



# ORANGE WATER AND SEWER AUTHORITY

*Quality Service Since 1977*

## **AGENDA** **MEETING OF THE OWASA BOARD OF DIRECTORS** **THURSDAY, JANUARY 25, 2007, 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 call the Clerk to the Board at 537-4217 or aorbich@owasa.org.

7:00 PM

### **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
  - A. Ad Hoc Art Committee Meeting on February 8, 2007 at 6:00 PM in the OWASA Boardroom to discuss next steps for the Atrium Art Project (Gordon Merklein)
  - B. Verbal Update on Natural Resources/Technical System Committee Meeting held at 5:30 P.M. January 25<sup>th</sup> regarding Biosolids (Randy Kabrick)
3. Announcements by Staff

7:10 PM

### **Petitions and Requests**

1. Public
2. Board
3. Staff

### **CONSENT AGENDA**

#### **Information and Reports**

1. [Progress Report on North Carolina Clean Water Management Trust Fund Grants \(Ed Holland\)](#)
2. [Merit Pay Distribution Report \(Gwen Burston\)](#)
3. [Vision Care Plan Program \(Gwen Burston\)](#)
4. [Semi-Annual Contractor and Consultant Performance Report \(Stuart Carson\)](#)

#### **Minutes** (Andrea Orbich)

5. [Approval of Minutes of the December 14, 2006 Meeting of the Board of Directors](#)

### **REGULAR AGENDA**

#### **Discussion**

7:20 PM

6. [Proposed Refinements to the Orange Water and Sewer Authority Policy for Adjustment of Customer Accounts for Emergency Situations Involving Loss of Metered Water \(Kevin Ray\)](#)

- 7:35 PM 7. [Conceptual Draft Statement of OWASA's Sustainability Goal and Objectives and Proposed Administrative Guide for Sustainable Purchasing and Contracting \(Paula Thomas\)](#)
- 8:00 PM 8. [Marketing and Fundraising for the Taste of Hope Customer Assistance Program \(Penny Rich/Fred Battle/Greg Feller\)](#)
- 8:15 PM 9. [Draft Statement of Strategic Issues and Policies and Draft Planning Assumptions and Background Information Document for FY 2007-08 \(Kevin Ray\)](#)

**Information and Reports**

- 8:30 PM 10. [Verbal Update on the Chapel Hill Town Council Meeting on January 22, 2007 regarding Odor Elimination at the Mason Farm Wastewater Treatment Plant \(Mac Clarke\)](#)

**CLOSED SESSION**

- 8:40 PM 11. [Following the meeting of the Board of Directors the Board will convene in Closed Session for the Purpose of Discussing Land Acquisition \(Ed Holland\)](#)

**MEMORANDUM**

**TO:** Board of Directors

**THROUGH:** Ed Kerwin

**FROM:** Ed Holland

**DATE:** January 17, 2007

**SUBJECT:** Progress Report on NC Clean Water Management Trust Fund Grants

This memorandum is in response to the Board of Directors' request for annual progress reports on OWASA's grant agreements with the North Carolina Clean Water Management Trust Fund (CWMTF). OWASA has received two general types of grants: three for water quality protection and one for the reclaimed water system project.

**WATERSHED PROTECTION GRANTS**

**First Grant Agreement (1997A-85)**

In July 1998, OWASA received a grant of \$1,042,500 for acquiring land and conservation easements within 300 feet of the Cane Creek Reservoir or within 300 feet of any tributaries to the reservoir. Reimbursements were received totaling \$1,036,630. A summary of reimbursed land costs is provided in the attached table (third column from the right).

**Second Grant Agreement (2001A-25)**

An additional grant of \$687,000 was awarded in October 2002. Reimbursements were received in the amount of \$691,523, which included \$4,523 of carryover from the previous grant. Reimbursed land costs are summarized in the second column from the right in the attached table.

**Mini-Grant for Pre-Acquisition Expenses on Prospective Properties**

A "mini-grant" was awarded to OWASA in January 2004 for pre-acquisition costs, such as surveying, site work, landowner negotiations, etc. for two properties on which we were seeking easements at that time. Although those negotiations were ultimately unsuccessful, the CWMTF reimbursed \$2,951 to OWASA for expenses incurred.

### **Third Grant Agreement (2005A-26)**

The CWMTF awarded a third grant in August 2005 for eligible expenditures incurred in acquiring conservation easements on the Lloyd and McPherson properties. Reimbursements were received totaling \$125,923. A summary of reimbursed land costs is provided in the last column of the attached table.

### **Ray Property Purchase**

In October 2006, OWASA purchased the 74-acre Ray Family property in the University Lake watershed for \$2.2 million. In October, the CWMTF approved a grant of up to \$1,189,000 to help pay for that property, but a new agreement for this transaction will not be developed until later this year.

### **Completed Acquisitions**

OWASA has closed a total of 24 transactions since 1998. All but one (the Ray Family property) have been for land in the Cane Creek watershed. These have included 386 acres acquired in fee simple and 699 acres under conservation easements, for a total of 1,085 acres protected since the first CWMTF grant was awarded (1,011 in the Cane Creek watershed).

Direct land and easement costs have totaled \$4.66 million. Ancillary costs, such as land surveys, site assessment, appraisals, and legal fees, have totaled about \$240,000, or approximately five percent of the direct land costs. CWMTF reimbursements received to date have totaled \$1,857,027.

The attached map shows all parcels within the Cane Creek watershed in which OWASA has fee simple or easement interests.

### **RECLAIMED WATER SYSTEM GRANT (#2004A-509)**

In January, 2005, OWASA executed an agreement with the CWMTF to accept \$1,866,000 to pay all engineering design and permitting costs for the reclaimed water system project. The agreement has an expiration date of October 31, 2007.

As of December 15, 2006 we have been invoiced for a total of approximately \$679,000 in eligible expenses, and we have received \$320,924 in CWMTF reimbursements. One outstanding reimbursement request submitted on December 18, 2006 for \$358,089 is pending approval.

After the engineering design work is completed and final costs are known, we can use any remaining grant funds to reimburse the University for engineering design expenses

that it has incurred for the project. However, the University has stated that it would prefer to use any unspent grant funds for construction if that is possible.

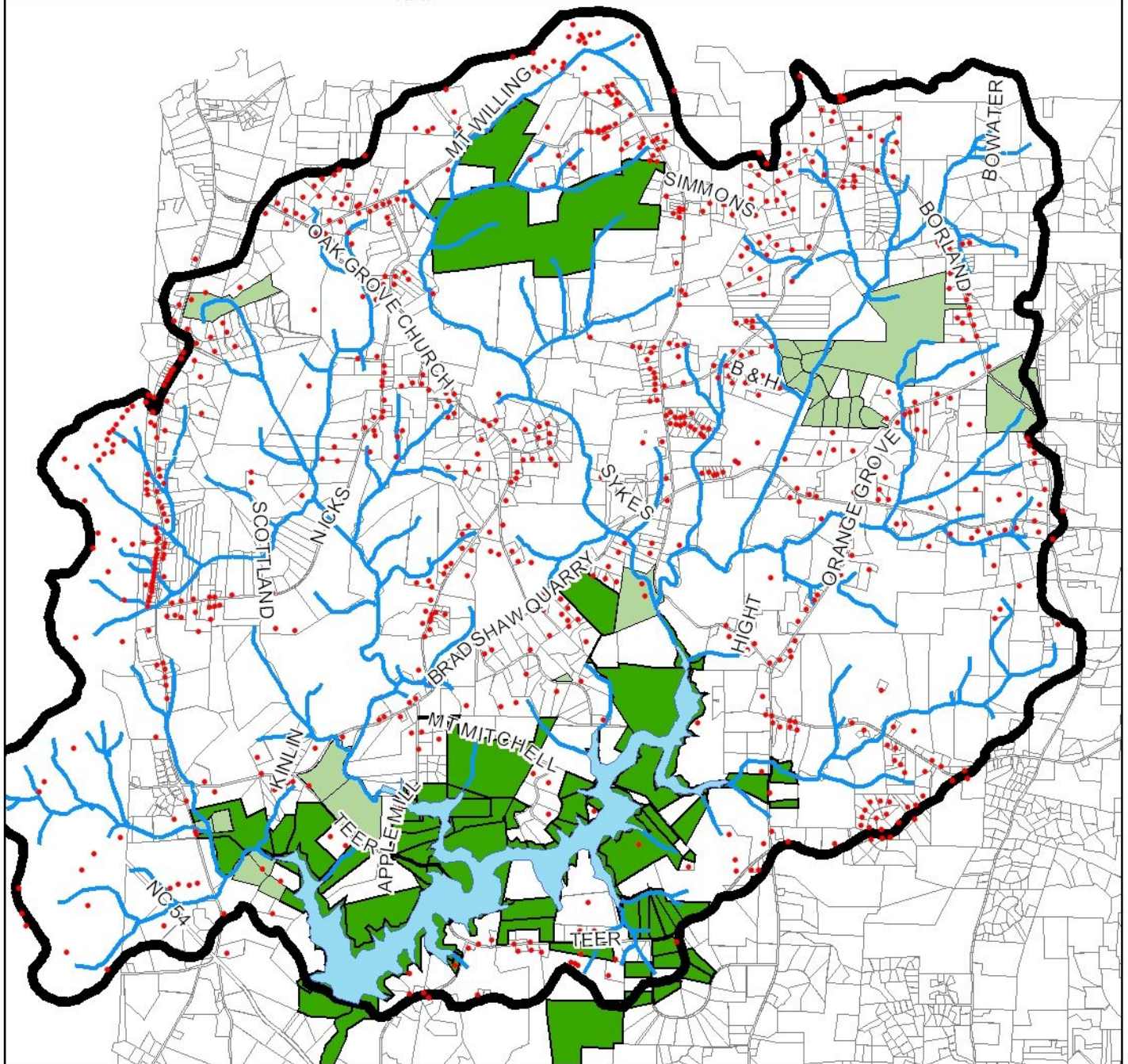
Final design work is nearly complete. Once we know how much of the grant remains, we will request CWMTF approval to use the unspent funds for construction of the reclaimed water system. If that request is not approved, we will then request reimbursement for the University's engineering design costs for the project.

A handwritten signature in black ink, appearing to read "Ed Holland", written over a horizontal line.

Edward A. Holland, AICP  
Planning Director

Attachments

# OWASA - Protected Property Near Cane Creek Reservoir



## Legend

Date: 1/17/07

- Houses
- ▭ Cane Creek Watershed Boundary
- ▭ Reservoir Surface - 500 acres
- ▭ OWASA Conservation Easements (Private Ownership) - 708 acres
- ▭ OWASA Ownership - 2,150 acres



1 0.5 0 1 Miles

**ORANGE WATER AND SEWER AUTHORITY  
Cane Creek Land Acquisition Since 1989**

Property	Closing Date	Fee or Easement	Total Acreage	300-foot Riparian Acreage	Percent Riparian	Per-Acre Cost	Land Cost	CWMTF Eligible	CWMTF Reimbursements		
									1997A-085	2001A-25	2005A-26
Mickey	Feb-91	Fee	4.6	(a)	(a)	\$3,500	\$16,600	(b)			
R. Jones	Jan-92	Fee	18	(a)	(a)	\$3,000	\$53,400	(b)			
O. Jones	Feb-92	Fee	37	(a)	(a)	\$3,000	\$110,700	(b)			
O. Jones	Feb-92	Easement (c)	10	(a)	(a)	\$1,250	\$12,500	(b)			
Teer-Lloyd	Feb-92	Fee	27	(a)	(a)	\$3,800	\$101,100	(b)			
Lamm	Aug-92	Fee	27	(a)	(a)	\$3,000	\$81,900	(b)			
Meadowcrest	Sep-93	Fee	103	(a)	(a)	\$2,800	\$288,400	(b)			
Snipes Heirs	Oct-94	Fee	128	(a)	(a)	\$3,000	\$384,000	(b)			
Paris	Jul-95	Fee	62	(a)	(a)	\$6,400	\$399,360	(b)			
Love	Sep-95	Fee	70	(a)	(a)	\$6,733	\$473,600	(b)			
Hilliard	Jun-96	Fee	44	(a)	(a)	\$4,900	\$214,134	(b)			
<b>1989-1997 Totals:</b>			<b>531</b>			<b>\$4,023</b>	<b>\$2,135,694</b>				
Wagoner	Dec-98	Fee	11.1	7.7	70%	\$7,000	\$77,546	\$54,222	\$57,786		
Tapp	Mar-99	Fee	25.3	22.1	87%	\$5,000	\$125,575	\$110,415	\$117,380		
Cheek	Apr-99	Fee	50.9	29.0	57%	\$8,000	\$406,960	\$231,840	\$237,540		
Healy	Apr-99	Easement	3.3	2.3	69%	\$21,312	\$69,500	\$47,953	\$25,709		
Cox-Galloway	May-99	Easement (d)	4.8	4.0	82%	\$4,143	\$20,000	\$16,424	\$23,538		
New	Feb-00	Fee	20.8	7.8	38%	\$6,726	\$140,000	\$52,545	\$52,545		
Cascade Forest	Feb-00	Easement (e)	122	34.9	29%	\$903	\$110,128	\$31,540	\$100,990		
Carmichael	Jul-00	Fee	19.3	7.1	37%	\$7,500	\$145,088	\$53,250	\$53,374		
Carmichael	Jul-00	Easement (f)	3.0	3.0	100%	\$7,500	\$22,500	\$22,500	\$22,500		
Miller-Cheek	Jul-00	Fee	38.3	23.7	62%	\$8,000	\$306,272	\$189,600	\$189,521		
Smith	Dec-00	Fee	13.5	6.5	48%	\$8,166	\$110,000	\$53,079	\$52,800		
Stevens	Oct-01	Easement (g)	192	24.9	13%	\$2,300	\$441,800	\$57,270	\$61,373		
Dean Heirs	Jan-02	Fee (h)	80	47.0	58%	\$5,970	\$480,000	\$280,597		\$272,774	
Patterson	May-02	Easement (i)	101	25.6	25%	\$1,000	\$101,000	\$25,600	\$29,417		
Johnson	Oct-02	Easement (j)	62	27.3	44%	\$2,736	\$170,636	\$74,657		\$80,413	
Love (North)	Jul-03	Fee	23	17.6	78%	\$7,566	\$171,530	\$133,017		\$139,085	
Love (South)	Jul-03	Easement (k)	19	6.1	33%	\$931	\$17,218	\$5,677		\$7,262	
Tomberg	Jan-04	Easement (k)	9	5.7	63%	\$1,831	\$16,476	\$10,435			
Wm. Teer (West)	Apr-04	Fee	5	5	100%	\$8,000	\$38,688	\$38,688		\$130,265	
Wm. Teer (East)	Apr-04	Fee	18	10.7	58%	\$8,000	\$147,672	\$85,240			
Gerringer	Jun-04	Fee	7	7	100%	\$7,200	\$51,840	\$51,840		\$61,725	
Mellor	Aug-04	Easement (k)	10	5.5	54%	\$1,576	\$15,920	\$8,606			
Lloyd	Feb-05	Easement (l)	125	28	22%	\$1,750	\$212,500	\$100,000			\$96,582
McPherson	Jul-05	Easement (m)	47	10	22%	\$1,333	\$62,500	\$30,000			\$29,341
<b>1998-2006 Totals:</b>			<b>1011</b>	<b>368</b>	<b>36%</b>	<b>\$3,425</b>	<b>\$3,461,349</b>	<b>\$1,764,996</b>	<b>\$1,024,472</b>	<b>\$691,523</b>	<b>\$125,923</b>
<b>Total Land Protected Since 1989:</b>			<b>1542</b>			<b>\$3,631</b>	<b>\$5,597,043</b>				

(a) Riparian area not determined.

(b) Property acquired prior to the CWMTF grant agreements.

