

January 2018

Orange Water and Sewer Authority Affordability Outreach Program Update and Plan

Year 3: February 2018 – January 2019

Purpose

OWASA's Affordability Outreach Program is designed to increase community awareness of options to manage and reduce water and sewer bills and to empower low-income customers, and the local agencies that serve them, with information and tools to manage and reduce water and sewer bills. The following plan provides an update on the third year (2018) of OWASA's Affordability Outreach Program and identifies strategies for the coming year (2019).¹

Background

"Affordability and Cost Management" is one of the five key strategic themes in OWASA's Strategic Plan. During rate-setting discussions and strategic planning meetings, the OWASA Board of Directors concluded that water conservation should be promoted as a key strategy for customers – especially to those in financial need – to lower monthly water and sewer bills.

And while we cannot provide free service or charge different rates based on our customers' ability to pay because of legal and bond order restrictions, we are a member of the community we serve and recognize the need to ensure that water and wastewater service meets a basic human need. It's important to OWASA that our services be accessible to the community in order to protect public health and the environment.

Furthermore, water conservation practices and investments make our community better prepared for droughts; defer the need for multimillion-dollar expansion of OWASA system capacities; and reduce greenhouse gas emissions from use of conventional energy sources to pump lake water, drinking water, wastewater, and treated wastewater. Water conservation has been identified as a key strategy in addressing customer affordability because it reduces costs for customer service, service delivery, and long-term water resource provision. Water conservation has the potential for sustained positive impact for customers, including reduction in water and bills as well as energy costs associated with heating water. Additionally, our Affordability Outreach Program enhances OWASA's engagement with the community.

¹ Previous Plans were reviewed, discussed, and approved by the OWASA Board of Directors at the [October 22, 2015](#) meeting and the [December 8, 2016](#) meeting.

The foundation of OWASA's Affordability Outreach Program is the partnership with regional, social service agencies. We are grateful for their continued collaboration and engagement.

Objectives and Target Audience

OWASA's Affordability Outreach Program is designed to increase community awareness of options to manage and reduce water and sewer bills and to empower low-income customers, and the local agencies that serve them, with information and tools to manage and reduce OWASA bills. The following goals and metrics provide an indication of water and sewer service affordability and our efforts to provide relevant outreach to the community.

- **Contributions to our Care to Share program:** Through the Care to Share Program, OWASA customers can contribute funds to provide bill payment assistance to OWASA families in-need.

Currently, about 1,030 customers contribute to Care to Share on their monthly OWASA bill. In Fiscal Year 2017 (July 2016 – June 2017), online bill contributions raised over \$5,300 for the Interfaith Council for Social Services to provide utility bill assistance. This was about \$50 more than was raised in 2016 and \$730 more than was raised in 2015.

In addition, individuals and businesses can donate directly to the Interfaith Council for Social Service and request their funds go to Care to Share. In Fiscal Year 2017 (FY17), \$625 was donated directly from the public to the program.

In sum, Care to Share contributions covered approximately one-third of the utility bill assistance provided by the Interfaith Council for Social Services in FY17.

- **Average water use of those customers with whom we engage through our affordability outreach program:** The following report summarizes a spectrum of strategies through which we have engaged and propose to engage with customers. While crediting changes in water use to general outreach is challenging at best, we can measure the impact of direct engagement.

As part of the Affordability Outreach Pilot Project, OWASA worked with the Interfaith Council for Social Services and the Marion Cheek Jackson Center to provide water conservation retrofits of six homes. A year later, five of the six homes experienced a decrease in their average water use and a reduction in their bill of \$4 to \$28 per month. (The home that increased water use was a duplex for which only one-half was retrofitted.)

Last year, OWASA worked with the Town of Chapel Hill Public Housing to launch a program that challenged two neighborhoods to reduce water use by more than the other. (The Save2Gain Neighborhood Conservation Challenge is described in more detail later in the document.) In 2017, the summer-time water use decreased for two-thirds of the homes in one neighborhood and half of the homes in the second neighborhood.

Finally, we track household water use before and after water use assessments, however it is difficult to draw conclusions about the impact of the assessment on water use, as the majority of those conducted in 2017 were for rental properties with tenant turnover.

- **Cut-offs due to non-payment:** Over the past two years, we have seen a steady decline in the number of service cut-offs due to non-payment. The rolling average of monthly cutoffs has fallen by about 40 cut-offs per month. Our reconnection fee is \$45. If we can help a customer avoid a service cutoff, we help them avoid this fee.

