

**OWASA STRATEGIC PLAN**  
**MARCH 25, 2010**

**Introduction**

OWASA's Strategic Plan establishes the key goals and objectives for the next three years or so to guide the organization's work and funding priorities. While there are many goals and objectives that must be met (and sustained) to ensure that OWASA successfully fulfills its mission (Appendix A), it is essential to establish the organization's highest priorities given that funding and staff resources are limited.

Measuring and evaluating our effectiveness are the basis for continuous improvement in all that we do. The Board and staff will routinely discuss progress and update goals and objectives as may be needed.

Mitigation strategies for external events, conditions or trends are provided in Appendix B.

**Goal A: Secure Financial Stability and Sustainability**

OWASA and its customers have significantly reduced the demand for drinking water which provides for the "highest and best use of our local water resource." While there are important short- and long-term benefits of conservation, the reduced demand has resulted in less water sales and revenue. We have also experienced a significant reduction in the number of new connections and have had certain non-discretionary operating expenses increase dramatically (especially chemicals and energy). Additionally, we made major investments in capital improvements during the past 10 years to sustain the structural integrity and reliability of our water and sewer facilities and infrastructures. These factors have significantly reduced OWASA's financial resources, increased our level of debt and resulted in double-digit rate increases for customers in 2008 and 2009, with increases of nearly 10% projected from 2010 to 2012.

To lessen the rate impacts on customers, OWASA has made cuts in operating and capital costs. We fully embrace our responsibility to "operate the water and sewer system at the lowest rates consistent with our obligation to provide proper and efficient services, now and in the future." It is important that the OWASA Board of Directors continues to set rates that sustain our essential services and meet the community's expectations for high quality and reliable services. We will work to keep our customers fully informed about the basis and need for rate adjustments.

**Objectives**

**A. 1. *Complete a comprehensive functional analysis to identify opportunities to reduce costs.***

What is it?	A comprehensive assessment of OWASA's current service functions to improve efficiencies and/or reduce costs (such as biosolids management). Internal teams will be established to:
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What is it?  
continued

1. Identify tasks
2. Set priorities for each task (or propose elimination of tasks because costs exceed benefits)
3. Identify opportunities to improve efficiencies and/or reduce costs of each task
4. Propose an implementation plan to include measurements of success

Why is it important?

Cost containment is critically important to ensure we have the lowest rates consistent with our obligation to provide proper and efficient services, now and in the future.

What will be accomplished?

Success in reducing costs and achieving greater efficiencies will strengthen our customers' confidence that the utility is being properly operated and maintained and that there is high value in our services.

Measure of success:

The amount of savings.

Complete by:

Complete at least three service function reviews each year for the next three years.

**A. 2. *Continue implementation of improvements to the financial management and billing system and related recommendations from the consultant's report with emphasis on improved accuracy and timeliness of key financial data.***

What is it?

Improve processes and performance levels in the Finance and Customer Service Department to improve efficiencies, reduce opportunities for inaccuracies, and provide relevant, timely, reliable information to stakeholders.

Why is it important?

The organization's success and sustainability depend on our ability to operate efficiently and to have timely access to information critical to effectively manage.

What will be accomplished?

Improving processes and performance levels will allow us to reduce costs and improve the Finance and Customer Service Department's ability to provide information that will enhance all stakeholders' ability to manage the organization.

Measure of success:

Increased accuracy and timeliness of output, elimination of redundant processes, more useful management information, and cost reduction.

Complete by:

December 2011 – Target date for completion of all projects. (This initiative is made up of numerous projects involving systems in the

finance, engineering and operations departments. Several will be accomplished sooner than December of 2011 and we will determine target completion dates on a per project basis.)

**A. 3. *Adopt rate adjustments to ensure financial stability.***

What is it?	In combination with efforts to improve efficiencies and reduce costs, we are required to set rates and fees according to the “cost of service” principle – all within the context of developing and implementing a strategic financial plan.
Why is it important?	Adjusting rates and fees is essential to meeting our responsibility to operate the water, sewer and reclaimed water systems at the lowest rates possible and our obligation to provide sustainable, essential services now and in the future.
What will be accomplished?	Revenue will be generated that is sufficient to support operations, maintenance and capital expenditures while maintaining the financial stability to obtain financing, when necessary, at the least cost.
Measure of success:	Meet or exceed the reserves, debt service coverage ratio and all other objectives established in the Board’s Financial Management Policy.
Complete by:	Annually

**A. 4. *Develop and implement a plan to increase our customers’ understanding of the need for rate adjustments which reflect the “true cost” of OWASA’s water, sewer and reclaimed water services.***

