ORANGE WATER AND SEWER AUTHORITY

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

MEMORANDUM

TO: **Community Engagement Committee**
Ruchir Vora (Chair)
Terri Buckner
Quinton Harper
Robert Morgan
John Young (*ex officio*)

FROM: Ed Kerwin

DATE: October 8, 2015

SUBJECT: **October 13, 2015 Community Engagement Committee Meeting at 6:00 PM in the OWASA Boardroom**

AGENDA

1. **Review and discuss potential Draft Affordability Outreach Program Plan for the next year. Please refer to the attached draft plan.** Staff will present a brief background on and overview of the potential program plan for the Committee's questions and consideration.

2. **Invite and consider questions, comments, and suggestions from the public regarding our affordability outreach efforts and plans.**

3. **Discuss if the Committee wishes to make any comments and recommendations at the October 22, 2015 Board meeting.**

4. **Revisit** the memo prepared for the December 2, 2014 CEC Meeting **and discuss what is needed to define our overall community engagement approach.**

5. **Next meeting:** The proposed topic for the next Community Engagement Committee meeting will be to discuss our approach to define our overall community engagement expectations.

Please let us know if you have any questions in advance of the Committee's October 13th meeting. Thank you very much.

Ed Kerwin
Executive Director

c: Board of Directors

Attachment: Draft Affordability Outreach Program Plan

Orange Water and Sewer Authority
DRAFT Affordability Outreach Program Plan

Year 1: October 2015 – September 2016

Purpose

On June 25, 2015 the OWASA Board of Directors received a one-year progress report on OWASA's affordability outreach pilot project and agreed that affordability outreach should be an ongoing program for the utility. The Board concurred that staff should develop a draft Affordability Outreach Program Plan which includes proposed strategies, implementation timetable, and recommendations regarding staff and financial resource needs. This draft report presents a proposed plan for one year of such a program. It references and incorporates the lessons learned and feedback received from the 2014-15 Affordability Outreach Pilot Project.

Key Points and Recommendations

This draft report presents a proposed approach for making affordability outreach an ongoing program at OWASA, as requested by the OWASA Board of Directors. The proposed strategies incorporate many of the comments and suggestions provided by the many partner agencies that participated in our Affordability Outreach Pilot Project in Fiscal Year 2015. OWASA staff seeks the OWASA Community Engagement Committee and Board of Directors' feedback and guidance regarding the proposed goals and objectives, target audience, and scope and approach for a sustained Affordability Outreach Program.

The following program plan is proposed to increase community awareness of options to manage and reduce OWASA bills and to empower low-income customers and the local agencies that serve them with information and tools to manage and reduce OWASA bills. In planning just the first year of the program, it is proposed that feedback and strategy evaluation be key principles of its execution, as well as partnership, analysis, and education.

The strategies proposed to meet these objectives are:

1. Continue to provide and improve customer service to assist customers in managing OWASA bill payments
2. Provide proactive desktop and field service for identification and follow-up regarding potential leaks
3. Seek ways to better promote "Care to Share"
4. Actively target desktop analysis and in-home water use assessments to customers receiving bill assistance
5. Host semi-annual meetings of social service agencies

6. Conduct targeted outreach
7. Identify and pursue affordability outreach strategies in partnership with rental property owners and managers, including conducting an assessment of potential incentives (financial and non-financial) that would motivate landlords and property managers to undertake water efficiency retrofits of rental units
8. Assist in the identification and pursuit of outside funding and purchase arrangements for water–efficient fixtures to be used in targeted home retrofits by partner agencies
9. Develop case study on pilot retrofit program, including customer perspective of the project
10. Incorporate and communicate consideration of how rate structure, AMI technology, community engagement, and alternative water conservation strategies could complement the Affordability Outreach Program

Implementation of the above strategies will require the commitment of staff and financial resources, and the draft plan includes an initial planning-level estimate of those requirements. As proposed, we anticipate the first year of the Affordability Outreach Program can be supported with existing staff. The program will fall under the leadership of the Sustainability Manager.

Additionally, funding support of about $25,000 is projected to be needed for the first full year of the program. The Fiscal Year 2016 budget includes some funding identified for conservation outreach that could meet a portion of the estimated financial support.

Our Affordability Outreach Program has been and will continue to be an important part of our community engagement efforts. As the Board of Directors and staff work to develop a more comprehensive community engagement program, staffing needs identified in this proposed Program Plan will be incorporated into future staffing requirements, roles and responsibilities associated with our overall community engagement program.

