

Orange Water and Sewer Authority Affordability Outreach Program Update

Year 4: January 2019 – December 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 proposes strategies for the coming year (2019).¹

Background

“Affordability and Cost Management” is one of the five key themes in OWASA’s Strategic Plan. During rate-setting discussions and strategic planning meetings, the OWASA Board of Directors has identified water conservation 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.

The affordability of water and sewer service is not an issue isolated to Chapel Hill and Carrboro. National utility organizations and federal agencies and legislators are paying attention to the rising concerns about water and sewer service affordability across the country. Much of the

¹ Previous Plans were reviewed, discussed, and approved by the OWASA Board of Directors at the [October 22, 2015](#), the [December 8, 2016](#), and the [February 8, 2018](#) meeting.

country's infrastructure is aging and will require a great deal of investment to repair and replace in the coming years and decades. This investment is increasingly falling on local utilities whose primary means of covering expenses is rates. Last year, the American Water Works Association adopted a [Policy Statement on Affordability](#) that strongly recommends the adoption of policies and procedures by utilities, regulators and governmental entities to address the affordability challenges experienced by some of their residential customers. Water and wastewater affordability issues are on the national policy radar. There is [federal legislation pending](#) (S. 3564) that would create a Low-Income Water Customer Assistance Program, similar to what is in-place for energy bill assistance.

As we move forward with our Affordability Outreach Program, OWASA will remain informed on national programs and opportunities to address the affordability of our services. However, the foundation of OWASA's Affordability Outreach Program will remain the partnership with local, social service agencies. We are grateful for their continued collaboration and engagement and look forward to our continued work with them.

Program Objectives

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.

- **Increase 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 1,000 customers contribute to Care to Share on their monthly OWASA bill. In 2018, on-bill contributions raised over \$7,650 for the Interfaith Council for Social Services to provide utility bill assistance. This was about \$2,350 more than was raised in 2017 (a 44% increase).

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 2018, \$790 was donated directly from the public to the program.

In sum, Care to Share contributions covered approximately 64% of the water utility bill assistance provided by the Interfaith Council for Social Services in 2018.

- **Decrease 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 to decrease their water use. Unfortunately, crediting changes in water use to general outreach is challenging at best. Nonetheless, it remains an objective of the program.
- **Minimize cut-offs due to non-payment:** Although water service cut-offs are an important tool to ensure timely bill payment, they cause great hardship to OWASA

customers. OWASA’s reconnection fee (after service cut-off) is \$45. If we can help a customer avoid a service cutoff, we help them avoid this fee. Over the past two and a half years, trends in service cut-off due to non-payment have stabilized following a steady decline between July 2014 and June 2016. This decline was due in-part to increased effort to remind customers of upcoming bills. Last year, approximately 550 (3%) of our customers were cut-off from service at least once. One hundred and thirty-one (131) of those customers were cut-off from service more than once, potentially evidence of a true affordability challenge.

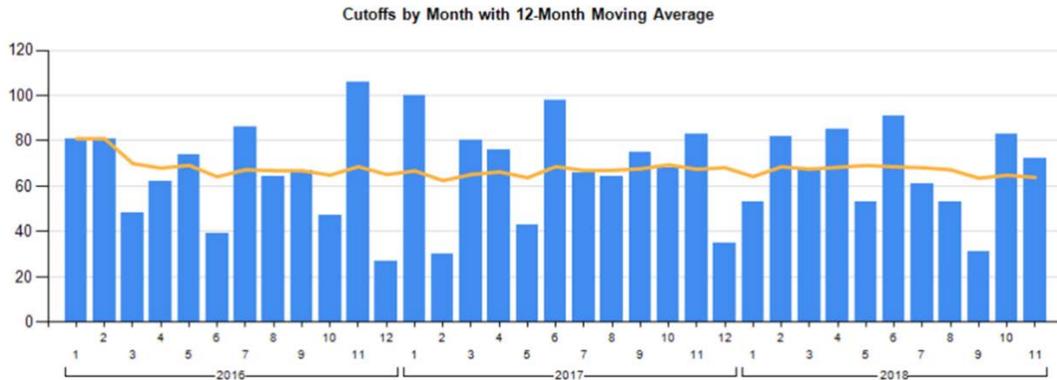


Figure 1: The number of cutoffs, on average, has been relatively stable over the past three years

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.

