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: **Human Resources Committee**
Braxton Foushee, Chair
Fred Battle
Joyce C. Preslar
Gordon Merklein (Ex Officio)

FROM: Ed Kerwin

DATE: January 7, 2011

SUBJECT: **Human Resources (HR) Committee Meeting on Thursday, January 13, 2011 at 5:00 P.M. in the OWASA Boardroom**

Agenda

1. **Proposed organizational changes for the Finance and Customer Service Department**
   Stephen Winters – Attachment #1

2. **Proposed Salary Grade change for the Human Resources and Safety Manager position**
   Ed Kerwin – Attachment #2

3. **Proposed amendment of the Human Resources Policy regarding allowable maximum annual leave balance**
   Stephanie Glasgow – Attachment #3

4. **Renewal of Life and Long-Term Disability Insurance for Employees**
   Stephanie Glasgow – Attachment #4

Thank you,

Ed Kerwin
Executive Director

Attachments
c: Board of Directors
Robert Epting
Stephanie Glasgow
John Greene
Mason Crum
Stephen Winters
Dan Przybyl

Attachment 1

PROPOSED ORGANIZATIONAL CHANGES FOR THE FINANCE AND CUSTOMER SERVICE DEPARTMENT

Purpose

The following outlines plans for organizational changes we would like to make in the Finance and Customer Service Department.

Background

A primary goal in our strategic plan is to *secure financial stability and sustainability*. Throughout the organization, we continue to work to improve processes and efficiencies and to reduce costs. We believe our organizational plan for the Finance and Customer Service Department gives us a foundation for improving the way we function and the results we achieve.

The Plan

The primary elements of our plan include the following:

- Consolidating four manager positions into two
    - Eliminate the vacant Procurement Manager position (must be approved by the Board)
    - Eliminate the soon-to-be vacant Customer Service Manager position (must be approved by the Board)
    - One of the two existing Finance Managers (Kevin Ray) will become Finance and Procurement Manager (no change in salary grade)
    - One of the two existing Finance Managers (Heidi Lamay) will become Finance and Customer Service Manager (no change in salary grade)
- Adding a part-time position (must be approved by the Board)
    - Customer Service Specialist – approximately 20 hours per week (limited benefits; pay range $25 - $45 per hour)
- Upgrading one of our vacant Finance positions (must be approved by the Board)
    - The vacant Accounting Technician I/II, Salary Grade 11/13 ($31,061 - $51,157), will become Financial Analyst, Salary Grade 20 ($46,028 - $68,477)
- Reassigning certain responsibilities

Jane Showerman, Customer Service Manager, has decided to semi-retire and has agreed to accept, if it is approved, the part-time Customer Service Specialist position. Not only will this help our transition at the manager position in Customer Service but Jane will also continue to work on process improvement and perform certain other Customer Service tasks.

Upgrading the vacant Accounting Technician I/II position to Financial Analyst will give us a stronger team and provide higher level skills and resources that will benefit the organization. This new position will perform high-level accounting work, provide guidance and support to the accounting staff, assist with process and internal control improvement, conduct internal audit projects, and facilitate our new management structure.

Overall, the plan will reduce headcount and personnel costs in the department. One year ago, the Finance and Customer Service Department had 16.5 full-time equivalents (FTEs) and compensation costs (including fringes) of just over $1 million. The new plan calls for 14 FTEs and compensation costs of approximately $932,000.

Organizationally and functionally, we believe this plan meets our needs and will allow us to operate more effectively and efficiently. It also allows us to make better use of the talent we have on our team and improves our preparedness for succession.

Committee Action Requested

Review and discuss the plan and make recommendations to the Board of Directors at their January 27, 2011 meeting regarding staff's recommendation to add the part-time position and upgrade the vacant Accounting Technician I position.

We will provide additional information including a proposed organization chart at the meeting.



Stephen Winters, CPA
Director of Finance and Customer Service

Attachment #2

PROPOSED SALARY GRADE CHANGE FOR THE HUMAN RESOURCES AND SAFETY MANAGER POSITION

Purpose

Seek Board approval to increase the Salary Grade for the Human Resources and Safety Manager position from Salary Grade 28 ($59,326 – $88,260) to Salary Grade 31 ($64,316 - $95,686).

Background

On May 27, 2010, the Board eliminated the vacant Human Resources Director position and reclassified the Safety and Training Administrator position (Stephanie Glasgow) to the Human Resources and Safety Manager position (Salary Grade 28). Upon further review, we believe that Salary Grade 31 is appropriate given the position's duties and responsibilities. There is no immediate cost with this change as it does not include a salary increase (just a change in Salary Grade on the OWASA Schedule of Employee Classification and Authorized Compensation).

Committee Action Requested

We recommend that the HR Committee support the above recommendation for consideration by the full Board at their January 27, 2011 meeting.

Ed Kerwin
Executive Director

Attachment #3

PROPOSED AMENDMENT OF THE HUMAN RESOURCES POLICY REGARDING ALLOWABLE MAXIMUM ANNUAL LEAVE BALANCE

Purpose

Seek Board approval to amend Section 14.B of the Human Resource (HR) Policy to change the 240 hour maximum limit for employee's Annual Leave balance from bi-weekly to annually and convert Annual Leave in excess of 240 hours to Sick Leave on December 31st each year.