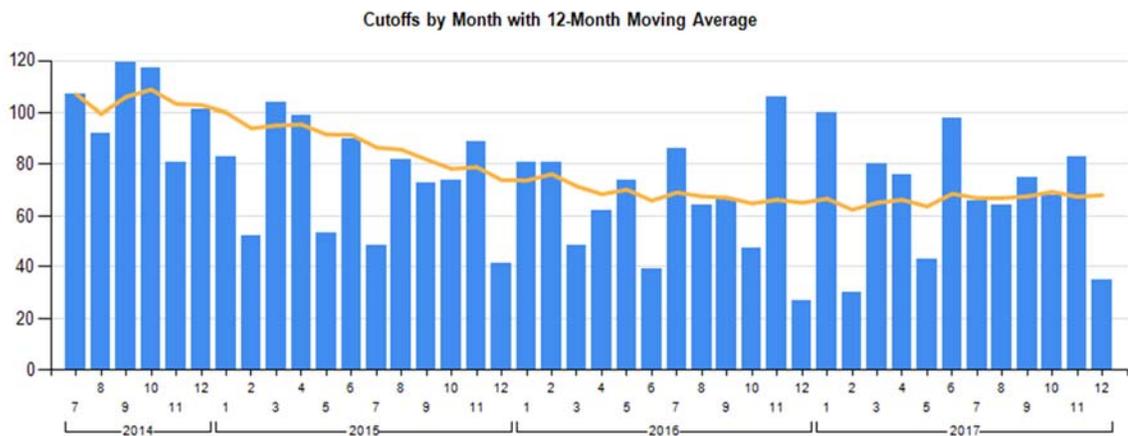


Figure 1: The number of cutoffs, on average, has stabilized following a steady decline

Our program strives to engage customers with difficulty paying for OWASA services. Primarily, these customers are those:

- Requesting and receiving bill payment assistance from local social service agencies, including the Inter-Faith Council for Social Services (IFC) and the “Care to Share” program;
- Requesting extensions of credit to manage bill payments; and
- For whom service is cut-off due to non-payment of bills.

In order to proactively engage with these customers, we partner with local social service agencies that provide bill assistance, home repair, and maintenance assistance, as well as the rental community. The rental community overlaps with much of our target population for affordability outreach and represents a significant portion of our service area population.

We recognize there are other customers for whom water and sewer service comprises a significant portion of their monthly household expenses that do not fall into any of these categories. As such, our outreach efforts are not limited to just the above-mentioned communities. Additionally, it is important to note that while many of the strategies discussed below (including in-home water use assessments) are identified to be focused through certain agencies and to specific households, these services are generally available to our entire customer

base upon request, as we cannot differentiate services to our customers based on their financial position or need.

Strategies for Addressing Affordability

The Affordability Outreach Program includes six major strategies for addressing the affordability of OWASA's services. These strategies are:

- Rates and Billing,
- Information and Outreach,
- Bill Assistance,
- Water Efficiency Retrofits,
- Leak Identification, and
- Partnership.

The remainder of this document provides a summary of recent initiatives and proposes new and continued tactics for the coming year.

Rates and Billing

Rate structures, rate levels, and billing arrangements have significant ramifications for the affordability of water and sewer for all OWASA customers.

2017 Update

Year-round, uniform water rate for multi-family, master-metered (MFMM) properties: In May 2017, we transitioned from a seasonal water rate structure that increased in warmer months (May – September) and decreased in cooler months (October – April) to a year-round uniform rate (one that charges the same rate for water all year). This revenue-neutral change was made to improve month-to-month affordability and customer understanding.

Pay-by-text service: In late 2016, we deployed pay-by-text by which customers can pay their OWASA bill by responding to a text. Through this service, customers save their payment information on a secure server and release payment with a text. As of December 2017, we had 1,405 customers registered to pay-by-text, 868 of which have actively made payments using this service.

Cost management: Fiscal Year 2017 marked the sixth year in-a-row without the need to raise monthly rates to cover costs. We remain diligent in our stewardship of our customers' funds and view cost management as an important strategy in assuring the affordability of water and sewer services in our community.

New Initiatives for 2018

Automated pay-over-phone: We plan to deploy automated pay-by-phone in the coming year to make bill payment more convenient. While this tool (and pay-by-text) will not decrease bills for our customers, we hope that by making it easier for customers to pay their bills, they can avoid late payment fees, service cut-off, and reconnection fees.