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. By working with our partners in the community, we are able to proactively address affordability concerns before a customer may have to request bill assistance or is cutoff from service. 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.

Within these overarching strategies, we have pursued a number of initiatives for which the remainder of this document will provide an update, as well as propose new and continued tactics for the coming year. An exciting resource that will be a key part of many new initiatives in the coming year is our new Advanced Metering Infrastructure (AMI) and complementary Agua Vista web portal. This resource will serve as a keystone of our customer outreach efforts in the coming years and beyond.

Rates and Billing

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

OWASA's Board-adopted Financial Management Policy includes a Service Affordability goal that the average annual residential bill shall be no more than 1.5% of median household income (MHI). Currently, the average bill (for 4,000 gallons of water) is \$72.07, which annually equals 1.3% of the MHI for Chapel Hill (\$67,426) and 1.5% of the MHI for Carrboro (\$56,573).

This metric, however, fails to capture true service affordability in our community. The MHI in our service area is relatively high. Using this metric alone to gauge the affordability of water and wastewater service underemphasizes the challenge that some members of our community have in paying their utility bill.

About 21% of Chapel Hill residents and 22% of Carrboro residents have annual household income of \$25,000 or less. An average bill of \$72.07 costs 3.5% of an annual income of \$25,000. Put another way, at minimum wage, it would require 10 hours of work to afford essential water and sewer services for a family of four in OWASA's service area.

Ensuring that affordable rates, particularly for essential water use, is a very important affordability strategy.

2018 Update

Reduction in up-front system development fees: In July 2018, OWASA reduced its up-front system development fees for all customers. While this change did not affect current customers, it did significantly reduce the up-front costs for all new developments,

including affordable housing. Additionally, based on water use trends and the cost of service, the OWASA Board of Directors approved 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.” The cost for water and sewer connection was reduced to \$2,252 from \$3,862 for new homes that are 800 square feet or less.

Cost Management and the Adoption of Modest Rate Increase: On October 1, 2018, a 2% rate increase on monthly water and sewer rates went into effect. This was the first monthly water or wastewater rate increase in six years. This modest rate increase was necessary to continue investing in the reliability and resiliency of the water and wastewater system. While acknowledgement of a modest rate increase may not appear to be an affordability strategy, ultimately, it helped to mitigate the need for more severe rate increases in future years (i.e. rate shock).

Pay-by-phone option: In July 2018, we initiated an option for customers to pay-by-phone to make bill payment more convenient and available around-the-clock. While this tool does not decrease bills for customers, an easier payment system can help our customers pay bills on time and avoid late payment fees, service cut-offs, and reconnection fees.

New Initiatives for 2019

Choose Your Own Bill Date: Prior to having Advanced Metering Infrastructure (AMI), OWASA was geographically constrained by meter reading routes as to when customers were billed. For some customers (particularly those on fixed incomes that are paid once per month), the bill date associated with an address does not align well with income payments, and money may be short by the time the bill comes. With AMI, OWASA can be more flexible with the bill date. We will now be able to offer customers a choice as to when their meter is read, and their bill issued.

Information and Outreach

Through accessible and engaging outreach, we aim to give our customers useful information and strategies for reducing their OWASA bill. In 2019, we propose to continue with many of the initiatives implemented over the last year and to enhance those initiatives with the Agua Vista web portal.

2018 Update and Continued Initiatives

Participate in and provide outreach material for community events: Last year, we worked with our partners, as well as directly with customers, to share water conservation information and low-flow devices (showerheads, aerators, and leak detection tablets). 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](#).