(c) Development limited to 1 homesite; designated stream buffers and setbacks.

(d) Entire tract to remain undeveloped.

(e) 300-foot forested stream buffer (35-acre total) to remain undisturbed; future development limited to 1 unit per each 10+ acre lot.

(f) Riparian buffer to remain undisturbed.

(g) Total homesites limited to 5; riparian buffer to remain undisturbed.

(h) Jan 9, 2002 closing acquired only two-thirds (\$480,000) of the total \$720,000 interest in this tract.

(i) Total homesites limited to 4; 300-foot riparian buffer to remain undisturbed.

(j) Total homesites limited to 3; 300-foot riparian buffer to remain undisturbed.

(k) Total homesites limited to 1; 300-foot riparian buffer to remain undisturbed.

(l) Total homesites limited to 3; 300-foot riparian buffer to remain undisturbed; no cattle access to streams after 2/2006; total acquisition costs shared evenly (50:50) between OWASA and Orange County (\$1,750/ac price in the table represents OWASA's 50% share).

(m) Total homesites limited to 1; 200-300 foot riparian buffer to remain undisturbed; total acquisition costs shared evenly (50:50) between OWASA and Orange County (\$1,333/ac price in the table represents OWASA's 50% share).

**MEMORANDUM****TO:** Board of Directors**THROUGH:** Ed Kerwin**FROM:** Gwen Burston**DATE:** January 18, 2007**SUBJECT: Merit Pay Distribution Report**

All permanent OWASA employees receive a formal performance appraisal every six months (6 month interim review in April and annual review in October). These performance appraisals provide the opportunity to recognize and document employee achievements; facilitates constructive communication between the employee and their supervisor; identify opportunities for improvements; and the October annual performance appraisal serves as the basis for awarding salary increase based on merit. In 2006 the OWASA Board of Directors approved a 3.8 percent merit pool increase for employees. The actual average employee merit increase effective November 2006 was 3.79 percent.

The average annual performance appraisal rating for all employees in October 2006 was 3.63 on a 1.00 – 5.00 scale. The distribution of annual performance appraisals rating and the resulting merit pay increases are summarized in the table below.

<b>Numerical Rating</b>	<b>Job Performance Category</b>	<b>Percent Merit Increase</b>	<b>No. of Employees</b>
1.00-1.99	Substantially Below Expectations	0	0
2.00-2.74	Below Expectations	0	0
2.75-2.99	Meets Expectations	1.43	2
3.00-3.24	Meets Expectations	3.35	7
3.25-3.49	Meets Expectations	3.59	18
3.50-3.74	Meets Expectations	3.83	60
3.75-3.99	Meets Expectations	4.07	35
4.00-4.24	Exceeds Expectations	4.31	6
4.25-4.99	Exceeds Expectations	0	0

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Gwen Burston  
Director of Human Resources

**MEMORANDUM**

**TO:** Board of Directors  
**THROUGH:** Ed Kerwin  
**FROM:** Gwen Burston  
**DATE:** January 16, 2007  
**SUBJECT:** Vision Care Plan Report

In January 1993 the Board of Directors approved the addition of vision care benefits to our health insurance plans following a survey of employees which showed that 55% of our work force wore prescription glasses. In January 1996 our health insurance provider informed us that they would no longer offer this type of vision care benefit and the Board agreed to provide an in-house vision care plan for employees.

OWASA provided \$44,223.87 in funding for the vision care plan in 2005 and \$46,639.79 in 2006. Employees also fund the plan through monthly premiums as follows: Employee Only: No Cost; Parent/Child: \$2.00; Employee/Spouse: \$4.00; Family Coverage: \$7.00.

Vision care plan cost for the last two years:

	<b>2005</b>	<b>2006</b>
• OWASA Costs	\$44,223.87	\$46,639.79
• Employee Premiums	\$4,647.50	\$4,824.50
• Claims paid	(191) \$48,871.37	(188) \$51,464.29

Employees continue to use this program regularly and it is one of our strongest benefits. Employees may spend up to \$405 annually on eye glasses, contact lenses and eye exams. In January 2007 UnitedHealthcare became our new healthcare provider. Like our former provider, United offers discounts for using doctors in their network. Discounts result in a savings for OWASA and the employee, thus we do strongly encourage employees to use UnitedHealthcare affiliated providers whenever possible.

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Gwen Burston  
Director of Human Resources

**MEMORANDUM**

**TO:** Board of Directors

**THROUGH:** Ed Kerwin

**FROM:** F. Stuart Carson, P.E.

**DATE:** January 19, 2007

**SUBJECT:** Semi-Annual Contractor and Consultant Performance Report

It is OWASA policy to assess contractor performance and responsiveness during and following construction of a project. OWASA also evaluates consultant performance on projects. The resulting evaluations of performance would ultimately be included as factors to consider when evaluating future proposals from contractors and consultants desiring to perform work for OWASA.

The projects from the past 6-month period (since July 2006) included in this report are:

- Preliminary Engineering Study and Evaluation of the 740-Foot Pressure Zone
- Colony Woods Water Main Replacement (Phase II)
- Meeting of the Waters Interceptor Sewer Improvements
- LSG Digester Piping
- Reclaimed Water System Economic Evaluation
- Reclaimed Water Treatment, Pumping, and Storage Facilities
- Reclaimed Water Transmission Main

The attached table summarizes the evaluation results for these projects. The corresponding evaluation forms are available upon request. Please let me know if you need additional information.

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F. Stuart Carson, P.E.  
Engineering Manager – Capital Improvements Program

Attachment 1: Summary of Contractor and Consultant Ratings

## ATTACHMENT 1

### SUMMARY OF CONTRACTOR AND CONSULTANT RATINGS For the Period of July through December 2006

Project	Consultant/Contractor	Overall Rating	Comments
<b>CIP 274-02</b> Preliminary Engineering Study and Evaluation of the 740-Foot Pressure Zone	Hazen and Sawyer (Consultant)	Fair	<ul style="list-style-type: none"> <li>• OWASA staff had to spend more time than expected to review and revise the technical memoranda and final report</li> <li>• Work was primarily performed by staff inexperienced and unfamiliar with OWASA's needs and the overall utility/community context of the project</li> <li>• Report was uneven in quality and readability. Certain findings and statements lacked sufficient documentation or justification.</li> <li>• Work was completed on budget</li> </ul>
<b>CIP 275-20</b> Colony Woods Water Main Replacement (Phase II)	O'Brien & Gere Engineers (Consultant)	Good	<ul style="list-style-type: none"> <li>• Provided good coordination with regulatory agencies</li> <li>• Well prepared for review meetings</li> <li>• The project was amended to add additional scope (OWASA initiated)</li> <li>• Work was completed on budget and on time, as amended</li> </ul>
<b>CIP 276-33</b> Meeting of the Waters Interceptor Sewer Improvements	Brown and Caldwell (Consultant)	Excellent	<ul style="list-style-type: none"> <li>• <u>Interim</u> evaluation for study and design services</li> <li>• Very proactive and helpful with community meetings</li> <li>• Very good management of subconsultants</li> <li>• Work has proceeded on schedule</li> <li>• Extensive coordination with UNC, Town of Chapel Hill, NCDOT, State regulatory agencies</li> <li>• Extensive work in the Coker Pinetum to ensure protection of this sensitive environment</li> <li>• Co-authored a paper with OWASA that was presented at the North Carolina American Water Works Association and Water Environment Association (NC AWWA-WEA) 2006 Annual Conference</li> <li>• Excellent communication and cooperation with OWASA</li> </ul>

**SUMMARY OF CONTRACTOR AND CONSULTANT RATINGS**  
**For the Period of July through December 2006**  
**Page 2 of 2**

<b>CIP 278-06</b> LSG Digester Piping	Crowder Construction Co. (Contractor)	Good	<ul style="list-style-type: none"> <li>• Work was completed on an expedited schedule</li> <li>• Three change orders, all initiated by OWASA, were executed</li> <li>• Worked well with Inspector and OWASA</li> </ul>
<b>CIP 278-30</b> Reclaimed Water Treatment, Pumping, and Storage Facilities (Economic Analysis to Support Contract Negotiations With UNC)	Black & Veatch (Consultant)	Good	<ul style="list-style-type: none"> <li>• Economic and general cost-of-service analysis to support the Board during the reclaimed water system contract negotiations with the University</li> <li>• Good communication and cooperation with OWASA</li> <li>• Good flexibility and responsiveness regarding project scheduling and Board meetings</li> <li>• Good responsiveness to need to modify technical and written materials to incorporate ongoing analyses and discussion</li> <li>• Technical analysis met expectations</li> </ul>
<b>CIP 278-30</b> Reclaimed Water Treatment, Pumping, and Storage Facilities	Hazen and Sawyer (Consultant)	Good	<ul style="list-style-type: none"> <li>• <u>Interim</u> evaluation for study and design services</li> <li>• Excellent schedule preparation, documentation, and adherence to schedule</li> <li>• Excellent technical memoranda presentations</li> <li>• Excellent communication and cooperation with UNC and OWASA</li> </ul>
<b>CIP 278-31</b> Reclaimed Water Transmission Main	Hazen and Sawyer (Consultant)	Excellent	<ul style="list-style-type: none"> <li>• <u>Interim</u> evaluation for study and design services</li> <li>• Excellent schedule preparation, documentation, and adherence to schedule</li> <li>• Excellent technical memoranda presentations</li> <li>• Extensive coordination with UNC, Town of Chapel Hill, NCDOT, State regulatory agencies</li> <li>• Extensive work in the Coker Pinetum to ensure protection of this sensitive environment</li> <li>• Excellent communication and cooperation with OWASA</li> </ul>

# Draft

# ITEM 5

## ORANGE WATER AND SEWER AUTHORITY

### MEETING OF THE BOARD OF DIRECTORS

DECEMBER 14, 2006

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met for a regular business meeting on Thursday, December 14, 2006, in the OWASA Community Room.

Directors present: Michael A. (Mac) Clarke, Chair; Randy Kabrick, P.E., Vice Chair; Gordon Merklein, Secretary; Fred Battle; Milton S. Heath, Jr.; Penny Rich; and Laura Sandvik;. Directors absent: Marge Anders Limbert; and William Stott.

OWASA staff: Ed Kerwin, Mason Crum, Patrick Davis, Mary Darr, Greg Feller, John Greene, Ed Holland, Kevin Ray and Paula Thomas; and Robert Epting, Esquire, Epting and Hackney.

Others present: Meg Holton, Water, Wastewater, and Stormwater Manager, UNC; Ben Poulson, UNC; Michael Burton, Steven McDonald, and Andy Burnham, Burton and Associates; Terri Buckner; and Jane Eckenrode.

There being a quorum present, Chair Mac Clarke called the meeting to order.

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#### MOTIONS ACTED UPON

1. Penny Rich moved to adopt the minutes of the October 12, 2006, Meeting of the Board of Directors. The motion was seconded by Milton Heath, and carried by unanimous vote.

2. Penny Rich moved to adopt the minutes of the October 26, 2006, Meeting of the Board of Directors. The motion was seconded by Milton Heath, and carried by unanimous vote.

3. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt *Resolution Amending the Adopted Budget for Orange Water and Sewer Authority for Fiscal Year 2006-2007*. (Resolution so titled attached hereto and made a part of these minutes. Motion made by Penny Rich, seconded by Milton Heath, and carried by unanimous vote.)

4. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt a *Resolution Adopting Amendments to OWASA's Sewer Use Ordinance*. (Resolution so titled attached hereto and made a part of these minutes. Motion made by Fred Battle, seconded by Laura Sandvik, and carried by unanimous vote.)

5. Penny Rich moved that the Board go into a Closed Session for the purpose of discussing pending litigation. The motion was seconded by Fred Battle and carried by unanimous vote.

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ITEM ONE: ANNOUNCEMENTS

CONFLICT OF INTEREST

Mac Clarke said 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. There were none.

PUBLIC FORUM ON ODOR ELIMINATION AT THE MASON FARM  
WASTEWATER TREATMENT PLANT (WWTP)

Mac Clarke said the Chapel Hill Town Council held a Public Forum on Odor Elimination on December 4, 2006. The Council requested OWASA report back to the Town Council on January 22, 2007, and provide a definition of odor elimination to be developed with neighbors of the WWTP. Staff will develop a definition and provide it to the Board at the January 11, 2007 meeting.

BUDGET AND FINANCIAL PLANNING COMMITTEE MEETING

Milton Heath updated the Board on the Budget and Financial Planning Committee meeting held earlier in the day. He said the Committee received a presentation from OWASA's rate study consultant on three approaches for calculating service availability fees and that more work is needed.

Mr. Heath requested the Board consider amending the fifth stated value in OWASA's Mission Statement as follows:

- **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 ~~are~~ remain committed to continuous improvement in all of our services and will provide high value to our customers.

The Board received Mr. Heath's request and deferred consideration to a future meeting.

NATURAL RESOURCES/TECHNICAL SYSTEM COMMITTEE

Randy Kabrick reported that the Committee reviewed the staff's ongoing biosolids efforts. For the short term, work will focus on biosolids dewatering, continued land application, and supplementary services, as needed. A draft biosolids master plan that addresses long-term needs will be provided by the summer of 2007.

AD HOC PROPERTY COMMITTEE

Laura Sandvik said she attended the Carrboro Board of Aldermen's November 21, 2006 meeting, to update them on the former Ray property acquired by OWASA near University Lake. The Aldermen received this update as an information item.

Mac Clarke suggested the Committee review this issue in more detail at a future Committee meeting.

MILTON HEATH

On behalf of staff, Ed Kerwin thanked Mr. Heath for his years of service on the OWASA Board.

ITEM TWO: PETITIONS AND REQUESTS FROM THE PUBLIC, BOARD AND STAFF

Mac Clarke asked for petitions and requests from the public, from the Board, and from staff. There were none.

ITEM THREE: BIMONTHLY STATUS REPORT ON THE MASON FARM WWTP 14.5 MGD UPGRADE AND EXPANSION PROJECT

The Board received the bimonthly status report on the Mason Farm WWTP as an information item.

ITEM FOUR: DRAFT FISCAL YEAR 2007-2008 BUDGET CALENDAR

The Board received the draft Fiscal Year 2007-2008 budget calendar as an information item.

ITEM FIVE: QUARTERLY REPORT ON ATTENDANCE AT BOARD OF DIRECTORS MEETINGS

The Board received the quarterly report on attendance at Board of Directors' meetings as an information item.

**ITEM SIX: MINUTES**

Penny Rich moved to adopt the minutes of the October 12, 2006, Meeting of the Board of Directors. The motion was seconded by Milton Heath, and carried by unanimous vote. Please see Motion No. 1 above.

Penny Rich moved to adopt the minutes of the October 26, 2006, Meeting of the Board of Directors. The motion was seconded by Milton Heath, and carried by unanimous vote. Please see Motion No. 2 above.

**ITEM SEVEN: RESOLUTION AMENDING THE ADOPTED BUDGET FOR ORANGE WATER AND SEWER AUTHORITY FOR FISCAL YEAR 2006-2007**

Penny Rich moved to adopt the resolution; it was seconded by Milton Heath and carried by unanimous vote. Please see Motion No. 3 above.

**ITEM EIGHT: RESOLUTION ADOPTING AMENDMENTS TO OWASA'S SEWER USE ORDINANCE**

Mary Darr briefly updated the Board on comments received and that staff made two changes to the proposed Sewer Use Ordinance regarding dialysis waste and disposal of pharmaceuticals.

Terri Buckner thanked staff for their work on the Sewer Use Ordinance and expressed her appreciation to hear that OWASA has planned educational outreach. Ms. Bucker requested that staff include nursing homes and hospice in this outreach plan.

Fred Battle moved to adopt the resolution; it was seconded by Laura Sandvik and carried by unanimous vote. Please see Motion No. 4 above.