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 public 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 multi-million 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 OWASA bills as well as energy costs associated with hot water heating. Additionally, as proposed, it has the potential to enhance OWASA's engagement with the community.

Minimizing high bill inquiries and customer cut-offs reduces costs for the utility, including minimizing the negative impacts of cut-offs, collections, and uncollectable accounts.

A 2010 Water Research Foundation Report identified the four major causes of billing non-payment to be crisis conditions, affordability and/or money management problems, elderly or disabled limitations, and older housing with bad plumbing (Cromwell et al 2010). OWASA Customer Service staff have also found that some OWASA customers just forget to pay their bill. (While this last factor does not directly address customer affordability, it does impact some of the metrics identified in this plan.)

The strategies proposed in this draft Affordability Outreach Program Plan attempt to help overcome each of these causes by assisting our customers in managing and reducing their OWASA bills.

Affordability Outreach Pilot Project: On March 27, 2014, the OWASA Board of Directors concurred with the Community Engagement Committee's recommendation that OWASA implement a pilot project "to engage the community/target groups with information about how to reduce OWASA bills."

Staff initiated the Affordability Outreach Pilot Project with a kick-off meeting on June 16, 2014 and subsequently pursued several affordability outreach strategies in partnership with more than a dozen local social service and affordable housing agencies. Nearly a year later, staff provided the Board with a 12-month Progress Report which included feedback on suggested strategies from local partner agencies. Those suggested strategies are referenced below (in the section "Proposed Program Strategies" in italics) alongside each proposed strategies.

Program Principles

The Affordability Outreach Pilot Project was implemented under four major tenets: partnership, analysis, education, and feedback. These principles served the implementation of the pilot well and would serve as a strong foundation for a more sustained program.

Partnership: In the pilot project, OWASA partnered with staff from 14 social service and affordable housing agencies to solicit insight into the challenges of their constituency, input on project design, and the potential to leverage funding in order to help more people. Staff in our partner agencies were very supportive of our efforts and eager to learn and convey information about how their clients can reduce their water and sewer bills by reducing their water use. Partners in the pilot project included:

- Carrboro Town Manager's Office and Planning Department
- Community Alternatives for Supportive Abodes (CASA)

- Chapel Hill Office of Housing and Community
- Chapel Hill Office of Planning and Sustainability
- Community Home Trust
- Compass Center for Women and Families
- EmPOWERment
- Habitat for Humanity of Orange County
- Interchurch Housing Corporation
- Inter-Faith Council for Social Service (IFC)
- Marian Cheek Jackson Center
- Orange County Department on Aging
- Orange County Department of Social Services
- Orange County Housing, Human Rights, and Community Development

In a more sustained program, the partners listed above (and others) will continue to serve as a critical resource and sounding board for the program and its strategies. These partner agencies have been invited to review and comment on this proposed plan.

Analysis: In the pilot project, OWASA used historical billing records, data about bill payment issues for customers, and our geographic information system (GIS) to analyze and graphically convey information about affordability issues and challenges, as well as to prioritize properties for consideration in planning water conservation retrofits and/or targeted education and outreach efforts. OWASA staff completed in-home water use assessments at about 30 homes in low and moderate income neighborhoods, and assisted the IFC and the Jackson Center in selecting six homes for inclusion in an IFC-funded pilot-scale water use efficiency retrofit project completed with assistance from a local plumbing firm. The following plan proposes to maintain and seek opportunities to enhance this tactic.

Education: OWASA worked with several partners to distribute information about cost-effective ways to reduce bills through conservation practices and water use efficiency investments. Outreach included everything from publishing an article about how to save money on your OWASA bill in the Northside News (the March newsletter was printed by OWASA and distributed by Jackson Center volunteers), to presentations at community meetings and one-on-one discussions with customers. Additionally, OWASA provided education and training materials to the partners regarding water billing procedures and conservation, so that they could inform their clients about how to reduce their OWASA bills through conservation. In the following plan, we propose to expand our focus on proactive and targeted education and outreach.

Feedback/Engagement: Throughout the development, delivery, and assessment of the pilot project, OWASA sought feedback from the community partners. OWASA improved customer billing and service processes in direct response to suggestions made by our partners. In the implementation of a more sustained program, OWASA will continue to encourage feedback and customer engagement.