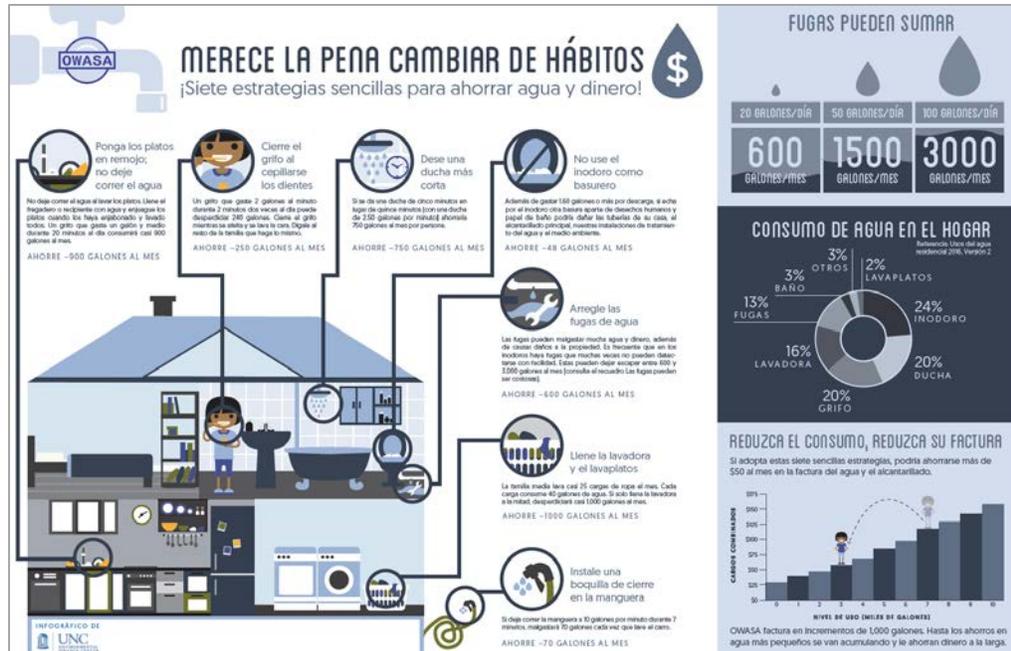


Figure 2: Snapshot of infographic in Spanish

Below is a summary of outreach initiatives where we distributed water conservation brochures and low-flow devices and shared water conservation tips. The Water Wagon has been a helpful “hook” to use in community outreach.

- Community Home Trust Monthly Newsletter (February), complemented by distribution of low-flow devices from CHT’s office
- Orange County Section 8 Tenant Engagement Session on Money Management, Budgeting, and Housekeeping (March 14)
- Town of Chapel Hill’s Water Week (March 21-24) in Chapel Hill Public Library
- Science Expo (April 18) with Water Wagon
- Chapel Hill Public Housing Spring Fling (June 2)
- Rogers Road Block Party (June 23) with Water Wagon
- Rogers Road Back to School Bash (August 11) with Water Wagon
- UNC Three Zero’s Day (September 25)
- Festifall (October 7) with Water Wagon
- Carrboro’s Citizen Academy (October 10)
- Chapel Hill People’s Academy (October 20)
- Central Piedmont Community Action’s Winter-Ready Workshop (November 1)

In 2019, we will continue to offer presentations to community members, particularly through our affordability partners. This year, we anticipate a lot of interest in the Agua Vista web portal and will focus our presentations and outreach on getting folks interested in and registered for the Agua Vista web portal. Additionally, we anticipate making the Agua Vista web portal a key focus of our outreach when we deploy the Water Wagon.



Figure 3: OWASA Water Wagon set-up at Science Expo in front of the University of North Carolina’s South Building

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 2018, we mailed 74 letters. We plan to continue to send these letters on a monthly basis over the next year. This year, the letter will be revamped to utilize information and analysis from the Agua Vista web portal and invite customers to register for it.

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. There was no demand for water use assessments in 2018. Although, we will continue to work with our community partners to offer in-home water use assessments to customers that need them most, the analysis provided by the Agua Vista web portal will allow for much easier (and accessible) desktop assessments.

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. In 2018, we challenged two additional neighborhoods in the Save2Gain Challenge: Rainbow Heights and Eastwood. On June 2nd, we kicked off the Save2Gain Challenge at the Town of Chapel Hill’s Public Housing Spring Fling, where we provided over 30 water conservation kits to tenants of public housing. We followed up with each resident of the two neighborhoods in the challenge with water conservation kits and door hangers.

Ultimately, the Rainbow Heights neighborhood won the 2nd annual Save2Gain Water Conservation Challenge. Compared to historical seasonal use, they reduced their water use by 12%. The Town of Chapel Hill awarded the most water-wise neighborhood with a community investment project.

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

New Initiatives for 2019

Mayor’s Challenge for Water Conservation: The Towns of Chapel Hill and Carrboro have committed to a community-wide challenge to collect pledges from community members to reduce water use. OWASA is partnering with the Towns, as well as staff from the University of North Carolina at Chapel Hill, the Chapel Hill-Carrboro City School District, and others to promote water conservation and collect pledges during the month of April 2019. We are excited to have such a high-profile opportunity to advance water conservation tips for the entire community, as well as the Agua Vista web portal.

