ORANGE WATER AND SEWER AUTHORITY

A public, non-profit agency providing water, sewer and reclaimed water services to the Carrboro-Chapel Hill community.

MEETING SUMMARY
Finance Committee Meeting
April 24, 2014, 5:30 – 6:30 PM, in the OWASA Boardroom

Committee Members:	John Young (Chair), Terri Buckner, Michael Hughes, Heather Payne
Other Board Members:	Steve Dear, Will Raymond
Staff:	Mary Darr, Pat Davis, Ed Kerwin, Kevin Ray, Kelly Satterfield, Todd Taylor, Stephen Winters
Public:	None

The Finance Committee met on Thursday, April 24, 2014. The agenda included discussions of the following:

- Financial Report for the nine month period ended March 31, 2014
- OWASA's policy regarding service affordability

Financial Report

For the nine month period ended March 31, 2014, OWASA's net income after debt service was about $235,000 more than budgeted. Operating Revenue was below budget by almost $645,000 but Operating Expenses were lower and Non-operating Revenue higher than budget by approximately $425,000 and $385,000, respectively.

Service Affordability

OWASA continually focuses on the affordability of services provided and works to reduce costs wherever possible. The Finance Committee discussed OWASA's approach to measuring service affordability. Currently, our goal is to achieve a service affordability ratio of 1.5% or less, measured by comparing OWASA's average annual bill for water and sewer service for single-family residences with the area's median household income. Our service affordability ratio is currently 1.5%. The Committee agreed that the purpose of measuring service affordability is to ensure that the organization stays focused on lowering costs while providing excellent service and to inform stakeholders of our diligence to minimize the financial impact of our services on our customers.

The Committee discussed various alternatives to the service affordability formula including using the median annual bill for water and sewer services, state-wide median household income, and others. The consensus of the Committee was to continue monitoring service affordability using the current measurement. However, the Committee wants to consider additional methods in order to fine-tune the measurement of affordability to focus on customers with household incomes lower than the area's median.

OWASA's Community Engagement Committee is piloting a project to focus on reducing water and sewer bills for lower-income communities in our service area. Over the next several months, we hope to

gather knowledge through the pilot project that will inform the Finance Committee's work on OWASA's service affordability measurements.

Next Meeting

The next Finance Committee meeting will be held on Thursday, May 22, 2014 in the OWASA Boardroom, at 5:30 PM.



Stephen Winters, CPA
Director of Finance & Customer Service