New methodology and reduced up-front system development fees (if approved): In our continuing effort to provide affordable and high-value services to our current and future customers and in response to a new law passed by the North Carolina General Assembly (NC House Bill 436/Session Law 2017-138), OWASA will use a new method for calculating the upfront costs for new connections to our water and sewer system. While this won't affect current customers, if approved, this change has the potential to significantly reduce the up-front costs for all new developments, including affordable housing. Additionally, the OWASA Board of Directors will consider the addition of a new low-tier for homes that are 800 square feet or less, in an effort to improve system connection affordability for “tiny homes.”

Information and Outreach

Through accessible and engaging outreach, we aim to give our customers useful information and strategies for reducing their OWASA bill. In 2018, we propose to continue with many of the strategies implemented over the last year.

2017 Update and Continued Initiatives

Participate in and provide outreach material for community events: Last year, we provided our partners with water conservation information and low-flow devices (showerheads and aerators) to incorporate into their community outreach. We continue to use the infographic and motion graphic developed in Year 1 of the Program to engage all customers in water wise behavior. The infographic was developed in English and Spanish (Figure 2); the motion graphic was narrated in English, Spanish, Burmese, and Karen and can be found on [OWASA's YouTube Channel](#).

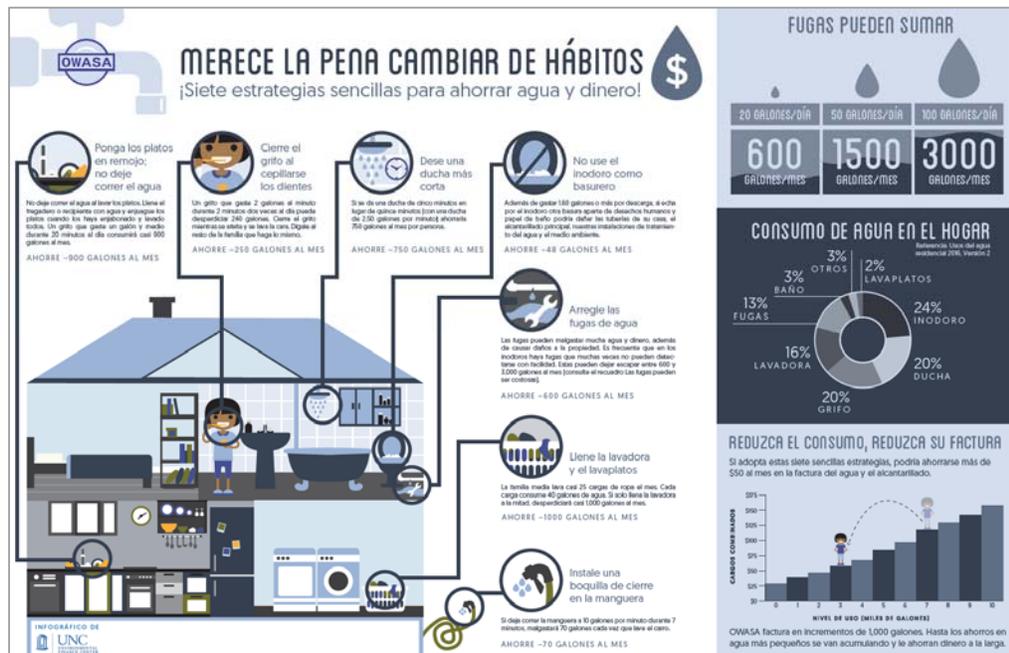


Figure 2: Snapshot of infographic in Spanish

Below is a list of community partners we provided with water conservation resources over the last year:

- St. Thomas More Parish Council:
 - Infographic in English and Spanish
- Orange County's Department of Housing and Community Development Community Meetings with Residents of Section 8 Housing (December 2017)
 - Infographic in English and Spanish
 - Low-flow showerheads
 - Faucet aerators
 - Dye tablets to detect toilet leaks
- Marion Cheek Jackson Center's Resources for Residents
 - Infographic in English and Spanish
 - Low-flow showerheads
 - Faucet aerators
 - Dye tablets to detect toilet leaks
- Orange County Department of Social Services handout to all clients
 - Infographic in English and Spanish – co-branded with the Town of Hillsborough, so that it could be handed out to all municipal water/sewer customers in Orange County

Next year, we will offer information and resources to the community, including providing a presentation at an Orange County Section 8 tenant engagement event.