**ITEM NINE: AD HOC ART COMMITTEE'S RECOMMENDATION REGARDING THE ATRIUM ART PROJECT**

Gordon Merklein said the Committee recommends selecting Ms. Jane Eckenrode to further develop a specific concept for the art project in the atrium on the main floor of the OWASA Administration building. Following these discussions with staff and Ms. Eckenrode, an update will be presented to the Board for final review.

Mr. Merklein thanked Ms. Eckenrode and all the artists for their participation and said that OWASA looks forward to working with Ms. Eckenrode.

The Board supported this recommendation.

ITEM TEN: DISCUSSION OF WATER CONSERVATION RATE DESIGN

The Board received a presentation from Michael Burton, President of Burton and Associates, on the key draft rate design recommendations from the ongoing rate study. The recommendations, which were previously discussed with the Budget and Financial Planning Committee, are:

1. Continue current approach to determining fixed monthly charges for water and sewer service.
2. Reapportion General and Administrative costs charged to water and sewer operations to better reflect the true cost of service. This would require shifting about \$2.5 million of Fiscal Year 2007 costs to sewer from water.
3. Implement a 5-tiered increasing block conservation rate structure and a 15,000 gallon maximum cap on sewer gallons billed for single-family and individually metered multi-family residential customers.
4. Consider implementing a 2-tiered conservation pricing structure for non-residential customers, including the University.

Mr. Burton said that if we change from our current seasonal rate structure, some customers could actually see a reduction in their cost of water during the peak season, thereby reducing the conservation pricing signal during the time of year we want to achieve conservation. He also said that a 2-tiered structure for non-residential customers could be difficult to implement and for customers to understand, and that multiple rate changes of the nature we are considering would increase uncertainty and revenue instability.

Steve McDonald, of Burton and Associates, presented the results of the water demand analysis and modeling work for the rate study. Five years of detailed billing data were analyzed to determine the relative influence of different factors, such as price and weather, on customer demands. The analysis indicates that demand reductions have occurred across all customer classes. It also shows that rate increases and the implementation of seasonal rates appear to have had a considerably greater impact on reducing customer demands than previously assumed.

The Board requested staff and Burton and Associates refine the analyses and proposed rate levels, and present the recommendations through the Budget and Financial Planning Committee to the Board in the next couple of months.

**Draft**

**ITEM ELEVEN: CLOSED SESSION**

Penny Rich moved that the Board go into a Closed Session for the purpose of discussing pending litigation. The motion was seconded by Fred Battle and carried by unanimous vote. Please see Motion No. 5 above.

There being no further business to come before the Board, the meeting was adjourned at 9:00 P.M.

Respectfully submitted,

**Draft**

Andrea Orbich  
Executive Assistant

Encs.

### AGENDA ITEM

- PROPOSED REFINEMENTS TO THE ORANGE WATER AND SEWER AUTHORITY POLICY FOR ADJUSTMENT OF CUSTOMER ACCOUNTS FOR EMERGENCY SITUATIONS INVOLVING LOSS OF METERED WATER

### PURPOSE

- To provide suggested refinements to OWASA's emergency water loss (EWL) adjustment policy.

### BACKGROUND

- The purpose of OWASA'S *Policy for Adjustment of Customer Accounts for Emergency Situations Involving Loss of Metered Water* is to provide a credit adjustment to the water and/or sewer account of a customer who has experienced an emergency situation involving the loss of metered water beyond the customers' normal and reasonable control.
- The Board of Directors adopted revisions to the policy in 2003. The 2003 revisions gave greater discretion and flexibility to the Executive Director in applying the policy and were designed to reduce abuse of the policy.
- Adjustments reach tens of thousands of dollars annually.
- To strengthen the Board's intent that reasonable detection and repair of water leaks is the responsibility of the customer, and to enact an adjustment policy that conforms to OWASA's conservation goals and objectives, staff proposes the following modifications to the policy.
  - Prohibit adjustments for irrigation system leaks.
  - Limit the dollar amount of any adjustment to \$3,000.
  - Limit adjustment period for leaks in readily visible fixtures to one month.
  - Curtail adjustments for unexplained water loss.
  - Disallow adjustments within one-year of construction completion.
  - Allow no more than one adjustment every 36 months per location for non-owner occupied locations.
- The proposed revisions to the policy should reduce the ongoing cost of EWL adjustments borne by the entire customer base.

### ACTION NEEDED

- Board discussion of the proposed *Policy for Adjustment of Customer Accounts for Emergency Situations Involving Loss of Metered Water* modifications.

January 25, 2007

## MEMORANDUM

**TO:** Board of Directors

**THROUGH:** Ed Kerwin

**FROM:** Tammy Brown

**DATE:** January 18, 2007

**SUBJECT:** Proposed Refinements to the Orange Water and Sewer Authority Policy for Adjustment of Customer Accounts for Emergency Situations Involving Loss of Metered Water

### Purpose

This report provides suggested refinements to our Emergency Water Loss adjustment policy resulting from the evaluation requested by the Board on August 24, 2006.

### Background

OWASA's *Policy for Adjustment of Customer Accounts for Emergency Situations Involving Loss of Metered Water* was adopted "to provide a credit adjustment to the water and/or sewer account of a customer who has experienced an emergency situation involving the loss of metered water. The excess water metered will have occurred as a result of conditions beyond normal and reasonable control of the customer or other parties responsible for the use, care and maintenance of fixtures and devices that are a part of the customer's water service system." The policy further states that it is "the customer's responsibility to promptly discover and stop the loss of water. In addition, the customer is responsible for making arrangements to repair or have repaired the fixture or device causing the water loss. Although there is no obligation for OWASA to adjust accounts when the water has been metered properly, it is OWASA's desire to encourage customers to make prompt and permanent repairs and to show consideration for the unusual circumstance by sharing the cost of the excessive billing charges."

The policy was amended in 2003 to afford the Executive Director greater flexibility and discretion in applying the policy. A key modification at that time was to limit adjustments per customer to one in three years.

The dollar amount of emergency water loss (EWL) adjustments, and therefore, the cost borne by all of our customers, has increased with time. Below is a table of annual EWL adjustment costs as presented in the *Fiscal Year 2006 Annual Report on Emergency Water Loss Adjustments of Billing Charges to Customer Accounts* on August 24, 2006.

**Total Amount of EWL Adjustments for Past Five Years**

FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
<b>\$48,801</b>	<b>\$69,636</b>	<b>\$31,232</b>	<b>\$37,407</b>	<b>\$95,151</b>

EWL adjustments during the first half of FY 2007 total \$33,712, or \$67,424 if annualized. Staff believes that possible factors affecting the growing level of adjustments may include: (a) the increasing age of private water service lines and plumbing systems and fixtures; (b) the quality of construction and materials; (c) an increasing number of our customers are much more aware of our EWL policy; and (d) rate increases. In response to policy suggestions presented with the *Fiscal Year 2006 Annual Report on Emergency Water Loss Adjustments of Billing Charges to Customer Accounts*, the Board directed staff to further review potential policy options and to report back to the Board at a later date.

**New EWL Policy Recommendations**

Staff recommends the following changes to the types, frequency, and amounts of EWL billing adjustments allowed by the current policy:

- Prohibit adjustments for irrigation system leaks. Staff considers irrigation to be a nonessential use of potable water. Granting adjustments for irrigation system leaks under the EWL policy appears to run counter to OWASA’s long-term water conservation goals and objectives.
- Limit billing adjustments to \$3,000. At current rates, a water and sewer adjustment in the amount of \$3,000 represents a metered water loss of nearly 400,000 gallons. Staff believes that a leak of this volume would create very visible evidence of damage or erosion that should be addressed immediately.
- Limit billing adjustment periods to one month for *readily visible* fixtures, such as toilets, faucets, spigots, hoses, exposed pipes, and water heaters. The policy currently allows an adjustment for a three-month period. Such a restriction would be better aligned with the stated policy goal of urging prompt leak discovery and repair.
- Curtail billing adjustments for “unexplained” water loss, *or* only adjust one month of “unexplained” loss. Unexplained water losses, or more accurately, losses for which the reason is unknown to the customer, do occur. However, this aspect of the policy is ripe for abuse. A customer merely need inform us that the water was not used and that he or she has no idea where the water went and an adjustment is granted.

Limiting the adjustment to a one-month period may help to eliminate recurring behavior that leads to an unexplained water loss claim.

- Disallow a billing adjustment for losses that occur within one year of construction. Home warranties typically address construction problems in the first year.
- Allow no more than one billing adjustment every thirty-six months per *location* for non-owner occupied locations. The current policy allows an adjustment every 36 months per *customer*. This recommendation is intended to place a greater incentive on rental property owners to properly maintain the plumbing system in the rental property.

### **Conclusion**

Staff believes that these proposed modifications to the EWL policy represent a fair approach to cost reduction while keeping intact OWASA's philosophy of a shared responsibility and encouragement of prompt leak detection and repair. These modifications would restrict billing adjustments, thereby reducing the amount of charges borne by all our ratepayers in the coming years. These changes will still allow the Executive Director sufficient flexibility and discretion to interpret the policy, and to provide assistance to a customer who has experienced a situation involving the loss of metered water generally beyond their normal and reasonable control.

Attached is a black-lined version of the *Policy for Adjustment of Customer Accounts for Emergency Situations Involving Loss of Metered Water* reflecting the proposed changes to the policy. Upon deliberation, should the Board desire to implement any or all of these changes, staff will prepare and return a resolution to the Board for official adoption.

The Customer Service Department looks forward to your questions comments, and guidance regarding our EWL adjustment policies.

---

Tammy Brown  
Customer Service Manager

Attachment

C: Kevin Ray  
Pat Davis

\*\*\*DISCUSSION DRAFT\*\*\*  
ORANGE WATER AND SEWER AUTHORITY  
POLICY FOR ADJUSTMENT OF CUSTOMER ACCOUNTS FOR EMERGENCY  
SITUATIONS INVOLVING LOSS OF METERED WATER

PURPOSE

The purpose of this policy is to provide a credit adjustment to the water and/or sewer account of a customer who has experienced an emergency situation involving the loss of metered water. The excess water metered will have occurred as a result of conditions beyond normal and reasonable control of the customer or other parties responsible for the use, care and maintenance of fixtures and devices that are a part of the customer's water service system.

CONDITIONS

It is the customer's responsibility to promptly discover and stop the loss of water. In addition, the customer is responsible for making arrangements to repair or have repaired the fixture or device causing the water loss. Although there is no obligation for OWASA to adjust accounts when the water has been metered properly, it is OWASA's desire to encourage customers to make prompt and permanent repairs and to show consideration for the unusual circumstance by sharing the cost of the excessive billing charges.

CUSTOMER RESPONSIBILITY

1. The customer must provide, in writing, information describing the emergency situation or circumstances that resulted in the loss of water. Email is an acceptable form of notification. This should include the cause of the water loss if known, when the problem was discovered, what action was taken to stop the loss of water, and the arrangements made for repairs.
2. If a repair is completed, the customer must provide a copy of the plumber's bill or a statement of materials purchased if the repair was performed by the customer. This will support the condition that the repair is a quality job of a permanent nature.

ADJUSTMENT PROCEDURE

1. Upon receipt of the customer's written statement describing the water loss and copies of invoices or receipts documenting repair, an-the OWASA Customer Service Representative Department will evaluate the circumstances surrounding the water loss.
2. The Customer Service Representative-Department, upon determination that an adjustment is appropriate under the policy, will calculate the adjustment under the following guidelines.
  - a) The adjustment shall be one-half (1/2) of the amount in excess of the previous twelve (12) months average billings for water, excluding the months(s) of excessive consumption for which the adjustment is requested, and 100% of the amount in excess of the previous twelve (12) months average billings for wastewater, excluding the months(s) of excessive

consumption for which the adjustment is requested, for the following conditions or similar situations where the water has not returned to the sewer system:

Leaks underground not associated with irrigation systems, or in walls,  
Frozen and burst pipes not associated with irrigation systems,  
~~Irrigation system or~~ outdoor spigot and hose leaks,  
Faulty water heaters or pressure reducing valves where such appliances  
and devices are not easily accessible or visible, and  
Vandalism to plumbing that is documented with a police report, ~~and  
on a case by case basis, unexplained water loss.~~

- b) one-half (½) of the amount in excess of the previous twelve (12) months average billings for water excluding the months(s) of excessive consumption for which the adjustment is requested, and one-half (½) of the amount in excess of the previous twelve (12) months average billings for wastewater excluding the months(s) of excessive consumption for which the adjustment is requested, for the following conditions or similar situations where the water has returned to the sewer system:

Malfunctioning toilets, and  
Leaking indoor faucets.

- c) No adjustment shall be made for the following:

Losses that occurred within one (1) year of construction,  
Unoccupied dwellings,

- ed) If a twelve-month average is not available (new customer), the average will be based on 2,000 gallons of usage per person in the household, or the rate of consumption after repairs, whichever is greater.

- de) For seasonal users (customers with fixed and predictable patterns of consumption, usually due to irrigation), the adjustment will be based on the corresponding month(s) from the year immediately preceding, where no emergency water loss or meter malfunction was recorded during the corresponding month(s).

3. No adjustment shall be made for an amount that exceeds \$3,000.00, or a period in excess of three (3) billing periods. The billing period adjustment shall be limited to one month in cases of adjustments for malfunctioning toilets, indoor faucets and other visible, easily accessible fixtures. ~~and w~~With the exception of the annual sewer adjustment for pool filling, not more than one (1) such adjustment for any given thirty-six (36) month period per ~~customer location~~ will be granted for non-owner occupied locations, and not more than one (1) such adjustment for any given thirty-six (36) month period per location, per customer for owner occupied locations.

4. No adjustment shall be made when the request for the adjustment is received more than ninety (90) days after the billing date of the bill to be adjusted in the case of an active customer, or thirty (30) days after the billing date of a final bill. Exceptions will only be made if there is proof for extraordinary mitigating circumstances, ~~e.g., the customer was in the hospital or out of town during the period in question.~~
5. Adjustments will not normally be allowed for water loss arising from carelessness, negligence or lack of due diligence on the part of the customer, as it is the customer's responsibility to promptly discover and stop the loss of water.
6. All customers with pools shall qualify for a once per year adjustment to their sewer charges if they have completely emptied and refilled their pool. The customer must supply OWASA, in writing, with the volume of the pool in gallons, and the date it was filled. The Customer Service Representative will then compare that volume to the total consumption for the month in question. Assuming the customer's total consumption increased above their average by the approximate volume of the pool, the sewer portion of the bill shall be adjusted by the amount of water it took to fill the pool. No adjustment will be given if the total volume of the pool exceeds the total consumption for the month.
7. All emergency water loss calculations shall be documented by Customer Service personnel, and shall include a complete and adequate description of the problem and justification for the adjustment.
8. A proposed adjustment in excess of \$300.00 will be reviewed and approved or denied by the Customer Service Manager before a credit adjustment is made to the customer's account. A proposed adjustment in excess of \$2,000.00 will be reviewed and approved or denied by the Director of Finance and Customer Service before a credit adjustment is made to the customer's account.
9. In accordance with Customer Service procedures, a copy of the documentation will remain in the Customer Service Department for a period of thirty-six (36) months with a copy of the adjustment forwarded to the Accounting Department.
10. Once the adjustment has been made to the customer's account, the Customer Service Representative will notify the customer in writing that the adjustment has been made.

### IMPLEMENTATION

The Executive Director, or his or her designee, shall be responsible for implementation and interpretation of this policy, and is authorized to exercise on behalf of OWASA the discretionary determination as to the applicability of this policy in the various circumstances involving abnormal water usage or loss.

