



# 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, January 12, 2017, 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](mailto: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.

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
  - Update on the Environmental Management Commission's Decision on the Round 4 Jordan Lake Allocation Request (Ruth Rouse)

### **Consent Agenda**

#### **Information and Reports**

1. Quarterly Report on Attendance at Board and Committee Meetings (Andrea Orbich)

#### **Action**

2. Minutes of the December 8, 2016 Work Session of the Board of Directors (Andrea Orbich)
3. Minutes of the December 8, 2016 Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter (Robert Morgan)
4. Approval of Key Focus Areas for OWASA's Executive Director (Ed Kerwin)

### **Regular Agenda**

#### **Discussion**

5. Update on Employee Health and Dental Insurance for Next Fiscal Year (Stephanie Glasgow)
6. Fiscal Year 2018 Budget Calendar and Assumptions (Stephen Winters)
7. Discuss Employee Benefit Data from Benchmark Organizations (Stephanie Glasgow)
8. Discussion of Board Officer Nomination and Election Process (Barbara Foushee)
9. Compensation for the Executive Director (Robert Morgan)

10. Review Board Work Schedule (John Young/Ed Kerwin)
  - a. Request(s) by Board Committees, Board Members and Staff
  - b. January 26, 2017 Board Meeting
  - c. February 9, 2017 Work Session
  - d. 12 Month Board Meeting Schedule
  - e. Pending Key Staff Action Items

**Summary of Work Session Items**

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

**ORANGE WATER AND SEWER AUTHORITY - QUARTERLY REPORT**

**ATTENDANCE AT BOARD AND COMMITTEE MEETINGS**

<b>BOARD OF DIRECTORS</b>	<b>OCTOBER 2016</b>	<b>NOVEMBER 2016</b>	<b>DECEMBER 2016</b>
<b>JOHN A. YOUNG CHAIR</b>	October 11 HR (Meeting) October 13 WS (Meeting) October 27 Board (Meeting)	November 3 SMB (Meeting) November 10 WS (Absent)	December 8 WS (Meeting)
<b>JEFF DANNER, VICE CHAIR</b>	October 11 HR (Meeting) October 13 WS (Meeting) October 27 Board (Meeting)	November 3 SMB (Absent) November 10 WS (Meeting)	December 8 WS (Meeting)
<b>BARBARA M. FOUSHEE, SECRETARY</b>	October 11 HR (Meeting) October 13 WS (Meeting) October 27 Board (Meeting)	November 3 SMB (Meeting) November 10 WS (Meeting)	December 8 WS (Meeting)
<b>YINKA AYANKOYA</b>	October 11 HR (Meeting) October 13 WS (Meeting) October 27 Board (Meeting)	November 3 SMB (Meeting) November 10 WS (Meeting)	December 8 WS (Meeting)
<b>TERRI BUCKNER</b>	October 13 WS (Meeting) October 27 Board (Meeting)	November 3 SMB (Meeting) November 10 WS (Meeting)	December 8 WS (Meeting)
<b>DAVE MOREAU</b>	October 13 WS (Meeting) October 27 Board (Meeting)	November 3 SMB (Meeting) November 10 WS (Meeting)	December 8 WS (Meeting)
<b>ROBERT MORGAN</b>	October 11 HR (Meeting) October 13 WS (Meeting) October 27 Board (Meeting)	November 3 SMB (Meeting) November 10 WS (Meeting)	December 8 WS (Meeting)
<b>HEATHER PAYNE</b>	October 11 HR (Absent) October 13 WS (Absent) October 27 Board (Meeting)	November 3 SMB (Meeting) November 10 WS (Meeting)	December 8 WS (Meeting)

January 12, 2017

<b>BOARD OF DIRECTORS</b>	<b>OCTOBER 2016</b>	<b>NOVEMBER 2016</b>	<b>DECEMBER 2016</b>
<b>RUCHIR VORA</b>	October 13 WS (Meeting) October 27 Board (Meeting)	November 3 SMB (Absent) November 10 WS (Absent)	December 8 WS (Meeting)
<b>TOTAL MEETINGS HELD:</b>	<b>3</b>	<b>2</b>	<b>1</b>

Board – Board of Directors  
HR – Human Resources Committee  
SMB – Special Meeting of the Board  
WS – Board Work Session

January 12, 2017

ORANGE WATER AND SEWER AUTHORITY  
WORK SESSION OF THE BOARD OF DIRECTORS  
DECEMBER 8, 2016

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a work session on Thursday, December 8, 2016 at 6:00 P.M. in OWASA's Community Room in the Administration Building, 400 Jones Ferry Road, Carrboro.

Board Members present: John A. Young, Chair; Jeff Danner, Vice Chair; Barbara Foushee, Secretary; Yinka Ayankoya; Terri Buckner; David Moreau; Bob Morgan; Heather Payne; and Ruchir Vora.

OWASA staff present: Ed Kerwin; Denise Battle; Mary Darr; Greg Feller; Andrea Orbich; Todd Taylor; Mary Tiger; Stephen Winters; and Robert Epting, Esq., Epting and Hackney.

Others present: Margaret Holton, Water, Sewer and Reclaimed Water Coordinator, University of North Carolina at Chapel Hill.

There being a quorum present, Chair John Young called the meeting to order.

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MOTIONS

1. Terri Buckner made a motion to approve the Minutes of the October 27, 2016 Meeting of the Board of Directors as revised by adding the following sentence on page 3, to the end of the third paragraph: *“For properties without sub-metering, a resident’s dwelling unit expenses do not increase or decrease no matter how much water the resident uses.”* Second by Barbara Foushee and unanimously approved.
2. Terri Buckner made a motion to approve the Minutes of the November 3, 2016 Special Meeting of the Board of Directors; second by Barbara Foushee and unanimously approved.
3. Terri Buckner made a motion to approve the Minutes of the November 10, 2016 Meeting of the Board of Directors; second by Barbara Foushee and unanimously approved.
4. Terri Buckner made a motion to approve the Minutes of the November 10, 2016 Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter; second by Barbara Foushee and unanimously approved.
5. Robert Morgan made a motion to approve the Resolution Adopting a Year-Round Water Commodity Rate for the Multi-Family Master-Metered Customer Class to be effective on and after May 1, 2017; second by Terri Buckner and the motion passed with a vote of five to four with Jeff Danner, Dave Moreau, Heather Payne and John Young opposed.