Background

Employees earn Annual Leave bi-weekly with the amount depending on length of service. OWASA has a bi-weekly maximum allowable amount of accrued Annual Leave of 240 hours. Once an employee reaches the 240 milestone, unused leave is then lost indefinitely.

With our current policy, employees who have Annual Leave balances approaching 240 hours must take time off each pay period in order to keep from losing time. This has caused scheduling conflicts within departments and in some cases, required OWASA to pay overtime to provide coverage. Many employees have told us that they would prefer the 240 maximum become an annual requirement instead of bi-weekly.

We are recommending annual leave go without a maximum until the last bi-weekly pay period in December. At that time, any hours above 240 will be converted to Sick Leave hours. This is consistent with other area entities as shown in Exhibit A.

Proposed changes to Section 14 of the HR Policy:

B. Accumulating Annual Leave

Full-time permanent employees will earn Annual Leave on a bi-weekly basis. ~~monthly, in hourly increments, with pay. Annual Leave may be accumulated up to an allowable maximum of 240 hours, and no additional leave will be earned until some of the accrued leave is taken.~~ Earned Annual Leave may be accumulated without a maximum until December 31 of each year. On that date, any accumulated Annual Leave in excess of 240 hours is converted to Sick Leave.

Employees are encouraged to use Annual Leave during the year in which earned to the extent possible. Annual Leave will be granted in increments of one hour upon proper advance notice and approval by the employee's supervisor.

Committee Action Requested

It is recommended that the HR Committee support the above recommendation for consideration by the full Board at their January 27, meeting.

Stephanie S. Glasgow, MESH, PHR
Human Resources and Safety Manager

EXHIBIT A

Entity	Policy
Carrboro	Accumulated without any applicable maximum limit until the last pay period in the calendar year. On the last day of the final pay period, any employee with more than 240 hours of accumulated leave shall have the excess transferred to their sick leave balance.
Chapel Hill	Accumulation of up to 240 hours of vacation. Each year, hours earned beyond 30 days (240 hours) are automatically transferred to your sick leave balance, rather than being lost. This transfer is normally done for the second bi-weekly pay period in July.
Orange County	Earned vacation leave may be accumulated without a maximum until January 31 of each year. On that date, any accumulated vacation leave in excess of 240 hours is converted to sick leave. The maximum amount of vacation leave that can be carried forward to February 1 is 240 hours.
Hillsborough	Annual leave may accumulate to a maximum of 240 hours. On December 31, any leave in excess of 240 hours, up to 96 hours, shall be converted to sick leave.
Durham	Full time regular employee, annual leave hours above 240 hours as of December 31 are automatically converted to sick leave hours as of the end of the first bi-weekly pay period in January each year.
UNC	If an employee's employment status is maintained through December 31 of a year, all vacation leave in excess of 240 hours must be converted to sick leave effective January 1st.

Attachment #4

RENEWAL OF LIFE AND LONG-TERM DISABILITY INSURANCE FOR EMPLOYEES

Purpose

Renew Long-Term Disability (LTD), Group Life, Accidental Death and Dismemberment and Dependent Life insurance.

Background

LTD insurance has been provided to OWASA employees since 1977. This coverage provides approximately 60% of the employee's base salary to employees who are unable to work due to a physical or mental medical condition; the minimum and maximum monthly payments of the policy are $200 and $2,500, respectively. All permanent full-time OWASA employees are eligible for this program after satisfying a three-month qualifying period. This benefit is provided at no cost to employees.

Our carrier, Standard Insurance Company, has proposed to continue LTD coverage for two years with no increase in rates. The approximate annual premium is $32,000.

Standard Insurance Company is rated AA-, A1 and A by Standard and Poor's, Moody's and A.M. Best, respectively.

We recommend acceptance of the renewal proposal offered by Standard Insurance Company for two years beginning February 1, 2011.

Life insurance has been provided to employees and their dependents since 1977. The purpose of this insurance has been to assure each covered employee that, in the event of his/her death, OWASA would provide the employee's spouse and/or dependent children with some financial assistance. This coverage provides life insurance equal to twice the employee's base annual salary, up to a maximum benefit of $100,000, plus $5,000 for each family member. It also provides $5,000 coverage to retirees. This benefit is provided at no cost to employees.

Lincoln Financial Group has offered to renew the Group Life and Accidental Death and Dismemberment and Dependent Life insurance policies for two years with no increase in rates. The approximate annual premium is $44,000.

Lincoln Financial Group is rated A+, A+, A2 and AA- by A.M Best, Fitch, Moody's, and Standard and Poor's, respectively.

We recommend renewal of our Life Insurance coverage with Lincoln Financial Group effective February 15, 2011.

Committee Action Requested

We recommend that the HR Committee support the above recommendation for consideration by the full Board at their January 27, 2011 meeting.

Stephanie S. Glasgow, MESH, PHR
Human Resources and Safety Manager