Direct mail to recipients of bill assistance: In June 2016, we began sending letters to recipients of assistance for OWASA bill payment. These letters show how a household's water use has trended over the past 12 months compared to that of the average OWASA household, suggests tips for reducing water use, and invites the customer to request a home water use assessment. In 2017, we mailed nearly 100 letters. We plan to continue to send these letters on a monthly basis over the next year.

Water use assessments: In a water use assessment, we search for leaks and assess the efficiency of a household's water-using infrastructure: toilets, faucets, appliances, etc. In addition, we discuss a household's water-using behavior and provide tailored suggestions for reducing water use and reducing water and sewer bills. We also provide low-flow faucet aerators and low-flow showerheads. In 2017, we conducted 23 water use assessments. Primarily, these were initiated by our community partners for members of the community they serve.

Additionally, last year, OWASA assisted Waste Reduction Partners (WRP) in offering water use assessments for multi-family, master-metered (MFMM) accounts. WRP is a grant-funded team of retired engineers, architects and scientists that work with NC businesses and institutions on water, waste, and energy reduction. With funding support from Duke Energy, WRP offered to provide 3-5 audits in our service area. Unfortunately, only one multi-family, master-metered complex requested a water use assessment (after an extensive outreach effort). Fortunately, the Chapel Hill-Carrboro City School System was able to benefit from Waste Reduction Partners' services.

We will continue to offer water use assessments to all customers and work with our Community Partners to offer them to customers that need them most.

Neighborhood Conservation Challenge: In partnership with the Town of Chapel Hill Public Housing, we launched a neighborhood conservation challenge event (called “Save2Gain”) to encourage community commitment to water conservation. In 2017, we challenged the Craig-Gomains neighborhood to save more water than the Colony Woods West neighborhood. To kick off the challenge, OWASA and the Town of Chapel Hill went door-to-door and provided faucet aerators, low-flow showerheads, dye tablets to help detect toilet leaks, and conservation information. As a group, the Craig-Gomains neighborhood won; they reduced their summer time water use by about 200 gallons per unit per month, which equates to a bill savings of about \$30/year for each household. The Town of Chapel Hill awarded the most water-wise neighborhood with asphalt and paving repairs.



Figure 3: Photo of the neighborhood clean-up team that also distributed water conservation packets in the Craig-Gomains neighborhood

Next year, we will challenge two more neighborhoods in the Save2Gain Water Conservation Challenge.

Bill Assistance

Temporary bill assistance programs offer help to customers during their greatest time of need and help them avoid service cut-off and reconnection fees. There are multiple entities that provide utility bill assistance in our community. As described earlier in the document, the Care to Share program provides OWASA customers the opportunity to voluntarily contribute to a bill assistance program administered by the Inter-Faith Council for Social Services (IFC).

2017 Update and Continued Initiatives for 2018

Contractor solicitation letter for Care to Share donations: In July 2017, OWASA’s Executive Director sent a letter to contractors and consulting firms with whom OWASA does business asking that they consider donating to the Care to Share Program. Although we have requested that the donors remain anonymous to OWASA, we do know that almost \$1,400 in direct contributions have been donated to Care to Share thus far in Fiscal Year 2018.

Marketing for Care to Share: In an effort to encourage existing customers to contribute to Care to Share, we used existing marketing channels to promote participation in the Care to Share Program. We promoted Care to Share in our Blue Thumb newsletter, as well as both of our Open House events. We will continue to use existing forums, including our Water Wagon events, to promote participation in the Care to Share Program.

New Initiatives for 2018

Care to Share Thank You and Contribution Summary Letter: Currently, OWASA customers can choose to round up their bill to the nearest dollar and donate the difference to Care to Share or to donate a fixed dollar in addition to their billed amount. Although the vast majority of participants in the program are “round up” contributors, more total donations come from “fixed amount” contributors. The following table summarizes the monthly contributions of these two types of donations.

	% of participating customers	% of total contributed amounts	Median amount of monthly contributions
“Round up” contributions	96%	35%	\$0.21
Fixed dollar contributions	4%	65%	\$5.00

In early February of 2018, we propose to spend about \$600 on a mailing to Care to Share contributors to thank them for their contribution to the Program, provide a summary of what they donated in 2017, and encourage them to consider making a fixed dollar amount contribution. If we can convince 100 “round up” contributors to change to a fixed \$1 per month contribution, we could potentially increase annual contributions to Care to Share by about \$1,000 (15% of FY17 contributions).