6. Heather Payne made a motion to approve the Resolution Approving an Update to OWASA's Cross-Connection Control Ordinance with revisions; second by Jeff Danner and unanimously approved.

7. Dave Moreau made a motion to approve the proposed Affordability Outreach Program Update and Plan (Year 2: January 2017 – December 2017) and to authorize staff to implement the program in accordance with the approach described in the Plan; second by Robert Morgan and unanimously approved.

8. Robert Morgan made a motion that the Board continue in Closed Session following the Board Work Session to discuss a personnel matter; second by Terri Buckner, and the motion passed with a vote of six to three with Jeff Danner, Barbara Foushee and Dave Moreau opposed.

#### ANNOUNCEMENTS

John Young said that 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; none were disclosed.

Mr. Young wished Ruchir Vora a happy birthday and thanked Jeff Danner for chairing the November 10<sup>th</sup> meeting.

#### ITEM ONE: APPROVE THE ADVANCED METERING INFRASTRUCTURE COMMUNITY ENGAGEMENT PLAN

The Board accepted the Community Engagement Plan for the Advanced Metering Infrastructure Project – Procurement and Installation Phase.

#### ITEM TWO: MINUTES

Terri Buckner made a motion to approve the Minutes of the October 27, 2016 Meeting of the Board of Directors as revised by adding the following sentence on page 3, to the end of the third paragraph: "*For properties without sub-metering, a resident's dwelling unit expenses do not increase or decrease no matter how much water the resident uses.*" Second by Barbara Foushee and unanimously approved. Please see Motion No. 1 above.

#### ITEM THREE: MINUTES

Terri Buckner made a motion to approve the Minutes of the November 3, 2016 Special Meeting of the Board of Directors; second by Barbara Foushee and unanimously approved. Please see Motion No. 2 above.

ITEM FOUR: MINUTES

Terri Buckner made a motion to approve the Minutes of the November 10, 2016 Meeting of the Board of Directors; second by Barbara Foushee and unanimously approved. Please see Motion No. 3 above.

ITEM FIVE: MINUTES

Terri Buckner made a motion to approve the Minutes of the November 10, 2016 Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter; second by Barbara Foushee and unanimously approved. Please see Motion No. 4 above.

ITEM SIX: CONSIDER A MOTION TO APPROVE THE PROPOSED YEAR-ROUND WATER RATE FOR MULTI-FAMILY MASTER-METERED CUSTOMERS

After discussion, the Board approved changing the water rate for Multi-Family Master-Metered customers (such as apartments) from seasonal rates, which vary by time of year, to a year-round water rate of \$5.67 per 1,000 gallons effective on May 1, 2017. Staff will notify customers and other stakeholders of the Board's decision.

Robert Morgan made a motion to approve the Resolution Adopting a Year-Round Water Commodity Rate for the Multi-Family Master-Metered Customer Class to be effective on and after May 1, 2017; second by Terri Buckner and the motion passed with a vote of five to four with Jeff Danner, Dave Moreau, Heather Payne and John Young opposed. Please see Motion No. 5 above.

ITEM SEVEN: RESOLUTION APPROVING REVISIONS TO OWASA'S ORDINANCE FOR THE CONTROL OF BACKFLOW AND CROSS-CONNECTION

The Board reviewed the proposed revisions to OWASA's Ordinance for the Control of Backflow and Cross-Connection and agreed to make the following two revisions: Section 1.3.4 Consumer Responsibility, staff will clarify this section with the following wording "to include installation, operation and maintenance;" and Section 9. Variances "...applications must be made within ~~ten~~ 21 calendar days." Staff will notify stakeholders of the changes to the ordinance and provide educational outreach.

Heather Payne made a motion to approve the Resolution Approving an Update to OWASA's Cross-Connection Control Ordinance with revisions; second by Jeff Danner and unanimously approved. Please see Motion No. 6 above.

ITEM EIGHT: AFFORDABILITY PROGRAM UPDATE AND PLAN

The Board discussed the draft plan for affordability outreach in the coming year. Staff will develop a work plan with tasks and milestones and share it with the Board.

Dave Moreau made a motion to approve the proposed Affordability Outreach Program Update and Plan (Year 2: January 2017 – December 2017) and to authorize staff to implement the program in accordance with the approach described in the Plan; second by Robert Morgan and unanimously approved. Please see Motion No. 7 above.

ITEM NINE: DISCUSSION OF KEY PERFORMANCE INDICATOR REPORT

The Board discussed and gave staff feedback on proposed changes in Key Performance Indicators (KPI). The Board approved implementing improvements and agreed to schedule semi-annual discussion of the KPIs.

ITEM TEN: DISCUSS DRAFT EXECUTIVE DIRECTOR PERFORMANCE GOALS

The Board agreed that the Executive Director will update the Key Focus Areas for OWASA's Executive Director for the period of October 2016 to September 2017 as discussed with the Board, e-mail the Board the revised draft, and invite feedback/questions about one week before the document is distributed in a future Board consent agenda.

Robert Morgan made a motion that the Board continue in a Closed Session following the Board Work Session to discuss a personnel matter; second by Terri Buckner and the motion passed with a vote of six to three with Jeff Danner, Barbara Foushee and Dave Moreau opposed. Please See Motion No. 8 above.

ITEM ELEVEN: REVIEW BOARD WORK SCHEDULE

The Board agreed to remove approval of Long-Range Water Supply Plan Goals and Objectives from the January 26, 2017 agenda.

