



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 25, 2022

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 Renee Price
Orange County Board of
Commissioners
Post Office Box 8181
Hillsborough, NC 27278

Dear Mayor Hemminger, Mayor Seils, and Chair Price:

We are pleased to submit this report on our services, projects, and initiatives since January 2022. This report includes information on the following items:

1. Standard Collection Practices
2. Fiscal Year 2023 Budget
3. Long-Range Water Supply Plan
4. Diversity and Inclusion
5. Strategic Plan
6. OWASA Board Updates
7. Youth Water Academy
8. Wastewater Report Card
9. Lake Recreation
10. Key Infrastructure Investments

Standard Collection Practices:

As you are aware, Orange County recently announced that the local State of Emergency that has been in place since March 2020 will expire at 5 p.m. on Sunday, May 1.

OWASA has had a moratorium on service disconnections in place for more than two years in response to the COVID-19 pandemic. We have also committed throughout the pandemic to providing 30-days' notice before resuming Standard Collection Practices. Therefore, OWASA will issue a notice on Monday, May 2, that we will be resuming Standard Collection Practices on June 1, 2022. Under Standard Collection Practices, a customer who misses two consecutive payments is subject to service disconnection. Given this timeline, the earliest that a customer would be subject to service disconnection would be August 1, 2022.

Currently, 544 households are 60 days or more past due on their water and sewer bill; the average amount past due is \$452.

We have been working with local organizations and directly with these customers who have bills that are past due to let them know where funding assistance is available. Since the beginning of



the pandemic, OWASA customers have received over \$22,000 in bill assistance from various programs, including the Orange County Emergency Housing Fund, the Low-Income Household Assistance Program, and OWASA's Care to Share program.

We are planning to boost our outreach efforts leading up to resuming Standard Collection Practices on June 1 and throughout the summer. We will be offering fee-free 6-, 12-, and 18-month payment plans to customers who have bills that are past due to avoid service disconnections wherever possible.

Through our Affordability Program, we have stayed in regular contact with partner organizations throughout the pandemic. Many of them have committed to helping us spread the word about the change in our practices and help connect people to assistance.

We understand the impact the pandemic has had on all customers, especially those who have now accumulated bills throughout the last two years, and we are committed to working with them wherever possible to keep their water and sewer service connected.

Fiscal Year 2023 Budget:

Over the next several weeks, the OWASA Board of Directors will be working with staff on the Fiscal Year 2023 (FY23) budget. OWASA is committed to the affordability of our services, 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 sales volume fell below normal early in the pandemic. Even as things have reopened to an extent, drinking water sales remain below projections for a "normal" year. Many expenditures and capital investments were deferred in the last two fiscal years to balance the budget and minimize rate adjustments during an economically challenging time. The draft FY23 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 services to the community in a safe manner. Inflation and supply chain issues have also impacted construction costs.

The draft of the FY23 budget staff developed is based on the needs of the organization and would require a 15% increase in monthly drinking water and sewer rates. At the Board's request, staff will also develop alternative scenarios with lower rate increases and identify what would need to be removed from the budget and the consequences of removing them.

A public hearing on the FY23 budget proposal is scheduled for May 12, 2022, and the Board will vote on the final budget in June 2022.

Long-Range Water Supply Plan:

OWASA is continuing the process of updating the community's [Long-Range Water Supply Plan](#) and is working to ensure that the community remains informed and engaged in the decision-making process.

After completing a methodical analysis of alternatives, the OWASA Board of Directors has determined that augmenting our local supplies (Cane Creek Reservoir, University Lake, and the Quarry Reservoir) with treated drinking water from Jordan Lake is the most viable alternative for providing resilient, high-quality, and cost-effective drinking water for years to come. Following the OWASA Board of Directors' decision to move forward with Jordan Lake as the preferred alternative, OWASA Team members have been sharing information with the public using the OWASA website and social media channels, local media, and presentations to local advisory boards and elected officials. OWASA worked with the Chicle Language Institute, Refugee Community Partnership, and the Chinese School at Chapel Hill to translate and share information to non-English speaking members of our community.

An event was also held at the Chapel Hill Public Library on Saturday, April 23, to provide updates to library visitors and provide another opportunity for the general public to learn more and ask questions of the OWASA Team.

An update on the Long-Range Water Supply Plan was shared with the Orange County Board of County Commissioners on February 17, 2022. OWASA is scheduled to present to the Town of Chapel Hill Town Council and the Town of Carrboro Town Council on April 27 and May 3, respectively.

Feedback received throughout this round of community engagement will be shared with the OWASA Board of Directors this summer. Meanwhile, OWASA has continued discussions with the local government bodies forming the Western Intake Partnership – the City of Durham, the Town of Pittsboro, and Chatham County – as they move forward with the design of an intake and water treatment facility on the western side of Jordan Lake and the associated transmission lines needed to provide those communities with treated drinking water.

The OWASA Board of Directors will be considering next steps to take regarding the Long-Range Water Supply Plan in the coming months.

We will work collaboratively with our community partners to ensure that our customers have high-quality, sustainable water resources for generations to come.

Diversity and Inclusion:

Promoting diversity and inclusion is a top priority for OWASA, which has had an active Diversity and Inclusion program since 2016.