Pilot a LIFT-UP Program in Partnership with the Community Empowerment Fund: LIFT-UP stands for Local Interventions for Financial Empowerment through Utility Payments and is a program designed to help connect utility customers who have bill payment challenges with trained financial coaches. The model for this program was recently developed by the National League of Cities and piloted by five municipal utilities. Using NLC resources and the experiences of the five pilot utilities, staff from OWASA and the Community Empowerment Fund (CEF) in Chapel Hill have developed a LIFT-UP approach that would invite OWASA customers will bill payment challenges

to connect with a financial advocate at the CEF in exchange for a personalized deferred payment plan. (Our typical deferred payment plan is only about two weeks. By engaging with a CEF financial advocate, customers could negotiate a longer deferred payment plan.) While we recognize that not every customer will be interested in engaging with CEF, we believe that this is a good opportunity to partner with one of our Community Partners and connect customers who have bill payment difficulties with personalized advice on financial management.

Furthermore, this program can be combined with the provision of water use assessments to help identify areas where customers can save money by reducing water use. Over the next year, we propose to pilot this program and assess its efficacy.

Water Efficient Retrofits

Ultimately replacing inefficient water-using equipment (primarily toilets) in a home can help a household consistently reduce their water use. In 2015, the Interfaith Council for Social Services and Wilkinson Supply Company sponsored a retrofit pilot project that demonstrated success at reducing monthly water use bills. The following strategies are designed to assist in the identification and pursuit of outside funding and purchase arrangements for water-efficient fixtures.

2017 Update and Continuing Efforts

Pursue outside funding for retrofits of those receiving bill assistance: In Fiscal Year 2017, 98 households received assistance in paying their OWASA bill; 26 of those households received bill assistance more than once throughout the year; half (18) of those households used more than the average OWASA customer. With outside funding assistance for the installation and hardware, water efficient retrofits could help improve utility affordability for these households and help leverage bill assistance funding should they need assistance again.

As the provider of over 50% of direct bill assistance to OWASA customers, we have begun conversations with Orange County about the mutually beneficial opportunity to fund water efficient retrofits to these customers (i.e. reduce monthly utility bill to a more affordable level and/or reduce the level of financial assistance needed from the County in the future). Over the coming year, we will continue to work with entities providing bill assistance to our customers (including Orange County Department of Social Services and churches), as well as local foundations to discuss potential funding for the replacement of inefficient toilets, showerheads, and faucets in homes.

In addition, we will support our Community Partners in application to outside funders and local foundations for funding to support retrofit programs.

Interactive business case tool for multi-family, master-metered property managers and landlords: In certain circumstances, replacing an inefficient toilet with a high-efficiency toilet can achieve a 12 month simple payback. This year, we created an interactive tool that can be tailored to individual situations, to help define the business

case for toilet replacement. This business case is especially salient for those MFMM property managers and landlords that do not sub-meter. Although, this will not likely have a direct impact on the affordability of the unit for the tenant, it will help keep overall costs low and will directly benefit individual tenants if and when the unit is sub-metered at some date in the future.

