



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 11, 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/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, unless otherwise determined by 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.
 - Chapel Hill Town Council OWASA Committee and Chapel Hill Appointees to the OWASA Board of Directors will meet on Thursday, May 25, 2017 at 8:30 A.M. in the OWASA Board Room
- b. Announcements by Board Members
 - Update on the Nominating Committee (Yinka Ayankoya)
- c. Announcements by Staff

Consent Agenda

Action

1. Resolution Awarding a Construction Contract for the Rogerson Drive Pump Station Rehabilitation Project (Simon Lobdell)
2. Resolution Amending the Fiscal Year 2017 Annual Budget for Capital Equipment Expenditures (Stephen Winters)

Regular Agenda

Discussion

3. Discuss Employee Health and Dental Insurance Renewal (Stephanie Glasgow/Ellen Tucker, Hill, Chesson and Woody)
4. Discuss Advanced Metering Infrastructure Procurement (Todd Taylor)
5. Discuss Information and Options for Employee Merit Pay for Fiscal Year 2018 (Stephanie Glasgow)
6. Review Board Work Schedule (John Young/Ed Kerwin)
 - a. Request(s) by Board Committees, Board Members and Staff
 - Annual Board Self-Assessment
 - Televising OWASA Board Meetings

- b. May 25, 2017 Board Meeting
- c. June 8, 2017 Work Session
- d. 12 Month Board Meeting Schedule
 - Schedule Discussion of Financial Reserves Policy
- e. Pending Key Staff Action Items

Summary of Work Session Items

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

Closed Session

- 8. The Board of Directors will convene in a Closed Session for the Purpose of Discussing a Personnel Matter (Robert Morgan)

Agenda Item 1:

Resolution Awarding a Construction Contract for the Rogerson Drive Pump Station Rehabilitation Project

Purpose:

This memorandum recommends that OWASA Board award a construction contract to Turner Murphy Construction, Inc. (“Turner Murphy”) for the construction of the Rogerson Drive Pump Station Rehabilitation Project (“Project”).

Background:

This project provides renovations for the electrical system and installation of new grinders for the Rogerson Drive Pump Station to improve operation and reliability of the station. An engineering study completed in Fiscal Year 2017 broke the scope into two major phases. The first phase is what is being awarded here. The scope of work includes:

- 1) Installation of a new control system capable of controlling all the pumps using Variable Frequency Drives (VFDs).
- 2) Installation of new to replace old failing VFDs and allow all the pumps to work together.
- 3) Installation of influent grinders to prevent rags and large debris from stopping up the pumps.

Advertising and Bidding

OWASA staff and its consultant Rummel, Klepper & Kahl developed a Preliminary Engineering Report. After the initial report, Staff hired McKim and Creed (“Engineer”) to complete design and specifications for the improvements. Prospective bidders were screened through our standard prequalification process, which involved having interested contractors submit a package outlining their qualifications, including past performance on similar projects, credentials of their management team, safety record, etc. Only those firms that clearly demonstrated the capability to adequately perform the project work were invited to submit bids.

The Request for Qualifications (RFQ) was posted in December 2016. After review, eleven contractors were prequalified to bid on the project. The invitation for bids was issued to the prequalified contractors on March 22, 2017. A total of five bids were received on April 25, 2017 and opened publicly. Turner Murphy was the low, responsive and responsible bidder for the project with a bid of \$705,390.00. A copy of the certified bid tabulation is attached with the Engineer’s recommendation to award (Attachment 2), and the results are summarized below:

May 11, 2017

Turner – Murphy	\$705,390.00
Haren Construction	\$744,000.00
Laughlin-Sutton	\$767,800.00
Carolina Civilworks	\$816,052.65
Crowder Construction	\$851,084.00
<i>Engineer’s Final Estimate</i>	<i>\$746,000.00</i>

Minority and Women Business Enterprise (MWBE) Participation

OWASA’s Minority Business Participation Outreach Plan and Guidelines include all of the statutory requirements from the State of North Carolina, and specifies a 10% goal for participation by minority businesses. In keeping with standard practice, OWASA staff took several actions to solicit minority participation in this contract, including advertising the RFQ in the Greater Diversity News, North Carolina Institute of Minority Economic Development, North Carolina Department of Administration Historically Underutilized Businesses, OWASA’s website, and plan rooms, and requiring bidders to follow “good faith” efforts to solicit participation by minority subcontractors. In addition, OWASA staff publicly advertised the formal bid itself as an additional effort to solicit participation by subcontractors where it was feasible

The apparent low bidder (Turner Murphy) provided documentation of good faith efforts and identified MWBE participation of \$250,000.00 (35% of the total bid amount). The two selected subcontractors are a minority owned business and a women owned business.

Bid Analysis and Recommendation

The five bids received were spread over a relatively tight range (the high bid was 21% higher than the low bid). The low bid was 5.4% lower than the Engineer's estimate and reflects a reasonable and competitive cost for the work.

Turner Murphy has the ability to complete this project, was evaluated thoroughly during the prequalification process, and they demonstrated sufficient qualifications in past project performance, personnel qualifications/experience, reference checks, and all other rated categories. OWASA staff also determined that Turner Murphy’s safety performance, relevant project experience, bonding capacity, and other non-rated categories met our requirements.

McKim and Creed’s recommendation that the construction contract for this project be awarded to Turner Murphy is attached along with the certified bid tabulation (Attachment 2). OWASA staff concurs with this recommendation. In order to proceed, we request the Board’s adoption of the attached resolution (Attachment 3) awarding the construction contract to Turner Murphy.

May 11, 2017

Information

Attachments

1. Pump Station Location Map
2. Engineer's Recommendation for Award and Certified Bid Tabulation
3. Resolution

Attachment 1 - Pump Station Location Map



This map contains sensitive information, not to be copied or distributed without the express written permission of OWASA. This data is being provided as a visual representation and at no time should the data be considered exact. The data is not guaranteed to be accurate and is not intended as a substitute for a field survey. OWASA assumes no legal liability or responsibility for this data.



ENGINEERS

SURVEYORS

PLANNERS

April 27, 2017

M&C 01519-0043 (54)

Mr. Simon Lobdell, PE
Orange Water & Sewer Authority
400 Jones Ferry Road
Carrboro, NC 27510

RE: Rogerson Drive Pump Station Rehabilitation (CIP No. 277-31)
Recommendation of Award

Dear Mr. Lobdell:

On Tuesday, April 25, 2017 at 2:00 p.m., the Orange Water & Sewer Authority received bids for the Rogerson Drive Pump Station Rehabilitation project. Five (5) bids were received and the bids were opened and read aloud. The advertisement and bidding procedures were consistent with statutory requirements to the best of our knowledge. Please refer to the attached detailed bid tabulation and bid summary tabulation for the bids received. The referenced bids have been reviewed by the Engineer, and Turner Murphy Company, Inc. (NC License #9072) is the apparent low bidder, with a bid submitted in the base bid amount of \$705,390.00.

Turner Murphy Company, Inc. is properly licensed and experienced in the type of construction involved, as indicated by the information supplied with the bid. Turner Murphy Company, Inc. has also previously been prequalified to submit Bids for the project by the Orange Water & Sewer Authority. Based on the Engineer's review of the bids, we recommend award of the project to the lowest responsible, responsive bidder, Turner Murphy Company, Inc. in the base bid amount of \$705,390.00.

1730 Varsity Drive
Suite 500
Raleigh, NC 27606

919.233.8091

Fax 919.233.8031

www.mckimcreed.com

Please accept this letter as the formal recommendation of award of construction contract to Turner Murphy Company, Inc. This recommendation of award is subject to approval and acceptance of the submitted bid by the Orange Water & Sewer Authority.

Mr. Simon Lobdell, PE
April 27, 2017
Page 2

Enclosed you will find the following documents:

- Certified Bid Tabulations
- Turner Murphy Company, Inc. Bid Package
- Turner Murphy Company, Inc. Bid Bond

It is recommended that a construction contingency be held in the budget to cover any unforeseen conditions that may be encountered during construction.

Should you have any questions or concerns in regards to this letter or any of the enclosures, please do not hesitate to contact our office. We look forward to working with the Orange Water & Sewer Authority to successfully complete the construction phase of this project.

Sincerely,

McKIM & CREED, INC.



