



Orange Water and Sewer Authority

OWASA is Carrboro-Chapel Hill's not-for-profit public service agency delivering high quality water, wastewater, and reclaimed water services.

April 26, 2023

Mayor Pam Hemminger
Town of Chapel Hill
405 Martin Luther King Jr. Blvd
Chapel Hill, NC 27514

Mayor Damon Seils
Town of Carrboro
301 West Main Street
Carrboro, NC 27510

Chair Jamezetta Bedford
Orange County Board of
Commissioners
Post Office Box 8181
Hillsborough, NC 27278

Dear Mayor Hemminger, Mayor Seils, and Chair Bedford:

We are pleased to submit this report on our services, projects, and initiatives since January 2023. This report includes information on the following items:

1. Proposed new PFAS Regulations
2. Lead and Copper Rule
3. Fiscal Year 2024 Draft Budget
4. Western Intake Partnership
5. Wastewater Report Card
6. Lakes Recreation
7. Key Infrastructure Investments
8. Diversity and Inclusion
9. OWASA Board Updates

Proposed new PFAS Regulations:

On March 14, 2023, the EPA announced a new proposed regulations for six PFAS in drinking water. These regulations will be what OWASA, and other water providers, will be required to meet moving forward.

We have expanded our ongoing PFAS monitoring to include University Lake (which was involved in the initial testing several years ago but showed lower levels than Cane Creek Reservoir), feeder creeks flowing into Cane Creek Reservoir, and the biosolids produced at the Mason Farm Wastewater Treatment Plant.

We have engaged a consultant to assist our work in this area. We are also evaluating our water treatment process and modifications that can be made in the short and long term to reduce PFAS levels in our drinking water.

We continue to post routine PFAS monitoring results [to our website](#) and are evaluating how to incorporate these new test sites as well as the coming regulations into that results dashboard.

We will continue to provide updates to the community as the regulations are finalized, our work progresses, and additional information becomes available.

Lead and Copper Rule Revisions:

OWASA's Team and consultant are continuing work to meet regulations of the revised Lead and Copper Rule. The compliance date for the new rule is October 2024. OWASA continues to remain in full compliance with the EPA's existing Lead and Copper Rule.

OWASA has completed an initial lead service line inventory, but we are working to add to the information that we currently have available from historical records and internal data. Additionally, OWASA is proactively working to identify current unknown service line materials. We will be publicizing information about this inventory to our community as these efforts progress.

We continue offering free lead and copper testing to customers and are leveraging these requests to potentially receive verifiable information from customers on the material that makes up their service line (that line which connects their household plumbing to the OWASA meter).

OWASA will continue collaborating with regional utility partners on efficient and effective inventory methods so that we can all benefit. OWASA will be in contact with customers as further updates are available.

Members of the OWASA Team also continue working with officials at UNC – Chapel Hill as the university is investigating the cause of some lead detections at different fountains and fixtures on campus. OWASA is assisting with technical information and guidance to UNC, as well as [publishing information on our website](#) stating that the lead detections at these fixtures are not indicative of the presence of lead in the community's drinking water.

Draft Fiscal Year 2024 Budget:

OWASA's Board of Directors continues to work with staff on the Fiscal Year 2024 (FY24) budget. OWASA is committed to providing a high level of service to our customers, and we regularly look for cost-saving opportunities. Financially, there are a few challenges in the year ahead.

Approximately half of OWASA's annual budget is invested in making improvements to the community's water and sewer system, primarily to repair and replace existing infrastructure and ensure the reliability and resiliency of water and sewer services in the community. The other half is used for the operations and maintenance of the entire system and to ensure that our essential services are available around-the-clock to serve the community. OWASA is exclusively funded by the rates and fees charged for services.

Drinking water use by the community for the last several years has been about the same as it was 30 years ago, even while the number of customers OWASA services has grown by more than 80% over the same time-period. This remarkable achievement is beneficial to the community in many ways; however, with costs increasing and sales volume remaining flat, there is pressure to raise rates on water and sewer services in order to pay for expenses and invest in maintaining OWASA's system. The draft FY24 budget includes funding for some of these projects for which

further delay could be costly and/or detrimental to utility operations. Additionally, like many sectors across the country, inflation is impacting many costs associated with OWASA's operations – including chemicals and materials vital to providing our services to the community in a safe and effective manner. Inflation and supply chain issues have also impacted construction costs.

The draft of the FY24-28 capital investments program (CIP) budget includes investments necessary for meeting the EPA's new proposed PFAS regulations; we project that we will need to spend approximately \$50 million over the next five years to be in compliance. This \$50 million investment is about one-third of the capital investment expenditure planned for the next five years.

The draft of the FY24 budget is based on the needs of the organization and would require a 9% increase in monthly drinking water and sewer rates. The Board has considered an alternative budget scenario that could reduce the amount of the rate increase for FY24 but the risk of deterioration of OWASA's level of service to the community is significant and is, to say the least, undesirable.

A public hearing on the FY24 budget proposal is scheduled for May 11, 2023, and the Board will approve the final budget in June 2023.