What is it?	The true cost of our services includes: (1) infrastructure (capital assets) renewal and replacement on a timely, optimum basis; (2) maintaining our facilities to keep/enhance their value, reliability and effectiveness; (3) building adequate reserves for infrastructure projects and financial sustainability; (4) investments to increase the efficiency and sustainability of our services; and (5) the operating costs of providing essential drinking water, sewer and reclaimed water services. We will develop and implement a plan to communicate the above concepts and increase understanding of our basic approach to setting rates.
Why is it important?	OWASA has a fundamental duty to inform its customers about how it sets rates and how OWASA uses the public resources provided by our customers.
What will be accomplished?	Increased understanding of our process for setting rates will increase the level of acceptance and support for the level of resources that

OWASA needs in order to serve the community with high quality, reliable services in a sustainable manner.

Measure of success: Customers' understanding of the true cost and value of OWASA's services as demonstrated by feedback received from quantitative research (surveys, etc.).

Complete by: Summer 2010 – Plan will be modified as appropriate each year.

## **Goal B: Resource Management and Infrastructure Sustainability**

To provide current and future customers with high quality water, wastewater and reclaimed water services, we must have adequate and reliable resources, facilities, and infrastructure. OWASA must plan, construct, operate and maintain its water, sewer and reclaimed water systems consistent with our values of environmental, social and economic sustainability and in a way that will not compromise our ability to meet the needs of future generations.

### **Objectives**

#### ***B. 1. Develop a Comprehensive Asset Management Plan.***

What is it? Asset Management can be defined as managing infrastructure with the objective of minimizing the total cost of owning and operating the assets while providing the desired level of service. It is a process that guides the acquisition, use, and disposal of infrastructure assets and is necessary to optimize service and minimize cost over the life of the asset. A Comprehensive Asset Management Plan will provide an overview of the infrastructure systems, develop standard service levels and performance, and identify a renewal strategy along with projected financial impacts.

Why is it important? Water and wastewater utilities are facing greater challenges in maintaining their assets while providing a high level of service at a reasonable cost. Asset management helps ensure that utilities maintain and renew their assets in a cost-effective manner.

What will be accomplished? A Comprehensive Asset Management Plan will incorporate key elements related to: level of service, performance goals, useful life, condition assessment, maintenance history, capacity assessment, maintenance objectives, failure analysis, and financial planning. Initial infrastructure components to be considered in the plan include: the water distribution and wastewater collection systems, water treatment facilities, wastewater treatment facilities, administrative facilities, and vehicles/equipment used to maintain the assets.

Measure of success: Availability of data on all above and below ground assets and mobile equipment, including description, location, acquisition date and cost (if available), condition assessment, useful life, replacement cost, maintenance history, and consequence/risk of failure. This data will be used to develop a comprehensive renewal/replacement guide with funding requirements.

Complete by: December 2012

**B. 2. *Complete ongoing engineering studies (Wastewater Treatment Plant Capacity Study; Water Distribution Model and Wastewater Collection System Evaluation) to improve our ability to identify and prioritize capital improvement projects.***

What is it? The Mason Farm Wastewater Treatment Plant (WWTP) Capacity Study will assess and optimize the nutrient removal and hydraulic capacity of the WWTP to identify approximate costs and timing for required future capital improvements at the plant. The Water Distribution Model and Wastewater Collection System Evaluation will identify and prioritize requirements for future studies and projects necessary to rehabilitate, replace or increase the capacity of OWASA's critical water distribution and wastewater collection systems for a 20-year planning period.

Why is it important? Provides staff with the essential information needed to identify and prioritize projects in OWASA's Capital Improvement Program.

What will be accomplished? Assist staff in identifying project priorities and approximate timing for those projects that must be accomplished in order to ensure OWASA's systems reliably meet the needs of our customers, today and in the future.

Measure of success: Beginning in FY 2011, have an improved ability to program estimated costs and timing for future capital work at the WWTP. Beginning in FY 2012, have an improved ability to identify and prioritize CIP projects for rehabilitation and replacement of underground water distribution and wastewater collection system infrastructure.