K. Jason Savage, PE
Construction Administrator

Enclosures

cc: File, w/encl.
Ben Latino, PE (M&C)

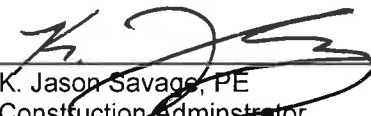
CERTIFIED BID TABULATION

Orange Water and Sewer Authority
Rogerson Drive Pump Station Rehabilitation
CIP No. 277-31
BID DATE: April 25, 2017 at 2:00 PM
M&C Project No. 01519-0043

BIDDER	LICENSE #	BID BOND	ACKNOWLEDGE ADDENDUM NO. 1	ACKNOWLEDGE ADDENDUM NO. 2	ACKNOWLEDGE ADDENDUM NO. 3	BASE BID
Turner Murphy Company	9072	✓	✓	✓	✓	\$705,390.00
Haren Construction Company, Inc.	7770	✓	✓	✓	✓	\$744,000.00
Laughlin-Sutton Construction Company	3067	✓	✓	✓	✓	\$767,800.00
Carolina Civilworks Inc.	74658	✓	✓	✓	✓	\$816,052.65
Crowder Construction Company	2104	✓	✓	✓	✓	\$851,084.00



Certified as Correct


 K. Jason Savage, PE
 Construction Administrator
 McKim & Creed, Inc.

4/26/17
 Date

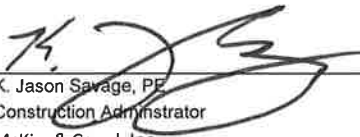
CERTIFIED DETAILED BID TABULATION

Orange Water and Sewer Authority
Rogerson Drive Pump Station Rehabilitation
CIP No. 277-31
BID DATE: April 25, 2017 at 2:00 PM
MC Project No. 01519-0043

ITEM NO.	DESCRIPTION	UNIT	TURNER MURPHY CO., INC.		HAREN CONSTRUCTION COMPANY, INC.		LAUGHLIN-SUTTON CONSTRUCTION COMPANY		CAROLINA CIVILWORKS, INC.		CROWDER CONSTRUCTION COMPANY	
			QUANTITY	BID PRICE	QUANTITY	BID PRICE	QUANTITY	BID PRICE	QUANTITY	BID PRICE	QUANTITY	BID PRICE
1	ROGERSON DRIVE PUMP STATION REHABILITATION	LS	1	\$602,265.00	1	\$635,625.00	1	\$641,925.00	1	\$672,352.65	1	\$745,209.00
2	CITI INSTRUMENTATION AND CONTROLS ALLOWANCE	LS	1	\$60,875.00	1	\$60,875.00	1	\$60,875.00	1	\$60,875.00	1	\$60,875.00
3	CONTINGENCY ALLOWANCE	LS	1	\$40,000.00	1	\$40,000.00	1	\$40,000.00	1	\$40,000.00	1	\$40,000.00
4	CONCRETE CHANNEL REPAIR	SF	500	\$2,250.00	500	\$7,500.00	500	\$25,000.00	500	\$42,825.00	500	\$5,000.00
	TOTAL BASE BID			\$705,390.00		\$744,000.00		\$767,800.00		\$816,052.65		\$851,084.00



Certified as Correct


 K. Jason Savage, PE
 Construction Administrator
 McKim & Creed, Inc.

Date 4/26/17

RESOLUTION AWARDING A CONSTRUCTION CONTRACT FOR THE ROGERSON DRIVE PUMP STATION REHABILITATION PROJECT

WHEREAS, there is a need to renovate the Rogerson Drive Pump Station; and

WHEREAS, plans and specifications for the construction of this project have been prepared by McKim and Creed; and

WHEREAS, advertisement for contractor qualifications was published on the websites of the North Carolina Institute of Minority Economic Development, North Carolina Department of Administration, and OWASA on December 8, 2016, and 11 contractors were qualified to bid; and

WHEREAS, on March 22, 2017, the prequalified contractors were formally invited to submit construction bids for the project, and five bids were received; and

WHEREAS, Turner Murphy Construction, Inc. of Rock Hill, South Carolina has been determined to be the low responsive, responsible bidder for the project; and

WHEREAS, on June 9, 2016 the Board approved a resolution authorizing funds for Capital Improvement Projects, including funds for this project;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Orange Water and Sewer Authority Board of Directors awards the construction contract to Turner Murphy Construction, Inc., the low responsive, responsible bidder for the Rogerson Drive Pump Station, in accordance with the approved plans and specifications, in the amount of \$705,390.00, subject to such change orders as may apply.

2. That the Executive Director be, and hereby is, authorized to execute said contract, subject to prior approval of legal counsel, and to approve and execute change orders and such documents as may be required in connection with the construction contract.

Adopted this 11th day of May, 2017.

John A. Young, Chair

ATTEST:

Barbara M. Foushee, Secretary

Agenda Item 2:

Resolution Amending the Fiscal Year (FY) 2017 Annual Budget for Capital Equipment Expenditures

Background:

As we have reported several times throughout this fiscal year, capital equipment purchases in the amount of \$465,000 that were planned for FY 2016 were delayed until FY 2017: a Combination Sewer Cleaning Truck with a budget of \$385,000 and a Utility Body Truck with a budget of \$80,000.

When purchased in FY 2017, the Combination Sewer Cleaning Truck cost approximately \$370,000; the Utility Body Truck cost approximately \$99,000: in total, about \$4,000 more the amount estimated in FY 2016.

Staff proposes to amend the FY 2017 Budget to reallocate \$500,000 from the Capital Improvements Program (CIP) Budget to the Capital Equipment Budget.

In total, the FY 2016 Budget included provisions for \$875,000 in capital equipment expenditures; \$332,252 was actually expended in FY 2016, leaving an unspent remainder of \$542,748.

The amendment is necessary because the identified capital expenditures were not included in the FY 2017 Annual Budget since those expenditures were previously budgeted for, and expected to be expended in FY 2016 and the funds were not carried over.

Except as otherwise restricted by law, the Board of Directors may amend the budget at any time after adoption in any manner as long as the budget, as amended, remains in balance (G.S. 159-15.).

Action Requested:

Approve the attached resolution to amend the FY 2017 Budget for capital equipment expenditures.

May 11, 2017

**RESOLUTION AMENDING THE FISCAL YEAR (FY) 2017 ANNUAL BUDGET FOR
CAPITAL EQUIPMENT EXPENDITURES**

WHEREAS, the Board of Directors adopted the FY 2017 Annual Budget of Orange Water and Sewer Authority; and

WHEREAS, North Carolina General Statute 159-15 provides the authority for the Board of Directors to amend the adopted budget; and

WHEREAS, staff has identified a need for capital expenditures that were not included in the FY 2017 Annual Budget, because those expenditures were previously budgeted for FY 2016 and the funds were not carried over; and

WHEREAS, funds exist in the capital improvements program category sufficient to cover the purchase the equipment.

NOW, THEREFORE, BE IT RESOLVED:

1. That pursuant to the provisions of North Carolina G.S. 159-15, the Official Budget of Orange Water and Sewer Authority for the FY 2017 is amended as set forth in Attachment A.
2. That \$500,000 in FY 2017 capital improvement program expenditure appropriations be transferred to capital expenditures as set forth in Attachment A.
3. That the Executive Director is authorized and instructed to implement the revised budget as herein set forth.

Adopted this 11th day of May, 2017.

John A. Young, Chair

ATTEST:

Barbara M. Foushee, Secretary

**ORANGE WATER AND SEWER AUTHORITY
FISCAL YEAR 2017 ANNUAL BUDGET
STATEMENT OF INCOME, EXPENSE AND DEBT SERVICE**

	FY 2017 Annual Budget	<u>Amendment</u>	FY 2017 Amended Budget
Operating Revenue			
Water	\$ 17,923,072		\$ 17,923,072
Sewer	16,578,878		16,578,878
Reclaimed Water	439,110		439,110
Service Initiation Fee	168,898		168,898
Other	1,069,578		1,069,578
Refunds and Adjustments	<u>(325,766)</u>		<u>(325,766)</u>
Total Operating Revenue	35,853,770		35,853,770
Operating Expense			
General and Administrative	6,924,545		6,924,545
Operations	<u>14,083,038</u>		<u>14,083,038</u>
Total Operating Expense	<u>21,007,583</u>		<u>21,007,583</u>
Net Operating Income	14,846,187		14,846,187
Non-operating Revenue			
Customer Fees	995,950		995,950
Interest	<u>14,708</u>		<u>14,708</u>
Total Net Income	15,856,845		15,856,845
Debt Service			
Existing	6,932,059		6,932,059
New	<u>0</u>		<u>0</u>
Total Debt Service	<u>6,932,059</u>		<u>6,932,059</u>
Net Income Less Debt Service	<u>\$ 8,924,786</u>		<u>\$ 8,924,786</u>
General Fund			
Resources			
Transfer From Revenue	\$ 8,924,786		\$ 8,924,786
Assessments	0		0
Grants and Contributions	<u>0</u>		<u>0</u>
Annual Income Available for Capital	8,924,786		8,924,786
Capital Expenditures			
Project ordinances			
General Fund Contribution	13,648,000	(500,000)	13,148,000
Funded by Bond Proceeds	<u>0</u>		<u>0</u>
Total Project Resolutions	13,648,000		13,148,000
Capital Equipment	<u>1,227,000</u>	500,000	<u>1,727,000</u>
Total Capital Outlay	<u>14,875,000</u>		<u>14,875,000</u>
Annual General Fund Balance	(5,950,214)		(5,950,214)
General Fund Beginning Balance	<u>25,108,579</u>		<u>25,108,579</u>
General Fund Ending Balance	19,158,365		19,158,365
Project Funding	3,111,268		3,111,268
Reserves			
Rate/Revenue Stabilization	1,725,097		1,725,097
Capital Improvements	3,200,000		3,200,000
Working Capital	<u>11,122,000</u>		<u>11,122,000</u>
Unallocated General Fund Balance	<u>\$ -</u>		<u>\$ -</u>

Agenda Item 3:

Discuss Employee Health and Dental Insurance Renewal

Purpose:

Information and update from staff and consulting firm Hill, Chesson & Woody (HCW) to generate Board discussion and guidance regarding employee insurances beginning July 1, 2017.

Authorize the Executive Director to execute contracts with Blue Cross and Blue Shield of North Carolina (BCBSNC) for employee Health and Dental Insurance for Fiscal Year 2018 at either the May 11 or May 25 Board meeting.

Background:

The current contracts with BCBSNC for Employee Health and Dental Insurance expire on June 30, 2017.

The Board began receiving information and working on the upcoming renewals with OWASA staff and HCW in January 2017.

At the April 13, 2017 Work Session, the Board received renewal data and requested to receive plan design options and authorized staff and HCW to continue discussions with BCBSNC.

The Board is scheduled to make a decision no later than May 25, 2017.