Reviewed by General Counsel:

\_\_\_\_\_

Date

\_\_\_\_\_

Robert Epting, Esq.  
General Counsel

Adopted by the Board:

\_\_\_\_\_

Date

\_\_\_\_\_

Andrea Orbich  
Clerk to the Board

### AGENDA ITEM

- CONCEPTUAL DRAFT STATEMENT OF OWASA'S SUSTAINABILITY GOAL AND OBJECTIVES AND PROPOSED ADMINISTRATIVE GUIDE FOR SUSTAINABLE PURCHASING AND CONTRACTING

### PURPOSE

- To receive the Board's comments, questions and guidance regarding the conceptual draft *Statement of OWASA's Sustainability Goal and Objectives*.
- To receive the Board's comments, questions and suggestions regarding OWASA's draft *Administrative Guide for Sustainable Purchasing*.

### BACKGROUND

- OWASA's Mission and Values Statement speaks directly to the importance of sustainability as a key value and emphasizes the importance of environmentally, economically and socially sustainable facilities, practices and services.
- OWASA has implemented several sustainability related initiatives; however, the OWASA Board has not established a formal goal and objectives for our sustainability efforts.
- The NRTS Committee suggested formalizing OWASA's organizational commitment to sustainability, including sustainable purchasing. Similar comments have been made during Board discussions and the Executive Director's Work Plan includes the task to "...evaluate the expansion of OWASA's sustainability programs."
- Staff has developed (a) a conceptual draft *Statement of OWASA's Sustainability Goal and Objectives* and (b) a draft *Administrative Guide for Sustainable Purchasing*. These draft documents are intended to describe OWASA's overall vision and commitment to continue integrating sustainability values and practices into our organization.

### ACTION NEEDED

- The Board's comments and guidance are requested regarding the conceptual draft *Statement of Sustainability Goal and Objectives* and the draft *Administrative Guide for Sustainable Purchasing*.

January 25, 2007

## MEMORANDUM

**TO:** Board of Directors

**THROUGH:** Ed Kerwin

**FROM:** Patrick Davis  
Paula Thomas

**DATE:** January 19, 2007

**SUBJECT:** Conceptual Draft *Statement of OWASA's Sustainability Goal and Objectives* and Proposed *Administrative Guide for Sustainable Purchasing and Contracting*

Attached for your consideration are two draft policy statements regarding OWASA's sustainability initiatives:

1. A draft *Sustainability Goal and Objectives* statement. This proposal has been prepared in response to the Natural Resources and Technical Systems (NRTS) Committee's and other Board Members' suggestions that such a document be developed to more fully set forth our commitment to sustainability and to provide a basis for developing our sustainability program.
2. A draft *Sustainable Purchasing and Contracting Administrative Guide* to formalize our commitment to and staff procedures for the purchase of environmentally preferable products and services.

We welcome your questions, comments and guidance regarding these drafts. We will provide further information and revised draft documents based upon the Board's discussions.

## BACKGROUND

Our Mission and Values Statement emphasizes the importance of environmentally, economically and socially sustainable facilities, practices and services:

***“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.”***

***“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 customers and future customers, community, and the 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 resources and we will adopt practices which encourage conservation of water, energy and other natural resources.”***

However, we have not established a formal goal and objectives for our sustainability efforts.

In the fall of 2005, the NRTS Committee suggested formalizing our organizational commitment. Similar comments and suggestions have been made during the Board’s discussions, and the Executive Director’s Work Plan includes the task to “Further refine OWASA’s Sustainability Report and evaluate the expansion of OWASA’s sustainability programs.”

We believe that just as was done for OWASA’s *Long-Term Water Conservation and Demand Management Goal and Objectives* adopted on April 14, 2005, OWASA would benefit from establishing formal sustainability goals and objectives. Such a policy level statement would define our sustainability vision and values to guide the planning, implementation, and evaluation of practices, purchases and operations consistent with our mission statement.

## **OUR COMMITMENT**

OWASA has already begun to demonstrate the importance of integrating *environmental stewardship, economic strength, and social integrity* as the interdependent components of our comprehensive sustainability ethic and philosophy. In 2003, the Board created a full time permanent position of Sustainability Administrator; and OWASA’s first Sustainability Report was presented in 2005. Sustainability initiatives appear in the annual work plan for the Executive Director, and are a guiding principle in most Board discussions and decisions.

Additionally, there are a number of programs and initiatives underway at OWASA that mark its commitment to sustainability. Among them are:

- ✓ Adoption of the *Long-term Water Conservation and Demand Management Goal and Objectives*,
- ✓ Ongoing development of the Reclaimed Water System in partnership with The University of North Carolina at Chapel Hill,
- ✓ Use of alternative fuel vehicles,
- ✓ Extensive recycling program and purchase of environmentally-preferred products,
- ✓ Participation in Orange County Greenhouse Gas Emissions Reduction Planning Study,
- ✓ Beneficial recycling of water and wastewater treatment plant residuals, and development of a long-term sustainable Biosolids Management Plan,
- ✓ Incorporation of “Green Building” principles into design and construction of facilities,
- ✓ Adoption of a *Strategic Financial Planning and Management Document*,
- ✓ Conducting a comprehensive water, wastewater and reclaimed water rate study,

- ✓ Development and promotion of Taste of Hope Program,
- ✓ Participating in and supporting various community outreach efforts,
- ✓ Providing an aggressive public information program, and
- ✓ Delivery of a comprehensive Employee Safety and Training program.

## **CONCEPTUAL DRAFT SUSTAINABILITY GOAL AND OBJECTIVES**

Comprehensive sustainability for OWASA means weighing the environmental, economic and social implications of our actions – the “triple bottom line.” It means valuing things that are difficult to quantify, yet very important. Balancing the sometimes competing aspects of sustainability can be challenging, but will enhance our decisions, services and facilities as we continue to institutionalize and integrate sustainability values in our organizational culture.

Attached for the Board’s discussion and consideration is an initial draft *Statement of OWASA’s Sustainability Goal and Objectives* (Attachment 1). In developing this draft, we have drawn on discussions by the OWASA Board and work from other organizations including Orange County’s Environmental Responsibility Goal; the University’s Sustainability Report; The Smart Communities Network; the Austin, Texas Sustainable Communities Initiative; the American Planning Association Policy Guide for Sustainability; the Bloomington, Indiana Commission on Sustainability; the [San Francisco] Bay Area Alliance for Sustainable Communities; The Earth Charter; and the Interface Global Sustainability Report.

Staff looks forward to your review and guidance regarding this draft statement. We will be glad to answer any questions you may have or provide any additional information you may request.

## **SUSTAINABLE PURCHASING AND CONTRACTING: A CORNERSTONE STRATEGY**

OWASA has had a Recycling Administrative Guide since 1999; however, we do not have a formal comprehensive sustainable purchasing strategy. Recognizing that an environmentally preferable purchasing strategy is one of the cornerstones of any sustainability program, we have drafted a *Sustainable Purchasing and Contracting Administrative Guide* to better define OWASA’s organizational expectations and provide direction to OWASA staff regarding purchasing environmentally preferable products and services (Attachment 2).

An internal staff committee is working on identifying opportunities for using the Guide and developing procedures for implementation.

We welcome your questions, comments and guidance on the *Administrative Guide for Sustainable Purchasing and Contracting*.

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Patrick Davis  
Utility Manager Generalist

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Paula Thomas  
Sustainability Administrator

Attachments

**DRAFT**

**ORANGE WATER AND SEWER AUTHORITY**

**SUSTAINABILITY  
GOAL AND OBJECTIVES**

**OUR COMMITMENT**

OWASA recognizes that water is essential for all life, and an adequate supply of clean water is essential for our health, quality of life and economic well-being. We also recognize that our customers, other citizens, and our natural environment are affected by our services and projects, whether in construction of a new water or sewer pipeline or facility, the management of our watershed lands, or the recycling of biosolids from our wastewater operations.

We recognize that our programs and services are paid for by our customers and that our rates and fees have the potential to affect our customers' financial health and well-being, particularly for those who have low incomes or face other financial difficulties.

Our challenge is to proactively plan, design, construct, operate, maintain, and finance water and wastewater services in a manner that balances environmental, social, and economic performance – the “triple bottom line” of sustainability. Our organization and our employees are committed to continual improvement in meeting this challenge, and to making the highest and best use of our finite and essential resources. Fundamental to this is the promotion of practices which achieve cost-effective conservation of water, energy, and other natural resources.

This *Statement of OWASA's Sustainability Goal and Objectives* sets forth our sustainability values and approach. It is intended as a living, breathing document – one that will be periodically reviewed and improved to better reflect our evolving commitment and efforts.

**OUR SUSTAINABILITY GOAL**

Our Sustainability Goal is set forth in our Mission Statement:

***“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.” [emphasis added]***

## **OUR SUSTAINABILITY OBJECTIVES**

The following sections describe our organizational objectives for the three main components of sustainability.

### **ENVIRONMENTAL PERFORMANCE**

Environmental protection and conservation of natural resources are the elements of sustainability most commonly addressed by business, government and industry. Natural resources are no longer abundant. They are being depleted faster than they can be replaced. Waste streams are polluting and compromising our environment and its ability to regenerate natural resources. This is not a sustainable condition, as we are compromising the ability to meet our own needs and the needs of future generations. Although OWASA takes a more comprehensive approach to defining sustainability (environmental, social and economic), this section focuses on the development and implementation of policies and practices that preserve natural resources; maintain or restore natural systems; conserve energy, water, and other natural resources; minimize waste and pollution emissions, and reduce our environmental impacts.

### **WATER**

Water is essential for all life, and an adequate supply of clean water is essential for our community's quality of life and economy. We are committed to identifying and implementing strategies to achieve the following objectives:

- ✓ Maximize the quality and sufficiency of our local water resources.
- ✓ Maximize cost-effective opportunities to increase water use efficiency in our service area.
- ✓ Maximize the use of highly treated reclaimed water to meet non-drinking water needs.
- ✓ Protect drinking water supply watersheds.
- ✓ Minimize and where feasible eliminate negative impacts of our operations on surface water and groundwater resources.

### **ENERGY**

All living things need energy for everything they do. We recognize that our use of energy, particularly non-renewable energy, impacts land, water and air resources across geographical scales. We acknowledge that our use of fossil fuel contributes to increased greenhouse gas emissions, which in turn leads to climate change which threatens human and environmental health on a global scale. Our use of energy is also a major direct expense to our customers.

We will identify and, where feasible, implement strategies to achieve the following objectives:

- ✓ Maximize cost-effective energy efficiency in our operations, including buildings, vehicles and equipment. We will take into account environmental, non-dollar costs in evaluating cost effectiveness.
- ✓ Incorporate energy efficiency measures into the design of new and renovated facilities.
- ✓ Reduce our use of non-renewable fuels and increase the portion of our energy needs met with renewable fuels and energy sources.
- ✓ Provide information to our customers about the energy-saving benefits of water conservation.

### ***WATER, LAND, AIR and BIOLOGICAL RESOURCES***

Our water, land, air and biological resources provide life-sustaining services. Waste streams can have profound and sometimes irreversible affects on those resources and services. Our goal is to mimic the state of natural systems, in which there is no waste – where by-products from one natural process become beneficial resource inputs for other processes. We will strive to minimize our emissions from a project or activity so that they are within the assimilative capacity of the environment, and do not degrade the environment’s absorptive capacity.

We will do this through the following objectives:

#### **Water/Wastewater**

- ✓ Treat all water to exceed regulatory standards.
- ✓ Maintain an effective pretreatment program and sewer use ordinance to minimize the introduction of toxic substances into the sewer system.
- ✓ Proactively maintain and rehabilitate our wastewater collection system to minimize the potential for wastewater overflows.

#### **Air/climate change**

- ✓ Reduce emissions of greenhouse gases.
- ✓ Eliminate objectionable odors from our Mason Farm Wastewater Treatment Plant.

#### **Solids**

- ✓ Beneficially recycle solids produced during the drinking water treatment process.
- ✓ Beneficially recycle biosolids produced during the wastewater treatment process.
- ✓ Beneficially recycle materials such as paper, glass, aluminum, scrap metals, electronic equipment and batteries, plastics, cardboard, and fluorescent lights.

## **Land and Biological Resources**

- ✓ Permanently protect critical lands in our drinking water supply watersheds.
- ✓ Minimize land-disturbing activities and mitigate the effects of those activities on the environment.
- ✓ Restore or enhance the natural quality of land under our control that has been degraded by our operations or by others.

## ***MATERIALS USE***

Many non-renewable resources are being depleted at an increasing rate, and many renewable resources are being used at a rate that cannot be sustained. To be more sustainable in our use of materials, we will strive to meet the following objectives:

- ✓ Make efficient use of resources.
- ✓ Purchase and use environmentally-friendly products.
- ✓ Use recycled products.
- ✓ Reduce our dependence on use of non-renewable resources, taking into account overall cost-effectiveness.
- ✓ Minimize and when feasible eliminate the use of toxic materials, metals, etc.

## ***SOCIAL PERFORMANCE***

Our operations and facilities affect the well-being of the people, businesses, institutions and the community we serve. We will address the needs of and enhance our relationships with our customers, the whole community, our employees, the local governments and other public agencies that we work with.

We are committed to being more socially sustainable through the following objectives:

## ***OUR CUSTOMERS AND COMMUNITY***

- ✓ Inform and educate our customers about our services, operations, needs, challenges, the value we add to the community's quality of life and our investments to improve current and future service quality.
- ✓ Provide meaningful and timely opportunities to be involved and to participate in decisions important and of interest to them.
- ✓ Be respectful, honest, responsive and fair to our customers and citizens.
- ✓ Evaluate and minimize where possible, within cost-of-service pricing, the financial hardship that our rates, fees and charges may present.

- ✓ Support the community through our participation in the United Way campaign, supporting blood drives and food drives, etc.
- ✓ Build and strengthen partnerships with other organizations to develop cost-effective strategies to achieve a more sustainable future.

### ***OUR EMPLOYEES***

- ✓ Provide an effective safety program.
- ✓ Treat employees at all times with respect and sensitivity.
- ✓ Sustain an outstanding “destination” workplace that attracts and retains highly talented and skilled people to serve the community.
- ✓ Provide competitive compensation and benefits.
- ✓ Promote education, creativity, growth and development of our employees.
- ✓ Inform new and incumbent employees about our mission, values, and services and the value we add to the community’s quality of life.
- ✓ Provide meaningful and timely opportunities to participate in decision-making.
- ✓ Develop and implement a knowledge management, sharing and retention plan.
- ✓ Develop and implement a workforce succession plan.
- ✓ Have emergency response plans and in-house emergency spill response capabilities

### **ECONOMIC PERFORMANCE**

Financial strength is a key to achieving sustainability. OWASA is a public, community-owned non-profit agency, and does not levy taxes. We manage our operations and services using revenues generated from service rates, fees and charges. We are required to set these rates and fees according to “cost of service” principles. Our customers and our community depend upon our delivering very high quality water and sewer services that promote public health, protect the environment and support economic well-being. Economic sustainability will continue to be a defining characteristic of OWASA as we strengthen our planning and decision-making with a comprehensive approach to sustainability.

We will maintain and enhance financial sustainability through the following objectives:

- ✓ We will continue to use cost-of-service principles with regards to our rates, fees, and charges, and to operate the water and sewer systems at the lowest rates consistent with our obligation to provide proper and efficient services, now and in the future, *and consistent with our sustainability goal and objectives.*
- ✓ Complete life-cycle cost analyses for key decisions.
- ✓ Consider the value of natural resource and public health protection.

- ✓ Price our services based on cost-of-service, taking into account the life-cycle costs.
- ✓ Use and update a comprehensive long-term financial plan and 15-year capital improvements plan.
- ✓ Establish a sustainable program to meet long-term asset rehabilitation and replacement needs.
- ✓ Work with local governments within our service area to provide adequate services to complement and support their respective land use and growth management plans.