Proposed Program Objectives

The following objectives for the program and its strategies are proposed to be:

- Increase community awareness of options to manage and reduce OWASA bills
- Empower low-income customers and the local agencies that serve them with information and tools to manage and reduce OWASA bills

We propose to use the following goals and metrics to track and report on achievement of these objectives:

- Reduce average water use of those customers with whom we engage with through our affordability outreach program
- Increase contributions to our Care to Share program so that more people in need can be helped
- Reduce cut-offs due to non-payment

Target Audiences

Our proposed program plan strives to engage customers with difficulty paying for OWASA services. There are three initial ways of identifying these customers:

- Customers requesting and receiving bill payment assistance from local social service agencies, including the IFC and the "Care to Share" program;
- Customers requesting extensions of credit to manage bill payments; and
- Customers for whom service is cut-off due to non-payment of bills.

The three categories above represent customers we think have the greatest need for our help in conservation/bill reduction. We also anticipate that the affordability outreach program could in future years expand to reach more residents of public housing and other assisted housing, and residents in neighborhoods where incomes are modest, including but not limited to, multi-family neighborhoods.

In order to proactively engage with these customers, we will 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.

It is important to note that while many of the strategies proposed below (including in-home water use assessments) are identified to be targeted through certain agencies and to specific households, these services would also generally be available to our entire customer base upon request, as we cannot differentiate services to our customers based on their financial position or need.

Proposed Program Strategies

The following program strategies are proposed to help address customer affordability at various stages for our customers (from high bill prevention to bill payment strategies) and with various communities (directly with customers and via social service agencies). This comprehensive and multi-pronged approach gives us the best chance to achieve the proposed objectives identified for the program. Most of these strategies align with those proposed and prioritized by partner agencies and presented in the 12-Month Progress Report on the Affordability Outreach Pilot Project.

1. **Continue to provide and improve customer service to assist customers in managing OWASA bill payments**
   Listed below are some of the customer service procedures in-place to assist customers in managing their OWASA bill payments. Some of these have been modified to better enable social service agencies to proactively help their clients and our customers in resolving bill payment issues. This has helped reduce the risk that a customer will have their service disconnected for non-payment, thereby helping them avoid having to pay the associated $45 delinquent fee. Some of the business process modifications were in direct response to suggestions provided by our partner agencies in the Pilot Project.

   a. 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 the $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.
   b. 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.
   c. 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.
   d. 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. 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.

Potential next steps: We will continue to seek feedback from our program partners and improve our customer service business processes to assist customers in managing OWASA bill payments, including how changes in technology (i.e. Advanced Metering Infrastructure) can be utilized to assist in this improvement.

Timeline: Ongoing

Resources requested: No additional resources are required for this strategy.

2. **Provide proactive desktop and field service for identification and follow-up regarding potential leaks**
   Aligns with partner agencies' suggested strategy #3: Provide targeted in-home water use assessments
   Throughout the meter reading and billing process, we have a series of check-points for 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.

   Potential next steps: We propose to continue to improve our customer and field service to assist customers in identifying leaks and to evaluate how technology (i.e. Advanced Metering Infrastructure or GIS) can be used to make this strategy more effective and efficient. Additionally, through targeted outreach (see Strategy #6), we will make additional efforts to inform customers about the impacts of leaks.

   Timeline: Ongoing

   Resources requested: Assuming the number of leak investigations and associated billing adjustments are in the same general range as past years, no additional resources are required for this strategy.

3. **Seek ways to better promote "Care to Share"**
   The "Care to Share" program, previously "Taste of Hope", was initiated as, more or less, a crowdfunding option for OWASA customers to voluntarily contribute to a bill payment assistance fund administered by the IFC. Recent efforts have been made to increase participation and monthly contributions to the Care to Share program (which has been relatively steady over the past 10 years), as well as to increase one-time contributions. Most enrollments as Care to Share contributors occur when a customer initiates service. However, Customer Service staff try to invite customers to participate in the program every time they speak to a customer. Additionally, in July 2015, we sent a letter to vendors with which OWASA does business and asked them to consider donating to the

Care to Share to program. This one-time appeal by OWASA resulted in contributions totaling $1,370. (In order to avoid the appearance of partiality, the IFC, who administers the program, will not divulge the name of private donors.)