Information:

- Memorandum outlining Options for Health and Dental Insurance Renewal for Fiscal Year 2018
 - Health insurance premiums increase 6.8% with no change in benefits for the contract year July 1, 2017 through June 30, 2018. (Reduced from the 9% presented at the April 13, 2017 meeting.)
 - Dental insurance premiums increase 1.4% with no change in benefits for the contract year July 1, 2017 through June 30, 2018. (Reduced from the 6.8% presented at the April 13, 2017 meeting.)
 - Spousal Surcharge
 - Adding a Tier for Employee + Children
- Letter and PowerPoint from Ellen Tucker with HCW who will present information on May 11, 2017.
- Draft Resolution Authorizing the Executive Director to Execute Contracts with BCBSNC for Employee Health and Dental Insurance.

May 11, 2017



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: Board of Directors

THROUGH: Ed Kerwin *EK*

FROM: Stephanie S. Glasgow

DATE: May 5, 2017

SUBJECT: Health and Dental Insurance Renewal for Fiscal Year 2018

Purpose

Authorize the Executive Director to execute contracts with Blue Cross and Blue Shield of North Carolina (BCBSNC) for employee Health and Dental Insurance for Fiscal Year (FY) 2018.

Background

In January 2017, the Board began receiving information and working with staff and the consulting firm of Hill, Chesson & Woody (HCW) on the Employee Health and Dental Insurance renewal for FY 2018. The current contracts with BCBSNC for Employee Health and Dental Insurance expire on June 30, 2017.

OWASA provides full-time employees group health and dental insurance including options to add dependent coverage. OWASA currently pays 100% of the employee coverage cost for health and dental premiums and 50% for dependent health cost and 40% for dependent dental cost. Employees select the type of coverage best-suited for their needs from the “Tiers” shown in the table below:

Tier
Employee Only
Employee and Spouse
Employee and One Child
Family (Employee and two or more dependents)

During the April 13, 2017 Work Session, the Board received plan renewal data and determined that staff and HCW were to continue working with BCBSNC and not market the plan to other providers this year.

At the time of the meeting, increases were projected to be 9% for the Health plan and 6.8% for the Dental plan. The Board asked staff and the consultant to provide plan design options and the projected costs of those options at the May 11, 2017 meeting.

Current Renewal

Since the April meeting, HCW worked with BCBSNC and the proposed premium increases have declined to 6.8% for the Health plan and 1.4% for the Dental plan. HCW described these as fair renewals.

The proposed FY 2018 budget has a placeholder of 15%. If the Board decides to renew the policies with no plan changes, the FY 2018 budget for health insurance would be reduced by approximately \$150,000.

Potential Plan Changes

Tiers

As mentioned above, employees have four coverage Tiers from which to choose. We can reduce the cost of coverage for some employees by simply adding a fifth Tier. This fifth Tier (Employee and Children) would be an option to cover more than one child, but not a spouse. Currently, employees with more than one dependent must choose the Family tier, even if all dependents are children. By providing this fifth option, spouses with insurance available through other means may elect to not to be covered by OWASA’s plan.

It is difficult to estimate how much cost-savings would result from offering an additional Tier since we cannot know how many employees would choose this option. However, for employees choosing the Employee and Children Tier, costs would be reduced for both the employee and OWASA.

Tier	Current Employee Cost	Employee Cost if Current Plan Renewed as is (6.8% increase)	Change in Employee Cost
Employee Only	\$0	\$0	\$0
Employee and Spouse	\$357	\$381	\$24
Employee and One Child	\$113	\$121	\$8
Family	\$547	\$584	\$37
Employee and Children (new Tier)	\$547 (not currently offered so employees’ only option is Family)	\$152	(\$395)

Plan Options

The table on the following page summarizes Plan Options that HCW will present at the May 11 meeting. A brief summary of the options follows the table.

	Medical Plan Options (Changes noted in red text)				
	Option 1 (no change)	Option 2(a)	Option 2(b)	Option 2(c)	Option 2(d)
	In-Network Coverage				
Preventive Care	100%	100%	100%	100%	100%
Office Visit Co-pays					
Primary Care Physician	\$15	\$20	\$20	\$20	\$15
Specialist	\$30	\$30	\$40	\$40	\$30
Virtual	\$15	\$20	\$20	\$20	\$15
Prescription drugs					
EE only/EE+Sp/EE+Child/Family	\$10/\$35/\$50/25%	\$10/\$35/\$50/25%	\$10/\$35/\$50/25%	\$10/\$35/\$60/25%	\$10/\$35/\$50/25%
Mail	3 times co-pay	3 times co-pay	3 times co-pay	3 times co-pay	3 times co-pay
Emergency Room	\$150	\$300	\$300	\$300	\$150
Urgent Care Co-pay	\$30	\$30	\$40	\$40	\$30
In-patient Care	100%	100%	100%	100%	90% (co-ins)
Out-patient Care	100%	100%	100%	100%	90% (co-ins)
Vision Care:					
Routine exam	100%	100%	100%	100%	100%
Hardware	Not covered	Not covered	Not covered	Not covered	Not covered
Annual deductible					
Individual	\$750	\$1,000	\$750	\$750	\$1,000
Family	\$1,500	\$3,000	\$1,500	\$1,500	\$2,000
Out-of-pocket maximum					
Individual	\$1,750	\$2,000	\$1,750	\$1,750	\$3,000
Family	\$3,500	\$6,000	\$3,500	\$3,500	\$6,000

- Option 1 Accept the renewal rate increase of 6.8% in Health premiums and 1.4% in Dental premiums with no change in plan design.
- Option 2(a) Increase office visit co-pays, emergency room visits, the annual deductible and the out-of-pocket maximum. These changes would result in an increase in costs from the current plan of 3.9% (2.9% less than renewing the current plan with no changes).
- Option 2(b) Increase office visit co-pays, specialist co-pays, emergency room and urgent care visits. These changes would result in an increase in costs from the current plan of 5% (1.8% less than renewing the current plan with no changes).
- Option 2(c) Increase office visit co-pays, specialist co-pays, tier 3 prescription drugs, emergency room and urgent care visits. These changes would result in an increase in costs from the current plan of 4.7% (2.1% less than renewing the current plan with no changes).
- Option 2(d) Implement co-insurance at 90% coverage for services and increase the annual deductible and the out-of-pocket maximum. These changes would result in an increase in costs from the current plan of 1.5% (5.3% less than renewing the current plan with no changes).

The following table summarizes the dollar and percent changes in OWASA’s costs associated with each of these options.

OWASA Annual Cost	Cost	Amount Change	Percent Change
Current (FY 2017)	\$2,228,697		
Option 1 (renew current plan as is)	\$2,379,713	\$151,016	6.8%
Option 2(a)	\$2,315,769	\$87,072	3.9%
Option 2(b)	\$2,339,084	\$110,387	5.0%
Option 2(c)	\$2,333,955	\$105,258	4.7%
Option 2(d)	\$2,262,998	\$34,301	1.5%

The following table summarizes the change in monthly costs for employees associated with each of the options.

	Monthly Cost to Employee							
	Employee Only		Employee and Spouse		Employee and Child		Family	
	Monthly Cost	Change in Monthly Cost	Monthly Cost	Change in Monthly Cost	Monthly Cost	Change in Monthly Cost	Monthly Cost	Change in Monthly Cost
Current (FY 2017)	\$0		\$357		\$113		\$547	
Option 1 (renew current plan as is)	\$0	\$0	\$381	\$24	\$121	\$8	\$584	\$37
Option 2(a)	\$0	\$0	\$371	\$14	\$118	\$4	\$568	\$21
Option 2(b)	\$0	\$0	\$375	\$18	\$119	\$6	\$574	\$27
Option 2(c)	\$0	\$0	\$374	\$17	\$119	\$5	\$572	\$26
Option 2(d)	\$0	\$0	\$362	\$5	\$115	\$2	\$555	\$8

Spousal Surcharge

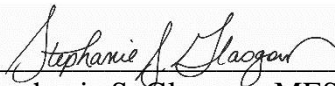
A Spousal Surcharge means an employee would be required to pay a surcharge to cover a working spouse under our plan. This means the employee pays an additional amount to cover a spouse who has other options for health insurance coverage. HCW researched this option with their existing clients and found that 10% have implemented such a charge; surcharge amounts range from \$89 - \$238 per month. It is difficult to estimate how much savings may result from adding a Spousal Surcharge since we cannot know how many employees currently cover a spouse who is eligible for health insurance with their employer, nor can we know how many of this group would pay the surcharge to remain on the OWASA plan.

Staff Recommendation

Staff recommends the Board accept the renewal rate increase of 6.8% in Health premiums and 1.4% in Dental premiums with no change in plan design. Additionally, Staff would like to see the Board elect to add the additional coverage Tier for Employee and Children.

Action Requested

Consider the alternatives presented and determine which health insurance option is preferred. A template resolution authorizing the Executive Director to execute Health and Dental Insurance contracts is provided as Attachment #3.



Stephanie S. Glasgow, MESH, MPM, PHR, SHRM-CP
 Director of Human Resources and Safety

Attachments

- #1 Letter from Hill, Chesson and Woody
- #2 PowerPoint from Hill, Chesson and Woody (to be presented on May 11, 2017)
- #3 Draft Resolution



May 2, 2017

Orange Water and Sewer Authority
400 Jones Ferry Road
Carrboro, NC 27510

Stephanie:

HCW has completed the renewal negotiations for the medical and dental renewals effective July 1, 2017.

A summary of the status of each renewal and our recommendations are as follows:

Medical Plan

We have negotiated a 6.8% renewal increase without plan design changes. This would increase annual total premiums approximately \$151,000 of which OWASA pays approximately 89%.