Complete by: 1) WWTP Capacity Study – Spring 2010  
2) Wastewater Collection System Evaluation – Winter 2010  
3) Water Distribution Model – Spring 2011

**B. 3. *Secure Future Access to OWASA's Jordan Lake Water Supply Allocation by working with the Jordan Lake Partnership and other stakeholders.***

What is it?	The Jordan Lake Partnership is comprised of a group of Triangle area utilities working collaboratively to enhance the sustainability and security of the region's water supply resources through conservation and efficiency, interconnection, and coordinated planning and development of the Jordan Lake water supply.
Why is it important?	Continued participation in the Partnership will provide OWASA with important opportunities to develop the arrangements necessary to ensure OWASA's ability to gain secure and cost-effective access to its Jordan Lake water supply storage allocation.
What will be accomplished?	Although OWASA will continue to maximize the best use of its local water supply resources, access to Jordan Lake offers the most cost-effective way to temporarily supplement our local supply during events such as severe drought, equipment failure, natural or manmade disaster, or other unforeseen circumstances.
Measure of success:	Obtain secure and cost-effective access to OWASA's Jordan Lake allocation.
Complete by:	December 2014 (could be delayed if allocation process is complicated by inter-basin transfer issues)

### **Goal C: Knowledge Management and Workforce Sustainability**

OWASA must maintain a high performing, flexible and diverse workforce; and obtain, manage and use information to optimize our performance.

#### **Objectives**

##### **C. 1. *Continue to evaluate and implement needed changes in compensation and development programs to attract and retain a diverse and high performing team of employees.***

What is it?	On-going review of our pay and benefits packages to ensure they are competitive. We will periodically assess our compensation plan to ensure that we are providing the right incentives for our employees to act in accord with organizational goals. We will continue to compare our programs to those of other agencies against whom we compete for employees. We will also continue to examine our training and development programs to make certain they provide the right opportunities and incentives for employees to continue their skill and knowledge development.
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Why is it important?	Competitive pay, a quality benefits package and opportunities for career growth and development are the key components for maintaining a high performing work team. A quality and diverse work team is the most important element of a high functioning organization.
What will be accomplished?	Regularly updated information on the competitiveness of our compensation package to use in making make periodic changes or adjustments to our plans as necessary.
Measure of success:	1) Attrition Rate of less than 8% 2) Diversity Goals – 25%
Complete by:	Annually

**C. 2. *Develop a Succession Plan for Key Positions.***

What is it?	To prepare a succession plan for those positions at OWASA which are key to the organization's success in that they provide specialized knowledge, skill and leadership in various work areas. We will concentrate most heavily on those jobs that are both essential to the organization's success and difficult to fill when vacated.
Why is it important?	Having this process in place is important to the success of the organization because the positions identified in the plan are considered essential to ensuring that OWASA is fully capable of addressing future challenges. "High potential" candidates must be carefully identified and then provided the training and development that gives them skills and competencies needed for tomorrow's water utility business.
What will be accomplished?	Identification of key positions which may prove difficult to fill, the creation of a plan for both identifying "high potential" candidates within the organization and the appropriate on-the-job-and other training and development opportunities to be provided for the candidates. We will also note positions within the organization which are "natural training grounds" to move into key roles in the company.
Measure of success:	1) Percentage of positions filled by in-house promotions – 40% 2) Sufficient number of personnel identified and participating in "succession program."
Complete by:	July 2011

**C. 3. *Complete development and field validation of OWASA infrastructure in the Geographic Information System (GIS).***

What is it?	OWASA’s GIS is a computer-based system that contains extensive data on the location, size, material type, age and other important information about our underground infrastructure. When overlaid with aerial photography, topographic, and other data, GIS provides ready access to essential information about our water distribution, wastewater collection and reclaimed water systems.
Why is it important?	In addition to day-to-day operational efficiency, GIS is an essential tool for knowledge retention and management. For significant portions of the OWASA service area – especially in the older areas of Carrboro and Chapel Hill – important water and sewer information has been informally passed down through the years from one employee to another either in the form of handwritten notes and sketches or verbally. To capture this essential knowledge before OWASA’s most senior employees retire, staff has undertaken an aggressive program to ensure that all available water and sewer information, including the extensive information that exists primarily in the memories of those most experienced staff members, is verified and efficiently consolidated in OWASA’s GIS.
What will be accomplished?	Because GIS provides the primary asset management database for OWASA’s underground infrastructure, upgrading the accuracy of information about pipe location, material, age, size, etc. will improve the functionality and effectiveness of the predictive computer modeling that OWASA uses to prioritize rehabilitation and replacement work on critical underground water and sewer infrastructure. Additionally, as a crucial knowledge management/retention tool it will eventually enable newer and less experienced employees – as well as OWASA’s most seasoned and knowledgeable field crews – to locate key components of OWASA’s underground infrastructure via laptop computers.
Measure of success:	<ol style="list-style-type: none"><li>1) Attributes (size, material type, age, etc.) of underground infrastructure are considered fully adequate to meet asset management planning objectives for all underground infrastructures.</li><li>2) GIS (accessed via lap top) is the “tool of choice” for all OWASA employees when determining existing conditions (location, etc.) for OWASA’s underground infrastructure.</li></ol>
Complete by:	Spring 2011 – Field validation of water features in the “critical” portion of the service area (water features in the remainder of the service area by early 2016).