Potential next steps: OWASA staff will seek opportunities to better understand what drives participation in and contributions to Care to Share. One such potential research opportunity recommended by the new IFC Executive Director could be with Dan Ariely, a behavioral economics professor at Duke University. We are in early discussions regarding the scope of this potential study, which if undertaken could help target efforts to increase contributors and contributions to Care to Share. The scope of the project could include messaging, marketing, and platforms. If and when we receive a proposed scope of work for this potential study, staff will work with the Community Engagement Committee and the Board of Directors to determine if and how to proceed.

Timeline: During fall 2015, staff will work with the IFC and Duke University to develop a proposed scope for the project. If the Board of Directors concurs that we should participate in such a project, it would likely take place over the winter and spring of 2016.

Resources requested: If the study is implemented, staff time would be required to oversee the study, but at this point, no financial resources are anticipated. If pursued, estimated staff time for the strategy could be approximately 200 hours

4. **Actively target desktop analysis and in-home water use assessments to customers receiving bill assistance**
   Aligns with partner agencies' suggested strategy #3: Provide targeted in-home water use assessments; and suggested strategy #2: Assist agencies in planning and implementing water efficiency retrofits

   Currently, we provide general information to partner agencies that assist customers with OWASA bill payments, but we do not actively promote OWASA-conducted in-home water use assessments directly to those customers. As part of the pilot project, we completed a "desk-top" analysis of billed water use of about 700 households at properties owned, managed, and/or developed by local affordable housing agencies. We also reviewed water use for homes in low and moderate-income neighborhoods, such as the Northside, Knolls, and Rogers Road areas. We met with partner agency staff to review the results and determine next steps. From these meetings, we identified 30 units (based on the age, occupancy, and water use of the household) for on-site water use assessments and conducted water use assessments for those units.

   Potential next steps: In an effort to help customers that we know to be having difficulty paying their OWASA bills, we propose a phased approach to directly offer in-home water use assessments to those customers. This approach was ranked as the third most favored strategy by our affordability outreach program partners.

   If targeted to the entire proposed target audience for the Affordability Outreach Program, this strategy has the potential to impact a significant portion of our customers and require

a significant amount of resources. At this early stage of the program, we propose to just target desktop analysis and in-home water use assessments to a sub-set of the proposed target audience: those receiving bill payment assistance from Care to Share and through partner agencies' assistance programs.

Under this proposed scenario, OWASA staff would conduct a desk-top water use evaluation for each unique client that is provided OWASA bill payment assistance by Care to Share or through another partner agency's assistance program. OWASA staff would summarize this evaluation in a personalized letter to each customer (with a copy to the applicable assistance agency, subject to the customer's permission). The letter would include trends in water use for that customer, suggestions for reducing their water bill, and an offer for an in-home water use assessment. In some cases, the in-home water use assessments would be directly provided by OWASA staff. For other cases, OWASA staff will work with partner agencies to train staff and volunteers to provide the in-home water use assessments. (The Jackson Center has specifically expressed interest in having their student volunteers trained to provide in-home water use assessments.)

This somewhat limited scope is proposed for the first year of the Affordability Outreach Program so that we can to better understand the impact of such a strategy on our customers and the resource needs for OWASA. Depending on the outcomes, this program could be expanded in future years to reach the entire target audience with additional staff.

Timeline: In the winter 2016, OWASA staff will develop a proposed template (in English and Spanish) for letters that will be sent to customers that receive bill payment assistance, including information about reducing water use and requesting an in-home water use assessment. We also propose to use this time to set up internal processes that will streamline the process of sending these letters. We will seek feedback on the content of this letter from partner agencies. We propose to begin sending letters and targeting in-home water use assessments beginning in the spring of 2016. Additionally, in the fall and winter of 2016, we will conduct training with partner agencies and their volunteers on in-home water use assessments. We propose at the end of the first year of the program that staff analyze the demand for the assessments, impact of the desktop and in-home water use assessments, and resources required to provide such an ongoing service to make recommendations about continuing or even expanding this strategy to target more customers.

Resources requested: In the first phase of this proposed strategy, it is anticipated that about 160 hours of staff time would be required to draft the letter template, to set up internal processes to streamline the letter-sending process, and train the staff and volunteers of partner agencies to conduct in-home water use assessments.

The level of effort required for the in-home water use assessments will depend on the demand for them: both from the targeted population and non-targeted population (since we cannot deny the service for any other customer requesting an assessment). It is estimated that approximately 60-180 hours of staff time will be required to conduct an estimated twelve to thirty-six in-home assessments in the last six months of this first year.

