

Strategic Plan Progress Report

We identified six strategic initiatives with accompanying goals, actions, and measures of success. We believe that these initiatives and actions address each of our strategic themes and will result in positive change.



Strategic Initiative 1

Provide reliable and high quality supply of water for the next 50 years

GOALS	ACTIONS	MEASURES OF SUCCESS	PROGRESS
Optimum mix of technically, environmentally, economically, and socially feasible water supply and demand management alternatives that meet projected demands and level-of-service objectives under a range of future conditions and uncertainties.	<p>Update Long-Range Water Supply Plan (LRWSP) to include:</p> <ul style="list-style-type: none"> > Desired level of service and water supply resiliency. > Supply and demand projections to incorporate best information from land use /growth management plans, University plans, climate change impact information, etc. > Evaluation of potential supply and demand management alternatives, including but not limited to: Jordan Lake as emergency supply; conservation and water use efficiency; expanded use of reclaimed water (including direct and indirect); quarry reservoir; etc. > Preferred mix of supply and demand management alternatives required to meet level-of-service objectives. 	Updated plan provides a clear and responsible path forward to ensure a reliable and high quality supply of water for the next 50 years that is supported by stakeholders.	<i>The Board approved demand projections on March 14, 2019 and a list of supply and demand management alternatives on September 12, 2019. Staff is working to complete a draft evaluation of supply and demand management alternatives for discussion with the Board in January 2020.</i>
	Adopt Long-Range Water Supply Plan and begin implementation.	Adequate supply of high-quality water which meets customer needs for next 50 years across the range of assumptions and scenarios included in the Plan.	
Enhanced water supply reliability, reduced energy use, and reduced long-term life-cycle costs of water and sewer service through cost-effective water use efficiency (WUE), conservation, and Reclaimed Water (RCW) strategies.	Prepare Water Conservation Plan that includes a program to educate customers on the value and importance of water, best practices for reducing water use and monthly bills through conservation, WUE practices, and collaboration with Towns, County and others on conservation and WUE standards.	<p>Reduce residential water use by X% (average is currently 4,000 gallons/month for individually-metered single-family residential accounts). (Target to be established.)</p> <p>Establish targets for other customer classes.</p>	<i>The Water Conservation Plan will consist of three components: (1) demand management strategies that come out of the alternatives evaluation of the LRWSP, (2) behavioral changes that we will communicate through our Communications Plan and Affordability Outreach Plan, and (3) our Water Shortage Response Plan for use during droughts and operational emergencies.</i>

GOALS	ACTIONS	MEASURES OF SUCCESS	PROGRESS
<p>Maintain our Jordan Lake water supply allocation.</p>	<p>Application for Jordan Lake water supply allocation (Round 4) was submitted in November 2014.</p>	<p>Allocation request granted to OWASA by Environmental Management Commission (EMC).</p>	<p><i>This plan will be developed upon update of the Long-Range Water Supply Plan.</i></p> <p>Complete. OWASA's Round 4 Jordan Lake water supply allocation was granted by the EMC on March 9, 2017.</p>
<p>New or amended water transfer agreements with Town of Cary and City of Durham for OWASA to access our Jordan Lake water supply allocation through those entities when needed.</p>	<p>Coordinate with staff from the Town of Cary and City of Durham to determine terms and conditions for ensuring cost-effective access to our Jordan Lake allocation.</p>	<p>Successful adoption of new or amended water transfer agreements for OWASA to reliably and cost-effectively access our Jordan Lake water supply allocation when needed.</p>	<p>After the update to the LRWSP, staff will evaluate with the Board the amount of water we need from Jordan Lake and the preferred way to cost-effectively access the allocation when needed. Staff continues to work with the City of Durham, Chatham County, and Town of Pittsboro to evaluate the feasibility and cost of constructing a new intake and water treatment plant on the west side of Jordan Lake.</p>



