBLIC HEARINGS

1. Concurrent Public Hearings on the Preliminary Annual Operating and Capital Improvements Budget and Proposed Rates, Fees and Charges (Ed Kerwin/Stephen Winters)
   A. Staff Presentation
   B. Public Comments
   C. Motion to Close Public Hearings
   D. Board Discussion

Petitions and Requests

2. Public
3. Board
4. Staff

CONSENT AGENDA

Action

5. Approval of the Minutes of the April 14, 2016 Work Session of the Board of Directors (Andrea Orbich)
6. Approval of the Minutes of the April 28, 2016 Meeting of the Board of Directors (Andrea Orbich)

DRAFT

REGULAR AGENDA

Discussion and Action

7. Resolution Authorizing the Executive Director to Execute Contracts to Approve Employee Health, Dental, Life, Dependent Life, Accidental Death and Dismemberment, and Long Term Disability Insurance Renewal (Stephanie Glasgow)
8. Resolution Awarding a Construction Contract for the Cane Creek Permanganate Facility Project (Simon Lobdell)

Discussion

9. Review Revised Charter for the Energy Management Plan (Mary Tiger)
10. Discuss Staff Proposed Update to Strategic Plan (Ed Kerwin)

Summary of Board Meeting Action Items

11. 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

DRAFT

AGENDA
WORK SESSION OF THE OWASA BOARD OF DIRECTORS
THURSDAY, JUNE 9, 2016, 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 and Action

1. Approval of the Schedule of Rates, Fees and Charges; Annual Budget; and Five-Year Capital Improvements Program (CIP) (Stephen Winters)
   A. Resolution Adopting Schedule of Rates, Fees and Charges Applicable to All Customers On and After October 1, 2016
   B. Resolution Adopting the Budget for Orange Water and Sewer Authority for Fiscal Year (FY) 2017
   C. Resolution Approving the CIP for FY 2017-2021 and the Accompanying FY 2017 Capital Project Resolution
2. Approve Employee Merit Pay for Fiscal Year 2017 (Stephanie Glasgow)
3. Approve Update to Strategic Plan (Ed Kerwin)

Discussion

4. Board Work Schedule (John Young/Ed Kerwin)
   a. Request(s) by Board Committees, Board Members and Staff
   b. June 23, 2016 Board Meeting
   c. July 14, 2016 Work Session
   d. 12 Month Board Meeting Schedule

Election of Officers (Effective July 1, 2016)

5. Report of the Nominating Committee (Chair of the Nominating Committee) and Election of Officers (John Young)
   A. Chair of the Board
   B. Vice Chair of the Board
   C. Secretary of the Board

DRAFT

Summary of Work Session Items

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

DRAFT

OWASA Board of Directors – 12 Month Board Meeting Schedule (May 12, 2016)