OWASA's diversity and inclusion efforts have included increases in trainings for the OWASA Board and Team.

An organization-wide survey was completed in March through working with Government Leadership Solutions. This effort was part of an organizational assessment intended to enhance our diversity and inclusion work.

OWASA's Team presents diversity and inclusion updates to the Board of Directors three times per year, with the latest presentation occurring in [January 2022](#).

Our diversity and inclusion efforts go beyond OWASA staff trainings and policies by extending into growing partnerships within our community and expanding the minority- and women-owned businesses that are bidding for and being awarded our projects.

Strategic Plan:

OWASA is developing a new strategic plan to help guide OWASA investments and priorities for OWASA Board and staff over the next 5-6 years.

Since the January 2021 update, the task forces on the OWASA Team have focused on tackling strategic priorities that have been identified to this point. These task forces will develop strategies and metrics to determine success for inclusion in the strategic plan.

OWASA staff will continue to provide updates to stakeholders and the community throughout the strategic planning process.

OWASA Board Updates:

The OWASA Board of Directors is a governing body. Among the Board's responsibilities are setting policy, approving the annual budget, approving large contracts for maintenance and capital improvements, and selecting the Executive Director. Each Board member receives small remuneration to cover expenses associated with serving on the Board.

There remain two openings on the OWASA Board of Directors: one Carrboro seat, and one Chapel Hill seat. As is typical, the OWASA Board is facing many important decisions in the coming year, including approving next year's budget, updating the Long-Range Water Supply Plan, and developing a new strategic plan that will guide our investments and priorities for the next 5-6 years. Having a full Board is critical to being able to keep the important work of the community's water and wastewater utility moving forward and preparing for the future.

The Board is piloting a new meeting schedule to consolidate meetings to once per month. The Board had previously been meeting twice per month. This new schedule went into effect in March and will be reevaluated over the summer.

The Board approved at the March 10 meeting an increase in Board compensation to encourage public interest in applying for appointments to the Board.

Thank you for your continued support in appointing members to OWASA's Board of Directors.

Youth Water Academy:

Another cohort of interested area high school students graduated from the 2022 Youth Water Academy in April 2022.

We were excited to be able to welcome these leaders of tomorrow into our facilities for an in-person Youth Water Academy after having to move to a virtual setting in 2020 due to the COVID-19 pandemic.

These students heard first-hand from OWASA Team members about our water supply, drinking water treatment process, resource recovery work at the Mason Farm Wastewater Treatment Plant, and more. This opportunity is open to high school students in Carrboro and Chapel Hill. The Youth Water Academy is geared toward helping these students understand the work that goes into providing these essential services to the community. This program meets several goals: educating the community, engaging with young people in our service area, and – hopefully – opening their eyes to the possibility of this as a future career opportunity to serve their community.

Wastewater Report Card:

OWASA met or surpassed all state and federal wastewater regulations in 2021, as shown in the annual wastewater report card released in English and Spanish on February 25, 2022.

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 7.5 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 water and wastewater system infrastructure. 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 2021 wastewater report card is available in [English](#) and [Spanish](#).

Lake Recreation:

The 2022 recreation season opened at Cane Creek Reservoir and University Lake on Saturday, March 26, 2022. The opening of the recreation season at the reservoirs is following the same guidelines that were in place at the close of the 2021 season.

Cane Creek Reservoir and University Lake offer options 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 2022 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.

A large project replacing the sewer line in downtown Carrboro began in February 2022. OWASA Team members coordinated with local government partners and local business stakeholders throughout that project to keep the community informed. Restoration work is now underway after the installation of the new sewer line ahead of the North Carolina Department of Transportation repaving the roadway in Carrboro and Chapel Hill beginning later this spring.

OWASA's contractor began work on the second phase of the West Cameron Avenue water line replacement project in early April. The initial phase of the project was completed in August 2020 in the intersection of West Cameron Avenue and Columbia Street. Phase 2 will take place roughly from Pittsboro Street to Merritt Mill Road. The OWASA Team has been coordinating with partners at the Town of Chapel Hill and UNC throughout planning and early stages of this project. The West Cameron Avenue Water Line Replacement Project is expected to be complete by March 2023.

About \$4 million in work at the Jones Ferry Road Water Treatment Plant (WTP) to improve chemical facilities and our finished water pumping system has recently been completed, while a \$2.6 million project is underway to make improvements to water lines on the WTP site and in Jones Ferry Road. These water line improvements will add redundancy and increase resiliency to support the community's water infrastructure and maintain a high level of service for our customers. Design work and the State Revolving Fund application process are underway for electrical system improvements at the WTP.

OWASA's contractors are also gearing up for significant work focusing on the biosolids processes at the Mason Farm Wastewater Treatment Plant. Digester cleanout and repairs are set to begin at the end of April and fermenter improvements and rehabilitation are set to begin in fall 2022. These improvements will increase the resiliency of the biosolids process to support the community's wastewater treatment and disposal.

OWASA construction crews are also making progress on several smaller water line replacement projects in neighborhoods across the service area.

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

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,

A handwritten signature in black ink that reads "Jo Leslie Eimers". The signature is written in a cursive, flowing style.

Jo Leslie Eimers, Chair
Board of Directors

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