ITEM TWELVE: EXECUTIVE DIRECTOR WILL SUMMARIZE THE KEY STAFF ACTION ITEMS FROM THE WORK SESSION

In addition to items noted above in agenda items 6 through 10, staff actions will include:

- Determine whether the Board's discussion of employee health and dental insurance should be rescheduled from January 12, 2017 to an alternate meeting.
- Provide the Board via e-mail the expected timeline for discussing Jordan Lake water quality.
- In the fall of 2017, schedule Board review of the impact, if any, of the new year-round rate for multi-family master-metered customers.
- Evaluate the need to update the Water Commodity Surcharges Applicable Under Water Use Restrictions as a result of the Board's decision to implement a year-round rate for multi-family master-metered customers.



- Provide the Board by e-mail the results of the recently completed water audit to include staff's observations on same.

ITEM THIRTEEN: CLOSED SESSION

Without objection, the Board continued in Closed Session for the purpose of discussing a personnel matter per Motion No. 8 above.

The meeting was adjourned at 9:20 P.M.

Respectfully submitted by:

Andrea Orbich  
Executive Assistant/Clerk to the Board

Attachments

DRAFT

**ORANGE WATER AND SEWER AUTHORITY**  
**CLOSED SESSION OF THE BOARD OF DIRECTORS**  
**DECEMBER 8, 2016**

The Board of Directors of Orange Water and Sewer Authority met in Closed Session on Thursday, December 8, 2016, following the Board meeting.

Board Members present: John A. Young, Chair; Jeff Danner, Vice Chair; Barbara M. Foushee, Secretary; Yinka Ayankoya; Terri Buckner; David (Dave) Moreau; Robert Morgan; Heather Payne; and Ruchir Vora.

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ITEM ONE

The Board of Directors met in Closed Session without staff to discuss a personnel matter.

No official action was taken at the meeting.

The meeting was adjourned at 9:30 P.M.

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Robert Morgan, Chair  
Human Resources Committee

**Agenda Item 4:**

Approval of Key Focus Areas for OWASA's Executive Director

**Purpose:**

Discussion, if needed, then approval of Key Focus Areas for OWASA's Executive Director for the period October 2016 – September 2017.

**Background:**

- The Executive Director provided his first draft Performance Goals to the Board at the December 8, 2016 Board work session. The Board received and discussed the Executive Director's Draft Performance Goals.
- On December 15, 2016 the Executive Director emailed the Board a revised performance document as discussed with the Board titled *Key Focus Areas for OWASA's Executive Director*.

**Action Requested:**

Approval of the Key Focus Areas for OWASA's Executive Director for the period of October 2016 – September 2017.

**Information:**

- Key Focus Areas for OWASA's Executive Director

January 12, 2017

**Key Focus Areas for OWASA's Executive Director  
For the Period of October 2016 to September 2017  
January 12, 2017**

Under the Executive Director's leadership, the OWASA staff works together to ensure the organization's Mission is reliably and sustainably met. The Board of Directors acknowledges that the Executive Director will continue to use his judgement on the best use of his time to benefit the organization. While there are many goals and objectives for which the Executive Director is ultimately responsible, to include working with the OWASA Team to deliver high-quality and reliable services, the Board of Directors and Ed Kerwin agree to these key focus areas for Ed Kerwin through September 2017.

**Operational/Business Objectives**

**High Quality and Reliable Service**

1. Effective leadership and management of OWASA's daily core mission responsibility of providing high quality and reliable drinking water, wastewater management, and reclaimed water services for the Carrboro-Chapel Hill community. Measures of success are reported monthly on the Key Performance Indicators Report and include:
  - Zero violations of primary drinking water standards
  - Maintain certification by the Partnership for Safe Water for Phase IV Excellence in Water Treatment
  - Receive the Partnership for Safe Water's President's Award for Distribution System Operation
  - Zero violations of treated wastewater standards
  - Zero violations of reclaimed water standards
  - Zero violations of biosolids recycling standards

**Advanced Metering Infrastructure (AMI)**

2. Recommend Board approval of an AMI vendor contract by April 2017. System deployment is anticipated to take about two years from the issuance of the notice to proceed following the contract award and will be managed by staff with the assistance of our consultant. The Board will receive regular communications from staff regarding project status to include performance on

key metrics and progress towards milestones. Staff will make recommendations to the Board regarding any new policies and/or policy revisions related to the new system.

Working with Stephen Winters and Dan Przybyl, Todd Taylor has the lead role for this project. Ed Kerwin's focus will be on processes, performance and resources for a highly successful project.

### Energy Management Plan

3. Implement Energy Management Program by May 2017 and provide support for the plan for achieving energy management goals and objectives. The Plan will include a suite of strategies for reducing the use of purchased electricity and natural gas, as well as opportunities for further evaluation, identified by the OWASA Energy Team. Provide the Board with quarterly updates on activities completed and planned via email.

Mary Tiger has the lead role for this project. Ed Kerwin's focus will be working with staff to improve the organization's culture to be more energy aware and achieve outcomes set forth in the plan.

### Human Resource Objectives

#### Diversity and Inclusion

4. Considering input from employees, peers, Board Members, and other resources, update the Draft Diversity and Inclusion Plan for review with the OWASA Board in February 2017. The Plan will include specific tasks and targeted completion dates for staff and/or consultant(s). Following Board acceptance/approval, implement plan and report progress semi-annually.

Working closely with Stephanie Glasgow, staff, consultant(s) and other resources, Ed Kerwin will have the lead role for this initiative during the first year.

#### Employee Pay

5. Complete the analysis and provide the Board a plan with options by April 2017 to provide employees at all levels of the organization the opportunity to move

more quickly through their pay ranges based on performance. Note: before the Board makes a final decision regarding this initiative, it is suggested that employee feedback be invited. The intent is to move forward with this initiative beginning next Fiscal Year.