Additionally, a modest budget of $500-$800 would be needed for Spanish translation of the letter, paper and postage for the mailings, and training materials.

5. **Host semi-annual meetings of social service agencies**
   Aligns with suggested strategy #2: Assist agencies in planning and implementing water efficiency retrofits; suggested strategy #4: Collaborate with other affordable housing boards and agencies; suggested strategy #12: Technical workshops and training for partner agencies; and suggested strategy #13: Introduce educational materials into partner agencies' communications

   As previously mentioned, the pilot project built and strengthened partnerships with community organizations. Through these partnerships, we sought to more effectively inform our target audiences about ways to reduce their OWASA bills, as well as to solicit insight into the challenges of their clients, input on pilot project activities, and the potential to leverage funding in order to help more people. The partners were engaged and reported that these meetings and discussions were very beneficial.

   Potential next steps: Staff proposes to host semi-annual partnership meetings and to work to expand the list of invitees to include other affordable housing boards, agencies, and churches in the service area. As shown above, these meetings would enable OWASA to address four of the fifteen proposed strategies of interest to our partner agencies. The purposes of these meetings would be to continue the dialogue and relationship with existing and new partners, train staff at partner agencies on methods to reduce and manage OWASA bills, and seek opportunities to partner with and empower agencies in working with clients to reduce water use and OWASA bills via information, in-home water use assessments, and water efficiency retrofits.

   Timeline: Based on partner agency availability, the first meeting will be scheduled for January or February of 2016; the second meeting will be scheduled for August 2016.

   Resources requested: Approximately 80 hours of staff time would be required for the organization, preparation, and summary of these meetings. Because of the challenges of finding a suitable time that works for staff from the various project partners, we propose to organize these as "working lunch" meetings sponsored by OWASA. A budget of $500 would be needed for this purpose.

6. **Conduct targeted outreach**
   Aligns with suggested strategy #8: Consider the feasibility of modifying monthly bills to display how the conserved water translates into actual dollars saved; suggested strategy #10: Create educational and outreach materials that are more visual; and suggested strategy #13: Introduce educational materials into partner agencies' communications

   Despite having a multi-prong approach to assist customers in reducing and managing their OWASA bill, if customers are not informed, our efforts can fall short of providing assistance when and where it is needed. Furthermore, in some instances, proactive

outreach can reduce and even prevent the need for financial assistance at all. In the pilot project, we targeted conservation messaging to the Northside and Knolls neighborhoods in Chapel Hill. In partnership with the Jackson Center, we collaborated on the March 2015 issue of the Northside News newsletter and provided an educational article with tips about how customers can save money on their OWASA bill by reducing their water use, finding and repairing leaks, and more. Jackson Center volunteers hand-delivered the newsletter to more than 800 households, businesses, and agencies. We received positive feedback from the Jackson Center on the content of our outreach. George Barrett of the Jackson Center commented:

> "It's safe to say that this issue is a HIT!!!...Thank you again for all of your work. This was an amazing collaborative effort and the work has not gone unnoticed."

Additionally, we have brochures (in English and Spanish) describing how customers can lower their OWASA bill, request temporary help for paying an OWASA bill, and request an account adjustment when leaks are repaired. These brochures are intended for all customers, and we will continue to urge our partner agencies to distribute those messages and informational materials to their clients having difficulty paying their OWASA bill.

Potential next steps: In order to increase community awareness of methods to reduce and manage OWASA bills and to empower low-income customers to use these methods, we propose developing and launching a targeted outreach effort that shows how much money customers can save through conservation in a clear, concise, and visual manner. During the first year, we will expand our modes and media for outreach, including the development and use infographics in partner agency newsletters and the development of a brief video.

Additionally, we will explore the potential of sending tailored messages to all of our customers regarding how conserved water can translate into actual dollars saved for their specific water use history and profile. In this first year of the program, we propose to identify a strategy for moving forward with tailored communication to all customers about the impact of conservation on their bills.

Timeline: We propose that in the spring of 2016, we publish at least one article, including a visual infographic, in at least one partner agency's publication about reducing and managing OWASA bills (e.g. Northside News or IFC semi-annual newsletter). We propose that by summer of 2016 we produce a brief video that explains how to reduce and manage water and sewer bills. We would also explore and potentially propose a plan for effectively and efficiently targeting conservation messaging to customers, including tailored messages directly on bills by the end of the first year of the program.