Strategic Initiative 2 Engage the Community

GOALS	ACTIONS	MEASURES OF SUCCESS	PROGRESS
<p>Engage stakeholders to understand their perceptions and expectations so that we make well-informed decisions about our services and so that we maintain their trust.</p> <p>Empower stakeholders with information so they use water wisely and protect water quality through proper use of our wastewater system.</p> <p>Provide stakeholders with timely information about projects, programs, and policies that are important to them and offer them meaningful opportunities to give their feedback so that we can continue to improve.</p>	<p>Prepare and implement Community Engagement Plans (CEPs) for all capital improvement projects and key initiatives.</p> <p>Implement meaningful engagement and public education activities with community partners.</p>	<p>Stakeholders trust OWASA to make informed decisions about our services.</p> <p>Positive feedback from customers and stakeholders about effectiveness of engagement work.</p> <p>Stakeholders have the information they need regarding projects, programs, and policies and they have opportunities to provide feedback on matters of importance to them.</p> <p>Increased participation by the public in OWASA engagement activities.</p>	<p>Complete. Community Engagement Plans (CEPs) for all capital improvement projects.</p> <p><i>The Board approved OWASA’s Communications and Community Engagement Plan on February 28, 2019. Numerous community engagement activities have been implemented since which have increased OWASA’s engagement with customers in meaningful ways beyond transactional exchanges. Public participation rate and response has been positive. For example, increased attendance at our new community construction briefings directly in neighborhoods, implementation of a successful Youth Water Academy with the School Board (the School Board has invited us to implement a second Academy this Fall), public education sessions about water topics in partnership with the Chapel Hill Public Library, community dialogues in Cane Creek on Forest Management which changed the conversation from confrontational to collaborative, etc. Numerous communications products have been changed to align with OWASA’s revitalized brand. The website is currently in the process of being redesigned accordingly.</i></p>



Strategic Initiative 3

Adopt financial management policies and budget decision processes to ensure affordable services and fiscal sustainability

GOALS	ACTIONS	MEASURES OF SUCCESS	PROGRESS
Financial reserve funds set at appropriate level.	Review reserve policies during the annual budget development process to determine the desired level of reserve funds.	New or revised policies adopted, if appropriate.	<i>The Board reviewed OWASA’s reserves policies in FY 2018 and determined the current approach to be appropriate. Analyzing and projecting reserve balances is a part of the annual budget development process.</i>
Efficient process which provides opportunities for stakeholder input and allows the Board of Directors to make well-informed budget and rate decisions.	During the annual budget development process, review Capital Improvement Program (CIP) investment practices.	New or revised CIP investment practices are adopted, if appropriate.	<i>In December 2018, after considering alternative approaches for developing the annual operating expense budget, the Board determined that the current approach met the needs of the organization. The Finance Committee is scheduled to meet in October 2019 to discuss potential enhancements to the process for Fiscal Year 2021 and beyond.</i>
The right investments at the right time to sustain the community’s essential water, wastewater and reclaimed water assets.	Comprehensive Asset Management Program report was completed in March 2016.	Service levels are part of the Asset Management Program report.	<i>Complete. The Asset Management Program report was updated and posted to the OWASA website in July 2017.</i>
Rates, fees and charges that meet objectives.	Evaluate possible rate structure changes for customer classes to include possible update to System Development Fees.	A rate structure that fairly and fully recovers revenues, promotes water conservation, promotes affordability, and is understood by customers.	<i>Based on results of a rate study, the Board changed the water commodity rate for the multi-family master-metered customer class from seasonal rates, which are higher in the warmer months from May to September and lower the rest of the year, to a year-round rate. Several alternative rate structures were considered and the Board agreed to reconsider alternatives once the AMI project is near completion. Additionally, in accord with a new North Carolina statute, the Board approved a new method for calculating System Development Fees. Application of the new method resulted in reductions in System Development Fees of between 10% and 40%.</i> <i>The project to implement AMI was completed in June 2019. The Board has not yet decided whether or when to consider alternative rate structures.</i>



Strategic Initiative 4

Implement an Energy Management Program

GOALS	ACTIONS	MEASURES OF SUCCESS	PROGRESS
<p>Cost-effective measures to reduce our use of energy, related energy costs, and associated greenhouse gas (GHG) emissions.</p>	<p>Develop an Energy Management Program that includes:</p> <ul style="list-style-type: none"> > Goals for energy reduction by 2030 against a 2010 baseline. > Ongoing assessment of energy use, costs, and GHGs. > Assessment of the energy performance of our equipment, operations, and buildings and identification of opportunities for energy savings and the associated return on investment. > Prioritized energy savings opportunities. > Implementation of selected energy management and energy efficiency projects as part of CIP and annual budget. > Evaluation and prioritization of potential renewable energy strategies. > Feedback from community stakeholders. 	<p>Program provides a clear and responsible path forward for effective energy management.</p> <p>Energy cost savings (costs avoided) achieved from energy management, energy efficiency measures, and renewable energy measures. Amount of grants, rebates, incentives, etc. received to fund energy management efforts.</p> <p>Percent reduction in our GHGs compared to baseline year.</p>	<p>Complete. On September 8, 2016, the Board approved OWASA’s Energy Management Program and associated Stakeholder Engagement Plan. In addition, the Board approved using a separate social cost of carbon in the business case evaluation of clean energy projects at OWASA. OWASA’s Energy Management Program, as explained in the 2019 Energy Management Plan Update, is an iterative process of system and strategy evaluation.</p> <p>Since 2014, OWASA has received over \$252,000 in rebates to fund energy management efforts.</p> <p>In Fiscal Year 2019, OWASA spent about \$140,000 less on electricity and natural gas than in Fiscal Year 2010. This is despite increasing energy rates. We estimate that we avoided about \$400,000 in energy expenses due to energy efficiency and conservation efforts.</p> <p>Since 2010, we have reduced the GHG emissions associated with our use of electricity and natural gas by 40%.</p> <p>In September 2019, the Board authorized staff to pursue a public-private partnership (i.e. solar lease) for the development of solar photovoltaic systems on OWASA facilities. If all sites are developed as proposed, OWASA will generate over 1 million kWh of solar electricity each year.</p>
	<p>Adopt Energy Management Plan and begin implementation of Energy Management Program.</p>	<p>Continued reduction in electricity use (kilowatt-hours) and natural gas use (therms).</p>	<p>Complete. On April 13, 2017, the Board approved the Energy Management Plan that identifies strategies to meet the energy management goals and objectives set by the Board. The Plan is an output of OWASA’s Energy Management Program which was established to identify cost-effective measures to reduce our use of energy, related energy costs, and associated GHG</p>