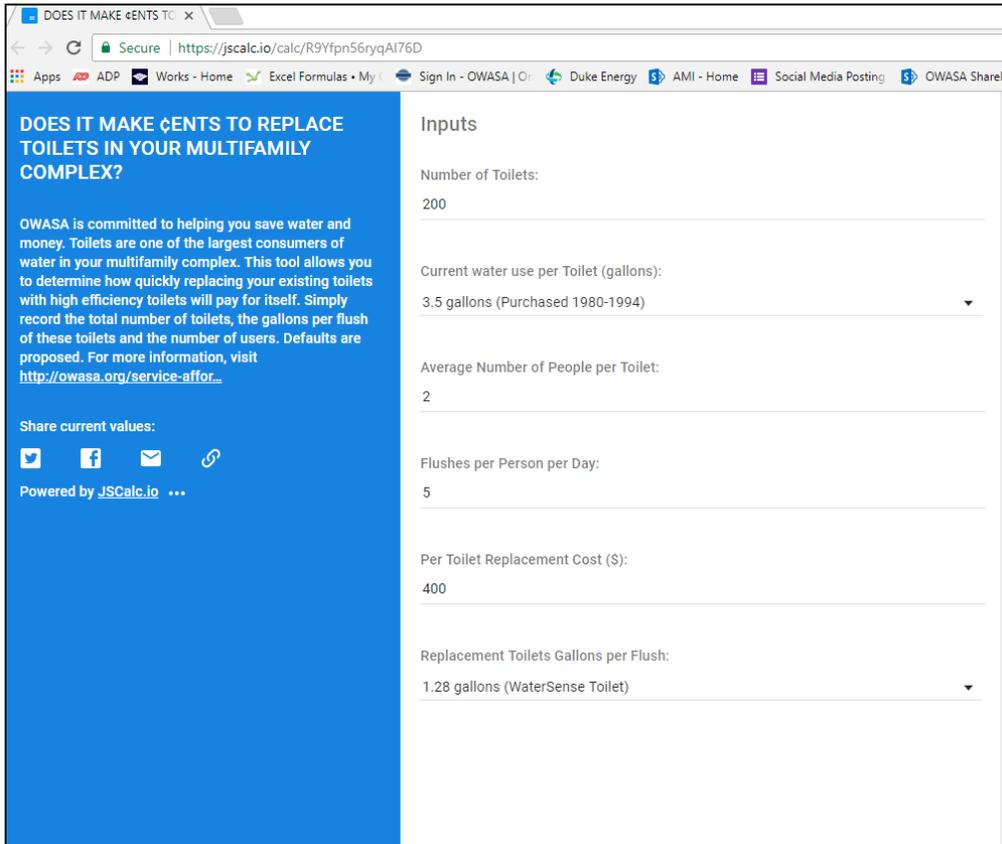


Figure 4: Screenshot of portion of online tool linked from <http://owasa.org/service-affordability>

In the coming year, we will promote the use of this tool to our MFMM customers.

Leak Detection

Proactive leak identification can help our customers avoid high bills, home damage, and water waste and is good customer service.

2017 Update and Continued Initiatives

Proactive desktop and field service for identification and follow-up regarding potential leaks: Throughout the meter reading and billing process, we have a series of check-points for monthly meter reads that are 60% higher than the previous months to help validate the accuracy of our meter reads. When a high bill is validated, Customer Service staff proactively communicate with customers to alert them to the high read and offer assistance with identifying leaks. If a customer is interested, field service staff will visit the home and help the customer determine if there is a leak.

Implementation of Advanced Metering Infrastructure: Over the last year, OWASA identified and has been working with a third-party vendor to provide the technology and resources to upgrade all OWASA meters with Advanced Metering Infrastructure (AMI). This technology will give OWASA and our customers (once the web portal is deployed) the capability to detect leaks in near-to-real time. In parallel to our planning efforts, we have launched an informational campaign for all customers, including the development of [an informational video, posted on our YouTube site](#). In 2018, we will begin full-scale deployment and implementation of AMI, OWASA's Agua Vista program.

As meters are upgraded, OWASA has begun using the hourly use data to detect leaks and proactively contact customers. We can only provide this type of proactive outreach if we have accurate contact information for our customers. OWASA will promote a contact-update campaign in the community along with the roll-out of AMI. Outreach strategies will include an invitation to update contact information on door hangers provided after the meter upgrade, our Blue Thumb customer newsletter, and in a PeachJar Newsletter that is sent to all Chapel Hill-Carrboro City School families. We will also work with our Community Partners to get assistance in updating contact information.

Once the customer web portal is deployed (estimated to be when about 75% of OWASA's meters are upgraded in late 2018), customers will be able to set up their own thresholds and monitor for leaks.

Partnership

Critical to the relevancy and acceptance of OWASA's affordability outreach is partnership: partnership with our customers and the social service agencies that serve our community.

Ongoing

With customers:

Proactive Customer Communication: OWASA proactively communicates with customers regarding impending cut-offs. One day after a customer misses a second month of bill payments, OWASA contacts the customer via a phone service to let them know that if payment for at least one month is not made within the next ten days their service will be cut-off and they will incur a \$45 fee for non-payment. If payment has not been received within ten days, the customer is re-notified that if prompt action is not taken, their service will be cut-off.

