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 Preslar
Gordon Merklein, (ex-officio)

THROUGH: Ed Kerwin

FROM: Stephanie S. Glasgow

DATE: April 15, 2011

SUBJECT: **HUMAN RESOURCES (HR) COMMITTEE MEETING**
MONDAY, APRIL 18, 2011, 5:00 PM IN THE OWASA BOARDROOM

AGENDA

1. **Employee Health and Dental Insurance for Fiscal Year 2012**
   Information received from Blue Cross Blue Shield of North Carolina as outlined in Attachment #1.

2. **Employee Compensation for Fiscal Year 2012**
   Information provided in Attachment #2.

Thank you,

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

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

Attachment #1

RENEWAL OF EMPLOYEE MEDICAL AND DENTAL INSURANCE FOR FISCAL YEAR 2012

Purpose

Review and discuss the Fiscal Year (FY) 2012 employee health and dental insurance renewal and provide a recommendation to the OWASA Board of Directors.

Background

OWASA has received a quote from Blue Cross Blue Shield of North Carolina (BCBSNC) for health insurance for FY 2012 representing a rate increase of 6.2%. Dental premiums will decrease by 11.5%. The draft Fiscal Year 2012 budget includes a placeholder for a 10% increase in health and dental insurance expense. OWASA's approximate current cost is $1.3 million.

Additional Option

If we place our policies for Long Term Disability and Life, Accidental Death & Dismemberment (AD&D), and Dependent Life Insurance with BCBSNC, they will reduce the increase in health premiums from 6.2% to 2.1%. Currently OWASA has Life, AD&D, and Dependent Life insurance with Lincoln Financial and Long Term Disability Insurance with Standard Insurance Company. BCBSNC is also offering more favorable rates on these plans. Estimated cost savings are:

Health Insurance:

6.2% Increase:	$83,245
2.1% Increase:	$28,196
Difference between 6.2% and 2.1%:	**$55,049**

Life, AD&D, And Dependent:

Current Estimated Annual Cost:	$45,297
BCBSNC Estimated Annual Cost:	$41,281
Difference between current provider and BCBSNC:	**$ 4,016**

Long Term Disability:

Current Estimated Annual Cost:	$32,050
BCBSNC Estimated Annual Cost:	$27,683
Difference between current provider and BCBSNC:	**$ 4,367**

RENEWAL OF EMPLOYEE MEDICAL AND DENTAL INSURANCE FOR FISCAL YEAR 2012

Recommendation

Staff recommends renewing our health and dental insurance contracts with BCBSNC and awarding BCBSNC the Life, AD&D, and Dependent Life as well as the Long Term Disability coverage for OWASA employees. This will result in total costs savings of over $65,000 and will reduce the time and effort staff incurs to administer the policies.

Committee Action Requested

We recommend that the HR Committee discuss the above recommendation for consideration by the full Board at their May 12, 2011 meeting.

Attachment #2

DISCUSSION OF EMPLOYEE COMPENSATION FOR FISCAL YEAR 2012

Purpose

Review and discuss comparison data from other area entities, the Consumer Price Index and Employment Cost Index in regards to employee compensation.

Committee Action Requested

Discuss information and provide guidance to the Board of Directors and staff as appropriate.

COMPARISON DATA ON ANTICIPATED PAY INCREASES FOR FISCAL YEAR 2012

(as of April 15, 2011)

Entity	Response
Orange County	No anticipated increase
Hillsborough	No anticipated increase
Chapel Hill	No anticipated increase
Carrboro	Undecided
UNC	No anticipated increase
Durham	2%-3% increase – awaiting approval

CONSUMER PRICE INDEX AND EMPLOYMENT PRICE INDEX

The current Consumer Price Index for all Urban Consumers is 2.1 % over the last 12 months.

The Employment Cost Index for the 12 months ending on Dec. 2010 is:

- Total compensation (all): 2.0%
  - For civilian workers: 2.0%
  - Private industry: 2.1%
  - State and local government: 1.8%