### Employee Safety

6. Establish an annual safety assessment event for all employees to measure the effectiveness of the safety program and to identify opportunities for improvement.

Stephanie Glasgow has the lead role for this objective. Ed Kerwin's focus will be working with staff to further improve the organization's culture that safety is our #1 priority.

### Community Engagement Objectives

#### AMI Community Engagement Plan (CEP)

7. Implement CEP for AMI that the Board approved on December 8, 2016. Provide the Board regular progress reports.

Todd Taylor has the lead role for this project. Ed Kerwin's focus will be to make sure the necessary processes and resources are in place for a highly successful community engagement for this project.

#### Affordability Outreach Program

8. Develop and implement Year Two of the Affordability Outreach Program designed to increase community awareness of options to manage and reduce water and sewer bills and to empower low-income customers, and the local agencies that serve them, with information and tools to manage and reduce water and sewer bills. Provide the Board an implementation plan with milestones by January 31, 2017. Provide the Board with quarterly updates on activities completed and planned via email.

Mary Tiger has the lead for this program. Ed Kerwin's focus will be on program accountability and to ensure sufficient resources are committed to the program.

## **Agenda Item 5:**

Update on Employee Health and Dental Insurance for next Fiscal Year

### **Purpose:**

Information and presentation by Ellen Tucker, Principal Health and Wellness Consultant with Hill, Chesson and Woody to generate Board discussion and guidance to staff regarding renewal of Employee Health and Dental Insurance policies effective July 1, 2017.

### **Background:**

The Orange Water and Sewer Authority began using the firm of Hill, Chesson and Woody in April 2014 to manage benefit plans and negotiate premiums for Employee Health, Dental, Life, Dependent Life, Accidental Death and Dismemberment (AD&D) and Long Term Disability (LTD) Insurance.

The current Employee Health and Dental Insurance plan contracts expire on June 30, 2017.

### **Claims Trends:**

We have experienced higher Medical Loss Ratios (MLR) for the past three underwriting periods. Due to OWASA's claims vs. premiums experience, our health insurance premium increase for FY2017 was 15% with no increase for dental insurance premiums. Our net incurred loss ratio for the period of December 1, 2015 through September 30, 2016 is 96.8%.

### **Information:**

Ellen Tucker will be presenting the following information on January 12, 2017:

- Post-election Healthcare Predictions
- Overview of Utilization and Cost
- Financial Performance
- Benefit Benchmarking

January 12, 2017

A timeline of events is attached and will be available for discussion on January 12, 2017.

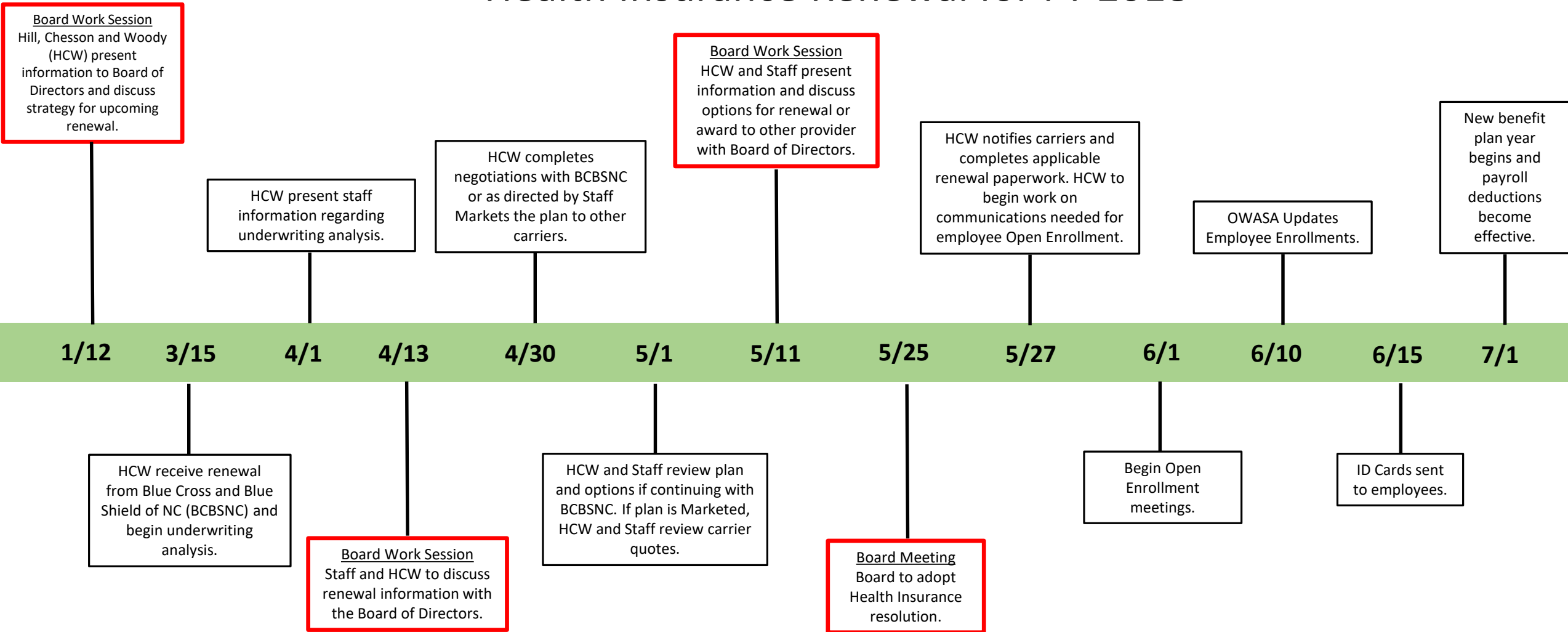
**Action Requested:**

Staff requests guidance from the Board regarding health and dental insurance renewal effective July 1, 2017. Based on this guidance, staff will work with Hill, Chesson and Woody to provide more information as it becomes available.