We do not believe that BCBSNC will agree to any further reductions on the current benefit plan and believe this is a fair renewal. At the request of the Board we are providing cost savings options below.

Plan Design Changes:

As requested, we ran plan design alternatives for consideration. The four options result in renewal increases ranging from 1.5% to 5.0%. The plan design options include changes to office visit copayments, deductibles, emergency room and urgent care copayments, pharmacy tier and adding coinsurance. As a result, the approximate total premium increases range from \$34,301 to \$110,387 depending on the option.

Spousal Surcharge:

The Board also requested information on implementing a Spousal Surcharge. Although we cannot predict the savings OWASA would experience, we can report that only 10% of HCW clients have implemented this approach and surcharge amounts range from \$89 - \$428 per month.

5 Tier Rates:

Currently, employees who cover more than one child on the medical plan must purchase family coverage. Adding a fifth tier for employee/children, would provide more affordable payroll deductions for them and possibly increase the number of employees covering their children and not their spouse. The current tier structure encourages them to cover spouses as well, since there is no additional cost. There are currently 2 employees on the family tier who do not cover their spouse.

Dental Plan

After negotiations, the revised renewal is 1.4%. We recommend accepting this renewal.

Sincerely,



Ellen Tucker, CMCE

Principal, Health & Welfare Consultant

OWASA Board Meeting May 11, 2017



Medical Renewal - BCBSNC

	Increase	Total Premium
Current		\$2,228,697
Renewal	14.6%	\$2,553,253
First Revision	9.0%	\$2,428,461
Second Revision	6.8%	\$2,379,713
Negotiated Savings		\$173,540

Total Premium

CURRENT	Annual Cost	Percentage Increase
	\$2,228,697	-
RENEWAL		
	\$2,379,713	6.8%
Option 1 (\$20/\$30 OV; \$1,000/\$3,000 Ded; \$2,000/\$6,000 OOP; \$300 ER)		
	\$2,315,769	3.9%
Option 2 (\$20/\$40 OV; \$300 ER; \$40 UC)		
	\$2,339,084	5.0%
Option 3 (\$20/\$40 OV; \$60 Rx; \$300 ER; \$40 UC)		
	\$2,333,955	4.7%
Option 4 (\$1,000/\$2,000 Ded; \$3,000/\$6,000 OOP; 10% Coins)		
	\$2,262,998	1.5%

Medical Summary – Total Rates

	Current / Renewal In-Network		Option 1 In-Network	Option 2 In-Network	Option 3 In-Network	Option 4 In-Network	
Calendar/Contract Yr.	Contract		Contract	Contract	Contract	Contract	
Preventive Care	100%		100%	100%	100%	100%	
Office Visit	PCP: \$15 Copay Specialist: \$30 Copay Current Virtual: Not Covered Renewal Virtual: \$15 Copay		PCP: \$20 Copay Specialist: \$30 Copay Virtual: \$20 Copay	PCP: \$20 Copay Specialist: \$40 Copay Virtual: \$20 Copay	PCP: \$20 Copay Specialist: \$40 Copay Virtual: \$20 Copay	PCP: \$15 Copay Specialist: \$30 Copay Virtual: \$15 Copay	
Prescription Drugs (Tier 1/Tier 2/Tier 3/Tier 4)	Retail: \$10/\$35/\$50/ 25% ¹ Mail: 3 x Copay		Retail: \$10/\$35/\$50/ 25% ¹ Mail: 3 x Copay	Retail: \$10/\$35/\$50/ 25% ¹ Mail: 3 x Copay	Retail: \$10/\$35/\$60/ 25% ¹ Mail: 3 x Copay	Retail: \$10/\$35/\$50/ 25% ¹ Mail: 3 x Copay	
Emergency Room	\$150 Copay		\$300 Copay	\$300 Copay	\$300 Copay	\$150 Copay	
Urgent Care	\$30 Copay		\$30 Copay	\$40 Copay	\$40 Copay	\$30 Copay	
Inpatient Care	100%*		100%*	100%*	100%*	90%*	
Outpatient Care	100%*		100%*	100%*	100%*	90%*	
Vision Care	Routine Exam: 100% Hardware: Not Covered (every benefit period)		Routine Exam: 100% Hardware: Not Covered (every benefit period)	Routine Exam: 100% Hardware: Not Covered (every benefit period)	Routine Exam: 100% Hardware: Not Covered (every benefit period)	Routine Exam: 100% Hardware: Not Covered (every benefit period)	
Annual Deductible	\$750/\$1,500		\$1,000/\$3,000	\$750/\$1,500	\$750/\$1,500	\$1,000/\$2,000	
Out of Pocket Maximum	\$1,750/\$3,500		\$2,000/\$6,000	\$1,750/\$5,250	\$1,750/\$5,250	\$3,000/\$6,000	
		Current	Renewal	Option 1	Option 2	Option 3	Option 4
Employee Only	87	\$1,027.58	\$1,097.21	\$1,067.73	\$1,078.48	\$1,076.11	\$1,043.40
Employee + Spouse	17	\$1,741.09	\$1,859.07	\$1,809.11	\$1,827.33	\$1,823.32	\$1,767.89
Employee + Child	16	\$1,254.28	\$1,339.27	\$1,303.28	\$1,316.40	\$1,313.52	\$1,273.58
Family	22	\$2,120.83	\$2,264.54	\$2,203.69	\$2,225.87	\$2,220.99	\$2,153.47
Total Annual Cost	142	\$2,228,697	\$2,379,713	\$2,315,769	\$2,339,084	\$2,333,955	\$2,262,998
Change from Current		-	6.8%	3.9%	5.0%	4.7%	1.5%

Medical Summary – Employer and Employee Contribution

		Renewal In-Network		Option 1 In-Network		Option 2 In-Network		Option 3 In-Network		Option 4 In-Network	
Calendar/Contract Yr.		Contract		Contract		Contract		Contract		Contract	
Preventive Care		100%		100%		100%		100%		100%	
Office Visit		PCP: \$15 Copay Specialist: \$30 Copay Current Virtual: Not Covered Renewal Virtual: \$15 Copay		PCP: \$20 Copay Specialist: \$30 Copay Virtual: \$20 Copay		PCP: \$20 Copay Specialist: \$40 Copay Virtual: \$20 Copay		PCP: \$20 Copay Specialist: \$40 Copay Virtual: \$20 Copay		PCP: \$15 Copay Specialist: \$30 Copay Virtual: \$15 Copay	
Prescription Drugs (Tier 1/Tier 2/Tier 3/Tier 4)		Retail: \$10/\$35/\$50/ 25% ¹ Mail: 3 x Copay		Retail: \$10/\$35/\$50/ 25% ¹ Mail: 3 x Copay		Retail: \$10/\$35/\$50/ 25% ¹ Mail: 3 x Copay		Retail: \$10/\$35/\$60/ 25% ¹ Mail: 3 x Copay		Retail: \$10/\$35/\$50/ 25% ¹ Mail: 3 x Copay	
Emergency Room		\$150 Copay		\$300 Copay		\$300 Copay		\$300 Copay		\$150 Copay	
Urgent Care		\$30 Copay		\$30 Copay		\$40 Copay		\$40 Copay		\$30 Copay	
Inpatient Care		100%*		100%*		100%*		100%*		90%*	
Outpatient Care		100%*		100%*		100%*		100%*		90%*	
Vision Care		Routine Exam: 100% Hardware: Not Covered (every benefit period)		Routine Exam: 100% Hardware: Not Covered (every benefit period)		Routine Exam: 100% Hardware: Not Covered (every benefit period)		Routine Exam: 100% Hardware: Not Covered (every benefit period)		Routine Exam: 100% Hardware: Not Covered (every benefit period)	
Annual Deductible		\$750/\$1,500		\$1,000/\$3,000		\$750/\$1,500		\$750/\$1,500		\$1,000/\$2,000	
Out of Pocket Maximum		\$1,750/\$3,500		\$2,000/\$6,000		\$1,750/\$5,250		\$1,750/\$5,250		\$3,000/\$6,000	
		Employer	Employee	Option 1 Employer/Employee		Option 2 Employer/Employee		Option 3 Employer/Employee		Option 4 Employer/Employee	
Employee Only	87	\$1,097.21	\$0.00	\$1,067.73	\$0.00	\$1,078.48	\$0.00	\$1,076.11	\$0.00	\$1,043.40	\$0.00
Employee + Spouse	17	\$1,478.14	\$380.93	\$1,438.42	\$370.69	\$1,452.90	\$374.43	\$1,449.72	\$373.60	\$1,405.64	\$362.25
Employee + Child	16	\$1,218.24	\$121.03	\$1,185.50	\$117.78	\$1,197.44	\$118.96	\$1,194.81	\$118.70	\$1,158.49	\$115.09
Family	22	<u>\$1,680.87</u>	<u>\$583.66</u>	<u>\$1,635.71</u>	<u>\$567.98</u>	<u>\$1,652.18</u>	<u>\$573.70</u>	<u>\$1,648.55</u>	<u>\$572.44</u>	<u>\$1,598.43</u>	<u>\$555.04</u>
Total Annual Cost	142	\$2,124,678	\$255,035	\$2,067,587	\$248,182	\$2,088,403	\$250,680	\$2,083,825	\$250,131	\$2,020,471	\$242,526
Change from Current		6.8%		3.9%		5.0%		4.7%		1.5%	

3.13

Other Considerations

- Spousal Surcharge
 - Approximately 10% of HCW Clients have a spousal surcharge
 - Surcharge amounts range from \$89 - \$428 per month

