

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

JANUARY 27, 2011

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a regular Business Meeting on Thursday, January 27, 2011, at 7:00 P.M., at Chapel Hill Town Hall.

Directors present: Gordon Merklein, Chair; Alan Rimer, Vice Chair; Braxton Foushee, Secretary; Fred Battle; Michael A. (Mac) Clarke; Joyce C. Preslar; William Stott; and Amy Witsil.

OWASA staff: Ed Kerwin; John Greene; Stuart Carson; Mason Crum; Patrick Davis; Greg Feller; Stephanie Glasgow; Ed Holland; Heidi Lamay; Andrea Orbich; Kevin Ray; Stephen Winters; Robin Jacobs, Esq. and Robert Epting, Esq., Epting and Hackney.

Others present: Meg Holton, Water, Wastewater, and Stormwater Manager of the University of North Carolina at Chapel Hill; Ann and Stephen Aylward; Kelsey Snell, UNC Journalist Student; and Peter Owens, Chapel Hill resident.

There being a quorum present, Chair Gordon Merklein called the meeting to order.

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MOTIONS ACTED UPON

1. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution of Appreciation to Randolph (Randy) M. Kabrick, P.E." (Resolution so titled attached hereto and made a part of these minutes. Motion by Braxton Foushee, second by Alan Rimer and unanimously approved.)

2. Braxton Foushee made a motion to approve the Minutes of the December 9, 2010, Meeting of the Board of Directors; the motion was seconded by Alan Rimer and unanimous approved.

3. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution of Orange Water and Sewer Authority to Change the Human Resources and Safety Manager Position to Salary Grade 31." (Resolution so titled attached hereto and made a part of these minutes. Motion by Braxton Foushee, second by Alan Rimer and unanimously approved.)

4. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution of Orange Water and Sewer Authority to Change the Human

Resources Policy Regarding Annual Leave Maximum.” (Resolution so titled attached hereto and made a part of these minutes. Motion by Braxton Foushee, second by Alan Rimer and unanimously approved.)

5. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled “Resolution of Orange Water and Sewer Authority to Renew Long Term Disability Insurance.” (Resolution so titled attached hereto and made a part of these minutes. Motion by Braxton Foushee, second by Alan Rimer and unanimously approved.)

6. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled “Resolution of Orange Water and Sewer Authority to Renew Life, Dependent Life and Accidental Death and Dismemberment Insurance.” (Resolution so titled attached hereto and made a part of these minutes. Motion by Braxton Foushee, second by Alan Rimer and unanimously approved.)

7. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled “Resolution of Orange Water and Sewer Authority to Eliminate the Positions of Customer Service Manager and Procurement Manager, Change the Salary Grade and Title of the Accounting Technician I/II Position and Approve a New Part-Time Position.” (Resolution so titled attached hereto and made a part of these minutes. Motion by Braxton Foushee, second by William Stott, and unanimously approved.)

8. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled “Resolution to Accept Offer to Purchase Tract 2 of OWASA’s Ray Heirs Property.” (Resolution so titled attached hereto and made a part of these minutes. Motion by William Stott, second by Alan Rimer and passed with a vote of 6 to 2 with Fred Battle and Braxton Foushee opposed.)

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ITEM ONE: ANNOUNCEMENTS

CONFLICT OF INTEREST

Gordon Merklein said any Board Member who knows of a conflict of interest or potential conflict of interest with respect to any item on the agenda tonight is asked to disclose the same at this time. There were none.

AMENDMENT TO THE AGENDA

The Resolution of Appreciation to Former Board Member and Chair, Randy Kabrick, will move to the Consent Agenda and be presented to Mr. Kabrick at a future meeting.

### MEETING UPDATES

Gordon Merklein said that the meeting between Chapel Hill Town Council representatives and Chapel Hill appointees to the OWASA Board of Directors on January 13, 2011 was to discuss items of mutual interest and improve communications. Discussion was very productive and included the Water and Sewer Management, Planning and Boundary Agreement; forestry management; and budgets and rates. It was agreed that additional meetings should continue and will be held four times a year. A meeting summary was prepared and distributed to the Board.