January 12, 2017



# Health Insurance Renewal for FY 2018



## **Agenda Item 6:**

Fiscal Year (FY) 2018 Budget Calendar and Assumptions

### **Purpose:**

The following pages include:

- FY 2018 Budget Calendar – the proposed dates of Board meetings and work sessions at which budget matters are expected to be discussed. It also lists the dates by which major budget tasks are to be completed by staff.
- FY 2018 Budget Assumptions – a high-level list of assumptions that are planned to be considered in preparing the budget.

### **Action Requested:**

We ask the Board to review the budget calendar and list of assumptions and provide feedback to staff.

January 12, 2017

## Budget Calendar

The following is a schedule of the key dates related to developing the budget for Fiscal Year (FY) 2018.

December 2016	Distribute templates for the preparation of operating expense appropriations, capital equipment requests and departmental budget narratives.
January 12, 2017	Review of FY 2018 Budget Calendar and Assumptions
January 20, 2017	Submission of Capital Equipment Request Forms, Budget Narratives and Departmental Operating Budget Requests to Budget Officer.
January 26, 2017	<b>Board of Directors Meeting</b> – review FY 2017 financial report for the six month period ending December 31, 2016.
March 9, 2017	<b>Board of Directors Work Session</b> – discussion of <i>Draft Annual Budget</i> and, if available, staff recommendation of rate adjustment. Set date for public hearings on budget and rates.
March 23, 2017	<b>Board of Directors Meeting</b> - discussion of <i>Draft Annual Budget</i> and staff recommendation of rate adjustment, as necessary.
April 13, 2017	<b>Board of Directors Work Session</b> – discussion of <i>Draft Annual Budget</i> and staff recommendation of rate adjustment, and authorize staff to publicize draft budget and rate information.
April 27, 2017	<b>Board of Directors Meeting</b> – review FY 2017 financial report for the nine month period ending March 31, 2017.
May 25, 2017	<b>Board of Directors Meeting</b> – Public Hearing on the <i>Draft Annual Budget, Capital Improvements Budget</i> and proposed adjustments to rates, fees, and charges.
June 8, 2017	<b>Board of Directors Work Session</b> – adoption of <i>FY 2018 Annual Budget</i> and adoption of <i>Schedule of Rates, Fees and Other Charges</i> .
July 2017	Distribute <i>FY 2018 Annual Budget</i> .

## Budget Assumptions

The following are key issues and assumptions that we expect to consider in developing the FY 2018 Budget.

### Strategic Plan

The organization will continue to focus on addressing our Strategic Plan Initiatives. The following is a brief summary of our expectations for existing initiatives in FY 2018.

Initiative	Goals	FY 2018 Plans
Provide reliable and high quality supply of water for the next 50 years	<ul style="list-style-type: none"> <li>• Optimum mix of technically, environmentally, economically, and socially feasible water supply and demand management alternatives that meet projected demands and level-of-service objectives under a range of future conditions and uncertainties.</li> <li>• Enhanced water supply reliability, reduced energy use, and reduced long-term life-cycle costs of water and sewer service through cost-effective water use efficiency, conservation, and reclaimed water strategies.</li> <li>• Maintain our Jordan Lake water supply allocation.</li> <li>• New or amended water transfer agreements with Town of Cary and City of Durham for OWASA to access our Jordan Lake water supply allocation through those entities when needed.</li> </ul>	<ul style="list-style-type: none"> <li>• We have begun the process of updating our long-range water supply plan and expect to have the draft completed in FY 2018. It is expected that our water supply will be sufficient to meet the community’s needs for the next 50 years in most scenarios.</li> <li>• While demand management alternatives will be evaluated in the update of the Long-Range Water Supply Plan, no changes in the scope or approach to our water conservation program are anticipated until we have completed the update of the Plan.</li> <li>• We have submitted our allocation application to the state of North Carolina and await the decisions for the Round 4 Jordan Lake water supply allocation process.</li> </ul>
Engage the Community	<ul style="list-style-type: none"> <li>• Engage stakeholders to understand their perceptions and expectations so that we make well-informed decisions about our services and maintain their trust.</li> <li>• Empower stakeholders with information so they use water wisely and protect water quality through proper use of our wastewater system.</li> <li>• Provide stakeholders with timely information about projects, programs, and policies that are important to them and offer them meaningful opportunities to give feedback so that we can continue to improve.</li> </ul>	<ul style="list-style-type: none"> <li>• We have guidance and plan to complete a community engagement process for use in conjunction with all of our major initiatives.</li> <li>• Using the Board approved Community Engagement Plan, we will implement a plan to engage stakeholders regarding the Advanced Metering Infrastructure project.</li> <li>• No major changes are proposed to the scope and approach to our general public information and outreach program; however, supplemental resources may be required for major project-specific community engagement efforts.</li> </ul>

<b>Initiative</b>	<b>Goals</b>	<b>FY 2018 Plans</b>
Adopt financial management policies and budget decision processes to ensure affordable services and fiscal sustainability	<ul style="list-style-type: none"> <li>• Financial reserve funds set at appropriate level.</li> <li>• Efficient process which provides opportunities for stakeholder input and allows the Board of Directors to make well-informed budget and rate decisions.</li> <li>• Affordability target set at appropriate level.</li> <li>• The right investments at the right time to sustain the community’s essential water, wastewater, and reclaimed water assets.</li> <li>• Rates, fees and charges meet objectives.</li> </ul>	<ul style="list-style-type: none"> <li>• We have completed tasks related to the budget process, affordability target, and capital improvements program investment levels.</li> <li>• Based on the Board’s guidance, we will discuss financial reserves as part of the process to develop the FY 2018 budget.</li> </ul>
Implement an Energy Management Plan	<ul style="list-style-type: none"> <li>• Cost-effective measures to reduce our use of energy, related energy costs, and associated greenhouse gas (GHG) emissions.</li> </ul>	<ul style="list-style-type: none"> <li>• We expect to update and implement the Energy Management Plan in FY 2018.</li> </ul>
Implement Advanced Metering Infrastructure (AMI)	<ul style="list-style-type: none"> <li>• Cost-effective, accurate, reliable and timely water metering information for enhanced customer service.</li> </ul>	<ul style="list-style-type: none"> <li>• Proposals from AMI vendors were received in December 2016. We plan to award a contract in April 2017 and begin implementation before the end of FY 2017. Implementation is expected to take 18 to 24 months.</li> </ul>
Develop a plan and policy framework for long-term management and disposition of OWASA lands	<ul style="list-style-type: none"> <li>• Land assets provide the expected value to fulfill OWASA’s mission and the assets are effectively managed.</li> </ul>	<ul style="list-style-type: none"> <li>• A time-frame for this initiative has not been determined. An overview of land management will be provided to the Board at its February 9, 2017 work session.</li> </ul>