- 5-Tier Rates
 - Add Employee/Children Tier

5-Tier Illustrative Rates

	Total Subs	Rates	Total Employer Costs				Total Employee Costs				
			Monthly Cost	Contribution (%)	\$ Change from Current	% Change from Current	Monthly Cost	Contribution (%)	\$ Change from Current	% Change from Current	Per Pay Period Cost
CURRENT											
Base Plan - BCBSNC Quote #5087827											
Employee Only	87	\$1,027.58	\$1,027.58	100.0%	-	-	\$0.00	0.0%	-	-	\$0.00
Employee + Spouse	17	\$1,741.09	\$1,384.35	79.5%	-	-	\$356.74	20.5%	-	-	\$178.37
Employee + Child	16	\$1,254.28	\$1,140.94	91.0%	-	-	\$113.34	9.0%	-	-	\$56.67
Employee + Children	1	\$2,120.83	\$1,574.20	74.2%	-	-	\$546.63	25.8%	-	-	\$273.32
<u>Family</u>	<u>21</u>	<u>\$2,120.83</u>	<u>\$1,574.20</u>	<u>74.2%</u>	<u>-</u>	<u>-</u>	<u>\$546.63</u>	<u>25.8%</u>	<u>-</u>	<u>-</u>	<u>\$273.32</u>
Total (Annual)	142	\$2,228,697	\$1,989,850	89.3%	-	-	\$238,847	10.7%	-	-	
Total (PEPM)		\$1,307.92	\$1,167.75	89.3%	-	-	\$140.17	10.7%	-	-	
RENEWAL											
Base Plan - BCBSNC Quote #5087827											
Employee Only	87	\$1,097.46	\$1,097.46	100.0%	\$69.88	6.8%	\$0.00	0.0%	\$0.00	0.0%	\$0.00
Employee + Spouse	17	\$1,859.48	\$1,478.47	79.5%	\$94.12	6.8%	\$381.01	20.5%	\$24.27	6.8%	\$190.51
Employee + Child	16	\$1,339.57	\$1,218.51	91.0%	\$77.57	6.8%	\$121.06	9.0%	\$7.72	6.8%	\$60.53
Employee + Children	1	\$1,402.12	\$1,249.79	89.1%	(\$324.41)	-20.6%	\$152.33	10.9%	(\$394.30)	-72.1%	\$76.17
<u>Family</u>	<u>21</u>	<u>\$2,265.05</u>	<u>\$1,681.25</u>	<u>74.2%</u>	<u>\$107.05</u>	<u>6.8%</u>	<u>\$583.80</u>	<u>25.8%</u>	<u>\$37.17</u>	<u>6.8%</u>	<u>\$291.90</u>
Total (Annual)	142	\$2,369,893	\$2,119,979	89.5%	\$130,128	6.5%	\$249,914	10.5%	\$11,068	4.6%	
Total (PEPM)		\$1,390.78	\$1,244.12	89.5%	\$76.37	6.5%	\$146.66	10.5%	\$6.50	4.6%	

Dental Renewal

	Increase	Total Premium
Dental – BCBSNC - Current		\$75,425
Dental – BCBSNC - Renewal	9.5%	\$82,617
Dental – BCBSNC – First Revision	6.8%	\$80,522
Dental – BCBSNC – Second Revision	1.4%	\$76,485
Dental – Negotiated Savings		\$6,132

Questions?



Durham | Greensboro | Wilmington | Greenville

hcwbenefits.com

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE
CONTRACTS WITH BLUE CROSS BLUE SHIELD OF NORTH CAROLINA
(BCBSNC) FOR EMPLOYEE HEALTH AND DENTAL
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). The Health and Dental insurance contract will expire on June 30, 2017; 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 _____%, and renewal of its Dental coverage with an increase in annual premiums of _____%; and

WHEREAS, with the capable assistance of Hill, Chesson & Woody the Board of Directors 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 for a period of twelve months beginning July 1, 2017.
2. That the Executive Director is hereby authorized and directed to execute the proposed contract with BCBSNC for the year commencing July 1, 2017..

Adopted this 11th day of May 2017.

John A. Young, Chair

ATTEST:

Barbara M. Foushee, Secretary

Agenda Item 4:

Discuss Advanced Metering Infrastructure (AMI) Procurement

Purpose:

Staff from OWASA (including General Counsel), Don Schlenger & Associates (DS&A - consultant) and Mueller Systems (vendor) have developed contract documents, and negotiated terms, fees and schedules for OWASA's AMI System. The attached memorandum serves as a brief overview of those items for the Board's review.

Background:

On March 24, 2016, following a feasibility study and an extensive community engagement effort, the Board of Directors determined that implementing an AMI system is in the best interests of our customers and authorized staff to proceed with procurement and implementation planning.

Since March 2016, we hired DS&A to assist staff with the procurement process, develop a change management plan, and help manage the installation process. We have also hired a Business Systems Analyst to help ensure a successful project, developed a Community Engagement Plan, and have been approved to receive a low-interest Drinking Water State Revolving Fund (SRF) loan to fund the project.

Our selection committee, comprised of Stephen Winters – Director of Finance and Customer Service, Denise Battle – Customer Service Manager, Dan Przybyl – Director of Information Technology, Howard Hardiman – Business Systems Analyst, Mary Tiger – Sustainability Manager and Todd Taylor – General Manager of Operations, with assistance from DS&A chose Mueller Systems as the most responsive and qualified AMI vendor following a rigorous request for proposals (RFP) process and an objective vetting. Mueller Systems garnered strong support from the committee for cost effectiveness, ease of use, its customer portal, and information technology (IT) integration.

Over the past two months, staff from OWASA, DS&A and Mueller Systems have developed contract documents and negotiated terms, fees and schedules for OWASA's AMI System. The contract is ready to be executed subject to the approval of the North Carolina Division of Water Infrastructure (NCDWI). NCDWI approval is a step in the process of obtaining the low-interest SRF loan. We expect to get NCDWI approval by mid-June. (The draft resolution at the end of this memo stipulates approval by June 30, 2017. This is merely to give us additional time if necessary.)

May 11, 2017

Action/Recommendation:

Staff requests that the Board provide feedback and guidance to staff in advance of the Board's May 25, 2017 meeting, where staff will request Board adoption of a resolution awarding a contract for the Advanced Metering Infrastructure System project.

Information:

- **Memorandum:** Overview of the Advanced Metering Infrastructure (AMI) System Procurement
- **Attachment 1:** Draft Resolution

May 11, 2017




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: Board of Directors

THROUGH: Ed Kerwin 

FROM: Todd Taylor, P.E.

DATE: May 4, 2017

SUBJECT: Overview of the Advanced Metering Infrastructure (AMI) System Procurement

Purpose:

Staff from OWASA (including General Counsel), Don Schlenger & Associates (DS&A - consultant) and Mueller Systems (vendor) have developed contract documents, and negotiated terms, fees and schedules for OWASA's AMI System. This memorandum serves as a brief overview of those items for the Board's review.

Action Requested:

Staff requests that the Board provide feedback and guidance to staff in advance of the Board's May 25, 2017 meeting, where staff will request Board adoption of a resolution awarding a contract for the Advanced Metering Infrastructure System project.

Background:

On March 24, 2016, following a feasibility study and an extensive community engagement effort, the Board of Directors determined that implementing an AMI system is in the best interests of our customers and authorized staff to proceed with procurement and implementation planning.

Since March 2016, we hired DS&A to assist staff with the procurement process, develop a change management plan, and help manage the installation process. We have also hired a Business Systems Analyst to help ensure a successful project, developed a Community Engagement Plan, and have been approved to receive a low-interest Drinking Water State Revolving Fund (SRF) loan to fund the project.

Our selection committee, comprised of Stephen Winters – Director of Finance and Customer Service, Denise Battle – Customer Service Manager, Dan Przybyl – Director of Information Technology, Howard Hardiman – Business Systems Analyst, Mary Tiger – Sustainability Manager and myself, with assistance from DS&A chose Mueller Systems as the most responsive and qualified AMI vendor following a rigorous request for proposals (RFP) process and an objective vetting. Mueller Systems

garnered strong support from the committee for cost effectiveness, ease of use, its customer portal, and information technology (IT) integration.

Over the past two months, staff from OWASA, DS&A and Mueller Systems have developed contract documents and negotiated terms, fees and schedules for OWASA's AMI System. The contract is ready to be executed subject to the approval of the North Carolina Division of Water Infrastructure (NCDWI). NCDWI approval is a step in the process of obtaining the low-interest SRF loan. We expect to get NCDWI approval by mid-June. (The draft resolution at the end of this memo stipulates approval by June 30, 2017. This is merely to give us additional time if necessary.)

Summary of goods and services being procured:

Mueller Systems will be contractually obligated to provide a comprehensive set of integrated goods and services necessary to successfully construct, operate and maintain the AMI System. The following is an overview of the goods and services Mueller Systems will provide:

- Hardware
 - Network Infrastructure, including endpoints (i.e. transmitters), repeaters and data collectors
 - Meters and Meter Box Lids
 - Handheld Devices
- Software
 - Network Management and Data Collection
 - Meter Data Management System
 - Web/Customer Portal
- Services
 - Project Management
 - Quality Control & Testing
 - Installation
 - Software Integration
 - Software systems hosting
 - System and Network Monitoring
 - Maintenance
 - Customer Support
- Training
 - Field Services
 - Customer Service
- Warranties
 - Hardware
 - Software

Budget and Schedule:

The total capital outlay per this contract is \$4,903,304, which is 4.6% less than the \$5,140,000 estimated in the 2015 Feasibility Study. Annual operation and maintenance costs are \$106,500, which is 29% below the \$150,000 per year projected in the Study.