Multi-Family Master Metered Customers: Some of the larger apartment buildings in the service area are some of OWASA’s largest water-using customers. As part of OWASA’s larger Communications and Community Engagement Plan, we will be proposing direct outreach and engagement with some of these customers. Water conservation and efficiency will be a key component of this engagement. For example, the EnergyStar Portfolio Manager (an online tool to measure and track energy use) has just been expanded to collect and benchmark water use data (and Water Score) for multi-family housing units. <https://www.epa.gov/watersense/water-score-multifamily-housing>

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. 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). In 2018, Orange County designated the IFC as the entity that will distribute their utility bill assistance funds in Chapel Hill and Carrboro, making the IFC the principal provider of utility bill assistance.

2018 Update and Continued Initiatives for 2019

Contractor solicitation letter for Care to Share donations: In December 2018, 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. Donors remain anonymous to OWASA and in years past, this letter has resulted in about \$1,400 in direct contributions to Care to Share. Although it is too early (as of the writing of this plan), to know the result from the 2018 mailing, we intend to send this letter again in 2019.

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 the [Spring edition of the Blue Thumb newsletter](#), as well as in presentations to Town of Chapel Hill's and Carrboro's Citizens Academies and at events for which we deployed the Water Wagon. We collected over \$65 from countertop collection boxes at the Cane Creek Reservoir and University Lake Offices. We developed and shared a promotional email with elected officials. We will continue to use existing forums, including our Water Wagon events, to promote participation in the Care to Share Program. We will collect donations during lake recreation season at the University Lake and Cane Creek Reservoir counters, and we will continue to work with Invoice Cloud to identify a viable strategy for collecting one-time donations with online bill payments.

Beyond this, Care to Share outreach will be a key consideration in our overall Communications and Community Engagement Plan.

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.

In 2018, we mailed a letter to all current on-bill donors to Care to Share. The letter thanked them for their contributions and encouraged them to consider contributing a fixed amount, rather than rounding up.

After sending the letter, we had 37 customers request to change their round-up contribution to a fixed contribution. These changes resulted in the collection of about \$170 more per month (\$2,000 more per year) for Care to Share. Additionally, we are encouraging new Care to Share donors to sign-up as fixed on-bill contributors, rather than round-up contributors. Twelve of the 59 new Care to Share contributors (20%) signed up as fixed contributors.

The following table summarizes the change in monthly contributions of these two types of donations.

	“Round up” contributors		Fixed dollar contributors	
	2017	2018	2017	2018
% of participating customers	96%	92%	4%	8%
% of total contributed amounts	65%	50%	35%	50%
Median amount of monthly contributions	\$0.21	\$0.33*	\$5.00	\$5.00

**The increase in the median “round up” contribution is likely attributable to the rate change that went into effect in October 2018.*

Given the success of the 2018 letter campaign, we sent “thank you letters” earlier this month (at a cost of about \$600).

Piloted a LIFT-UP Financial Coaching Program: Through a partnership with the Community Empowerment Fund (CEF), we piloted a concept this year based on a model developed by the National League of Cities. Through LIFT-UP, OWASA customers with bill payment challenges are referred to a financial advocate at CEF. If they participate in financial coaching with CEF, OWASA works with the customer and CEF to develop a personalized deferred payment plan. (Our typical deferred payment plan is only about two weeks. By engaging with a CEF financial advocate, customers can negotiate a longer deferred payment plan.)

We had limited participation in the LIFT-UP Program this year. This program has been more successful with utilities that have no cut-off polices, under which customers can accumulate large arrears. Although we see no reason to abandon the partnership with CEF, we will continue to explore other methods to assist customers.

Water Efficient Retrofits

Ultimately replacing inefficient water-using equipment (primarily toilets) in a home can help a household consistently reduce their water use and bill. 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.

2018 Update and Continuing Efforts

Pursue outside funding for retrofits of those receiving bill assistance: OWASA partnered with the Town of Carrboro, EmPOWERment Inc., Advanced Energy, and private citizens to collaborate on a grant proposal submission to the Southeast Sustainable Communities Fund. The focus of the grant proposal was to “Address the Split Incentive Problem in Affordable Rental Units in Carrboro, NC”. In the grant proposal, funds were requested to retrofit rental units in Carrboro.