Additional assumptions

- The FY 2018 Budget will be developed to meet all of the financial performance objectives stipulated in our Financial Management Policy.
- Current service levels will be maintained.
- Recent changes to the rate structure applicable to multi-family master-metered customers are projected to be revenue neutral.
- Drinking water and reclaimed water sales are not expected to increase or decrease significantly.
- Wastewater treatment nutrient removal requirements in the Jordan Lake Rules have been delayed by the NC General Assembly until at least 2021.
- We continue to consider alternative methods for measuring and compensating employee performance; depending on decisions made over the next few months, the FY 2018 Budget may be impacted.
- The budget will include funds for consulting assistance to help in the development and implementation of our diversity and inclusion program.

**Agenda Item 7:**

Discuss Employee Benefit Data from Benchmark Organizations

**Purpose:**

Information provided for Board discussion and feedback.

**Background:**

During the October 13, 2016 work session, the Board agreed that staff would prepare a comparison of benefits provided to employees by OWASA with benefits provided by benchmark organizations.

**Information:**

Benefit comparison data was received from the following entities:

- Town of Hillsborough
- Town of Chapel Hill
- Cape Fear Public Utilities
- Greenville Utilities Commission
- Town of Cary
- Orange County
- Onslow Water and Sewer Authority (ONWASA)
- Town of Carrboro
- City of Raleigh
- City of Durham

## **Purpose**

Provide the Board Employee Benefit Data from Benchmark Organizations.

## **Background**

During the October 13, 2016 work session, the Board agreed that staff would prepare a comparison of benefits provided to employees by OWASA with benefits provided by benchmark organizations.

## **Information/Data Provided**

Staff surveyed local entities regarding benefits provided to their employees. The survey results can be found in an Excel worksheet [here](#).

There are ten (10) summary tabs covering a variety of benefits such as:

- Paid Time Off – Annual Leave
- Paid Time Off – Sick Leave
- Paid Time Off – Other
- Medical Benefits
- Dental Benefits
- Life Insurance, AD&D, Short and Long Term Disability
- Retirement
- Other Benefits
- Other Questions (Benefit Policies)

## **Staff Observations**

As you will see, we collected a lot of information and we hope you will find it useful in drawing your own conclusions about how OWASA's employee benefits compare to the responding organizations. At this point, we are not making any recommendations but we offer the following observations.

### 1) Employee Deferred Compensation Plan (457)

OWASA currently provides biweekly contributions to qualifying employees' deferred compensation plan (457) accounts. These contributions begin after an employee has reached four years of service; the amount of the contribution increases as an employee's years of service increases (see survey). The contribution amounts have not been adjusted since 2001.

Observations

a) A majority of respondents make contributions based on a percentage of employee salary. Since they are salary-based, contributions include an inflation adjustment.

2) Retiree Benefits

OWASA provides qualifying pre-65 age retirees a reimbursement of from 50 to 100% of the cost of health insurance premiums. Pre-65 age retirees are covered under the same plan provided to active employees. Once a retiree reaches age 65, OWASA reimburses, at the same percentages, the cost of a Medicare supplement plan that includes the Part D prescription drug plan. OWASA’s reimbursement percentage is based on age and length of service:

Length of Service	Age	Percentage of Premium
30 years	Any age	100%
20+	Age 60	100%
15+	Age 60	75%
10+	Age 60	50%

Observations

a) Many respondents offer retiree health insurance but details of the reimbursement plans vary. Some respondents ended the reimbursement plan within the last 10 years but continue to provide the benefit to employees hired prior to the plan termination date.



## **Agenda Item 8:**

Discussion of Board Officer Nomination and Election Process

### **Background:**

On July 14, 2016, the Board agreed to have a discussion on this topic.

### **Discussion:**

In preparation for the Board's discussion, Barbara Foushee prepared the following points for discussion:

- A. Term Limits for the Chair, Vice Chair and Secretary of the Board – Recommending 2 years for each position; this will allow other board members the opportunity to serve if they choose to as well as allow for other leadership styles to be utilized. Continuity is important but providing opportunities for board members to grow and to develop in leadership is equally as important.
- B. Nominating Committee – Allow the entire board to choose the slate of officers because we work with each other enough during the course of a year to be able to make recommendations as to who we would like to see on the Executive Committee. It also takes the burden off of the Chair to have to select people every year.
- C. Selection of Standing Committees/Committee Chairs – Allow members to continue to select which committee they would like to work on, once the committee has been formed the committee can either select their own Chair or someone can volunteer to chair the committee. This also would relieve the Chair of the Board from the responsibility of having to select Chairs for committees on a yearly basis and it would give other Board members the opportunity to grow and develop into leadership roles.