### **THE CHALLENGE OF BALANCING OBJECTIVES**

To be a sustainable utility, we will do more than reduce waste, protect natural resources and recycle. We will continuously increase our understanding of the natural systems and how they work, and recognize that everything we do can affect these systems. We recognize that each choice we make has a “cost.” True costs are a combination of the environmental, economic, and social costs balanced against the desired, or expected and actual benefits to our community, its economy and the natural environment.

To become a more sustainable utility, we must acknowledge, consider and balance these important, but oftentimes competing values when we must make important decisions. To achieve this we will:

- ✓ Operate and maintain our facilities to maximize value, service quality, social equity, community-building and environmental performance.
- ✓ Incorporate sustainability principles and commitments into decision-making, service and capital improvements planning, consultant and contractor selection, purchasing of materials and supplies and use of service/construction contractors.
- ✓ Consider non-traditional benefits and costs in our decisions.
- ✓ Reflect our sustainability philosophy in requests for consultants’/contractors’ qualifications and proposals or bids.
- ✓ Evaluate and report on our progress on sustainability initiatives, and pursue continual improvement in our services.

# **SUMMARY OF OWASA'S SUSTAINABILITY INITIATIVES: AN OVERVIEW OF OUR EFFORTS TO ACHIEVE OUR SUSTAINABILITY GOAL AND OBJECTIVES**

## **PURPOSE**

This report provides an overview of the key sustainability initiatives that OWASA has either in place or in progress. These initiatives are organized according to the objectives proposed in the conceptual draft *Statement of OWASA's Sustainability Goal and Objectives* dated January 11, 2007.

All of the proposed Sustainability Objectives are listed; however, a number of them do not have any accompanying discussion about OWASA's ongoing programs. These indicate opportunities for future improvement in OWASA's Sustainability Program.

The conceptual draft *Statement of OWASA's Sustainability Goal and Objectives* will be discussed by the OWASA Board of Directors on January 25, 2007. This supporting document will be revised to incorporate the comments and direction by the Board.

## **SUMMARY OF OUR SUSTAINABILITY EFFORTS, BY OBJECTIVE**

### **ENVIRONMENTAL PERFORMANCE**

#### **WATER**

- ✓ Maximize the quality and sufficiency of our local water resources.

*OWASA's "Long-Term Water Conservation and Demand Management Goal and Objectives" states that our goal is to make "the highest and best use of our local water resources and eliminating the need for costly new water supply sources and facilities." Through our conservation and reclaimed water programs, we hope to avoid the need to obtain water from Jordan Lake on a permanent basis.*

- ✓ Maximize cost-effective opportunities to increase water use efficiency in our service area.

*In April 2005, the OWASA Board of Directors approved OWASA's "Long-Term Water Conservation and Demand Management Goal and Objectives." We are now developing a long-term water conservation plan to achieve the objectives. We are working with staffs of local governments to identify and pursue collaborative strategies to promote conservation.*

*In 2003, year-round water conservation requirements were enacted for the OWASA service area, and have had a positive effect on reducing water demands. The seasonal water rate structure implemented in 2002 has also been shown to have resulted in reduced water use by our customers.*

*The rate study now underway is expected to result in even stronger conservation pricing signals for our customers.*

- ✓ Maximize the use of highly treated reclaimed water to meet non-drinking water needs.

*In April 2006, OWASA and the University of North Carolina at Chapel Hill entered into a detailed contract for the design, construction, operation and financing of a new reclaimed water system that will initially serve the University's main campus. The system is scheduled to be in operation by the end of 2008. Federal and State grant funding support is helping to cover a portion of the project costs.*

- ✓ Protect drinking water supply watersheds.

*OWASA has been a leader in watershed protection efforts. Our critical lands acquisition program has permanently protected more than 2,500 acres of land in the Cane Creek Reservoir (not including the 500-acre reservoir) and University Lake watersheds. Funds for that program have been provided through our water rates and grants from the North Carolina Clean Water Management Trust Fund. We have also partnered with Orange County's Lands Legacy Program to jointly protect watershed land. Our comprehensive water quality studies of our two watersheds provided the technical basis for enactment of comprehensive watershed protection ordinances by Orange County and Carrboro.*

- ✓ Minimize and where feasible eliminate negative impacts of our operations on surface water and groundwater resources.

*Pollutants discharged to Morgan Creek from the Mason Farm WWTP have decreased steadily since the 1970s due to major advancements in our wastewater treatment facilities. Total Suspended Solids loads have decreased by 50%, Total Kjeldahl Nitrogen by 78% and Ammonia-Nitrogen by 92%. This reduction in pollutants has occurred even as average day flows have increased by 250%. Other recent improvements include converting to UV disinfection at the WWTP, thereby eliminating discharge of chlorine into the receiving stream. Increased nutrient removal is scheduled in anticipation of the TMDL strategy for protecting Jordan Lake. OWASA implements an in-field dechlorination process prior to discharging water from our pipe flushing operations.*

## **ENERGY**

- ✓ Maximize cost-effective energy efficiency in our operations, including buildings, vehicles and equipment. We will take into account environmental, non-dollar costs in evaluating cost effectiveness.

*We have replaced many older pumps with new energy efficient ones, and have targeted many others for replacement. Since 1980, we have eliminated ten wastewater pumping stations through the extension of gravity sewer lines, and we plan to eliminate four more stations within the next three years.*

- ✓ Incorporate energy efficiency measures into the design of new and renovated facilities.

*We incorporated several energy efficiency measures in the construction of our new Operations Center and the renovation of the Administration Building.*

- ✓ Reduce our use of non-renewable fuels and increase the portion of our energy needs met with renewable fuels and energy sources.

*We have purchased three electric-gas hybrid vehicles, and are using B20 fuel for much of our diesel fuel needs.*

*We have installed and are testing a new methane gas handling system that will enable us to beneficially use most of the methane produced in our biosolids digestion process.*

- ✓ Provide information to our customers about the energy-saving benefits of water conservation.

## **WATER, LAND, AIR and BIOLOGICAL RESOURCES**

### **Water/Wastewater**

- ✓ Treat all water to exceed regulatory standards.

*We have had no violations of any drinking water standards since 1996, when Hurricane Fran struck. In 2006, we received the national "Director's Certificate of Recognition" award from the Partnership for Safe Water for excellence in drinking water treatment. The certificate is awarded to utilities which demonstrate that they not only meet but exceed various quality standards and industry guidelines for optimum drinking water treatment, and have management processes for continuous evaluation and improvement as needed.*

*Our wastewater treatment plant has a very good, but not perfect environmental compliance record. Most of the violations of standards have occurred as a result of construction projects at the Mason Farm WWTP.*

- ✓ Maintain an effective pretreatment program and sewer use ordinance to minimize the introduction of toxic substances into the sewer system.

*The Board of Directors approved a new Sewer Use Ordinance in December 2006.*

- ✓ Proactively maintain and rehabilitate our wastewater collection system to minimize the potential for wastewater overflows.

*Some of the main components of our program for monitoring and maintaining our sewer system are: TV inspections of sewer lines to identify problem situations; regular mowing and inspection of easements; grease control including monitoring of grease traps; systematic sewer system evaluation surveys; identification and removal of storm drain connections; and repair and replacement of deteriorated, structurally deficient, or undersized lines and manholes.*

### **Air/Climate Change**

- ✓ Reduce emissions of greenhouse gases.

*OWASA is participating in the development of the Orange County Greenhouse Gas (GHG) Emissions Reduction Plan scheduled for completion sometime in 2007. We will develop a proposed action plan once the GHG study is completed.*

- ✓ Eliminate objectionable odors from our Mason Farm Wastewater Treatment Plant.

*Major capital improvements to the Mason Farm WWTP include measures to eliminate off-site odors. The OWASA Board of Directors has adopted and reaffirmed its commitment to the goal of no off-site objectionable odors from the Mason Farm WWTP, and we have made and are continuing to make major odor control improvements at the plant.*

## **Solids**

- ✓ Beneficially recycle solids produced during the drinking water treatment process.

*OWASA contracts with McGill Environmental Services for composting of these solids.*

- ✓ Beneficially recycle biosolids produced during the wastewater treatment process.

*OWASA's current program involves the beneficial reuse of these solids through our liquid land application program. A Biosolids Master Planning effort is underway to identify and establish more sustainable long-term program options that will include diversification, flexibility, reliability and competitiveness as objectives.*

- ✓ Beneficially recycle materials such as paper, glass, aluminum, scrap metals, electronic equipment and batteries, plastics, cardboard, and fluorescent lights.

*Since 2004, we have partnered with Orange County's Solid Waste Management Department to implement a more cost-effective and comprehensive recycling program.*

## **Land and Biological Resources**

- ✓ Permanently protect critical lands within our drinking water supply watersheds.

*As noted under the "Environmental Performance – Water" objectives, OWASA has a critical land protection program for the Cane Creek Reservoir watershed. We also recently acquired a 74-acre tract of land adjacent to University Lake to protect that supply source.*

- ✓ Minimize land-disturbing activities and mitigate the effects of those activities on the environment.

*OWASA operates our biosolids land application program, applying at approved agronomic rates identified for each site; and performs soils analyses to assure safe loading and uptake rates. Whenever possible, OWASA employs CIPP (Cured In Place Pipe) technology when rehabilitating sewer lines, greatly reducing or eliminating land disturbance.*

*Our Meeting of Water Sewer Interceptor Replacement and Reclaimed Water Transmission Main Projects will incorporate comprehensive measures to mitigate the adverse effects of construction on the environment and surrounding neighbors.*

- ✓ Restore or enhance the natural quality of land under our control that may have been degraded by our operations or by others.

*To promote reforestation of the Cane Creek watershed, we have planted more than 45,000 tree seedlings on watershed land we acquired to protect drinking water quality.*

## **MATERIALS USE**

*NOTE: OWASA adopted an Administrative Guide on Recycling in 1999, and has recently prepared a comprehensive draft Administrative Guide on Sustainable Purchasing and Contracting which will guide staff and contractors in implementing and achieving many of the following objectives:*

- ✓ Make efficient use of resources.

- ✓ Purchase and use environmentally-friendly products.
- ✓ Use recycled products.
- ✓ Reduce our dependence on use of non-renewable resources, taking into account overall cost-effectiveness.
- ✓ Minimize and when feasible eliminate the use of toxic materials, metals, etc.

## **SOCIAL PERFORMANCE**

### ***OUR CUSTOMERS AND COMMUNITY***

- ✓ Inform and educate our customers about our services, operations, needs, challenges, and the value we add to the community's quality of life and our investments to improve current and future service quality.

*We provide information to our customers through our Blue Thumb newsletters; brochures distributed along with our bills; community outreach meetings; media advertisements and news releases; and other methods.*

*We provide information to the community through several methods, including brochures and newsletters; community outreach meetings; project-related neighborhood meetings; media advertisements and news releases; quarterly reports to local governments; and other methods.*

- ✓ Provide meaningful and timely opportunities to be involved and to participate in decisions important and of interest to them.

*We use direct mailings, brochures, media releases and advertising, and other methods to inform our customers of our ongoing projects and plans, and to invite their participation and feedback.*

- ✓ Be respectful, honest, responsive and fair to our customers and citizens.
- ✓ Evaluate and minimize where possible, within cost-of-service pricing, the financial hardship that our rates, fees and charges may present.

*In 1997, we established the "Taste of Hope" customer assistance program whereby our customers can voluntarily contribute to a fund that helps needy customers pay their water and sewer bills. This program is implemented in partnership with the Inter-Faith Council for Social Services.*

- ✓ Support the community through our participation in the United Way campaign, conducting blood drives and food drives, etc.
- ✓ Build and strengthen partnerships with other organizations to develop cost-effective strategies to achieve a more sustainable future.

## **OUR EMPLOYEES**

- ✓ Provide an effective safety program.

*We have a comprehensive employee safety training program and a full-time Safety Administrator.*

- ✓ Treat employees at all times with respect and sensitivity.
- ✓ Sustain an outstanding “destination” workplace that attracts and retains highly talented and skilled people to serve the community.
- ✓ Provide competitive compensation and benefits.
- ✓ Promote education, creativity, growth and development of our employees.

*Through our tuition assistance program employees can be reimbursed for certain educational expenses. We also provide opportunities for employees to attend professional training and development classes, conferences, etc.*

*Through our Employee Suggestion Program, we reward employees for their ideas which we implement and which provide cost savings for our customers.*

- ✓ Inform new and incumbent employees about our mission, values, and services and the value they add to the community’s quality of life.

*We have regular Supervisory staff meetings, biennial crew meetings, and other meetings at which employees are provided updates and opportunities to offer their comments and suggestions.*

- ✓ Provide meaningful and timely opportunities to participate in decision-making.
- ✓ Develop and implement a knowledge management, sharing and retention plan.
- ✓ Develop and implement a workforce succession plan.
- ✓ Have emergency response plans and in-house emergency spill response capabilities.

*OWASA has a Comprehensive Emergency Management Plan, and an in-house Emergency Spill Response Team and Program.*

## **ECONOMIC PERFORMANCE**

- ✓ We will continue to use cost-of-service principles with regards to our rates, fees and charges, and to operate the water and sewer systems at the lowest rates consistent with our obligation to provide proper and efficient services, now and in the future, and *consistent with our sustainability goals and objectives.*
- ✓ Complete life-cycle cost analyses for key decisions.
- ✓ Consider the value of natural resource and public health protection.
- ✓ Price our services based on cost-of-service, taking into account the life-cycle costs.

- ✓ Use and update a comprehensive long-term financial plan and 15-year capital improvements plan.

*In 1996, OWASA adopted a Strategic Financial Planning and Management Document which serves as a guide for financial planning and management. We use a 15-year financial planning spreadsheet model to evaluate the financial requirements and rate effects of our plans and decisions.*

- ✓ Establish a sustainable program to meet long-term asset rehabilitation and replacement needs.

*We have developed assessments of long-term rehabilitation and replacement needs for our water and sewer systems, and have incorporated provisions for sustainable funding to meet those needs as part of our comprehensive financial plan.*

- ✓ Work with the local governments within our service area to provide adequate services to complement and support their respective land use and growth management plans.

*OWASA is a party to the “Water and Sewer Management, Planning and Boundary Agreement” with Carrboro, Chapel Hill, Hillsborough, and Orange County. The agreement formalizes OWASA’s commitment to plan and provide water and sewer utility services in a manner that is compatible with local land use plans and growth management strategies.*

**DRAFT**

**ORANGE WATER AND SEWER AUTHORITY**

**ADMINISTRATIVE GUIDE  
SUSTAINABLE PURCHASING AND CONTRACTING**

**BACKGROUND**

As one of the cornerstones of OWASA’s sustainability program, this Guide formalizes OWASA’s commitment to the purchase of “environmentally preferable products” (EPP), materials and services.

There are no Federal or State mandates requiring OWASA to implement EPP purchasing. However, the Federal government and State of North Carolina have implemented executive orders relating to EPP purchasing.

As defined in Federal Executive Order 13101, environmentally preferable products and services are “those that have a lesser or reduced effect on human health and the environment when compared with competing products and services that serve the same purpose. This comparison may consider raw materials acquisition, production, manufacturing, packaging, reuse, operation, maintenance, or disposal of the product or service.”

North Carolina’s Executive Order 156, issued in 1999, requires State agencies to develop and incorporate sustainable and EPP procurement policies and practices into their daily operations that “preserve natural resources, conserve energy, eliminate waste and emissions, and lessen overall environmental impact.”

OWASA adopted a *Recycling Administrative Guide* in 1999, which focuses on the single environmental attribute of recycling practices. While maintaining a focus on waste reduction and recycling, this *Sustainable Purchasing and Contracting Administrative Guide* includes energy efficiency, durability, life cycle cost, toxicity, renewable material content, and other factors in comparing product performance and making purchasing decisions.