Mr. Merklein said that on behalf of OWASA, he sent a letter to the elected leaders of Chapel Hill, Carrboro, Hillsborough and Orange County on December 9, 2010 requesting clarification of certain language in the WSMPBA regarding OWASA's access and use of our Jordan Lake water supply allocation. Since then, the Orange County staff has concluded that Orange County has a similar interest in clarifying the WSMPBA regarding use of their Jordan Lake allocation as does the Town of Hillsborough regarding their intent to secure a future allocation from Jordan Lake. On January 20, 2011, the Orange County Board of County Commissioners (BOCC) considered an Orange County staff proposed resolution requesting clarification of the WSMPBA. The BOCC did not act on the staff proposed resolution, but they did refer the matter back to their staff with specific directions for additional information as well as including Orange County's and Hillsborough's Jordan Lake interests in the WSMPBA clarification. On January, 24, 2011, the Hillsborough Town Board adopted a resolution requesting clarification of the WSMPBA regarding their future interest in Jordan Lake and in support of our December 9<sup>th</sup> request. OWASA staff will continue to work with our local government counterparts to properly prepare the elected officials for future action on our important request.

### FEBRUARY 10, 2011 BOARD MEETING

Gordon Merklein said the February 10, 2011 OWASA Board of Directors' meeting is cancelled.

### COMMITTEE MEETINGS

Braxton Foushee said the Human Resource (HR) Committee met on January 13, 2011 and staff presented proposed organizational changes for the Finance and Customer Service Department. This item, as well as others on the agenda tonight, has the support of the HR Committee.

Mac Clarke said the Finance Committee met prior to the Board meeting tonight to discuss several items including the Quarterly Financial Report which will be presented later in the agenda. Mr. Clarke also reported that OWASA is making progress to implement business intelligence reporting which will provide decision-support to managers throughout the organization. Additionally, the Committee discussed various aspects of the Capital

Improvements Program projects and Fiscal Year 2012 budget planning. Finally, the Committee discussed alternatives for the use of proceeds from a potential sale of surplus real property.

ITEM TWO: PETITIONS AND REQUESTS

Gordon Merklein asked for petitions from the public, Board and staff; there were none.

ITEM THREE: MERIT PAY DISTRIBUTION REPORT

The Board received this item as an information item.

ITEM FOUR: VISION CARE PLAN REPORT

The Board received this item as an information item.

ITEM FIVE: QUARTERLY REPORT ON ATTENDANCE AT BOARD MEETINGS

The Board received this item as an information item.

ITEM SIX: SEMI-ANNUAL CONTRACTOR AND CONSULTANT PERFORMANCE REPORT

The Board received this item as an information item.

ITEM SEVEN: RESOLUTION OF APPRECIATION TO RANDOLPH (RANDY) M. KABRICK, P.E.

Braxton Foushee made a motion to approve the resolution; the motion was seconded by Alan Rimer and carried by unanimous vote. Please see Motion No. 1 above.

ITEM EIGHT: MINUTES

Braxton Foushee made a motion to approve the Minutes of the December 9, 2010, Meeting of the Board of Directors; the motion was seconded by Alan Rimer and carried by unanimous vote. Please see Motion No. 2 above.

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

Braxton Foushee made a motion to approve the Resolution of Orange Water and Sewer Authority to Change the Human Resources and Safety Manager Position to Salary Grade 31; the motion was seconded by Alan Rimer and carried by unanimous vote. Please see Motion No. 3 above.

ITEM TEN: AMENDMENT OF THE HUMAN RESOURCES POLICY REGARDING ALLOWABLE MAXIMUM ANNUAL LEAVE BALANCES

Braxton Foushee made a motion to approve the Resolution of Orange Water and Sewer Authority to Change the Human Resources Policy Regarding Annual Leave Maximum; the motion was seconded by Alan Rimer and carried by unanimous vote. Please see Motion No. 4 above.

ITEM ELEVEN: RENEWAL OF LONG TERM DISABILITY INSURANCE

Braxton Foushee made a motion to approve the Resolution of Orange Water and Sewer Authority to Renew Long Term Disability Insurance; the motion was seconded by Alan Rimer and carried by unanimous vote. Please see Motion No. 5 above.