Social Agency Referral and Collaboration: OWASA's Customer Service Department maintains a list of social service agencies that provide bill payment assistance to customers in need. If a customer contacts OWASA to express difficulty in paying their bill, Customer Service refers the customer to those agencies. Additionally, we inform our customers that if they are working with an agency to obtain financial assistance, they may authorize us to release their billing information to that agency, so that agency can better assist the customer.

Emergency Water Loss Policy: When a customer reports a leak, OWASA may reduce their bill if the customer provides documentation of repair. A customer is eligible for an Emergency Water Loss bill reduction every three years. The implementation of AMI will likely change the nature of this policy.

Customer Payment Deferral Agreements (Extensions of Credit): Customer Service staff have the authority to arrange an individual payment plan that will allow a customer to spread payments in arrears over a timeframe that is more manageable for them (typically a few weeks). Customers must sign a payment deferral agreement and meet the terms of repayment specified in the agreement. We enable agencies providing financial assistance to initiate, on behalf of their clients, requests for extension of credit for customers to pay their bills. The agency can have a client sign the agreement while the client is in the agency's office. This facilitates the process and eliminates the need for the customer to make a separate trip to OWASA to enter in to such an agreement. Furthermore, the assisting agency likely has a better understanding of a plan that will work best for a customer's circumstances. Through the LIFT-UP Program described earlier in this document, we hope to enhance this service.

With community: Our community partners are the foundation of the Affordability Outreach Program. They provide insight and input on strategies needed to help improve the affordability of water and sewer services. In collaboration with them, we can more effectively provide relevant information to the community and attract funding. Our partners include:

- Town of Carrboro
- Binkley Baptist Church
- CASA
- Town of Chapel Hill
- Community Empowerment Fund
- College Service Project, UNC Chapter
- Community Home Trust
- Compass Center for Women and Families
- El Centro Hispano
- EmPOWERment Inc.
- Habitat for Humanity of Orange County
- Hillsong Church
- InterChurch Housing Corporation
- Inter-Faith Council for Social Services
- Love Chapel Hill
- Marion Cheek Jackson Center
- Central Piedmont Community Action (formerly JOCCA)
- Orange County Justice United
- Orange County Department on Aging
- Orange County Department of Housing and Community Development
- Orange County Department of Social Services

- Rebuilding Together of the Triangle
- St. Thomas More Catholic Church
- University Presbyterian Church
- UNC Center for Excellence in Community Mental Health
- UNC SWEAT
- Waste Reduction Partners

In 2017, we hosted two meetings with our Affordability Outreach Community Partners. On May 12, we hosted a demonstration of a water use assessment at the Marion Cheek Jackson Center. On December 12, we hosted a discussion on ideas and initiatives for the coming year. Over the coming year, we will continue to convene this group on a semi-annual basis to discuss issues related to water and sewer service affordability. In the Spring, this meeting will be primarily for entities in our community that provide bill assistance to discuss water use assessments and the LIFT-UP Program. The winter meeting will be to check-in on program strategies and discuss initiatives for the following year.

Resources Required

Successful implementation of this program will require approximately ¼ of Sustainability Manager's time to manage and implement aspects of the program, the assistance of the soon-to-be-hired Communications and Community Relations Officer, the commitment and support of OWASA staff, and a modest budget of \$2,350 to reproduce outreach material, purchase water-saving devices and demonstration material, mail Care to Share "thank you letters", and host meetings with our Community Partners.

2018 Program Timeline

	Strategy	Initiative	Feb – April 2018	May - July 2018	Aug- Oct 2018	Nov 2018 – Jan 2019
1	Rates and Billing	Automated pay-over-phone				
		Reduce system development fees (if approved)				
2	Information and Outreach	Participate in and provide outreach material to the community				
		Direct mail to recipients of bill assistance				
		Provision of water use assessments				
		Initiate Neighborhood Conservation Challenge				
3	Bill Assistance	Contractor solicitation letter for Care to Share				
		Marketing for Care to Share				
		Send Care to Share Thank You Letter				
		Pilot LIFT-UP Program				
4	Water Efficient Retrofits	Pursue outside funding for retrofits of those receiving bill assistance				
5	Leak Detection	Proactive desktop and field service				
		Implementation of AMI				
6	Partnership	Proactive customer communication				
		Social agency referral and collaboration				
		Emergency Water Loss adjustments				
		Customer payment deferral agreements				
		Partner Meetings			Info meeting with bill assistance providers	
7	Board Updates			Summary via email		Program update and 2019 plan review and approval