**PURPOSE**

OWASA’s purchasing policies and practices will complement and strengthen our commitment to sustainability and our core values of fiscal responsibility, excellence in customer service, and community and environmental stewardship. The purpose of this guide is to encourage and increase the purchase and use of environmentally preferred products and services whenever practicable. By incorporating environmental considerations into our purchasing decisions, OWASA can improve public and employee health, reduce the burden on the local and global environment, conserve natural resources, and reward environmentally conscious manufacturers and contractors while remaining fiscally responsible.

## GENERAL POLICY

Consistent with OWASA's *Mission Statement* and *Sustainability Goal and Objectives* adopted by the Board of Directors on \_\_\_\_\_, \_\_\_\_, this Administrative Guide provides direction for implementing purchasing and procurement practices designed to achieve our Environmental Responsibility, Sustainability, and Innovation and Creativity Values as articulated in our Mission Statement as follows:

**Environmental Responsibility-** *We will protect the environment through 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.*

**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 will adopt practices which encourage conservation of water, energy and other natural resources.*

**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.*

Purchasing decisions will include evaluation of the following:

- Recycled content
- Energy efficiency
- Life cycle cost
- Toxic material content
- Performance
- Durability
- Recyclability
- Locally produced
- Transportation impacts
- Greenhouse gas emission potential
- Cost (dollar and non-dollar)
- Maintenance requirements
- Operational requirements
- Renewable materials percentage
- Water efficiency
- Social justice

## GENERAL APPROACH

To implement this guide, OWASA personnel will:

- a. purchase recycled and other environmentally preferable products that are of equal or better performance and quality than other products whenever practicable;
- b. do life cycle cost analyses before major purchasing and contracting decisions;

- c. encourage and require, where practicable, contractors and consultants to use recycled and other environmentally preferable products;
- d. solicit the use of recycled and other environmentally preferable products in procurement documents, and consider environmental factors, performance and effects when establishing bid requirements and developing contract language as appropriate;
- e. practice waste prevention and recycling and beneficial reuse whenever practicable;
- f. make suppliers responsible for proper disposal of products through take-back requirements, whenever practical;
- g. promote the use of recycled and other environmentally preferable products through public education and by publicizing and providing employee training on this Guide and its implementation;
- h. track the progress and effectiveness of the policy as part of OWASA's performance indicators and measurement program;
- i. to the extent legally permissible, prefer products and services produced and provided in ways that are environmentally, socially and economically responsible; and
- j. ensure that OWASA's engineering, architectural, and other consultants receive this Administrative Guide and incorporate these requirements into the work they do for OWASA, including design, bidding and contract documents they prepare for us.

## **GUIDELINES / BEST PRACTICES**

In order to provide guidance and assist OWASA personnel in carrying out the intent of the **General Policy**, the following guidelines and best practices are provided and required *to the extent practicable*:

### **General**

Always look for environmental labeling, including the recycling symbol, Energy Star®, and green seal certified.

### **Paper Products**

All printing and copy paper products shall consist of a minimum of 30% post-consumer recycled material.

All departments shall ensure that they and their contractors/consultants use double-sided copying.

### **Cleaning Products, Chemicals and Pesticides**

All janitorial paper products shall consist of a minimum of 50% post-consumer content.

All janitorial, cleaning or disinfecting products shall be free of ingredients identified by U.S. Environmental Protection Agency (EPA) or National Institute for Occupational Safety and Health as carcinogens, mutagens, or teratogens.

All surfactants shall meet EPA standards as biodegradable, and no detergents shall contain phosphates.

All pest control services and practices shall use an integrated pest management program. Any chemicals or services used to eliminate or deter pests and nuisance vegetation shall be the most readily and completely biodegradable product for the given application.

### **Electronics/Printing**

All ink/toner cartridges shall be refillable or remanufactured. All cartridges must be returned/recycled for remanufacture.

Use of color inks made from non-renewable resources will be minimized; soy inks will be used whenever practical.

All photocopiers purchased or leased subsequent to the adoption of this Guide are to be capable of double-sided copying.

All purchased or leased electronic equipment including photocopiers, computers, printers, lighting systems, heating/cooling systems, appliances, and energy management systems must meet EPA or U.S. Department of Energy (DOE) energy efficiency standards and/or be Energy Star rated.

### **Automotive and Equipment Selection and Maintenance**

Flexible fuel and alternative fuel vehicles (hybrid electric, ethanol blended, etc.) shall be considered when purchasing and/or leasing fleet vehicles.

Where gas or diesel powered vehicles are required, preference shall generally be given to the most fuel-efficient vehicles available.

All motor oil shall contain a minimum of 25% re-refined base stock and be American Petroleum Institute certified.

All anti-freeze, lubricating and hydraulic oils shall be re-refined.

All tires shall be rethreaded and recycled whenever practicable.

### **Paints**

All paint shall contain minimum Volatile Organic Compounds (VOC's) and shall contain maximum recycled content.

### **Building Design and Construction**

All construction and renovation projects performed shall incorporate “green building” practices.

### **Landscaping**

All landscaping projects shall incorporate sustainable landscaping principles and practices, including use of recycled content organic mulch and compost.

### **Furnishings, Carpeting, etc.**

All furniture and wood products shall originate from sustainably managed forests and not originate from rainforest or tropical forest.

All carpet shall have minimum VOC content and contain recycled fiber and/or backing, preferably fusion-bonded tile carpet.

### **Energy Efficiency**

All motors and equipment shall be energy efficient and/or rated as “high-efficiency”.

### **Buying Locally**

All procurement shall give preference to products that are produced and are available locally.

### **Chain of Product Responsibility**

Vendors shall be encouraged, and required where practical, to take back and reuse pallets, packaging and other materials.

Vendors shall be required to include in their proposals a statement as to their environmental compliance history and current status.

## **BALANCING PERFORMANCE, PRICE, AND AVAILABILITY**

This *Sustainable Purchasing and Contracting Administrative Guide* is a key strategy in OWASA’s efforts to maximize environmental, social and financial performance – the “triple bottom line” of sustainability.

Consistent with best value principles, nothing in this Administrative Guide shall be construed as requiring a department or contractor to purchase products that do not perform adequately for their intended use, exclude adequate competition, or not be available at a reasonable price in a reasonable period of time. Nothing in this policy shall be construed to conflict or be inconsistent with applicable federal, state or local purchasing laws or guidelines.

When considering the economic impact of an environmentally preferable product or service purchase decision, OWASA’s approach will generally be:

- 1) if a comparable or better environmentally preferable product or service is available for less than 10 % more than of the cost of the virgin equivalent, OWASA managers are authorized to purchase the environmentally preferable product or service;
- 2) where the environmentally preferable product or service is so essential to the project or service to be procured in order to protect public and/or employee health and/or the environment, that product or service shall be purchased by OWASA. Where possible, such a requirement should be reflected in the specifications applicable to the product or service requested.

## **RESOURCES / REFERENCE SITES**

This section provides OWASA personnel and contractors website links for information on suppliers, specifications for environmentally preferable products, and other information that may be useful in the application of this Administrative Guide. In addition to having access to the North Carolina State Term Contract, OWASA is also a member of the U.S. Communities Contract, a governmental purchasing alliance through which we benefit from group purchasing. Both Office Depot and Graybar are available to OWASA via this membership and can provide access to environmentally preferable products.

Additionally, the following list of organizations and sites provides additional information regarding environmentally preferable products and standards and should be consulted when purchasing and/or specifying products and services:

- EnerGuide {<http://oee.nrcan.gc.ca/energuide/>}- Establishes energy efficiency guidelines for hundreds of consumer products.
- Energy Star {[www.energystar.gov](http://www.energystar.gov)}- Develops energy efficiency guidelines for consumer products in more than 35 categories; thousands of products now carry the Energy Star label.
- Environmental Choice {[www.environmentalchoice.com](http://www.environmentalchoice.com)} – Establishes environmental standards and awards its eco-label to products meeting its standards; currently has more than 120 standards and hundreds of certified products.
- EPEAT {[www.epeat.net](http://www.epeat.net)}- The Electronic Product Environmental Assessment Tool consists of a set of voluntary environmental criteria for identifying environmentally preferable computers and other electronic components.
- Forest Stewardship Certification {[www.fscus.org](http://www.fscus.org)} - Sets standards for “forest friendly” practices and certifies forests that are managed consistent with its standards.
- Green Seal {[www.greenseal.org](http://www.greenseal.org)} - Establishes environmental standards and awards its “green seal of approval” to products meeting its standards. Green Seal has created environmental standards for more than 30 product categories and regularly publishes its *Choose Green Reports*, which evaluate the environmental impacts of products.
- NC Pollution Prevention Division {[www.p2pays.org/epp/](http://www.p2pays.org/epp/)} - Provides information and education resources on recycling, environmental management systems, and pollution prevention.

- New American Dream {[www.newdream.org/procure](http://www.newdream.org/procure)} - Provides extensive information on purchasing energy efficient and environmentally preferable products via its Responsible Purchasing Network.
- PowerSmart {[www.bchydro.com](http://www.bchydro.com)} - Identifies energy-efficiency products and strategies to reduce energy consumption.
- US EPA Environmentally Preferable Purchasing {[www.epa.gov/epp/](http://www.epa.gov/epp/)} - Provides database of environmental information for products and services.

## DEFINITIONS

Following are definitions of some terms in this Administrative Guide.

**Alternative/Hybrid Fuel Vehicle** – vehicles that are powered by fuels that reduce air pollution, solid waste and/or hazardous waste that result from their manufacture, use, service and maintenance. The term is used to refer to various types of vehicles, including compressed natural gas, biodiesel, ethanol, electric and hybrid electric, propane, liquefied natural gas, and hydrogen fuel cell.

**Biobased products** - commercial or industrial products (other than food or feed) that use biological products or renewable, domestic, agricultural (e.g., plant, animal and marine), or forestry materials.

**Biodegradable** - capable of readily decomposing under natural conditions.

**Compostable** - capability of organic material to biologically decompose into humus-like material.

**Disassembly potential** - the ease with which a product can be disassembled for maintenance, replacement or recycling.

**Durability** - refers to the expected lifetime of the product.

**Energy consumption** - the total amount of energy consumed for product or service manufacture, use and disposal. Different sources of energy are associated with different environmental impacts.

**Energy efficiency** - refers to products that meet or exceed the U.S. Department of Energy (DOE)/Federal Energy Management Program's product energy efficiency recommendations (which identify the top 25 percent of energy efficiency for all similar products), or that meet the energy efficiency criteria of the U.S. Environmental Protection Agency (EPA)/DOE Energy Star® program.

**Energy Star** - a voluntary partnership among DOE, EPA, product manufacturers, local utilities and retailers. Partners help promote efficient products by labeling with the Energy Star® logo and educating consumers about the benefits of energy efficiency.

**Environmental attributes** - environmental characteristics of a product or service, such as energy or water efficiency, low-toxicity, biobased and recycled content.

**Environmentally preferable** - products or services that have a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose. The product or service comparison may consider raw materials acquisition, production, manufacturing, packaging, distribution, reuse, operation, maintenance or disposal.

**Green Building practices**- incorporation of environmental, energy, health, and waste prevention into building design, site planning and preparation, materials acquisition, construction or remodeling, deconstruction and waste disposal.

**Integrated Pest Management** - the coordinated use of pest information, environmental information and available pest control methods to prevent unacceptable levels of pest damage by the most economical means and with the least possible hazard to people, property and the environment.

**Life cycle cost** - the amortized annual cost of a product, including capital costs, installation costs, operating costs, maintenance costs, disposal costs and other related costs, including non-dollar costs, discounted over the lifetime of the product.

**Non-renewable resource consumption** - those resources consumed that are not renewable in 200 years (e.g., fossil fuels, minerals). This can serve as an indicator of acid rain, climate change potential, air pollution and associated human health risks and risks to endangered species and fragile ecosystems.

**Pollution prevention** - “source reduction,” as defined under the Pollution Prevention Act of 1990 (42 U.S.C. § 13102), and other practices that reduce or eliminate the creation of pollutants through: increased efficiency in the use of raw materials, energy, water or other resources; or protection of natural resources by conservation. The term includes: equipment or technology modifications, process or procedure modifications, reformulation or redesign of products, substitution of raw materials, and improvements in housekeeping, maintenance, training or inventory control.

**Post-consumer material** - refers to a material or finished product that has served its intended use and has been discarded for disposal or recovery, having completed its life as a consumer item. “Post-consumer material” is part of the broader category of “recovered material.”

**Practicable** – means sufficient in performance and reasonably available at a competitive cost.

**Reconditioned/Remanufactured** - the process of restoring used, durable products to meet original performance standards. Remanufacturing has many other names, including: rebuilding (automotive sector), retreading (tire remanufacturing), reconditioning and refurbishing. Remanufacturing results in less waste and reduced raw material and energy use.

**Recovered materials** - waste materials and byproducts that have been recovered or diverted from solid waste; does not include those materials and byproducts generated from, and commonly reused within, an original manufacturing process.

**Recycled content** - materials that have been recovered from the solid waste stream, either during the manufacturing process (pre-consumer), or after consumer use (post-consumer).

**Recyclable** - refers to products or materials that can be collected, separated or otherwise recovered from the solid waste stream for reuse, or used in the manufacture or assembly of another package or product.

**Recycling** - placing used materials into channels that reuse them.

**Retread** – used tire casing which has new tread applied to it.

**Reusability** - how many times a product may be reused. Since reusable products generally require more upfront costs than disposable products, they are often subjected to a cost/benefit analysis in order to determine the life cycle cost.

**Take-back** - refers to the manufacturer or designee accepting a return of a product that has reached the end of its useful life.

**Waste prevention** - also known as source reduction, refers to any change in the design, manufacturing, purchase or use of materials or products (including packaging) to reduce their amount or toxicity before they become municipal solid waste. Waste prevention also refers to the reuse of products or materials.

**Waste reduction** - preventing or decreasing the amount of waste being generated through waste prevention, recycling or purchasing recycled and environmentally preferable products.

**Xeriscaping/Sustainable landscaping** - an ecologically sound landscaping approach that is water conscious.

This Administrative Guide is effective \_\_\_\_\_,\_\_\_\_\_.

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Ed Kerwin, Executive Director

### **AGENDA ITEM**

- **Marketing and fundraising for the Taste of Hope Customer Assistance Program**

### **BACKGROUND**

- The Taste of Hope customer assistance program enables OWASA customers to donate funds to help local families when they are unable to pay their OWASA bills. Participating donors have their monthly bills rounded up to the next dollar, and the added amount goes into a Taste of Hope fund.
- The Inter-Faith Council for Social Service, a non-profit agency, administers Taste of Hope funds locally to help families in need. When local needs are met, some funds are made available to WaterPartners International, a non-profit agency now based in Kansas City, Missouri, which supports water resource projects in developing nations.
- About 6% of OWASA's billed customers donate to the Taste of Hope program. Donations in the 2006 calendar year totaled \$6,868.
- On August 24, 2006, following discussion of the annual report on the Taste of Hope program, the Board directed staff to prepare a marketing plan for the Board's consideration.

### **ACTION REQUESTED**

- Discussion and direction as the Board desires.

January 25, 2007

# M E M O R A N D U M

TO: Board of Directors

FROM: Penny Rich, Board Member  
Fred Battle, Board Member  
Greg Feller, Public Affairs

DATE: January 18, 2007

SUBJECT: Marketing the Taste of Hope Customer Assistance Program in 2007

This memorandum discusses options for increasing the number of donors in the Taste of Hope program, and for increasing the amount of contributions.

## **Background**

History: In 1997, the OWASA Board established the Taste of Hope program to provide temporary assistance to customers having difficulty paying OWASA bills.