ITEM TWELVE: RENEWAL OF EMPLOYEE LIFE, DEPENDENT LIFE AND ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE

Braxton Foushee made a motion to approve the Resolution of Orange Water and Sewer Authority to Renew Life, Dependent Life and Accidental Death and Dismemberment Insurance; the motion was seconded by Alan Rimer and carried by unanimous vote. Please see Motion No. 6 above.

ITEM THIRTEEN: PROPOSED ORGANIZATION CHANGES FOR THE FINANCE AND CUSTOMER SERVICE DEPARTMENT

Braxton Foushee made a motion to approve the Resolution of Orange Water and Sewer Authority to Eliminate the Positions of Customer Service Manager and Procurement Manager, Change the Salary Grade and Title of the Accounting Technician I/II Position and Approve a New Part-Time Position; the motion was seconded by William Stott and carried by unanimous vote. Please see Motion No. 7 above.

ITEM FOURTEEN: RECOMMENDATION TO ACCEPT OFFER TO PURCHASE TRACT 2 OF OWASA'S RAY HEIRS PROPERTY

Braxton Foushee said that he is not opposed to the buyer of the property, but he is opposed to selling the property and will vote against the resolution.

Amy Witsil inquired if now is a good time to sell property.

Ed Holland said that OWASA's realtor confirms now is a good time to sell, because market conditions are not expected to improve in the foreseeable future.

William Stott said he supports accepting the offer to purchase.

Gordon Merklein said he supports accepting the offer to purchase.

Fred Battle said he is opposed to selling this property.

William Stott made a motion to approve the Resolution to Accept Offer to Purchase Tract 2 of OWASA's Ray Heirs Property; the motion was seconded by Alan Rimer and passed with a vote of 6 to 2 with Fred Battle and Braxton Foushee opposed. Please see Motion No. 8 above.

ITEM FIFTEEN:      FINANCIAL REPORT FOR THE SIX MONTH PERIOD ENDED  
DECEMBER 31, 2010

The Board received this item as an information item.

There being no further business to come before the Board, the meeting was adjourned at 7:30 P.M.

Enclosures

**RESOLUTION OF APPRECIATION TO RANDOLPH (RANDY) M. KABRICK, P.E.**

**WHEREAS**, Randolph (Randy) M. Kabrick, P.E., was appointed by the Town of Chapel Hill as a member of the Board of Directors of Orange Water and Sewer Authority; and

**WHEREAS**, from August 12, 2004 to September 30, 2010, Mr. Kabrick diligently served as a Member of the Board of Directors of Orange Water and Sewer Authority; and

**WHEREAS**, Mr. Kabrick was Chair of the OWASA Board from September, 2007 to June, 2010; served as the Board's Secretary from September, 2006 to September, 2007; was Chair and a member of the Board's Natural Resources/Technical Systems Committee; and also served on the Board's Community Outreach Committee; and

**WHEREAS**, Mr. Kabrick gave freely of his time, energy, and talents in serving the community and OWASA customers with unselfish dedication and compassionate concern; and

**WHEREAS**, Mr. Kabrick was a strong proponent for the safety of employees and citizens in all of OWASA's services and projects, and he brought to the Board a strong combination of environmental engineering and corporate leadership skills, experience and knowledge;

**NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE WATER AND SEWER AUTHORITY BOARD OF DIRECTORS:**

1. That the Board of Directors of the Orange Water and Sewer Authority, acting through its Members (Fred Battle, Michael A. (Mac) Clarke, Braxton Foushee, Gordon Merklein, Joyce C. Preslar, Alan Rimer, William R. Stott, III and Amy Witsil), now takes this means of expressing to Randy Kabrick the Board's sincere appreciation and deep gratitude for his faithful service, able leadership, and stewardship; and the Board wishes for Mr. Kabrick and his family much happiness in the years ahead.

2. That this resolution be recorded in the minutes of the OWASA Board of Directors, shall be part of the permanent records of OWASA; and a copy of this resolution be transmitted to the Town of Chapel Hill.

Adopted and presented with deep appreciation this 27<sup>th</sup> day of January 2011.