We have extended the field installation period from about 11 months to almost 14 months to allow for a slow start due to holidays at the end of the year, and to allow special considerations in installing the system on the UNC campuses. This extends the project schedule out to 24 months total, but we may be able to shorten the installation period.

Contract Documents and Provisions:

The contract memorializes the terms and conditions that both parties agreed to prior to the “work” commencing. A great deal of knowledge and understanding about each party’s perspective, roles, and responsibilities was gained by coming together and developing these documents. As a result, we have built a stronger project team and have a comprehensive and sophisticated set of contract documents in place to guide our work.

Risk Mitigation

The deployment of any technology involves some risk. While AMI is a well-proven technology, the contract documents incorporate many provisions to minimize risk to OWASA. Some examples are provided below:

- A cap on network capital costs
- High level of redundancy in data pathways, so readings are not lost
- Network performance guarantees
- Network Maintenance Agreement
- Software-as-a-Service (SaaS) Service Level Agreement
- Contingency budget
- Project “gates” (i.e. testing and acceptance at each stage of project before next stage can commence)
 - Software
 - Integration
 - End-to-end test
 - Field readiness test
- Installer is required to saturate one area before moving to next
- Payments tied to working endpoints
- Photographic records during installation
- Area performance acceptance tests
- Extended warranties
- Catastrophic failure provision

For the Board’s convenience, a brief summary of each section of the contract is provided below:

- a) *Master Agreement* – This is the primary agreement between OWASA and Mueller Systems for the goods and services to be provided for this project. The agreement contains information and provisions regarding performance and payment bonds, insurance, dispute resolution procedures, termination, liability, change orders, etc. The Master Agreement is where many of the legal protections also reside. For example, this document provides indemnity to OWASA for

infringement of intellectual property by Mueller Systems. Many other such provisions are included in the Master Agreement.

- b) *Statement of Work (SOW)* – The SOW defines the “work” (services) to be performed by Mueller Systems for OWASA. This document describes the scope of services to be provided, deliverables, assumptions, responsibilities, timelines and completion criteria. For example, the field readiness test (FRT) is a deliverable defined in the SOW. The FRT is a pilot test involving a small quantity of meters and transmitters being deployed using Mueller’s installation procedures. It will occur in a part of our service area with network coverage after the software integration process, but before meters and transmitters are deployed on a larger scale. The FRT provides an opportunity for OWASA and Mueller to evaluate these procedures to ensure they are working and effective based on predetermined acceptance criteria and modify them before proceeding to full scale deployment. Progress payments are also withheld until successful completion of this test. Many other activities are addressed in similar fashion within the SOW.
- c) *Fee Schedule* – A series of pricing tables are included in the contract documents to define the unit costs for materials and labor rates for performing certain tasks. Agreement on these costs in advance is very important should actual field conditions warrant changes to the scope of the project. For example, data collectors require electricity to operate. 75% of the collectors proposed for our service area are anticipated to be directly connected to AC power, while the remaining 25% are anticipated to be solar powered. Generally, this is due to the availability of (or proximity to) power at proposed locations. The additional cost for the solar powered units is defined in the pricing tables as \$2,317. Should we need more or fewer solar powered units due to field conditions, the additional cost or credit is predefined in the contract.
- d) *Project Schedule* – This is a high level schedule focused on the timing of certain milestones that must be achieved for the vendor to receive progress payments and/or close out certain tasks. For example, the FRT discussed earlier is scheduled to be completed by December 20, 2017.
- e) *Technical Requirements* – The technical requirements define the specific performance expectations for the system components. For example, read success rate is partially defined in the technical requirements as “99.5% of available endpoints (i.e. transmitters) must provide a meter reading within three days of the scheduled reading date for billing purposes.” This ensures that the network functions at a very high level to provide timely, accurate information for generating bills and to virtually eliminate the need for manual meter reading. This requirement is for the life of the system.
- f) *Warranties* – Mueller Systems is providing warranty coverage for certain periods of time on their hardware and software products. For example, the warranty provisions state that the endpoints (i.e. transmitters) will be covered for a period of 10 years on materials and workmanship and have a prorated warranty for another 10 years beyond that. Warranties on other products vary and are defined in this section of the contract.
- g) *Service Level Agreement (SLA)* – Mueller Systems will provide Software-as-a-Service (SaaS) under this contract. The SLA sets forth Mueller Systems’ performance levels for this service. For example, should the Meter Data Management System (MDMS) be available to OWASA

users for less than 98% of scheduled business hours in a given month, Mueller would owe OWASA a credit towards the SaaS fees the following year equal to 3% of the monthly fee.

- h) *End User License Agreement (EULA)* – Mueller Systems will provide OWASA a license to use their software solely for the purposes of internal information management and processing purposes. The EULA ensures that Mueller Systems retains their ownership rights and protects their intellectual property and trade secrets.
- i) *Network Maintenance Agreement* – Mueller Systems will provide OWASA network maintenance services under this agreement. These services include the labor and equipment to troubleshoot, repair and replace network components (i.e. data collectors and repeaters). This agreement defines the response timeframes and procedures associated with providing these services. For example, service requests should be completed within three to five business days, however, work above 50 feet may take five to ten business days to complete.
- j) *Bailment Agreement* – OWASA will provide Mueller Systems an area on our property to store materials that OWASA has purchased for the project. Mueller Systems will manage this inventory for OWASA and this agreement addresses the details of the arrangement such as Mueller Systems being responsible for returning any unused materials to OWASA at the end of the project.

Other Requirements:

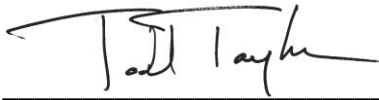
The State Revolving Fund (SRF) loan provisions place certain requirements on Mueller Systems (e.g. American Iron & Steel, Iran Divestment and others). Two that may be of particular interest to the Board:

- a) *Minority and Women-owned Business Enterprise (MWBE) Participation* – The SRF goal for MWBE participation is 10% of the contract cost. Per Mueller Systems proposal they anticipate 11.5%. There are several affidavits associated with this requirement that must be submitted by Mueller Systems to the State documenting their good faith efforts to meet these requirements.
- b) *Davis-Bacon Wage Requirements* – Mueller Systems and their subcontractors will be required to pay their workers prevailing wages as defined by the State. As a result, they will be required to keep detailed payroll records and submit them along with a “Statement of Compliance” on a weekly basis.

Conclusion:

The contract for the AMI system was developed through a joint effort by OWASA staff (including our General Counsel), DS&A (nationally recognized experts in this field) and Mueller Systems (a leading provider of AMI systems) over the span of a couple of months. The documents thoroughly address all aspects of the project and accurately reflect the desire of both parties to successfully install a high performing system that will efficiently and effectively meet the needs of our community for years to come. The capital outlay for the project and operating expenses are in line with previous estimates. Therefore, staff will request that the Board adopt the resolution in Attachment 1 at the May 25, 2017 business meeting.

We look forward to the Board's discussion on May 11, 2017.

A handwritten signature in black ink, appearing to read "Todd Taylor". The signature is written in a cursive style with a long horizontal stroke extending to the left.

Todd Taylor, P.E.
General Manager of Operations

Information:

Attachment 1 – Draft Resolution to Award the AMI System Contract

**RESOLUTION AWARDING A CONTRACT FOR THE ADVANCED METERING
INFRASTRUCTURE SYSTEM PROJECT**

WHEREAS, having conducted a feasibility study and an extensive community engagement effort, the Board of Directors has determined that implementing an Advanced Metering Infrastructure (AMI) System is in the best interests of the Orange Water and Sewer Authority's customers; and

WHEREAS, a request for proposals was prepared and issued by the Orange Water and Sewer Authority with assistance from Don Schlenger and Associates and following concurrence by the North Carolina Division of Water Infrastructure; and

WHEREAS, a total of six individual proposals were received and evaluated in response to the request for proposals; and

WHEREAS, Mueller Systems, Inc., through due diligence, was selected as the most responsive and qualified vendor; and

WHEREAS, the Orange Water and Sewer Authority and Mueller Systems, Inc. have mutually agreed to the terms and conditions for the execution of the project; and

WHEREAS, the Capital Improvements Program (CIP) contains sufficient funds for the execution of this project, and Orange Water and Sewer Authority expects to receive low-interest loan funding for this project through North Carolina's Drinking Water State Revolving Fund;

NOW, THEREFORE, BE IT RESOLVED:

1. That, subject to the approval of the North Carolina Division of Water Infrastructure and provided said approval is received on or before June 30, 2017, the Orange Water and Sewer Authority Board of Directors awards the AMI contract to Mueller Systems, Inc., in accordance with the approved contract documents, in the amount of \$4,903,304, subject to such change orders as may apply.

2. That, following receipt of the North Carolina Division of Water Infrastructure's approval as provided above, or after June 30, 2017 whichever occurs first, the Executive Director be, and hereby is, authorized to execute said contract, subject to prior approval of legal counsel, and to approve and execute change orders and such documents as may be required in connection with the AMI contract.

Adopted this 25th day of May, 2017.

John A. Young, Chair

ATTEST:

Barbara M. Foushee, Secretary

Agenda Item 5:

Discuss Information and Options for Employee Merit Pay for Fiscal Year 2018

Purpose

To provide the Board of Directors information to make a decision on possible employee pay adjustments for Fiscal Year 2018.

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 no later than the June 8th Work Session. If approved, pay range adjustments and pay increases normally go into effect the first pay period in November.