GOALS

ACTIONS

MEASURES OF SUCCESS

PROGRESS

emissions. On March 8, 2018, the Board approved an Updated Energy Management Plan.

Since 2010, OWASA has reduced its use of purchased electricity by 29% by implementing cost-effective energy efficiency projects and conservation measures. In addition, we have reduced our use of purchased natural gas by 26% since 2010.



Strategic Initiative 5

Implement Advanced Metering Infrastructure

GOALS

ACTIONS

MEASURES OF SUCCESS

PROGRESS

Cost-effective, accurate, reliable and timely water metering information for enhanced customer service.

System procurement and implementation planning.

Develop and implement Community Engagement Plan.

Procure a system within budget constraints that meets OWASA's needs.

Develop implementation plans that will effectively mitigate risks identified in the AMI Feasibility Study and will fully inform and engage customers.

Complete. The Board awarded the contract to Mueller Systems in May 2017 following extensive procurement and contract negotiation processes conducted by OWASA staff and our consultants. The total capital outlay for this project was \$5.3 million, which was about equal to the budgeted amount. Annual operating and maintenance costs are approximately \$114,000. The project was financed with low-interest loans from the State of North Carolina and has a simple payback period of just less than 10 years.

A comprehensive set of implementation performance standards were included in the contract documents to mitigate risks. Subsequent implementation planning has used these standards as the foundation and guidance for document development.

OWASA has engaged a robust community engagement strategy throughout the project. In 2016, we focused on raising awareness of the overall investment in and potential of the AMI system. We communicated directly with customers through the installation phase. In March 2019, we rolled out the Agua Vista Web Portal to all OWASA customers. We are encouraged that over 32% of eligible customers have now registered for the Portal and we have used it to alert customers of over 6,000 potential leaks. This

GOALS	ACTIONS	MEASURES OF SUCCESS	PROGRESS
	System deployment.	Ensure the system delivers accurate, reliable and timely water use information for billing purposes.	<i>communication strategy is part of the Community Engagement Plan approved by the Board in December 2016.</i>
		Processes are in place to ensure customers are provided accurate and timely information about their water use and prompt notifications about potential leaks.	<i>Complete. Full scale deployment began in March 2018 and was completed by June 2019. The network is fully operational with staff maintaining a 99.5% read rate for meters.</i>
		Reduce energy use and carbon footprint associated with meter reading and field service functions.	<i>Complete. Automatic notifications regarding potential leaks are being sent to customers from the WaterSmart customer portal.</i>
		Customer feedback on their experiences with the system installation, process changes and use of the portal is mostly positive.	<i>Complete. We have virtually eliminated manual meter reads and have reduced site visits related to service requests by over 80%.</i>
			<i>We experienced a very low volume of customer complaints during the installation phase and have received many positive comments from customers regarding leak notification and the customer portal.</i>



Strategic Initiative 6

Develop a plan and policy framework for long-term management and disposition of OWASA lands