**RESOLUTION OF ORANGE WATER AND SEWER AUTHORITY TO CHANGE THE HUMAN RESOURCES AND SAFETY MANAGER POSITION TO SALARY GRADE 31**

**WHEREAS**, the Executive Director has reviewed the duties, functions and responsibilities of the Human Resources and Safety Manager position; and

**WHEREAS**, the Executive Director recommends that the position of Human Resources and Safety Manager shall be reclassified as Grade 31 on the OWASA Schedule of Employee Classification and Authorized Compensation; and

**WHEREAS**, the Human Resources Committee met on January 13, 2011 to discuss this matter and is in full support:

**NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF ORANGE WATER AND SEWER AUTHORITY:**

1. That the existing Human Resources and Safety Manager position is reclassified to Salary Grade 31 (\$64,316 - \$95,686).
2. That the Schedule of Employee Classification and Authorized Compensation be amended as above effective January 27, 2011.

Adopted this the 27<sup>th</sup> day of January, 2011.



**RESOLUTION OF ORANGE WATER AND SEWER AUTHORITY  
TO CHANGE THE HUMAN RESOURCES POLICY REGARDING  
ANNUAL LEAVE MAXIMUM**

**WHEREAS**, under present policy, employees of Orange Water and Sewer Authority are allowed to accrue bi-weekly increments of annual leave, up to a maximum of 240 hours; employees with 240 hours of accrued leave are not allowed to accrue additional leave, and in fact lose the benefit of additional annual leave if they already have 240 hours of accrued leave; and

**WHEREAS**, the current policy is causing scheduling problems within various departments, resulting in undue hardship on other employees, and in some cases requires the use of overtime in order to provide appropriate coverage for employees exercising annual leave in order not to lose annual leave; and

**WHEREAS**, the Executive Director recommends that the policy concerning accrued annual leave be changed, to allow annual leave accrued in excess of 240 hours shall not be wholly lost, but instead shall be accrued as sick leave after December 31 of any year; and

**WHEREAS**, the Human Resources Committee met on January 13, 2011 to discuss this proposal, and fully supports this change:

**NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF ORANGE WATER AND SEWER AUTHORITY:**

1. That the Policy concerning annual leave be changed to provide that annual leave not taken by the end of December in any calendar year by an employee with 240 hours of accrued annual leave shall be accrued after the end of the calendar year as Sick Leave.

2. That the Human Resources Policy, Section 14.B, is amended as provided below, and this amendment shall be effective upon adoption:

**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 a total of 240 hours shall be deemed to be, and may be exercised as, Sick Leave.

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

Adopted this the 27<sup>th</sup> day of January, 2011.

**RESOLUTION OF ORANGE WATER AND SEWER AUTHORITY TO  
RENEW LONG TERM DISABILITY INSURANCE**

**WHEREAS**, Long Term Disability Insurance has been provided at no cost to employees since 1977; and

**WHEREAS**, Standard Insurance Company has offered to renew our coverage for two years with no increase in rates; and

**WHEREAS**, the Human Resources Committee met on January 13, 2011 to discuss this matter and recommends renewal of this coverage:

**NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF  
ORANGE WATER AND SEWER AUTHORITY:**

1. That the contract be renewed with Standard Insurance Company for Employee Long Term Disability Insurance.
2. That the term of the insurance contract will start on February 1, 2011 and continue for two years.

Adopted this the 27<sup>th</sup> day of January, 2011.

**RESOLUTION OF ORANGE WATER AND SEWER AUTHORITY TO RENEW LIFE,  
DEPENDENT LIFE AND ACCIDENTAL DEATH AND DISMEMBERMENT  
INSURANCE**

**WHEREAS**, Employee Life, Dependent Life and Accidental Death and Dismemberment Insurance Coverage has been provided at no cost to employees since February 16, 1977; and

**WHEREAS**, Lincoln Financial Group has offered to renew our coverage for two years with no increase in rates; and

**WHEREAS**, the Human Resources Committee met on January 13, 2011 to discuss this matter and recommends renewal of this coverage:

**NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF  
ORANGE WATER AND SEWER AUTHORITY:**

1. That the contract be renewed with Lincoln Financial Group for Employee Life, Dependent Life and Accidental Death and Dismemberment.