Information

- Memo outlining:
 - Pay Administration Guidelines
 - Market Analysis
 - Approach to Advance Employee Compensation Based on Performance provided to the Board on April 27, 2017
 - Staff Recommendation
- World at Work Salary Data for 2017

May 11, 2017



ORANGE WATER AND SEWER AUTHORITY

*A public, non-profit agency providing water, sewer and reclaimed water services
to the Carrboro-Chapel Hill community.*

TO: Board of Directors

THROUGH: Ed Kerwin *ELK*

FROM: Stephanie S. Glasgow

DATE: May 5, 2017

SUBJECT: Information and Options for Employee Merit Pay for Fiscal Year 2018

Purpose

To provide the Board of Directors information to make a decision on possible employee pay adjustments for Fiscal Year (FY) 2018.

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 final decision about employee pay at the June 8th 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.

Pay Administration 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 the Pay Administration Guidelines.

Merit Pay Adjustments

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

- Exceptional (no more than approximately 10% of employees)
- Successful (the majority of employees are rated in this category)
- Needs Improvement
- Unsuccessful

Only employees with Exceptional or Successful performance ratings are to receive an increase (cost of labor and/or merit) 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 2017, Cost of Labor increases are projected to be from 1.1% to 2.5% and Merit Pay increases are projected to be from 2.7% to 3.2%. (See Attachment #1 for WorldatWork survey data.)

The following table shows planned employee compensation increases for local entities.

Entity	Merit	Cost of Labor/Living
City of Durham	4%	N/A
Town of Cary	Last year funded up to 4% and will most likely do the same.	N/A
Town of Hillsborough	3.25% Average (0 – 4.67%)	N/A
Cape Fear Public Utility	Proposed 3%	Proposed 1%
Town of Chapel Hill	N/A	Proposed 2.5% Adjusting 40 positions based on a recent market survey.
Town of Carrboro	N/A	Proposed 3%
Orange County	Proposed One-time \$500, \$750 or \$1,000 Bonus Based on Performance	Proposed 2%
Greenville Utilities	Proposed 1.5%	Proposed 1.7%

Preliminary Fiscal Year 2018 Budget

The preliminary Fiscal Year 2018 budget includes a placeholder for an increase of 3% of wages or about \$230,000. At the Board's discretion, this amount can be increased or decreased.

Approach to Advance Employee Compensation Based on Performance

At the April 27, 2017 meeting, the Board was provided information indicating that approximately 70% of our employees are below their pay range midpoint and moving slowly through their pay ranges. The Board determined that the Human Resource Committee would meet to discuss options to address this issue in greater detail.

As discussed at the April 27th Board meeting, employees would move more quickly through their pay range, and therefore be compensated at the market rate for their job performance, if the spread between their annual merit pay increase and the annual cost of labor increase were greater. Conversely, compression between the annual cost of labor increase and the annual merit pay increase necessarily slows the progression of employees through the pay range for their salary grades.

For a successfully performing employee starting at the minimum of their pay range, Table 1 shows the pace at which they would advance through their pay range under four scenarios.

Table 1.

Assumptions		Adjustment Necessary to Support Assumption
Number of Years for Employee Starting at Minimum of Pay Range to Reach Mid-Point of Pay Range	Number of Years for Employee Starting at Minimum of Pay Range to Reach Maximum of Pay Range	Percentage that Annual Merit Pay Increase Exceeds Cost of Labor Adjustment
9	15	2.9%
11	20	2.2%
14	25	1.8%
16	30	1.5%

For example, should the Board decide to target 11 years as the time for an employee starting at the minimum of the pay range to reach the mid-point, the Board would need to approve an annual merit pay increase that exceeds the cost of labor increase by 2.2% each year.

Staff Recommendation

Based on the market data provided, the Board's discussion on April 27th, and in accordance with our Pay Administration Guidelines, staff recommends the Board consider the following:

1. Approve a 1.0% Cost of Labor increase for all eligible employees who earn a Successful or Exceptional rating on their October 2017 annual performance review and implement the same percentage increase to salary ranges in the Schedule of Employee Classification and Authorized Compensation effective October 30, 2017.
2. Employees rated as Successful in their October 2017 annual performance review shall receive a Merit pay increase of 2.5% effective October 30, 2017.

3. Employees rated as Exceptional in their October 2017 annual performance review shall receive a Merit pay increase of 5.0% effective October 30, 2017.

Implementing the recommendation above would result in the following:

- Employees receiving a Successful performance rating would receive a total wage increase of 3.5%.
- Employees receiving an Exceptional performance rating would receive a total wage increase of 6.0%.

	Components of Employee Pay Adjustments	WorldatWork	Staff Recommended Adjustment for Successful Rating	Staff Recommended Adjustment for Exceptional Rating
	Cost of Labor	1.1 – 2.5%	1.0%	1.0%
+	Merit Pay	2.7 – 3.2%	2.5%	5.0%
=	Total Pay Increase		3.5%	6.0%
	Approximate Budget Impact		\$290,000	

The total budget impact of the recommended wage adjustment is approximately \$290,000 (about \$60,000 greater than the amount in the current draft of the FY 2018 Budget). 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.



Stephanie S. Glasgow, MESH, MPM, PHR, SHRM-CP
Director of Human Resources and Safety

Attachment #1: World at Work Survey Data

WORLD AT WORK SALARY SURVEY DATA

	2016				2017 projected			
	COLA	Merit	Other	Total ⁴	COLA	Merit	Other	Total ⁴
	(Percent)				(Percent)			
1-499 Employees, \$30M-\$100M revenue								
All Industries								
National	1.7	3.1	0.9	3.2	2.4	3.2	1.4	3.3
Southern ¹	2.3	3.2	0.8	3.2	2.5	3.2	2.1	3.6
NC	*	3.2	-	2.9	*	*	*	7.4
Public Administration ²								
National	-	*	-	*	-	*	-	*
Southern ¹	-	*	-	*	-	*	-	*
NC	-	-	-	-	-	-	-	-
Utilities ³								
National	*	2.9	*	4.2	-	-	-	-
Southern ¹	-	*	-	*	-	-	-	-
NC	-	*	-	*	-	-	-	-
All Size Employees, All Size Revenue								
All Industries								
National	1.4	2.7	0.9	3.0	1.6	2.9	0.8	3.1
Southern ¹	1.2	2.7	0.8	2.9	1.4	2.9	0.8	3.1
NC	1.5	2.8	0.7	3.0	1.6	2.8	0.8	3.1
Public Administration ²								
National	1.5	2.8	2.1	3.3	1.3	2.9	0.8	3.1
Southern ¹	1.4	2.7	1.2	3.2	1.1	3.0	0.9	3.2
NC	*	2.8	*	2.9	-	2.7	*	2.8
Utilities ³								
National	1.8	2.7	0.9	2.9	2.2	3.0	0.5	3.2
Southern ¹	1.7	2.7	0.4	2.8	1.8	3.0	0.4	3.2
NC	*	2.9	-	2.9	*	2.9	-	2.6

(-) No responses for this category

(*) Less than 5 responses for 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, Black Hills Corp, City Utilities of Springfield, MO, Entergy, NY Power Authority, TN Valley Authority, 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.

**RESOLUTION UPDATING THE SCHEDULE OF EMPLOYEE
CLASSIFICATION AND AUTHORIZED COMPENSATION; ADJUSTING AFFECTED
EMPLOYEES' COMPENSATION TO THE MINIMUM OF THE PAY RANGE;
AND AUTHORIZING COST OF LABOR AND MERIT PAY INCREASES
FOR ELIGIBLE EMPLOYEES**

WHEREAS, the Orange Water and Sewer Authority maintains a Schedule of Employee Classification and Authorized Compensation that describes the number of authorized employee positions, various classifications of those positions, and pay ranges for those classifications, as the Board of Directors has determined from time to time to be necessary and appropriate to efficiently and effectively fulfill the organization's duties and responsibilities; and

WHEREAS, the Board of Directors has reviewed that schedule of positions, classifications and compensation, along with information pertaining to compensation paid by competitors in the marketplace, and has determined to increase the compensation shown in those pay ranges in order to achieve and maintain competitiveness in the market; and

WHEREAS, the Board of Directors has determined that it is reasonable and necessary to provide additional Merit Increases to compensate qualified employees for satisfactory service, so that experienced employees may be retained to do the work necessary for the operation of the OWASA service system:

NOW THEREFORE, BE IT RESOLVED:

1. That the Board of Directors hereby approves a _____% Cost of Labor increase for eligible employees who have earned a Successful or Exceptional Performance review during the October 2017 annual review process and the Executive Director is directed to adjust and implement the same percentage increase in salary ranges in the Schedule of Employee Classification and Authorized Compensation.
2. That the Board of Directors hereby approves a Merit increase to employees earning a performance review rating of "Successful" during the October 2017 annual review process by increasing base pay _____.
3. That the Board of Directors hereby approves a Merit increase to employees earning a performance review rating of "Exceptional" during the October 2017 annual review process by increasing base pay _____.
4. That employees whose salaries fall below the minimum amount of the new pay ranges shall be brought up to the minimum of the respective pay range regardless of the performance rating earned.
5. That the pay adjustments will be effective October 30, 2017.

Adopted this 11th day of May 2017.