How does the Taste of Hope program work? OWASA customers who choose to participate in the Taste of Hope program as donors have their monthly OWASA bills rounded up to the nearest dollar, and the added amount is designated for assistance to customers in need. The Inter-Faith Council for Social Service (IFC) receives and administers Taste of Hope funds from OWASA to assist local residents temporarily in paying OWASA bills. If Taste of Hope funds are available after meeting local needs as the first priority, assistance is available to Water Partners International, a non-profit organization that supports water resource projects in developing countries.

Donor participation and funding level: About 1,100 customers participate in the Taste of Hope program as donors as of early January, 2007. Donations in the 2006 totaled \$6,868.

## **Discussion**

### **Summary of past marketing**

Marketing techniques for the Taste of Hope program in recent years have included:

- ✓ Articles in the Blue Thumb customer newsletter
- ✓ Messages at the top of monthly bills; adding the Taste of Hope logo to the front of bills; carrying information about Taste of Hope on the back of bills.
- ✓ An invitation to potential donors at the bottom of OWASA's paper and on-line forms for starting OWASA service.
- ✓ Customer Service Representatives encourage new customers to become donors.
- ✓ Mailing of the Taste of Hope brochure and sign-up form to new customers as part of a package of information about water conservation, drinking water quality, the wastewater

system, seasonal water rates, customers' and OWASA's maintenance responsibilities, proper grease disposal, etc.

- ✓ Information posted on the OWASA and IFC Websites.
- ✓ An endorsement letter by the UNC Women's Basketball Coach, Ms. Sylvia Hatchell, which was published in the op-ed pages of the Chapel Hill Herald and Chapel Hill News about a year ago and is posted on the OWASA Website.
- ✓ Articles in the IFC's newsletter and other information distributed to congregations affiliated with the IFC.
- ✓ Proclamations by the Orange County Board of Commissioners to encourage Taste of Hope donations in conjunction with National Drinking Water Week in June.
- ✓ Posters and brochures at OWASA's Community Outreach Meetings in 2004 and 2005
- ✓ Letters to the editor and public service announcements in local news media.
- ✓ Posters and brochures at street fairs in Chapel Hill and in recent annual Carrboro Day events.
- ✓ Appeals for Taste of Hope donors support during televised meetings of the OWASA Board and, on occasion, local government boards.

#### Experience and lessons learned in previous marketing

- ✓ Since the fall of 2001, the number of donors has risen by a net of 520 or 90% from 580 to 1,100.
- ✓ Comments from some community leaders and by new OWASA Board Members indicate that many customers are not aware of the Taste of Hope program. The present 1,100 donors represent slightly less than 6% of OWASA's 18,844 billed customers as of the end of December.
- ✓ The largest three-month rise in donors occurred in March, April and May, 2003 following distribution of a full-color Taste of Hope brochure with OWASA bills in February, 2003. The gain was from 762 to 1,058 or an additional 296 donors (39%). The brochure was printed with resources donated by A Better Image Printing and the consulting firm of Hazen & Sawyer.
- ✓ In the spring of 2004, OWASA sponsored a logo contest to develop a new logo and to attract new donors, and the Taste of Hope program was a class project for a public relations class on the University campus. The number of donors rose from 1,086 in February to 1,140 or 5% in June. A decline of 87 donors in July, 2004 may have resulted primarily from UNC students moving and closing their OWASA accounts with the end of the spring semester.
- ✓ Since at least 2003, there has been a drop in the number of donors each year in July and/or August, apparently due to the closing of accounts at the end of the University's spring semester.
- ✓ Monthly donations from rounding up OWASA bills average about 50 cents per month, but the average in a given month may be higher or lower than 50 cents.

#### Suggested principles for marketing the Taste of Hope program

The marketing/fundraising plan presented below is based on the following principles:

- ✓ Partnerships with community leaders and organizations will strengthen the marketing program.
- ✓ To date, the OWASA Board and staff have treated the funding and marketing of the Taste of Hope program as not eligible for support from water and sewer revenues other than donations.
- ✓ Key messages about the Taste of Hope program include:
  - It is very simple and essentially painless to make automatic monthly donations of a modest amount through the OWASA billing process.
  - Taste of Hope donations are just pennies per month for givers, but the collective benefit of having a Taste of Hope program in our community is very significant to the individual families who receive assistance enabling them to continue receiving water and sewer service.
  - The need for Taste of Hope assistance continues to exceed the level of donations.
  - The Taste of Hope program is administered locally by the IFC, a long-established, well-known non-profit service agency with Federal and State tax status as a charity.
  - Taste of Hope donations may be tax deductible; donors should consult their tax advisors.

Proposed 2007 marketing/fundraising actions for the Taste of Hope program

- 1. Asking the University of North Carolina at Chapel Hill and UNC Hospitals to become annual Taste of Hope donors on a proportional basis reflecting their role as our largest customers.***

Comment: The University's and UNC Hospitals' water use normally represents 25% to 30% of the total for the community. If the University and UNC Hospitals were to voluntarily match other OWASA customers' donations at a ratio of 30 to 70, and based on non-UNC customers' annual donations totaling about \$7,000, then the proportional gift would be about \$3,000 per year.

If the Board desires to pursue this matter, we believe the request should occur through communication from OWASA Board representative(s) to appropriate University/UNC Hospitals officials.

Timing: February, 2007 if there is a decision to pursue this option.

- 2. Investigate whether the OWASA billing process can be adjusted to give Taste of Hope donors the option of adding a larger donation to monthly bills than simply rounding up to the next dollar.***

Comment: While OWASA staff has not fully analyzed the feasibility and possible cost of this option, we are optimistic that it can be done and we believe it is worth pursuing because a

larger incremental monthly donation has the potential to raise significant funding compared to the bill round-up to the nearest dollar.

For example, attracting 100 new donors with the present bill round-up would result in an additional \$600 of donation per year (average round-up of about 50 cents per month x 12 months x 100 new donors = \$600). However, if 100 *existing* donors were to instead make a monthly donation of \$3 per month through their bill payments, the annual gain would be about \$3,000 or almost half of the present yearly donations from 1,100 customers. (\$3/month x 12 months x 100 customers = \$3,600 or a net gain of \$3,000 since existing donors contribute about \$600 per year.)

Similarly, a \$5 monthly donation from 100 existing customers would raise an additional \$5,400 (net gain), or a 78% increase.

The specifics of this option would depend on our findings regarding the current capabilities of the billing system and the potential cost of programming changes if needed.

Timing: Pursue immediately and implement/market as soon as practical in 2007.

- 3. Ask well-established, broadly-based community organizations such as the Interdenominational Ministerial Alliance to endorse and publicize the Taste of Hope Customer Assistance Program through letters, bulletins and announcements.***

Comment: OWASA Board Member Fred Battle has discussed with the Reverend Gene Hatley, President of the Ministerial Alliance, the need to promote the Taste of Hope program through communications with the leadership of member congregations. This initiative will receive further follow up in coming months.

Timing: Continue the discussion and promotion process which has already begun.

- 4. Ask local media to donate advertising space and time, and to editorially endorse the Taste of Hope program.***

Comment: To date, OWASA has used limited non-cash resources to help market the Taste of Hope program. In keeping with this principle, we believe it would be appropriate to ask local print and broadcast media to make advertising space or time available to help increase awareness, understanding and participation in the program.

While broadcast of public service announcements is useful and greatly appreciated, PSAs are not necessarily carried in prime audience periods such as the morning and afternoon traffic hours. A concise announcement about Taste of Hope during optimum audience periods could have a much greater benefits. Similarly, brief information carried periodically in the prime advertising space in the front section of local newspapers could be very effective with repetitions over, e.g., a one-month period.

Timing: April-May, 2007

- 5. Initiate an informal speakers' bureau of interested OWASA Board Members and staff to make presentations to community organizations such as the League of Women Voters, Sierra Club, Kiwanis and Rotary groups, large homeowners' associations, etc.***

Comment: Such presentations could lead to endorsement of the program by leaders of these organizations and publicity in their newsletters, e-mail networks, etc. OWASA could work with the IFC staff to obtain their participation in presentations and to enhance awareness of the level of needs by local families for Taste of Hope assistance including examples of situations where Taste of Hope funds make a crucial difference to individual families (without disclosing their names or identifying details).

Timing: Start no later than fall of 2007; earlier if practical.

- 6. Seek additional public endorsements by well-known community leaders.***

Comment: Contacts in this regard could include elected officials at local and higher levels as well as community leaders who are well known for their contributions and achievements in the athletics, academics, community service, etc. Endorsements could be published as guest columns in newspapers, broadcast as commentaries, carried in the Blue Thumb newsletter, etc.

Timing: Pursue opportunities in all of 2007. However, the use of endorsements should be spread several months apart so that each will have a greater impact.

- 7. Continue additional existing marketing practices summarized on pages 1 and 2 of this report.***

#### Additional options for later years

Based on experience and the community context as it changes, the annual marketing plan should be revised to emphasize actions that have the most effectiveness and to test new ideas that arise.

For example, it may be worthwhile to investigate the availability of and to apply for grants from public agencies and/or charitable foundations; to seek additional partnerships with community organizations; and to evaluate the potential use of direct mail appeals to selected customer sectors.

### **Conclusion**

We suggest that marketing of the Taste of Hope program be implemented in the context of OWASA's overall priorities for community outreach, public information and public education. In recent years, the Board has discussed public communications priorities soon after the beginning of each calendar year, and we plan to make report on this in the Board's February 8<sup>th</sup> meeting.

While Taste of Hope marketing and promotion can occur at any time of year and often independently of other communication priorities, there may be times when key issues such as

proposed new rate structures and the 2006-07 rate study findings, the reclaimed water system, water conservation needs, water quality information, etc. should take center stage.

The Board may wish to consider referring the Taste of Hope marketing initiatives to the Community Outreach Committee for discussion and consideration in a broader context as suggested above.

The contributions and assistance of OWASA staff including Kevin Ray, Patrick Davis and Tammy Brown in the preparation of this report are much appreciated.

### AGENDA ITEM

- **DRAFT STATEMENT OF STRATEGIC ISSUES AND POLICIES AND DRAFT PLANNING ASSUMPTIONS AND BACKGROUND INFORMATION DOCUMENT FOR FISCAL YEAR 2007-08**

### BACKGROUND

- Section 8.3 of Orange Water and Sewer Authority's *Strategic Financial Planning and Management Document* (SFPMD) states that "OWASA shall prepare a Statement of Strategic Issues and Policies (SIP) on or before March 1st of each Fiscal Year. The SIP shall generally describe the major issues, policies, and concerns that should be addressed in the upcoming annual budget and Capital Improvements Plan deliberations."
- Section 8.4 of the SFPMD states that "in preparing and adopting OWASA Financial Planning documents, OWASA must make many assumptions concerning a large number of factors. On or before March 1st of each Fiscal Year, OWASA staff shall provide the Board of Directors an OWASA Financial Planning Assumptions and Background Information Document."
- In accordance with the SFPMD, staff has prepared for the Board's discussion a draft *Statement of Strategic Issues and Policies* and a draft *Planning Assumptions and Background Information Document*.
- These documents list the major issues, policies and assumptions upon which the financial plans and budgets should be based.
- These assumptions and strategic issues may be revised as the budget process progresses.

### ALTERNATIVES

- Modification to the draft *Statement of Strategic Issues and Policies* and the draft *Planning Assumptions and Background Information Document* through Board deliberation.

### ACTION NEEDED

- Discussion by the Board of the draft *Statement of Strategic Issues and Policies* and the *Planning Assumptions and Background Information Document* as guidance to staff during the budget on-going process.

## MEMORANDUM

**TO:** Board of Directors

**THROUGH:** Ed Kerwin

**FROM:** Kevin M. Ray

**DATE:** January 17, 2007

**SUBJECT:** FY 2007-08 Draft Strategic Issues and Policies and Budgetary Planning Assumptions

OWASA's *Strategic Financial Planning and Management Document* (SFPMD) requires the preparation of "a *Statement of Strategic Issues and Policies* (SIP) on or before March 1st of each fiscal year. The SIP shall generally describe the major issues, policies and concerns that should be addressed in the upcoming annual budget and Capital Improvements Plan deliberations."

The SFPMD further states that in the preparation and adoption of financial planning documents, "OWASA must make many assumptions concerning a large number of factors. On or before March 1<sup>st</sup> of each Fiscal Year, OWASA staff shall provide the Board of Directors an *OWASA Financial Planning Assumptions and Background Information Document* that lists the major assumptions upon which the financial plans and budgets are to be based."

In keeping with these requirements, staff has prepared the attached documents for the Board's consideration. Due to the dynamic nature of our industry, local environment and economic conditions, these documents are presented in draft form at this time. As the budget process progresses, additional issues or guiding principles can be added for inclusion in the final Budget documents next spring and summer.

Subsequent to the Board's deliberation, the strategic issues, policies and financial planning assumptions will serve to guide the Board and staff throughout the FY 2007-08 capital improvements and operating budgets development process.

Issues identified in the draft *Statement of Strategic Issues and Policies* relate to the following:

- Continued Uncertainty in Demand Projections
- Water Conservation and Demand Management
- UNC/OWASA Reclaimed Water Project
- Implementation of Recommendations Resulting From the Rate Study
- Mason Farm Wastewater Treatment Plant Upgrade and Expansion

Draft Strategic Issues and Policies and Financial Planning Assumptions

January 17, 2007

Page 2

- Jordan Lake Nutrient Management Rules
- Sustainability
- Biosolids Management
- Integration of Information Management Systems
- Workforce Sustainability and Knowledge Management and Retention
- Critical Lands for Source Water Protection

The planning assumptions found in the draft *Planning Assumptions and Background Information Document* that further guide the development of the operating and capital improvements budgets are derived from the following categories of influence and obligation.

- Legal and Regulatory
- Intergovernmental
- Contractual
- Organizational

Staff looks forward to the Board's deliberations and believes these issues, policies and assumptions will be a useful guide to us throughout the budget development process.

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Kevin M. Ray  
Director of Finance and Customer Service

Attachments: *Draft Statement of Strategic Issues and Policies*  
*Draft Planning Assumptions and Background Information Document*

**DRAFT- January 25, 2007**

**Statement of Strategic Issues and Policies  
Fiscal Year 2008 (July 1, 2007 - June 30, 2008)**

**Introduction**

This report is one of several decision documents provided each year at the beginning of the budget making process. According to *OWASA's Strategic Financial and Management Document (2006)*, the *Statement of Strategic Issues and Policies* "shall generally describe the major issues, policies, and concerns that should be addressed in the upcoming annual budget and Capital Improvements Plan deliberations."

**Continued Uncertainty in Future Demand Projections**

Community demands for water and wastewater services will continue to grow, but the rate of that growth is expected to be less stable and predictable than it was during the first 25 years of OWASA's operations. Water sales during the past several years reflect greater customer conservation efforts, believed to be due primarily to OWASA's seasonal rate structure implemented in 2002 and the year-round conservation requirements adopted by Carrboro, Chapel Hill, and Orange County in 2003. We expect that future demand trends will reflect other changes underway in the community. New development, especially on the University campus, is incorporating more water-saving technology. Although specific development plans for Carolina North have not yet been proposed, the University has indicated a strong commitment to state-of-the-art water efficiency measures. Single family detached home development, which has grown at a remarkably stable rate of 350-400 new homes per year for the past 15 or more years, is expected to lessen as developable land becomes less available in the Carrboro-Chapel Hill Urban Services Area. This trend will likely result in fewer new homes with large irrigation-intensive landscaping and a greater proportion of smaller single residential and/or multi-family homes that require less water. Proposals for infill and redevelopment projects in Carrboro and Chapel Hill may represent a significant shift in traditional development trends in the OWASA service area.