Resources requested: Approximately 150 hours of staff time will be needed to adapt current outreach materials and develop new outreach materials. Additionally, we request funding to develop the educational materials. We have about $20,000 in the FY16 budget for videos and outreach related to conservation. We anticipate that this would enable us to retain professional services needed to develop a brief video and visual infographic. We

estimate that it will cost approximately $100 to publish and print a newsletter that will be distributed by a partner agency.

7. **Identify and pursue affordability outreach strategies in partnership with rental property owners and managers, including conducting an assessment of potential incentives (financial and non-financial) that would motivate landlords and property managers to undertake water efficiency retrofits of rental units**
Aligns with suggested strategy #6: Engage rental property owners and managers; and suggested strategy #9: Invite the Triangle Apartment Association to be an active partner

   Given that approximately half[1] of the dwelling units in our service area are estimated to be rental properties, the split incentive for water efficiency and conservation between landlords and tenants affects many of our customers. If a landlord includes payment of the OWASA bill in the rent, a tenant has little incentive to conserve water. Conversely, if a tenant pays the cost of the OWASA bill (either through direct billing or sub-billing), the landlord has very little incentive to install water-efficient fixtures in the rental property. In order to design outreach that overcomes this split incentive, we need to better understand the motivators and drivers of rental property owners and managers regarding investment in water use efficiency.

   Potential next steps: We would invite property owners and managers to engage in two separate focus groups with us so that we can better understand issues relating to water conservation and affordability in rental properties. This understanding will serve as a basis for developing targeted informational materials, and for exploring potential incentives for water conservation and efficiency in rental properties. These incentives could be non-financial (such as a recognition program for water-efficient properties) and/or financial (such as an on-bill financing program). The rental property manager focus group would be valuable in informing our understanding of how water and wastewater services are managed and billed in rental properties, as well as what type of information is exchanged between the property managers and tenants regarding water use. The rental property owner focus group would be valuable in informing our understanding of what motivates (or demotivates) their investment in water use efficiency technology.

   Timeline: We propose to invite property owners and managers to the focus groups in the winter of 2016 and seek to hold the two separate focus groups in the late spring/early summer of 2016. In late summer of 2016, we would develop next steps based on what is learned in the focus groups.

   Resources requested: Approximately 260 hours of staff time would be required to manage and conduct the focus groups. We anticipate that we may have to offer incentives to obtain participation in the focus groups. As such, we would request $3,500 of funding to incentivize property owners and managers to attend the focus group. We would aim to have 10 participants for each of the two focus group meetings, and assume an individual

[1] Estimated homeownership rates for our service area between 2009-2013 are: Carrboro - 37.5%; Chapel Hill – 50.1%; Orange County – 60.5% (U.S. Census, American Community Survey)

financial incentive of $150 per participant. Additionally, we may make these meetings a working lunch or light dinner to entice participation at a cost to OWASA of approximately $500.

8. **Assist in the identification and pursuit of outside funding and purchase arrangements for water–efficient fixtures to be used in targeted home retrofits by partner agencies**
   Aligns with suggested strategy #1: Pursue grant funding support

   Outside funding for in-home retrofits was identified by our partner agencies as the most important strategy for assisting low-income customers in reducing and managing OWASA bills. Former IFC Executive Director John Dorward stated,

   > "We think you are on the right track, but there is a lot more work to be done to really make an impact on the people that need it most. The only way to do that is with funding."

   As 501(c)(3) organizations, many of our partner agencies are eligible for these funds and already quite successful recipients of them. And while the measurable impact of the retrofit program implemented in the pilot project has yet to be fully studied (see Proposed Strategy #9), pursuit of grant and foundation funding is a key strategy for a sustained Affordability Outreach Program, based on the expectations by our staff and partner agencies. In pursuing supplemental funding for this effort, we should not seek support that would jeopardize funding support now provided to our partner agencies. Potential new funding sources include the Lowe's Community Foundation and Home Depot Foundation.

   Potential next steps: In the next partnership meeting, we would present the parameters of each of the funding sources and discuss opportunities and challenges in pursuing funding from those agencies. We would also discuss project scope, including a presentation of the case study on the pilot retrofit program completed by the IFC in 2015 with assistance from OWASA and the Jackson Center. Moving forward, we would plan to provide technical assistance to partner agencies as they prepare funding applications and implement programs if and when funds are awarded. (We consider this role similar to the technical support we have provided for projects such as Rogers Road water and sewer service planning, extension of sewer services to annexation areas, etc.).