January 12, 2017

**Agenda Item 10:**

Review Board Work Schedule

**Purpose:**

- a) Request(s) by Board Committees, Board Members and Staff
  - Friends of Bolin Creek Presentation (John Young)
- b) Review the draft agenda and discuss expectations for the January 26, 2017 and February 9, 2017 meetings
- c) Review and update the 12 Month Board Meeting Schedule
- d) Review Pending Key Staff Action Items

**Information:**

- Draft agenda for the January 26, 2017 meeting
- Draft agenda for the February 9, 2017 work session
- Draft 12 Month Board Meeting Schedule
- Pending Key Staff Action Items from Board Meetings

January 12, 2017

**From:** Julie McClintock  
**Subject:** Brief FOBC presentation  
**Date:** December 20, 2016  
**To:** John Young  
**Cc:** Ed Kerwin, Michael Paul, Mary Sonis

Hi John

Hope you are doing well. Nice to see you at the Advisory Board breakfast.

Friends of Bolin Creek is very interested and concerned about the new replacement line slated for approximately 2021 between Homestead Rd and Estes Extension because of potential damage to adjacent Bolin Creek. Within the last year we met with Ed Kerwin and a few of the engineers about the project and know it will happen sometime in the 2021 timeframe in approximately the present location (or possibly further back from the creek), with engineering work starting earlier.

We are requesting time to brief the OWASA Board (about a 10 minute presentation plus time for a few questions) about why this particular sewer line project will be particularly challenging and will require extra care because of the current line's proximity to Bolin Creek.

We want to raise awareness about how healthy stream ecology and the wildlife that depend on it need to be included in the planning for the engineering work. In addition, we will point out a few geological features of interest. Michael Paul, stream ecologist, and Mary Sonis, naturalist, will each present a few points (they are copied here).

We had identified the Jan 26th OWASA meeting as a good date. When I spoke to Andrea today, Clerk of the Board, she said the usual procedure might mean we would need to petition the Board first to get on the agenda, and then schedule the presentation later.

In any case we are anxious to get this on the calendar. Please give me a call at my cell number so we can discuss.

Thanks!

Sincerely,

Julie McClintock  
President, Friends of Bolin Creek

**Agenda**  
**Meeting of the OWASA Board of Directors**  
**Thursday, January 26, 2017, 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](mailto: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](mailto: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.

**Announcements**

1. Announcements by the Chair
  - A. Any Board Member who knows of a conflict of interest or potential conflict of interest with respect to any item on the agenda tonight is asked to disclose the same at this time.
2. Announcements by Board Members
3. Announcements by Staff

**Petitions and Requests**

1. Public
2. Board
3. Staff

**CONSENT AGENDA**

**Information and Reports**

1. Semiannual Status Report for Various Capital Improvement Projects (Vishnu Gangadharan)

**Action**

2. Minutes of the January 12, 2017 Work Session of the Board of Directors (Andrea Orbich)

**REGULAR AGENDA**

**Information and Reports**

3. 2016 Annual Lakes Recreation Report (Kenneth Loflin)
4. Financial Report for the Six-Month Period Ended December 31, 2016 (Stephen Winters)

**Discussion**

5. Discuss Scope and Schedule for Evaluating Future Rate Changes (Stephen Winters)

**Summary of Board Meeting Action Items**

6. 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

**Agenda**  
**Work Session of the OWASA Board of Directors**  
**Thursday, February 9, 2017, 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](mailto: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.

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. 2016 Biosolids Management Report (John Kiviniemi)
2. Discuss Advanced Metering Infrastructure Manual Read Option (Todd Taylor)
3. Discuss Updated Draft Diversity and Inclusion Plan (Ed Kerwin)
4. Overview of Land Management (Ruth Rouse)
5. Review Board Work Schedule (John Young/Ed Kerwin)
  - a. Request(s) by Board Committees, Board Members and Staff
  - b. February 23, 2017 Board Meeting
  - c. March 9, 2017 Work Session
  - d. 12 Month Board Meeting Schedule
  - e. Pending Key Staff Action Items

**Summary of Work Session Items**

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

## OWASA Board of Directors – 12 Month Board Meeting Schedule (January 6, 2017)

Month	Board Meetings		Committee & Other Meetings
	Work Session	Business Meeting	
January 2017	FY 18 Budget Calendar and Assumptions (C) Employee Health and Dental Insurance Update (C) Discuss Employee Benefit Data from Benchmark Organizations Discussion of Board Officers Nomination/ Election Process ED Compensation ED Key Focus Area Performance Document <i>1/12/2017</i>	Scope and Schedule to Evaluate Other Rate Considerations Annual Lakes Recreation Report (regular agenda) (C) Q2 Financial Report (C) CIP Semiannual Report (C) <i>1/26/2017</i>	
February 2017	<b><i>Discuss AMI Manual Read Option Overview of Land Management</i></b> Discuss draft Diversity and Inclusion Plan CY 16 Biosolids Report CS - General Counsel Interim Review (C) <i>2/9/2017</i>	<b><i>Approve AMI Manual Read Option (if needed)</i></b> OWASA turns 40 CS - General Counsel Interim Review (C) <i>2/23/2017</i>	
March 2017	<b><i>Discuss LRWSP – Demands &amp; Yield Discuss Draft Energy Management Plan</i></b> FY 18 Draft Budget & Rates (C) Set date for Public Hearings – FY 18 Budget & Rates (C) Award the Gravity Sewer Rehabilitation Contract Award the Rogerson Drive Force Main Rehabilitation Contract CS – ED Interim Review (C) <i>3/9/2017</i>	<b><i>Approve Energy Management Plan</i></b> FY 18 Draft Budget & Rates (C) CS – ED Interim Review (C) <i>3/23/2017</i>	
April 2017	<b><i>Review AMI System Procurement Contract</i></b> FY 18 Draft Budget and Rates (C) Authorize staff to publish proposed rates (C) Appointment of the Nominating Committee (C) Employee Health and Dental Insurance Update Award the Rogerson Drive Pump Station Rehabilitation Contract Award the Eastowne, Eubanks and Meadowmont 1 Pump Station Improvements Contract <i>4/13/2017</i>	<b><i>Approve AMI System Procurement Contract</i></b> (Tentative) Discuss Options to Advance Employee Pay Based on Performance Q3 Financial Report (C) Appoint Audit Firm (C) <i>4/27/2017</i>	40 <sup>th</sup> Anniversary Open House at the Cane Creek Reservoir (tentative for 4-8-2017)  40 <sup>th</sup> Anniversary Open House at Jones Ferry Road Facilities (tentative for 4-22-2017)
May 2017	Discuss Employee Health and Dental Insurance Renewal (C) Discuss Employee Merit Pay for FY 18 (C) Award the Brandywine Drive Water Main Replacement Contract <i>5/11/2017</i>	Public Hearings – FY 18 Budget and Rates (C) Approve Employee Health and Dental Insurance Renewal (if needed) (C) Award the Water Treatment Plant Filter Media and Backwash Improvements Contract <i>5/25/2017</i>	
June 2017	Approve FY 17 Budget and Rates (C) Approve Employee Merit/Cost of Labor Pay Increases for FY 17 (C) Award the Hillsborough Street Water Main Replacement Contract Discuss KPI Trends Election of Officers (C) <i>6/8/2017</i>	TBD <i>6/22/2017</i>	
July 2017	TBD <i>7/13/2017</i>	TBD <i>7/27/2017</i>	
August 2017	Award the Dobbins Drive Water and Sewer Main Replacement Contract	Preliminary 12 Month Financial Report (C) CIP Semiannual Report (C) EEO/Affirmative Action Report (C)	