Month	Board Meetings		Committee & Other Meetings
	Work Session	Business Meeting	
May 2016	Appointment of Nominating Committee () Discuss Employee Health, Dental, Life, Dependent Life, Accidental Death and Dismemberment, and Long Term Disability Insurance Renewal () Discuss Employee Merit Pay for FY 17 () ***Discuss Draft Scope of Work for Employee Total Compensation Study*** *5/12/2016*	Public Hearings – FY 17 Budget and Rates () Approve Employee Health, Dental, Life, Dependent Life, Accidental Death and Dismemberment, and Long Term Disability Insurance Renewal (if needed) () Award the Cane Creek Permanganate Facility Project Contract Discuss Staff Proposed Update to Strategic Plan ***Review Energy Plan – Charter Revision*** *5/26/2016*	***NRTS Meeting to discuss issues raised about water quality & private plumbing systems (TBD)***
June 2016	Approve FY 17 Budget and Rates () Approve Employee Merit Pay for FY 17 () Election of Officers () Approve Update to Strategic Plan *6/9/2016*	To Be Determined *6/23/2016*	
July 2016	Review and Approve New Positions *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*	
September 2016	***Discuss LRWSP – Goals and Metrics*** Review FY 2017 Budget Process Discuss Update to Cross Connection Control Ordinance CS – ED Review () *9/8/2016*	***Approve LRWSP – Goals and Metrics*** () Annual Report and Financial Audit () Approve General Counsel Engagement () CS – ED Review *9/22/2016*	
October 2016	To Be Determined *10/13/2016*	Q1 Financial Report () Strategic Trends Report () *10/27/2016*	
November 2016	***Review Draft AMI System Community Engagement Plan*** ***Discuss LRWSP - Demands and Yield*** *Update on the Affordability Plan and Year 2* *11/10/2016*	*Holiday - no meeting*	
December 2016	***Approve AMI System Community Engagement Plan*** *12/8/2016*	*Holiday - no meeting*	
January 2017	FY 18 Budget Calendar and Assumptions () CY 16 Biosolids Report *1/12/2017*	Annual Lakes Recreation Report (regular agenda) () Q2 Financial Report () CIP Semiannual Report () *1/26/2017*	
February 2017	CS - General Counsel Interim Review () *2/9/2017*	CS - General Counsel Interim Review () *2/23/2017*	
March 2017	***Review AMI System Procurement Contract*** FY 18 Draft Budget & Rates () Set date for Public Hearings – FY 18 Budget & Rates () CS – ED Interim Review () *3/9/2017*	***Approve AMI System Procurement Contract*** FY 18 Draft Budget & Rates and Discussion of Reserves () CS – ED Interim Review () *3/23/2017*	
April 2017	FY 18 Draft Budget and Rates () Authorize staff to publish proposed rates () *4/13/2017*	Q3 Financial Report () Appoint Audit Firm () *4/27/2017*	

Current and Pending Key Projects and Stages – in ***bold italics***

OWASA Board of Directors – 12 Month Board Meeting Schedule (May 12, 2016)

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. It also does not reflect meetings at which the Board will discuss and act on the update of the Strategic Plan.

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)
AMI	Advanced Metering Infrastructure
CE	Community Engagement
CEP	Community Engagement Plan
CIP	Capital Improvements Program
COLA	Cost of Labor Adjustment
CS	Closed Session of the Board
CY	Calendar Year
ED	Executive Director
FY	Fiscal Year
JLP	Jordan Lake Partnership
LRWSP	Long-Range Water Supply Plan
NRTS	Natural Resources/Technical Systems
Q	Quarter
SOW	Scope of Work
TBD	To Be Determined
WTP	Water Treatment Plant
WWTP	Wastewater Treatment Plant

Current and Pending Key Projects and Stages

Project	Strategic Initiative	Project Lead	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17
AMI	6	Taylor			Positions				CEP	CEP			Contract	
Total Compensation Study		Glasgow	**SOW**				*Schedule To Be Determined*							
Rate Structure Study	4	Winters					*Schedule To Be Determined*							
LRWSP	1	Rouse					Goals & Metrics		**Demand & Yields**			*Schedule To Be Determined*		
Energy Plan	5	Tiger	**NRTS**	Charter Revision			*Schedule To Be Determined*							

Stages	Committee Discussion	Feasibility Study	Board Review	Community Engagement	Action	Procurement	Implementation

Agenda Item 5

Appointment of the Nominating Committee

Purpose

According to OWASA's Bylaws, the Nominating Committee shall consist of the present Chair of the Board and enough other Board members, to be appointed by the Chair, to total not less than three (3) members.

The nominations made by the Nominating Committee shall not preclude other nominations from the floor during the meeting when elections are conducted. The Nominating Committee shall advise members of its nominations by mail and by email not less than seven (7) days before the day on which the elections are to be held for the following officers:

A. Chair
B. Vice Chair
C. Secretary

Information and discussion

The Board will elect officers at its June 9th meeting.

The Chair encourages the Nominating Committee to consider the possibility of nominating one or more of the Committee members. The Chair also encourages individual members of the Committee and any other Board members to nominate alternative candidates from the floor during the June 9th meeting.