Although the proposal advanced to the final round, it was ultimately not selected for funding. We will continue to engage through this partnership and others to seek other funding for water efficiency retrofits.

Additionally, moving forward, we will engage with the Orange County Home Preservation Coalition, comprised of regional agencies that provide home repair in the region (e.g. Orange County’s Handy Helpers Program and ReBuilding Together) to communicate the cases where water efficient retrofits can have a large return on investment in the affordability of the home.

Leak Detection

Proactive leak identification can help our customers avoid high bills, home damage, and water waste and is good customer service. The data collected through our investment in Advanced Metering Infrastructure (AMI) allows for faster notification of leaks – before they have a devastating affect on customers’ bills.

2018 Update

Advanced Metering Infrastructure: Throughout 2018, OWASA upgraded the majority of our water meters with AMI, a technology that reports hourly water use data. Currently, this data is analyzed in a web platform available to OWASA staff. With information provided by this platform, OWASA Customer Service staff have been proactively reaching out to customers whose water use indicates a leak. Over the course of 2018, OWASA initiated about 1,600 leak notifications. Currently, we are making an average of about 220 leak notifications per month.

The data provided by AMI empowers our Customer Service Team and customers with information that helps identify leaks that may not otherwise be detected. For example, the graph below shows hourly water use data for a single-occupancy residence. For many years, the bill has consistently been higher than the average OWASA customer, but the customer had not been able to find the cause.

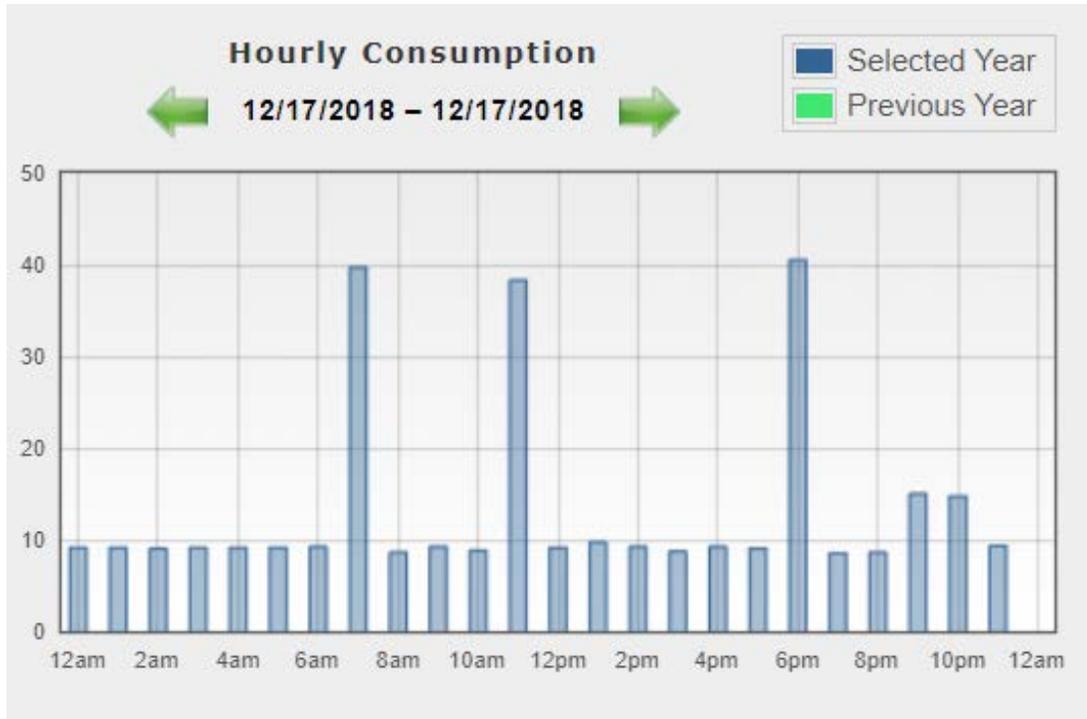


Figure 4: Hourly water use graph for a customer with a 9 gallon per hour leak

Empowered with hourly water data, the customer was better able to prove that there was a leak and then troubleshoot the source with the property's landlord.

New Initiatives for 2019

Agua Vista Web Portal: In March/April 2019, OWASA plans to roll out a customer-facing web portal, putting the hourly water use data (like that shown in Figure 3) at the fingertips of customers. This portal will make the data available to interested customers and will proactively notify customers (via email, text, voice, or post, if necessary) of water use indicative of a leak.