**Water Conservation and Demand Management**

In addition to conservation practices and technology changes already underway, OWASA will continue to evaluate additional options in order to fulfill the *Goal and Objectives of OWASA's Long-Term Water Conservation and Demand Management Program* adopted by the Board of Directors in April 2005. Work will continue on the development of a phased long-term water conservation plan, with particular emphasis on opportunities for collaboration with local governments on a number of measures. However, the initial phase is not expected to have major

impact on the operating and maintenance (O&M) budget or staffing levels for Fiscal Year (FY) 2008.

As has been discussed with the Board of Directors, OWASA does not need to achieve major near-term reductions in water demand. The design, funding and implementation of OWASA's conservation initiatives can be accomplished over a multi-year period, thereby avoiding any sudden budgetary impacts.

### **UNC/OWASA Reclaimed Water Project**

Fiscal Year 2008 is expected to see the majority of construction completed for the new reclaimed water system, including the pumping station and storage tank at the Mason Farm Wastewater Treatment Plant and the more than 8,000 foot long 24-inch reclaimed water transmission main from the plant to the main campus.

FY 2008 is expected to be the last full fiscal year of "traditional" OWASA water service to the University before the new reuse system begins operation in FY 2009, as specified in the reclaimed water system contract with the University. At that time, more than 500,000 gallons per day of reclaimed wastewater will replace the use of potable water at several UNC chilled water facilities. When the reuse program is implemented, future O&M budgets will reflect: (a) a decrease in total potable water demand and sales volumes; (b) a decrease in raw water and finished water pumping and drinking water treatment volumes; (c) additional operating costs of the reuse system; and (d) revenues for reclaimed water service. The expected benefits of the water reuse system in deferral of water supply and treatment capacity requirements will be reflected in our 15-year Capital Improvements Plan. All engineering design and permitting costs will be paid with proceeds from our \$1.866 million grant from the North Carolina Clean Water Management Trust Fund.

### **Implementation of Recommendations Resulting From the Rate Study**

The comprehensive review of OWASA's rates, fees and charges is expected to be completed during FY 2007, with revised rates and fees and potentially new charges, anticipated to be effective October 1, 2007. Based on the discussions with the Board of Directors, it is likely that our conservation pricing approach will be further enhanced through measures such as increasing block rates and/or budget-based rates.

As shown by our rate consultant's demand and price analyses, rate increases exceeding the general rate of inflation can be expected to further reduce water demands. Our near- and long-term demand and revenue forecasts will reflect the estimated effect on demand of proposed rate increases. In FY 2007 the OWASA Board of Directors adopted a debt service coverage ratio goal of 2.0. Depending on future water demand levels, achievement of this goal may affect proposed rate recommendations, particularly in the near-term.

Initial findings from the study indicate that substantial increases in sewer rates and sewer availability fees will be needed, appropriately reflecting the increasing proportion of our capital and O&M costs that are for wastewater collection, treatment and disposal.

The budget will include funding for public information strategies to educate our customers about possible rate changes; revising documents to reflect the new charges; and related expenses. The budget will also reflect the revenue increases projected to result from the new rates and fees.

### **Mason Farm Wastewater Treatment Plant Upgrade and Expansion**

The first phase of the wastewater plant construction was completed in November 2005. We expect to complete the ongoing upgrade and expansion of the wastewater plant's peak month treatment capacity from 12.0 to 14.5 million gallons per day (mgd) during the first quarter of FY 2008. Completed work to date includes odor improvements to the four digesters, construction of a filter complex with ultraviolet light disinfection, and electrical switchgear and emergency generator improvements. With the completion of these facilities, the budget for electrical and chemical use will need to be adjusted because of their higher demands. However, we will realize some cost reduction through the use of methane gas for certain system components currently using natural gas and the reduction of chemical use for chlorination and dechlorination. The Board's guidance will be needed on the desired level of nitrogen and phosphorus removal at which the expanded plant should operate before the North Carolina Environmental Management Commission's Jordan Lake point source nutrient management rules are finalized.

OWASA is working to eliminate off-site odors from the wastewater treatment plant. In order to meet this odor elimination goal, OWASA has spent approximately \$4.0 million dollars for operational and infrastructure odor abatement improvements. The effectiveness of these improvements is still under evaluation, and further expenditures may be required to meet our odor elimination goal.

### **Jordan Lake Nutrient Management Rules**

The North Carolina Environmental Management Commission (EMC) will likely conduct public hearings during the spring and summer of 2007 on proposed rules for its Jordan Lake Nutrient Management Strategy and Total Maximum Daily Load (TMDL) standards. The rules will address point and nonpoint source nitrogen and phosphorus management and will result in more stringent discharge limits for the Mason Farm WWTP. Staff remains confident that our present course of development will allow OWASA to meet the Jordan Lake water quality targets for the 14.5 mgd plant expansion currently underway. Implications for the further capacity expansions will depend on the outcome and implementation of the regulatory process, future advancements in nutrient removal technologies, ultimate capacity of the Durham City and Durham County wastewater plants, effectiveness of nonpoint source nutrient reduction efforts, and other factors. The new rules could require additional sewer collection system monitoring, maintenance and design requirements, but the cost of implementation is unknown at this time.

**Sustainability**

Staff will continue to evaluate and pursue practical opportunities for incorporating sustainable products and practices in OWASA's daily operations and in the design and construction of capital facilities. Subject to the Board's approval, the draft *Sustainability Goal and Objectives Statement* presented to the Board of Directors on January 25, 2007 and the proposed *Sustainable Purchasing Administrative Guide* will guide OWASA's future sustainability initiatives, purchases and investments. Investment in various sustainability programs and strategies will have capital and O&M budget implications; however, the costs and any corresponding cost savings are yet to be determined.

Staff is participating in a number of on-going studies and initiatives related to sustainability. One such project is the Orange County Greenhouse Gas (GHG) Emissions Inventory and Reduction Strategy. Following completion of the inventory in early spring of 2007, target reduction percentages are expected to be identified, along with GHG reduction strategies in the fall of 2007. The draft Inventory Report states that "...energy use for water and wastewater treatment was the largest source of greenhouse gas emissions (47%) in the municipal operations sector for the baseline year, 2005." If the Board decides to accelerate OWASA's initiatives to reduce our GHG emissions once the target reduction percentage is adopted by the local governments, specific reduction strategies will need to be developed and implemented. This is likely to affect both our capital and O&M budgets.

An example of a GHG reduction strategy would be to increase our use of biodiesel for our vehicles from the current B20 blend to a higher percentage biofuel blend to achieve additional environmental benefits. B50 fuel is projected to cost about 8% more than B20 fuel, and B100 fuel would cost over 20% more than B20.

Another sustainability initiative we are pursuing is the identification of opportunities for increased energy efficiency and cost savings through energy audits of our major facilities. This is expected to be done with technical assistance from the North Carolina State University Industrial Extension Service. At this time, the costs for the audit services, as well as implementation of the recommendations, are unknown. Likewise, any potential cost savings are yet to be determined.

**Biosolids Management**

Fiscal Year 2008 will see several changes in our approach to, and costs for biosolids management. Our rotary press dewatering system, including the filtrate return treatment system, is expected to be in operation in the fall of 2007. There will be increased operating and maintenance costs for the new system and for the management and ultimate disposition of the dewatered biosolids. This will increase the flexibility and reliability of our program, and enable us to substantially reduce the need and cost for emergency short-term contract services and overtime work for biosolids management.

It is likely that we will enter into a multi-year contract with a private party to accept and recycle our dewatered biosolids. We expect to select the contractor, determine the approximate amount of biosolids to be recycled by the contractor and estimate the contract service costs in either late FY 2007 or early FY 2008.

As previously discussed with the Board, emerging issues and trends such as long-term disposal opportunities and seasonal constraints could affect the future viability and capability of our current biosolids land application program. We need a more diversified approach. To help us better prepare for the future, we are developing a 50-year plan for the sustainable management of wastewater biosolids. We expect a draft plan to be completed by the end of FY 2007. This plan will likely affect future capital and O&M budgets, in amounts to be determined later.

### **Integration of Information Management Systems**

The development of information technology at OWASA has advanced to a stage where significant productivity improvements can be achieved by further integrating our geographic information system (GIS) with customer billing, finance and accounting, human resources and work order management software, as well as through other enhancements in information management. We are proceeding with enhanced systems integration efforts and will continue to explore these opportunities internally and with consultants. Technology integration projects may be proposed for FY 2008.

### **Workforce Sustainability and Knowledge Management and Retention**

The retirement of long-time employees represents a major loss of institutional and technical knowledge and experience in organizations such as OWASA. Such losses will be difficult to offset, especially with increasing competition for trained and competent water and wastewater industry employees. During FY 2008, we will continue to review and enhance OWASA's employee retention and succession plans to ensure that we will be prepared to attract and retain a highly skilled, efficient and dedicated workforce.

### **Critical Lands for Source Water Protection**

We have achieved 80 percent of the long-term goal of acquiring land or conservation easements on 1,265 acres of land in the Cane Creek watershed for the long-term protection of our largest drinking water supply. The current (FY 2007-2011) Capital Improvements Budget includes \$1.08 million for the additional 20 percent, or approximately 250 acres, to be acquired. During the coming months, staff will identify options for using these funds to acquire targeted properties. Additionally, the Board may wish to consider the next phase in OWASA's source water protection priorities as we approach achievement of our Cane Creek critical land acquisition goal.

**Conclusion**

The annual, formal process of re-evaluating and updating a list of strategic issues is a critical action in keeping OWASA a dynamic, adaptive and effective service organization as our internal and external environments change. We also recognize that seeing new needs and setting new priorities are not limited to one time of year, but are part of a continuous process.

**ORANGE WATER AND SEWER AUTHORITY  
DRAFT PLANNING ASSUMPTIONS AND BACKGROUND INFORMATION  
DOCUMENT  
FISCAL YEAR 2007-08**

OWASA's *Strategic Financial Planning and Management Document* (SFPMD) states that in the preparation and adoption of financial planning documents, "OWASA must make many assumptions concerning a large number of factors." Included in this document are the major assumptions upon which the financial plans and budgets are to be based.

**Legal/Regulatory Assumptions**

Federal, State, Local and Judicial

- OWASA must adopt a balanced budget in accord with the *N.C. Budgetary and Fiscal Control Act*.
- Statutes governing our purchasing and contracting require the development of and adherence to a Minority and Women-Owned Business Enterprise Program in soliciting and accepting bids for certain construction work. OWASA's program adds modest administrative costs to the construction bidding process but should have no impact on the overall cost of construction.
- The OWASA Board sets and revises rates, fees and other charges for our services. Our rates, fees and charges are not subject to supervision or regulation by any bureau, board, commission or other agency of the State or by any political subdivision.
- Rates, fees and charges shall be set so that our revenues, with any other available funds, shall be sufficient at all times:
  - (1) To pay the cost of maintaining, repairing and operating the systems including reserves for such purposes, and
  - (2) To pay all of the principal and interest on bonds issued by OWASA.
- Fees shall be made applicable throughout the service area, but fees and charges may vary by customer class when discernable cost factors can be attributed to the varying classes.

Intergovernmental

Agreements of Sale and Purchase with the University of North Carolina at Chapel Hill and the Town's of Chapel Hill and Carrboro.

- OWASA shall charge reasonable rates, based on cost of service, to all classes of users, serving all users within each class impartially and without unjust discrimination, with no differential in rates based on the location of a customer.
- OWASA shall operate the water and sewer system at the lowest rates possible consistent with its obligation to provide proper and efficient service.
- OWASA will furnish, for as long as the University of North Carolina at Chapel Hill shall desire, potable water, meeting acceptable purity standards, in such quantity as may be required to meet its needs.
- The University will purchase all its potable water requirements from OWASA, unless OWASA is unable to supply sufficient water.
- The University will be provided, now and hereafter, reliable and adequate sewer services to meet its needs.
- If five-year cumulative rate revisions exceed 20%, then the University may request that a rate study be prepared by a qualified consultant and its results shared.
- OWASA agrees to meet the reasonable water and sewer needs of Carrboro and Chapel Hill.
- While the true impact has yet to be determined, the water conservation ordinances and rules adopted by the Towns and County are assumed to carry short-term and long-term revenue implications.

Bond Order (Series 2001 as amended and restated)

- Interest earnings on the Debt Service Reserve Fund are included in the debt service ratio calculation.
- OWASA shall not provide free service, and shall charge all users including public bodies based on established rates, except for water used in fire protection, washing streets, flushing streets and testing water lines.

- While the Board amended the SFPMD to reflect a targeted 2.0 debt service ratio, the Bond Order requires a minimum ratio of 1.2.
- Rate adjustments in Fiscal Year (FY) 2006 were sufficient to provide for FY 2007 debt service payments.

### **Organizational Assumptions**

Mission Statement - OWASA's mission, values and departmental goals and objectives will be reflected in the *Preliminary Budget* due in April 2006.

### Financial Goals and Objectives

- The SFPMD specifies that the working capital reserve balance be at least equal to the greater of the following: 25% of the Operations & Maintenance Budget or 20% of the total estimated cost of capital improvements projects identified for the succeeding three years.
- Twenty-five percent of initial estimates of operating costs for Fiscal Year 2008 equals \$4.49 million.
- Twenty percent of planned capital improvements for years 2008 through 2011 equals \$6.16 million.
- The historical cost escalation factor planning assumption has been five percent. State guidelines recommend eight percent.
- The projected General Fund ending balance for FY 2008 is \$7.32 million.
- The SFPMD specifies cash funding of capital improvements of 30-40%. Initial planning indicates 86% equity funding of capital projects during FY 2008.
- With the inclusion of Service Availability Fees in the debt service ratio calculation, the ratio for FY 2008 is projected to reach 1.62.
- No decision has been made regarding rate adjustments arising from the comprehensive rate study currently underway. The rate study is expected to be complete and the Board's rate decision this spring will be part of the FY 2008 budget process. Rate increases projected prior to completion of the rate study are:

<u>Year</u>	<u>Projected Rate Adjustments</u>	
FY 2008	6.0 % Water	6.25% Sewer
FY 2009	9.5 % Water	9.5% Sewer
FY 2010	8.0 % Water	8.0% Sewer
FY 2011	8.0 % Water	8.0% Sewer

- Although the economy continues to send mixed signals, modest economic growth is expected. A general inflation assumption of 2.5% to 3.5% appears prudent for FY 2008.
- While proposals for renewing property and liability insurance coverage are not yet available, due to the industry's hurricane-related claims experience of two years ago, it may be prudent to assume a significant increase in liability coverage.
- OWASA achieved a health insurance cost reduction for 2007 by changing to United Healthcare for group health and dental insurance coverage after a bidding process.
- Interest earnings improved during most of FY 2007. Interest rates are projected to remain around five percent or slightly higher during FY 2008.

Customer Demand and Service Levels – the following projections are based on historical and current year trending.

- Average billed water consumption for FY 2006 was 7.94 million gallons per day (MGD) and averaged 8.45 MGD through November, 2007.
- The assumed billed water consumption for FY 2007 was 8.15 MGD. The initial FY 2008 estimate is 8.46 MGD, but this projection will likely be adjusted this spring.
- Historically, customer accounts have grown by approximately 500 “meter equivalents” annually. This assumption should be adjusted slightly downward due to economic conditions for FY 2008.
- A construction cost inflation rate of at least five percent is projected for FY 2008. A long-term average of five percent has been historically used for planning purposes. New state guidelines recommend using an eight percent during FY 2008.

**Verbal Report on the Chapel Hill Town  
Council Meeting on January 22, 2007  
Regarding Odor Elimination at the Mason  
Farm Wastewater Treatment Plant  
(Mac Clarke)**

**January 22, 2007**

# **CLOSED SESSION**

**FOLLOWING THE MEETING OF THE BOARD  
OF DIRECTORS THE BOARD WILL CONVENE  
IN A CLOSED SESSION FOR THE PURPOSE OF  
DISCUSSING LAND ACQUISITION  
(ED HOLLAND)**

**January 25, 2007**