GOALS	ACTIONS	MEASURES OF SUCCESS	PROGRESS
Land assets provide the expected value to fulfill OWASA’s mission and the assets are effectively managed.	Develop a long-term plan for sustainable management of OWASA forest lands (not including Cane Creek Mitigation Tract, which is already being managed). Management options range from “no active management” to comprehensive management that includes a variety of activities such as thinning, small seed tree cuts, small area clear-cuts, etc.	Forest lands are effectively managed to meet the goals provided in the Forest Stewardship Plan.	<i>On January 9, 2019, the Board of Directors supported a new incremental approach to forest management and on April 11, 2019, the Board approved a Community Engagement Plan for the approach. OWASA held a community meeting on June 20, 2019. The Board approved a Vision and Guiding Principles along with the overall approach to manage OWASA’s forest land on September 26, 2019. Staff is currently prioritizing forest land for management in accordance with the Board approved approach.</i>
	Evaluate land assets to determine if the asset is needed, what degree of ownership is needed, and if the asset should be sold.	Land assets provide expected value to meet OWASA’s current and future needs.	<i>At a meeting on September 26, 2017, the NRTS Committee reviewed several options to evaluate OWASA land to determine if any should be sold. The Committee unanimously agreed that the Board should wait to decide whether to do an analysis after we work through the forest management process.</i>

Administering Our Strategic Plan

We will provide regular updates on our progress towards achieving our Strategic Plan goals, including measures of success, which can be found on our [website](#). We welcome your questions or comments about our Strategic Plan or any of our services and programs. You may contact us by:

- Phone: 919-968-4421
- E-mail: info@owasa.org
- Fax: 919-968-4464
- Address: 400 Jones Ferry, Carrboro, NC 27510

There are other high priority tasks that we will address over the next couple of years that are not included in our Strategic Plan because they do not require strategic action at this time. However, these tasks may require action by the Board in the future.

1. Continue to increase community awareness of options to manage and reduce OWASA bills and empower low-income customers and the local agencies that serve them with information and tools to manage and reduce OWASA bills through the Affordability Outreach Program.

The Board approved OWASA's first Affordability Outreach Program Plan in October 2015 and has received annual updates through 2019. In 2019, the Program focused on promoting the Agua Vista Web Portal as an essential resource to save money by saving water.

2. Evaluate alternative employee compensation strategies to encourage and reward high performance as part of a Total Compensation Study.

The Board reviewed compensation of employees and adopted a resolution in December 2017 whereby pay increases will be provided, based on performance, to 3 of the 4 performance-rating categories. Merit Increases for "Meets Expectations" ratings are to be no less than 2.9 percentage points greater than the Cost of Labor Adjustment (COLA).

3. Develop and implement an Inclusion and Diversity Plan for the organization.

Our Diversity and Inclusion plan is well established. Three groups were formed to help guide our work: Diversity Resource Group, Diversity Recruitment Group and Diversity Leadership Group. An Organizational Assessment took place with employees and the Board. As a result of the Assessment, employees provided forty (40) general recommendations in seven (7) categories. Our consultant, VISIONS, provided additional recommendations in four (4) categories. Employees also provided twenty-six (26) recommendations in four (4) categories for recruitment and retention. All of the recommendations have been prioritized by year and work is well underway.

Additional key activities include:

- *Staff continues to engage with agencies and organizations to seek assistance in recruitment.*
- *We continue to solicit OWASA employees for employment referrals.*
- *Recruitment Plans are prepared for each recruitment to include reviewing local census data to identify under-represented groups.*
- *A comprehensive review of procedures, policies and documents related to recruitment and selection was conducted by Human Resource staff and a VISIONS expert.*
- *Articles highlighting diversity are in each employee newsletter.*
- *A comprehensive administrative guide for recruitment was created.*
- *The Performance Review Self-Assessment has been updated.*
- *NEOGOV software has been implemented to include job interest feature.*

- *Additional employees have been trained on the newly developed standard processes for interview panels and making employment decisions.*
- *A Welcome Team has been developed and trained to improve the onboarding process.*
- *Mandatory training for Supervisors took place from August through November 2018.*
- *Voluntary Employee training took place from August through October 2018.*
- *Additional employees received the initial 16 hours of D&I training as well as standard processes for interview panels, making employment decisions and Implicit Bias and Microaggressions in 2019.*
- *Various core trainings have been offered to all employees.*
- *The three diversity groups developed draft metrics for our D&I program and will report on them annually.*
- *The Board of Directors has had training sessions with VISIONS and additional training is forthcoming.*

We provide an [Annual Review and Update of Strategic Trends and Utility Planning Issues](#) to the Board. This report will be modified as a companion document to this Strategic Plan for the Board’s consideration in October 2019.

We will routinely update and amend our Strategic Plan as necessary, and we will keep our customers and stakeholders informed of significant changes.

Summary

As your community-owned water utility, we are committed to providing reliable, high quality water, wastewater and reclaimed water services for our customers, now and into the future. Our Strategic Plan is one of many tools we use to effectively manage our essential responsibilities to the Carrboro-Chapel Hill community. We will continue to work hard to provide excellent service so that if our customers could choose their water utility, they would always select OWASA.