Western Intake Partnership:

The Western Intake Partnership (WIP) includes OWASA, the City of Durham, the Town of Pittsboro, and Chatham County. The Partners propose to build a new intake on the western side of Jordan Lake, a new water treatment plant, and transmission lines and pump stations. The goal is to have the facilities operational by 2031. The OWASA Board of Directors received an update on the project at its [April 13, 2023 meeting](#).

The WIP held a neighborhood meeting on April 5 in follow up to a request from the January 10 Open House. 15 neighbors attended and asked questions and provided comments on the proposed project. OWASA staff and General Counsel have been working with the other Partners to develop a draft Interlocal Agreement that will specify how the partnership will work when the facilities are completed. The WIP project is in the early stages, and OWASA will continue providing updates to the community as it progresses.

OWASA's involvement with the WIP to this point includes investing in planning, permitting, and design projects to access water from Jordan Lake. As part of this limited partnership, the Jordan Lake water treatment facility and other project components may be built on OWASA-owned property in Chatham County.

Wastewater Report Card:

OWASA met or surpassed all state and federal wastewater regulations in 2022, as shown in the annual wastewater report card released on February 20, 2023.

Highlights from this year's report card include all regulatory data, as well profiles on some of the OWASA Team members critical to successfully treating the community's wastewater, an update on our wastewater monitoring program for COVID-19 in our community, and what you can do as a community member to help maintain the community's infrastructure.

OWASA's Mason Farm Wastewater Treatment Plant Team is responsible for operating the plant that treats an estimated 7 million gallons of the community's wastewater each day. The community's wastewater infrastructure includes approximately 350 miles of underground pipes, connecting homes, schools, and businesses across the service area to the sanitary sewer system.

Maintaining the community's wastewater infrastructure is a major priority for OWASA. Roughly half of every dollar OWASA receives through rates and fees is put back into the system. These investments help maintain the system's reliability and resiliency, while also improving how efficiently we can operate.

You can find more information about the community's wastewater infrastructure and treatment process here. The full 2022 wastewater report card is available in [English](#) and [Spanish](#).

Lake Recreation:

The 2023 recreation season opened at Cane Creek Reservoir and University Lake on Saturday, March 25, 2023.

Cane Creek Reservoir and University Lake offer opportunities for residents to get outside and enjoy these reservoirs as a place to take a kayak on the lake, fish, or just relax and enjoy the surroundings. Cane Creek Reservoir is open Friday and Saturday during the recreation season, and University Lake is open Friday-Sunday.

The recreation season typically runs through late October.

OWASA is excited to welcome visitors back to the reservoirs for the 2023 season.

Key Infrastructure Investments:

Several large projects investing in the community's water and wastewater infrastructure are either recently completed, underway, or soon to begin.

OWASA's contractor has completed the second phase of the West Cameron Avenue water line replacement project. The initial phase of the project was completed in August 2020 in the intersection of West Cameron Avenue and Columbia Street. Phase 2 replaced water lines roughly from Pittsboro Street to Merritt Mill Road. The OWASA Team coordinated with partners at the Town of Chapel Hill and UNC throughout this project.

A maintenance project was completed on the Reclaimed Water System that serves UNC – Chapel Hill and St. Thomas More in Chapel Hill. This project was coordinated to take place while demand for reclaimed water was lower than other times of the year. The project was completed in March 2023.

Throughout the service area, OWASA construction crews are making progress on several smaller water line replacement projects in neighborhoods and OWASA contractors are working on rehabilitating sewers.

You can track the status of OWASA's capital projects through a dynamic map [on the OWASA website](#).

Diversity and Inclusion:

Promoting diversity and inclusion is a top priority for OWASA, which has had an active Diversity and Inclusion Program since 2016. Diversity and Inclusion was also identified as an OWASA value in the Strategic Plan adopted in the fall of 2022.

We have begun the recruitment process for the Diversity and Inclusion Specialist position. This will be the first position at OWASA focused solely on Diversity and Inclusion. Internal diversity working groups are continuing their evaluation of OWASA's Diversity and Inclusion Program and how to continue to grow these efforts in the future. Training for all employees is scheduled for May 2023.

OWASA Board Updates:

OWASA is governed by a nine-member Board of Directors and currently has only eight members. Chapel Hill-appointee David Gorelick resigned at the end of 2022 after accepting a Policy Fellowship with the United States State Department and moved from the area.

In addition to the now-vacant seat, upcoming appointments this spring will be requested from Orange County and Chapel Hill. A letter was sent in January to the local governments with information to assist with recruiting and selecting members to the OWASA Board.

We appreciate your interest and action in appointing Board members as we continue critical work in the months ahead. OWASA embraces diversity and inclusion in everything we do, and we would like to encourage all interested candidates to apply for Board appointments. The only qualification needed is a commitment to serve the community.

We would be happy to provide more detailed information on the items above or other topics of interest as desired. Please feel free to contact our Executive Director, Todd Taylor (ttaylor@owasa.org or 919-537-4216), or me.

Sincerely,



Bruce Boehm, Chair
Board of Directors

cc: Mr. Richard White, III, Carrboro Town Manager
Ms. Bonnie Hammersley, Orange County Manager
Mr. Chris Blue, Interim Chapel Hill Town Manager
OWASA Board of Directors
Todd Taylor, OWASA Executive Director