   Timeline: While we can encourage pursuit of outside funding for water use efficiency retrofits, we cannot expend a great deal of resources to actually pursue this funding. This will depend on the interest and commitment of partner agencies.

   Resources requested: No additional resources are required for this strategy.

9. **Develop case study on pilot retrofit program, including customer perspective of the project**
   Aligns with suggested strategy #6: Prepare a case study for the IFC's pilot retrofit project

   In the pilot phase, the IFC undertook a pilot project to complete in-home water efficiency retrofits of six homes in the Northside Neighborhood recommended by the Jackson Center. While we can track on changes in water use of these homes, without conducting a more thorough investigation with changes in behavior, occupants, and other circumstances, it is difficult to quantify with certainty the water and sewer bill savings of these retrofits. A thorough case study of the impact of this retrofit program will help in designing future programs modeled on this approach, as well as serve as a valuable outreach story.

   Potential next steps: We will work with the IFC and the Jackson Center to reach back out to participants in the retrofit program to conduct a post-retrofit assessment. Where possible, this will involve seeking direct feedback from the home occupants. This strategy would analyze and seek feedback on the efficacy of the retrofit program and use these findings to inform other strategies. The methodology used to evaluate the pilot retrofit program would be replicated to evaluate the impact of future strategies and make the case to potential funders.

   Timeline: The case study would be developed in the fall of 2015.

   Resources requested: Approximately 50 hours of staff time would be required to prepare the case study.

10. **Incorporate and communicate consideration of how rate structure, AMI technology, community engagement, and alternative water conservation strategies could complement the Affordability Outreach Program**
    Suggested strategy #4: Consider opportunities to complement service affordability efforts

    Affordability and Cost Management is one of the five themes of OWASA's Strategic Plan. Each program and project implemented by OWASA is evaluated based on its impact on affordability and cost management. Some projects and programs will have the potential to complement OWASA's affordability outreach efforts, while others have the potential to contradict. We will continue to evaluate these projects based on their impact on affordability, but additionally, we will incorporate a consideration for how these strategies can be engaged to further the objectives of the Affordability Outreach Program. For example, in the non-economic evaluation of AMI, we will evaluate how customers, as well as Customer Service staff, can use the technology to proactively identify leaks and high water use. Additionally, in our engagement with customers, we will seek feedback on service affordability.

Potential next steps: In the next year, we anticipate the opportunity to ensure that affordability efforts are evaluated in the review of our rates and fees, consideration of AMI, community engagement, and other efforts.

Timeline: Ongoing

Resources requested: No additional resources are required for this strategy.

Preliminary Summary of Estimated Resources Associated with Strategies

Proposed Strategy		Estimated Staff Time (Annual Hours)	Estimated Financial Resources
1	Customer service	NA	NA
2	Proactive leak detection	NA	NA
3	Care to Share study	200	NA
4	Targeted assessments	180-340	$500-$800
5	Partner meetings	80	$500
6	Targeted outreach	120	$20,000
7	Property owner and manager focus groups	260	$3,500
8	Assist with retrofit funding applications	NA	NA
9	Case study on retrofit pilot	50	NA

Preliminary Summary of Timeline

	Strategy	Strategy Element(s) (if applicable)	Fall 2015: Oct – Dec	Winter 2016: Jan – Mar	Spring 2016: Apr - June	Summer 2017: July - Sept
1	Customer Service	Customer communication				
		Social agency referral				
		EWLs				
		Payment deferral				
2	Proactive leak detection					
3	Care to Share study	Scoping				
		Study, if pursued				
4	Targeted assessments	Draft letter template				
		Establish internal processes				
		Distribute letters				
		Desktop analysis				
		Conduct assessments				
		Train partners				
5	Partner meetings					
6	Targeted outreach	Develop infographic				
		Publish article/infographic				
		Develop video				
		Develop strategy for tailored messages				
7	Property owner and manager focus groups	Invitations				
		Conduct focus groups				
		Analyze results and propose next steps				
8	Assist with retrofit funding applications					
9	Case study on retrofit pilot					
10	Affordability evaluation integration					

References

Cromwell, John; Roger Colton; Scott Rubin; Charles Herrick; Jane Mobley; Kelly Reinhardt; and Rea Wilson. 2010. Best Practices in Customer Payment Assistance Programs. Denver, CO. Water Research Foundation Report.