



ORANGE WATER AND SEWER AUTHORITY

Quality Service Since 1977

Quarterly Report to Local Governments January 28, 2009

OWASA's August 29, 2008 Annual Report to Local Governments summarized major accomplishments and activities for Fiscal Year 2008 (July 2007 – June 2008). An October 31, 2008 report provided an update through September, 2008, and this current report provides new or updated information for October – December, 2008. Additional materials are available on request. OWASA Board members and staff will be glad to provide presentations if desired.

Reservoirs Are Full and Demands Are Near Normal – OWASA's reservoirs returned to 100 percent full in late December for the first time since May 2007. A total of 56 inches of rainfall – compared to the 30-year average of 48 inches – was recorded at the Jones Ferry Road Water Treatment Plant from January through December 2008. The Cane Creek Reservoir received a total of 46 inches. Customer demands in October were slightly higher than projected, but near or slightly less than projected levels during November and December.

FY 2010 Budget Challenges – A significant increase in water and sewer rates went into effect on October 1, 2008 to help offset revenue losses related to the 2007-08 drought. We have sought, and continue to pursue, additional operational efficiencies and cost reductions as we prepare the Fiscal Year (FY) 2010 budget. Twelve percent of OWASA's authorized full-time positions are vacant and remain unfilled. FY 2010 challenges will be daunting, due to significant cost increases for water and wastewater treatment chemicals (despite recently falling petroleum prices); capital improvement commitments; and the need to continue funding a sustainable repair and replacement program to maintain the integrity of our infrastructure.

Proposed Changes to Conservation Standards – The OWASA Board has submitted proposed changes to the elected boards of Carrboro, Chapel Hill, and Orange County for incorporation into their respective water conservation ordinances. The proposed changes reflect lessons learned during the 2007-2008 drought and are designed to give customers more flexibility within the context of OWASA's aggressive conservation rate structure and drought surcharges. The recommendations will be discussed at a joint meeting of the four boards on February 25, 2009 at 7:30 p.m. in Orange County's Southern Human Services Center in Chapel Hill.

Long-Range Water Supply Plan Update – OWASA has begun a thorough review of our long-term water supply plans for serving community needs through 2060. We are reviewing underlying assumptions, such as demographic and development trends and associated water demand forecasts, and are re-evaluating supply and demand management alternatives considered since 2000. With the aid of a consultant, we are examining water supply alternatives that may offer additional flexibility and reliability,

such as expanded reclaimed water distribution, additional conservation opportunities, and supplemental water from Jordan Lake or the Haw River. This project will require substantial interaction with local officials and other community stakeholders in the coming months and is expected to be completed late in 2009.

Regional Planning for Jordan Lake Water Supply – OWASA will continue to participate in discussions and compile information, such as future demand estimates, to support Jordan Lake regional water supply partnership efforts with Durham, Cary, Chatham County, Orange County, and possibly others. This staff level effort is an important part of the larger task of updating OWASA's own long-range water supply plans. *It will focus on gathering and understanding technical information only, and will include no policy or land use-related decision-making.* As noted in a December 30, 2008 staff memo to the OWASA Board, "We will not know OWASA's role (if any) in the actual development of a western intake and/or use of our property until our own long-term (2060) water supply planning work has been completed later next year (2009) and we have received input from our local governments regarding our options for ensuring a safe, secure and sustainable water supply for our community's future."

OWASA Property Considered for New Solid Waste Transfer Station – On October 24, 2008 OWASA Chair Randy Kabrick Board sent a letter to the Orange County Board of Commissioners requesting that the County remove OWASA's 43-acre parcel along Route 54 near Orange Grove Road from further consideration as a new solid waste transfer station site, because the property already serves an important public purpose as part of OWASA's biosolids management program. The letter also expressed the Board's willingness to carefully consider the request if the County, in consultation with the Towns of Carrboro and Chapel Hill, ultimately determines that the OWASA property is the only location for a transfer station. After further Board discussion on January 22, 2009, Mr. Kabrick sent a second letter (January 23, 2009), reaffirming the Board's position that OWASA is continuing to use the property for essential utility operations and is not for sale; that County staff were welcome to "walk the land" with OWASA staff present, but would not be granted access to conduct a metes and bounds survey.

Capital Improvement Projects – Capital projects to improve the reliability of OWASA water and sewer systems are proceeding as described in the August 29, 2008 *Annual Report to Local Governments*. More recent highlights include:

- **Odor Elimination at the Mason Farm Wastewater Treatment Plant** – In accordance with our commitments to the Town of Chapel Hill and local homeowners, two projects are underway for additional improvements to cover and treat the foul air from the plant's three primary settling tanks (Phase II) and eight of sixteen aeration tanks (Phase III). These projects represent a capital investment of \$4.5 million. Construction of the Phase II odor control improvements on the primary tanks will start at the beginning of February and be completed in September 2009. Design of the Phase III odor control work at the aeration basins is complete. Due to the significant reductions in water demand during and since the drought of 2007-08 and

their effect on our budget, we anticipate that the OWASA Board will again review our financial data and projections before making future decisions on seeking bids and awarding a contract for the Phase III project. The Phase III project is listed in our capital program for completion in Fiscal Year 2011.

- **Reclaimed Water (RCW) System** -- RCW pumping, storage, and pipeline facilities will begin operating this spring (2009). To date, UNC has installed about 7,000 feet of RCW pipe on the main campus, and OWASA's contractors have completed the installation of 7,600 feet of pipe between the Mason Farm WWTP and William Blythe Drive. This was installed in conjunction with the Meeting of the Waters sewer project. Construction of RCW treatment, storage, and pumping facilities at the WWTP is substantially complete.
- **Meeting of the Waters Sewer Improvement** – About 5,500 feet of sewer line has been installed along between the Old Mason Farm Rd WWTP and Manning Drive. As noted above, this was co-constructed with the RCW Transmission Main and is now complete except for restoration and clean-up work.
- **Cleland Drive Water and Sewer Improvements** – This project includes the replacement of the existing water line along Cleland Drive and the installation of a new gravity sewer along Cleland Drive to eliminate the need for the Cleland Drive pump station. Work will be completed this spring.
- **North Columbia Street Water Line Replacement** – The replacement of portions of deteriorating water lines in north Columbia Street near the Chapel Hill fire station and along North Street began in December 2008 and will be completed in January 2009. This project involves significant disruption of normal traffic patterns. The final pavement surface will be installed this spring when weather conditions are more conducive to this work.