## OWASA Board of Directors – 12 Month Board Meeting Schedule (January 6, 2017)

	Award the Administration Building HVAC Replacement Contract CS – General Counsel Review 8/10/2017	CS – General Counsel Review 8/24/2017	
September 2017	CS – ED Review 9/14/2017	Annual Report and Financial Audit Approve General Counsel Engagement CS – ED Review 9/28/2016	
October 2017	Discussion of impact on MFMM rate change CS – ED Review 10/12/2017	Q1 Financial Report Strategic Trends Report Update on impact of new MFMM rate change CS – ED Review 10/26/2017	
November 2017	TBD 11/9/2017	<i>Holiday - no meeting</i>	
December 2017	Discuss KPI Trends 12/14/2017	<i>Holiday - no meeting</i>	

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.

## OWASA Board of Directors – 12 Month Board Meeting Schedule (January 6, 2017)

### Abbreviations Used in Draft Schedule:

Ⓞ	Recurring agenda item (generally these are “required” items)	JLP	Jordan Lake Partnership
AMI	Advanced Metering Infrastructure	LRWSP	Long-Range Water Supply Plan
CE	Community Engagement	MST	Mountains-to-Sea Trail
CEP	Community Engagement Plan	MFMM	Multi-Family Master Meter
CIP	Capital Improvements Program	NRTS	Natural Resources/Technical Services
COLA	Cost of Labor Adjustment	Q	Quarter
CS	Closed Session of the Board	SOW	Scope of Work
CY	Calendar Year	TBD	To Be Determined
ED	Executive Director	WTP	Water Treatment Plant
FY	Fiscal Year	WWTP	Wastewater Treatment Plant

### Current and Pending Key Projects and Stages

Project	Strategic Initiative	Project Lead	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-16	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
AMI	6	Taylor		Manual Read		Contract								
Total Compensation Study		Glasgow	<i>Schedule To Be Determined</i>											
MFMM Rate Structure Study	4	Winters												
LRWSP	1	Rouse			Demand & Yield									
Energy Plan	5	Tiger												

Stages	Committee Discussion	Feasibility Study	Board Review	Community Engagement	Action	Procurement	Implementation
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## Pending Key Staff Action Items from Board Meetings

Date	Action Item	Target Board Meeting Date	Person(s) Responsible	Status
12-8-2016	Provide Board via email the expected timeline for discussing Jordan Lake Water Quality (the 6-9-2016 pending item). Include link(s) to previous water quality reports that may be available.	TBD	Rouse	Staff believes that 12-15-16 email and 1/5/17 email which included UNC's first update report on the study and analysis of nutrient management in Jordan Lake to Board fulfills this action item.
12-8-2016	Evaluate the need to update the Water Commodity Surcharges Applicable Under Water Use Restrictions as a result of the Board's decision to implement a year-round rate for multi-family master-metered customers.	TBD	Winters	
12-8-2016	Implement improvements to the Key Performance Indicators as discussed with the Board on 12-8-2016.	NA	Tiger All Dept. Dir.	Many improvements made to the November KPI Report; others are in-development
12-8-2016	Prepare work plan with tasks and milestones for the Affordability Outreach Program and share with the Board.	NA	Tiger	Staff will provide quarterly updates on the Affordability Outreach Program
12-8-2016	Notify customers/stakeholders of the Board's decision and implement the year-round rate for multi-family master-metered customers.	NA	Winters Battle Feller	
9-22-2016	Proceed with community engagement tasks as it pertains to chloramine use and customer considerations about their private plumbing systems.	N/A	Young Taylor Loflin Feller	Latest issue of the Blue Thumb included information on chloramine-resistant flappers in toilets. A draft letter to local government partners is under review. Additional information has been posted to the website.

## Pending Key Staff Action Items from Board Meetings

Date	Action Item	Target Board Meeting Date	Person(s) Responsible	Status
4-28-2016	Consider educational and public access opportunities at the Cane Creek mitigation tract.	TBD	Rouse Feller	Low priority. In calendar year 2016, staff will contact our Partners to obtain feedback on alternative educational opportunities on the Cane Creek Mitigation Tract. Staff will work with our Partners to develop a plan regarding public access and educational opportunities in calendar year 2017. Staff will provide an update to the Board of Directors at a work session in early CY 2017 (to coincide with overview of forest management work session item).