



ORANGE WATER AND SEWER AUTHORITY

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

August 22, 2017

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

Mayor Lydia Lavelle
Town of Carrboro
301 West Main Street
Carrboro, NC 27510

Chair Mark Dorosin
Orange County Board of
Commissioners
P.O. Box 8181
Hillsborough, NC 27278

Dear Mayor Hemminger, Mayor Lavelle and Chair Dorosin:

We are pleased to submit this report on our services, projects and initiatives in the last three months.

Advanced Metering Infrastructure (AMI)

On May 25th, we awarded a contract to Mueller Systems for installing an AMI system. AMI allows remote meter reading via radio transmissions, more frequent meter readings and faster detection of water leaks. The capital cost of the system is about \$5.4 million, and it will take about two years to complete.

We are beginning the next phase of our work to inform and engage our customers as we move forward with the project and consider proposed policy changes related to AMI.

Later this year, we will begin using a new name, *Agua La Vista*, for AMI. The name “Agua la Vista” is an adaptation of the Spanish translation of “water in sight.”

Resolving Taste and Odor in Our Drinking Water in Spring and Early Summer

In May, OWASA customers and staff noticed earthy or musty taste and odor in our drinking water. We identified and monitored the compound causing taste and odor (one produced by algae in our lakes), adjusted our treatment process and released water from hydrants across our service area to resolve the taste and odor.

We distributed several news releases to keep customers informed in May and June and published a [new webpage on taste and odor](#). In July and early August, accountholders received a [Blue Thumb newsletter](#) about the cause of the taste and odor and our follow-up actions.

Sewers for the Historic Rogers Road Area

The Orange County Commissioners awarded the construction contract on June 6th to Moffat Pipe, Inc. Sewer installation is expected to begin this fall and be complete in the summer of 2018.

New Board Members and Reappointment

Ray DuBose and John Morris took the oath of office on July 5th and are completing an orientation which includes touring our facilities and reservoirs.

We welcome John and Ray and congratulate Ruchir Vora on his reappointment, and we look forward to our work together with the benefit of their expertise and insights.

Fluoridating Drinking Water

As previously reported, we decided on March 9th to continue our policy of fluoridating drinking water to help prevent tooth decay as recommended by the Orange County Health Department, US Centers for Disease Control, American Dental Association and others. We continue to monitor scientific developments, best practices and recommendations regarding fluoridation.

On June 12th, we provided to you an informative [one-page summary](#) developed with the Orange County Health Department regarding topics such as fluoridation in the US, organizations which support fluoridation, the national guideline for fluoridation and our annual fluoridation cost.

We expect to complete improvements in the fluoride feed system at our Jones Ferry Road Water Treatment Plant in September as follow-up to the water service interruption for about 26 hours on February 3rd and 4th related to a fluoride overfeed which was contained within the plant.

When the improvements are complete, we will inform you and our customers of the date when we will resume fluoridation.

Diversity and Inclusion Program

On June 8th, we received a progress report on the [initial implementation plan for the Employee Diversity and Inclusion Program](#). Our consultant, Visions LLC of Rocky Mount, NC, will work with OWASA employees, assess our organizational culture and develop enhancement strategies.

Financial Management

On June 8th, we adopted the budget for the fiscal year from July 2017 through June 2018, rates effective in October 2017, and a 5-year capital improvements program. This is the sixth consecutive year with no increase in our monthly rates for water, sewer and reclaimed water service.

Based on preliminary (unaudited) data for the fiscal year from July 2016 through June 2017, we continue to meet our financial performance objectives. The table below shows budget and actual revenues and expenditures for the fiscal years indicated.

	FY 2017 Budget	FY 2017 Actual (unaudited)	FY 2018 Budget	FY 2017 Actual compared to FY 2017 Budget	FY 2017 Actual compared to FY 2018 Budget
Total revenue	\$36,853,951	\$37,988,910	\$37,346,390	3.1%	-1.7%
Operating expenses	(21,007,583)	(21,009,593)	(21,920,477)	0.0%	4.3%
Debt service	(6,932,059)	(6,944,764)	(6,949,537)	0.2%	0.1%
Capital equipment expenditures	(1,727,000)	(1,724,456)	(1,231,100)	-0.1%	-28.6%
Capital Improvement Program expenditures	(13,148,000)	(9,692,697)	(15,085,000)	-26.3%	55.6%
Net decrease in fund balance	(\$5,960,691)	(\$1,382,600)	(\$7,839,724)	76.8%	-467.0%

Incorrect Electronic Bill Notices to Some Customers in June

On June 14th, a mistake by a third-party service provider caused errors in electronic bill reminders sent to about 1,600 OWASA customers. The errors only impacted information in the e-mail reminders. Account balances in OWASA's on-line information and our paper bills were not affected.

We apologized to the customers who received the incorrect information and we followed up with the service provider to prevent recurrence of the mistake.

40th Anniversary Celebrations

We are planning open houses on Saturdays this fall (October 21st at the Cane Creek Reservoir and November 4th at 400 Jones Ferry Road). Upcoming publicity will have information about activities in these family-friendly events.

[Long-Range Water Supply Plan Update](#)

The next step in updating the Long-Range Water Supply Plan will be to develop projections of demand through 2065. These projections will be based on 2045 growth projections which the local governments are developing as part of regional transportation planning.

[Infrastructure Investments](#)

Capital investments, including debt payments for capital projects, account for about half of our costs and therefore half of our bills to customers.

Current projects

- Water line replacement on Hillsborough Street
- Sewer replacement near Emory Drive and Brigham Road
- Renovating sewers and manholes at various places
- Renovating a sewer on Prestwick Road near Hamilton Road
- Renovating sewer pump stations near Cleland Drive, Eastowne Drive, Eubanks Road and Barbee Chapel Road
- Replacing a water line and repairing a stream bank at Lake Ellen

Upcoming Projects

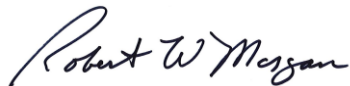
- Replacing water and sewer lines on Dobbins Drive
- Replacing sewers on Bolinwood Drive
- Replacing a water line on Brandywine Road

Completed in the Last Three Months

- Renovating two of the four biosolids treatment tanks at the Mason Farm Wastewater Treatment Plant
- Constructing a facility at the Cane Creek Reservoir to store and pump sodium permanganate to improve water quality

We would be happy to provide you more detailed information on the items above or other topics of interest as desired. Please feel free to contact Ed Kerwin, Executive Director (ekerwin@owasa.org or 919-537-4211), or me.

Sincerely,



Robert Morgan, Chair
OWASA Board of Directors

c: Mr. David Andrews, Carrboro Town Manager
Ms. Bonnie Hammersley, Orange County Manager
Mr. Roger L. Stancil, Chapel Hill Town Manager
OWASA Board of Directors
Ed Kerwin, OWASA Executive Director