## **Goal D: Enhance Customer Satisfaction**

OWASA is dedicated to excellence in serving customers in all of our services. We must understand our customers' expectations and perceptions and make improvements where needed. We will provide excellent service so that if our customers could choose their water utility, they would always select OWASA.

### **Objectives**

#### **D. 1. *Implement new and improved online billing and account management features.***

What is it?	Implement the Cogsdale Customer Web module to provide online bill access, email bill notices and improved online payment features for customers.
Why is it important?	Online bill access and payment features for customers are expected to reduce cost through reduced mailings, increase customer satisfaction by providing greater access to account information and reduce the level of effort in the Customer Service Department by enabling integration between online payments and Cogsdale Customer Service Management.
What will be accomplished?	The Customer Web will improve customer service through self-service, reduced costs and improved accuracy.
Measure of success:	1) Cogsdale Customer Web up and running error free 2) Redundant cash entry processes eliminated 3) 10% growth per year in number of customers using online billing (30% by end of year three)
Complete by:	1) April 2010 2) April 2010 3) 10% of customer base by June 2011; 20% of customer base by June 2012; 30% of customer base by June 2013

#### **D. 2. *Develop a plan to measure customer satisfaction, now and into the future.***

What is it?	Measuring customer satisfaction involves formal and informal research and feedback processes to learn more about how our customers perceive and evaluate OWASA, including services, business operations, and interactions/relationships with individual customers/stakeholders and community organizations. These processes will include seeking feedback from individual customers, holding "focus group" interviews, and doing periodic formal surveys designed to obtain statistically valid data.
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Why is it important?	OWASA's definition of success includes not only providing high quality water, sewer and reclaimed water services efficiently and sustainably as measured by operating parameters, but also the human side: we want our customers to understand and to have a high level of satisfaction with both our services and our interactions with customers including those related to bills/accounts, services, projects, plans and policies; and proposed changes in them.
What will be accomplished?	A high level of customer satisfaction and understanding and increased acceptance and support for the level of resources we need to serve the community effectively and sustainably.
Measure of success:	Levels of satisfaction as indicated in survey instruments with quantitative responses; supplemented by specific/qualitative perceptions communicated to OWASA in other feedback processes.
Complete by:	Fall 2010

## MISSION AND VALUES STATEMENT

### **Our Mission:**

OWASA will provide our customers with high quality water and wastewater services through responsible, sustainable, and creative stewardship of the resources and assets we manage. We will do this with a productive, empowered, talented, and diverse work force, which strives for excellence.

### **Our Values:**

- **Quality Drinking Water**  
We will provide the highest quality drinking water for our customers through proactive and sustainable watershed management, and the effective and reliable operations and maintenance of the water supply, treatment, and distribution system.
- **Environmental Responsibility**  
We will protect the environment through the effective and reliable operation and maintenance of the wastewater collection, treatment, and recycling systems. We will manage our resources and assets in an environmentally responsible manner, maintaining or exceeding any regulatory requirements or mandates.
- **Excellence in Customer Service**  
We are dedicated to excellence in serving customers in all aspects of our business services. We will be leaders in keeping our customers informed and will provide them meaningful opportunities to participate in decisions that are important to the community.
- **Employees**  
We value our employees as our most important resource and we will provide them competitive compensation and benefits, and maintain a safe and rewarding work environment. We will promote diversity and equal opportunity for development and advancement for all employees.
- **Efficiency and Value**  
We will perform all services in a financially sound and responsible manner with sufficient revenues to properly operate and fully maintain the water and wastewater system. As OWASA relies solely on user fees, we will continue to be guided by cost-of-service principles with regards to our rates, fees, and charges, and operate the water and sewer system at the lowest rates consistent with our obligation to provide proper and efficient services, now and in the future. We remain committed to continuous improvement in all of our services and will provide high value to our customers.
- **Sustainability**  
We will proactively plan, construct, operate, maintain, and finance the water and wastewater system in a manner consistent with the principles of environmental, social and economic sustainability. We will work hard to meet the needs of our current and future customers, community, and environment without compromising the ability of future generations to meet

their needs. We will strive to make the highest and best use of our local water resources and we will adopt practices which encourage conservation of water, energy, and other natural resources.