Moreover, customers will have the ability to set up communications preferences to be notified when their water use is on track to exceed a typical bill, as shown in Figure 4.

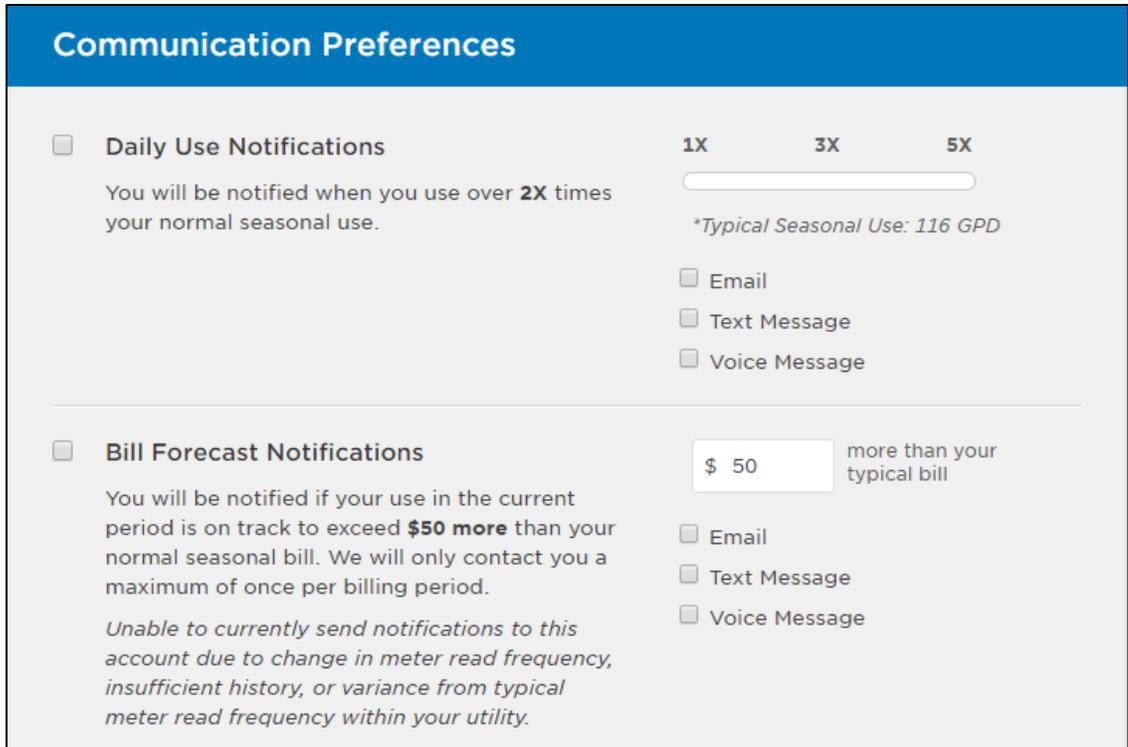


Figure 5: Snapshot of Agua Vista web portal settings for custom alerts

The Agua Vista web portal will be a powerful tool for our customers to identify leaks and opportunities to save water and money. Through an active outreach program and our partnerships in the community, OWASA will work to introduce the potential of Agua Vista.

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 telephone 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.

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. As mentioned earlier in the update, the LIFT-UP Program creates an opportunity for customers in-need to receive an extended deferred payment arrangement, in exchange for engaging with a financial advocate at the Community Empowerment Fund.

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
- 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
- Orange County Affordable Housing Collaborative
- Orange County Family Success Alliance

- Orange County Home Preservation Coalition
- 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
- Waste Reduction Partners

On May 4, 2018 we hosted a large group meeting of our Affordability Outreach Community Partners to discuss the LIFT-UP Program and the value of water efficiency retrofits. During November 2018, we hosted a series of round-table discussions with smaller groups of Partners to discuss community priorities and opportunities to address utility affordability.

In 2019, the Affordability Outreach Program will shift its focus to integrate OWASA into and participate in already-organized meetings of Affordability Outreach Partners, as well as host another round of small, round-table discussions.

Resources Required

Successful implementation of this program will require approximately 1/6 of Sustainability Manager's time to manage and implement aspects of the program, the assistance of the Communications and Community Relations Officer, the commitment and support of OWASA staff, and a modest budget of \$2,000 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.