2. That the term of the insurance contract will start on February 15, 2011 and continue for two years.

Adopted this the 27<sup>th</sup> day of January, 2011.

**RESOLUTION OF ORANGE WATER AND SEWER AUTHORITY TO ELIMINATE THE POSITIONS OF CUSTOMER SERVICE MANAGER AND PROCUREMENT MANAGER, CHANGE THE SALARY GRADE AND TITLE OF THE ACCOUNTING TECHNICIAN I/II POSITION AND APPROVE A NEW PART-TIME POSITION**

**WHEREAS**, the Executive Director has reviewed the duties, functions and responsibilities of the Customer Service Manager and the Procurement Manager; and

**WHEREAS**, the Executive Director recommends elimination of the positions of Customer Service Manager and Procurement Manager; and

**WHEREAS**, the Executive Director has reviewed the duties, functions and responsibilities of the proposed Financial Analyst position; and

**WHEREAS**, the Executive Director recommends that the vacant position of Accounting Technician I/II be re-titled Financial Analyst and reclassified from Salary Grade 11/13 to Salary Grade 20 on the OWASA Schedule of Employee Classification and Authorized Compensation; and

**WHEREAS**, the Executive Director has reviewed the duties, functions and responsibilities of the proposed part-time position, Customer Service Specialist; and

**WHEREAS**, the Executive Director recommends creating the part-time Customer Service Specialist position at a pay range of \$25 to \$45 per hour on the OWASA Schedule of Employee Classification and Authorized Compensation; and

**WHEREAS**, the Human Resources Committee met on January 13, 2011 to discuss this matter and is in full support:

**NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF ORANGE WATER AND SEWER AUTHORITY:**

1. That the positions of Customer Service Manager and Procurement Manager be eliminated.
2. That the existing Accounting Technician I/II position be reclassified from Salary Grade 11/13 (\$31,061 - \$51,157) to the new position of Financial Analyst, Salary Grade 20 (\$46,028 - \$68,477).
3. That a part-time Customer Service Specialist position be created with a pay range of \$25 to \$45 per hour.
4. That the Schedule of Employee Classification and Authorized Compensation be amended as above effective January 27, 2011.

Adopted this the 27<sup>th</sup> day of January, 2011.

**RESOLUTION TO ACCEPT OFFER TO PURCHASE TRACT 2 OF  
OWASA'S RAY HEIRS PROPERTY**

**WHEREAS**, on September 9, 2010, the Orange Water and Sewer Authority (OWASA) Board of Directors declared as surplus and authorized the Executive Director to list for sale the 76.2-acre Ray Heirs property (previously recorded as Orange County PIN 9768-94-5089); and

**WHEREAS**, the 76.2-acre tract was subsequently divided into two separate parcels, with the 61.2-acre Tract 1 now recorded as Orange County PIN 9768-94-7564, and the 14.9-acre Tract 2 recorded as Orange County PIN 9768-93-4456; and

**WHEREAS**, the two properties have been listed for sale publicly with Weaver Street Realty (Realtor) for \$750,000 (Tract 1) and \$350,000 (Tract 2); and

**WHEREAS**, OWASA has received an Offer to Purchase Tract 2 for \$300,000 with a proposed closing date on March 3, 2011; and

**WHEREAS**, numerous parties have contacted the Realtor, visited the site, or otherwise expressed interest in the Tract 2 property, but the Realtor has received only this one offer; and

**WHEREAS**, the Realtor, OWASA staff, and General Counsel have considered the offer and recommend that the Board of Directors authorize the Executive Director to accept said offer and otherwise act on OWASA's behalf as necessary and appropriate to accomplish the closing of this transaction:

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF  
ORANGE WATER AND SEWER AUTHORITY:**

1. That the Executive Director is hereby authorized and directed to accept a \$300,000 cash offer, as described above, on behalf of OWASA as Seller, and otherwise to do all things necessary and appropriate to accomplish the closing of this transaction under the terms of the Purchase Contract.
2. That the proceeds from the sale can be credited to the General Fund Balance and available for any purpose as approved by the Board.

Adopted this the 27<sup>th</sup> day of January, 2011.