- **Local Government Compatibility**

We will manage our responsibilities in a manner consistent and compatible with the adopted growth management policies and land use plans of the Town of Carrboro, the Town of Chapel Hill, and Orange County. We will maintain open and positive communications with our local governments. We will also maintain open and positive communications with neighboring water utilities and cooperate in regional initiatives where appropriate and consistent with OWASA's commitment to its member governments.

- **Innovation and Creativity**

We will seek innovation and creativity in accomplishing our mission and enhancing our services. We will invest in ongoing research and development for new and improved ways to accomplish our mission.

**EXTERNAL FACTORS AND MITIGATION STRATEGIES**

Strategic planning includes identifying and preparing for events, conditions and trends that are outside of our control, but that may significantly affect our operations, plans, costs and resources.

Mitigation strategies may include contingency/emergency planning and risk management with an emphasis on developing and maintaining capabilities to respond to change.

OWASA has identified the following categories of change that may significantly affect us and mitigation strategies for each.

Categories of Change	Mitigation Strategies
<p><b>ECONOMIC</b></p> <ul style="list-style-type: none"> <li>• Reduced water sales/new connections</li> <li>• Costs of energy/supplies/construction</li> <li>• Borrowing costs</li> </ul>	<ul style="list-style-type: none"> <li>✓ Reserve/contingency funds</li> <li>✓ Cost reductions where appropriate</li> <li>✓ Cash funding of capital projects</li> </ul>
<p><b>CUSTOMER/STAKEHOLDER EXPECTATIONS AND NEEDS</b></p> <ul style="list-style-type: none"> <li>• Expectations for service quality and reliability</li> <li>• Efficiency and cost reduction</li> </ul>	<ul style="list-style-type: none"> <li>✓ Survey customers regarding their interests and perceptions about OWASA services to make improvements</li> <li>✓ Maintain open communications with key stakeholders such as local governments and the University</li> </ul>
<p><b>WEATHER/HEALTH EVENTS</b></p> <ul style="list-style-type: none"> <li>• Droughts</li> <li>• Hurricanes/disaster events</li> <li>• Disease outbreaks</li> <li>• Fiscal impacts</li> </ul>	<ul style="list-style-type: none"> <li>✓ Redundancy in critical resources (availability of personnel, back-up power equipment, etc.)</li> <li>✓ Maintain adequate supplies and contingency plans; training exercises</li> <li>✓ Fiscal reserves</li> </ul>
<p><b>WORKFORCE CHANGES</b></p> <ul style="list-style-type: none"> <li>• Changes in the demographic profile of employees due to retirement, population change in labor market, etc.               <ul style="list-style-type: none"> <li>○ Potential loss of institutional memory</li> <li>○ Changes in employees' expectations about the workplace, patterns of career and employment</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>✓ Knowledge transfer, mentoring, training</li> <li>✓ Training to understand generational differences</li> <li>✓ Identify language resources and/or training needs</li> <li>✓ Training to understand generation and cultural differences</li> </ul>

Categories of Change	Mitigation Strategies
<ul style="list-style-type: none"> <li>○ Increase in number of employees for whom English is a second language</li> </ul>	
<p><b>REGULATORY POLICIES</b></p> <ul style="list-style-type: none"> <li>● State and Federal regulatory changes</li> <li>● Jordan Lake rules; other</li> <li>● Local requirements, e.g. WWTP odor elimination</li> <li>● Town/County land use policies and plans</li> </ul>	<ul style="list-style-type: none"> <li>✓ Monitor/participate in regulatory processes; financial planning for costs of potential changes</li> <li>✓ Develop/propose phasing plans</li> <li>✓ Continue to participate in long-term inter-local agreements; monitor and when appropriate comment on proposed changes that may affect OWASA</li> </ul>
<p><b>TECHNOLOGY/SCIENTIFIC ADVANCES</b></p> <ul style="list-style-type: none"> <li>● Emerging contaminants</li> <li>● Cost or capabilities, e.g. in treatment technology, detection levels</li> </ul>	<ul style="list-style-type: none"> <li>✓ Monitor research results, keep customers informed about how they may be affected, options such as use of filters in homes, businesses</li> <li>✓ Evaluate options that are approaching technical and economic feasibility</li> </ul>
<p><b>BUSINESS PRACTICES</b></p> <ul style="list-style-type: none"> <li>● Changes in customary and best practices in the water industry and related sectors and in the local community</li> </ul>	<ul style="list-style-type: none"> <li>✓ Monitor industry trends, survey customers</li> </ul>