John A. Young, Chair

ATTEST:

Barbara M. Foushee, Secretary

Agenda Item 6:

Review Board Work Schedule

Purpose:

- a) Request(s) by Board Committees, Board Members and Staff
 - Annual Board Self-Assessment
 - Televising OWASA Board Meetings (Mr. Braxton Foushee’s petition)
- b) Review the draft agendas and discuss expectations for the May 25, 2017 and June 8, 2017 meetings
- c) Review and update the 12 Month Board Meeting Schedule
 - Schedule Discussion of Financial Reserves Policy
- d) Review Pending Key Staff Action Items

Information:

- Draft agenda for the May 25, 2017 meeting
- Draft agenda for the June 8, 2017 work session
- 12 Month Board Meeting Schedule
- Pending Key Staff Action Items from Board Meetings

May 11, 2017

Agenda
Public Hearings and Meeting of the OWASA Board of Directors
Thursday, May 25, 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.

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 a four-minute time frame allowed each speaker, unless otherwise determined by 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.
 - A. Public
 - B. Board
 - C. Staff

CONSENT AGENDA

Action

3. Approve Rogers Road Sewer Operating Agreement with Orange County (Mary Darr)
4. Approve minor changes to Water and Sewer Management, Planning and Boundary Agreement (Ruth Rouse)
5. Award the Water Treatment Plant Filter Media and Backwash Improvements Contract (Vishnu Gangadharan)

- 6 Minutes of the April 13, 2017 Work Session of the Board of Directors (Andrea Orbich)
7. Minutes of the April 27, 2017 Work Session of the Board of Directors (Andrea Orbich)
8. Minutes of the May 11, 2017 Closed Session of the Board of Directors for the Purpose of Discussing a Personnel Matter (Robert Morgan)

REGULAR AGENDA

Discussion and Action

9. Approve Renewal of Employee Health and Dental Insurance (Stephanie Glasgow)
10. Award Advanced Metering Infrastructure Procurement Contract (Todd Taylor)

Discussion

11. Overview of OWASA's Land Holdings and Past Management Discussions and Actions (Ruth Rouse)

Summary of Board Meeting Action Items

12. 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 8, 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/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, unless otherwise determined by 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

Consent Agenda

Action

1. Award the Hillsborough Street Water Main Replacement Contract (Simon Lobdell)

Regular Agenda

Discussion and Action

2. Approval of the Schedule of Rates, Fees and Charges; Annual Budget; and Five-Year Capital Improvements Program (CIP) (Stephen Winters)
 - A. Resolution Adopting the Schedule of Rates, Fees and Charges Applicable to All Customers On and After October 1, 2017
 - B. Resolution Adopting the Budget for Orange Water and Sewer Authority for Fiscal Year (FY) 2018
 - C. Resolution Approving the CIP for FY 2018-2022 and the Accompanying FY 2018 Capital Project Resolution
3. Approval of Employee Merit/Cost of Labor Pay Increases for Fiscal Year 2018 (Stephanie Glasgow)

Discussion

4. Progress Report on OWASA's Diversity and Inclusion Program (Ed Kerwin)
5. Review 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
 - e. Pending Key Staff Action Items

Election of Officers (Effective July 1, 2017)

6. Report of the Nominating Committee and Election of Officers (Yinka Ayankoya, Chair of the Nominating Committee)
 - A. Chair of the Board
 - B. Vice Chair of the Board
 - C. Secretary of the Board

Summary of Work Session Items

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

DRAFT

OWASA Board of Directors – 12 Month Board Meeting Schedule (May 5, 2017)

Month	Board Meetings		Committee & Other Meetings and Reports
	Work Session	Business Meeting	
May 2017	<p><i>Discuss AMI System Procurement</i> Discuss Employee Health and Dental Insurance Renewal () Discuss Employee Merit Pay for FY 18 () Award the Rogerson Drive Pump Station Rehabilitation Contract () CS – ED Interim Review ()</p> <p style="text-align: right;"><i>5/11/2017</i></p>	<p><i>Award AMI System Procurement Contract</i> <i>Overview of OWASA’s Land Holdings and Past Management Discussions and Actions</i> Public Hearings – FY 18 Budget and Rates () Approve Employee Health and Dental Insurance Renewal () Award the Water Treatment Plant Filter Media and Backwash Improvements Contract Approve Rogers Road Sewer Operating Agreement with Orange County Approve minor changes to Water and Sewer Management, Planning and Boundary Agreement</p> <p style="text-align: right;"><i>5/25/2017</i></p>	<p style="text-align: center;"><i>Nominating Committee Meeting (TBD)</i></p>
June 2017	<p>Diversity and Inclusion Progress Report () Approve FY 18 Budget and Rates () Approve Employee Merit/Cost of Labor Pay Increases for FY 18 () Award the Hillsborough Street Water Main Replacement Contract () Election of Officers ()</p> <p style="text-align: right;"><i>6/8/2017</i></p>	<p>TBD</p> <p style="text-align: right;"><i>6/22/2017</i></p>	
July 2017	<p>TBD</p> <p style="text-align: right;"><i>7/13/2017</i></p>	<p>TBD</p> <p style="text-align: right;"><i>7/27/2017</i></p>	
August 2017	<p>Award the Brandywine Drive Water Main Replacement Contract () CS – General Counsel Review ()</p> <p style="text-align: right;"><i>8/10/2017</i></p>	<p>Preliminary 12 Month Financial Report () CIP Semiannual Report () EEO/Affirmative Action Report () Award the Administration Building HVAC Replacement Contract () CS – General Counsel Review ()</p> <p style="text-align: right;"><i>8/24/2017</i></p>	<p style="text-align: center;"><i>HR Committee Meeting on Employee Compensation (TBD)</i></p>
September 2017	<p><i>Discuss LRWSP – Demands & Yield</i> Diversity and Inclusion Progress Report () Discuss KPI Trends () CS – ED Review ()</p> <p style="text-align: right;"><i>9/14/2017</i></p>	<p>Annual Report and Financial Audit () Approve General Counsel Engagement () CS – ED Review ()</p> <p style="text-align: right;"><i>9/28/2016</i></p>	<p style="text-align: center;"><i>NRTS Committee Meeting on Biogas-to-Energy (TBD)</i></p>
October 2017	<p><i>Discuss AMI Policies and Manual Read Charge</i> Discussion of impact on MFMM rate change () CS – ED Review ()</p> <p style="text-align: right;"><i>10/12/2017</i></p>	<p><i>Approve AMI Policies and Manual Read Charge</i> Q1 Financial Report () Strategic Trends Report () CS – ED Review ()</p> <p style="text-align: right;"><i>10/26/2017</i></p>	
November 2017	<p>Status of Action Items on Communications during Emergencies</p> <p style="text-align: right;"><i>11/9/2017</i></p>	<p><i>Holiday - no meeting</i></p>	
December 2017	<p>Discuss KPI Trends Affordability Outreach Program Update</p> <p style="text-align: right;"><i>12/14/2017</i></p>	<p><i>Holiday - no meeting</i></p>	
January 2018	<p>FY 19 Budget Calendar and Assumptions () Employee Health and Dental Insurance Update () CY 17 Biosolids Report</p> <p style="text-align: right;"><i>1/11/2018</i></p>	<p>Annual Lakes Recreation Report (regular agenda) () Q2 Financial Report () CIP Semiannual Report ()</p> <p style="text-align: right;"><i>1/25/2018</i></p>	

OWASA Board of Directors – 12 Month Board Meeting Schedule (May 5, 2017)

February 2018	Energy Management Plan Update CS - General Counsel Interim Review (C) <i>2/8/2018</i>	CS - General Counsel Interim Review (C) <i>2/22/2018</i>	
March 2018	FY 19 Draft Budget & Rates (C) Set date for Public Hearings – FY 19 Budget & Rates (C) CS - ED Interim Review (C) <i>3/8/2018</i>	FY 19 Draft Budget & Rates (C) CS – ED Interim Review (C) <i>3/22/2018</i>	
April 2018	Review Employee Health and Dental Insurance Renewal (C) FY 19 Draft Budget and Rates (C) Authorize staff to publish proposed rates (C) Appointment of the Nominating Committee(?) (C) <i>4/12/2018</i>	Q3 Financial Report (C) Appoint Audit Firm (C) <i>4/26/2018</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.

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 (May 5, 2017)

Abbreviations Used in Draft Schedule:

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

Current and Pending Key Projects and Stages

Project	Strategic Initiative	Project Lead	May-17	Jun-16	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18
AMI	6	Taylor	Contract											
Total Compensation Study		Glasgow	<i>Schedule To Be Determined</i>											
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
4-27-2017	Schedule HR Committee to discuss long-term approach to employee compensation.	TBD	Glasgow	
4-27-2017	Answer questions about low-interest loans and sewer only customers via email.	NA	Winters	
4-13-2017	Provide the Board information about the resources and time commitment needed to issue an RFP for banking services.	TBD	Winters	
4-13-2017	Remind new Board to make appointment to Intergovernmental Parks Work Group.	TBD	Orbich	After July 1, 2017
3-23-2017	Staff to evaluate a document Dave Moreau will prepare regarding a potential request of the State (possibly in coordination with others) seeking guidance/criteria/support from the State on drinking water supply matters during various water emergencies (currently, the State's focus is enforcement of drinking water quality).	TBD	Kerwin Taylor Loflin	
3-9-2017	Evaluate options for live viewing and video of all OWASA Board meetings as part of the FY 2018 budget review process.	NA	Orbich Grey	Board to discuss on May 11, 2017 E-mail sent to the Board on 4-21-2017 with updated options, costs and availability 3-24-2017: Updated website to clarify options for viewing televised/live streamed Board meetings
1-26-2017	For the next CIP report, consider adding multi-year budget information. Provide an explanation of significant budget impacts or delays for key projects in the report narrative.	8-24-2017	Gangadharan	
12-8-2016	Implement improvements to the Key Performance Indicators as discussed with the Board on 12-8-2016.	NA	Tiger All Dept. Directors	Many improvements made to the November KPI Report; others are in-development