



IMPORTANT INFORMATION ABOUT OUR RATE INCREASE

What is OWASA?

We are a community-owned, non-profit public agency which began operation in 1977. We provide drinking water and wastewater (sanitary sewer) services to the Carrboro-Chapel Hill urban area.

We are funded primarily from user fees including monthly water and sewer bills and connection fees, and have cost-of-service rates. We do not receive property taxes, sales taxes, etc.

What are the reasons for the increase of about 17% in monthly water and sewer rates?

Reduced revenues

We believe that customers will continue the water conservation habits established in response to the 2007-08 drought and our conservation rate structures. We project that water de-

mand from July, 2008 through June, 2009 will be about 13% less than expected before the 2007-08 drought.

We also project that water and sewer connection fees from new development will continue to be about 40% below normal due to the slowdown in the local construction economy.

Increased costs

We are experiencing significant increases in the costs of fuel and other energy, materials and supplies, chemicals used in water and wastewater treatment, and employee health insurance.

Paying debt on bonds issued to renew and replace aging infrastructure

We have financed a significant part of our capital improvements with long-

term bonds, which are repaid over time as the community benefits from replacing and renewing old water and sewer mains, treatment plant improvements, etc. In our community as in others across the U.S., investments in water and sewer infrastructure are crucial for our current and future quality of life.

OWASA's lakes are essentially full. Will this affect rates?

No. As discussed above, reduced water demand and increased costs are the primary reasons for the rate increase.

How much will the rate increase affect a typical customer's bill?

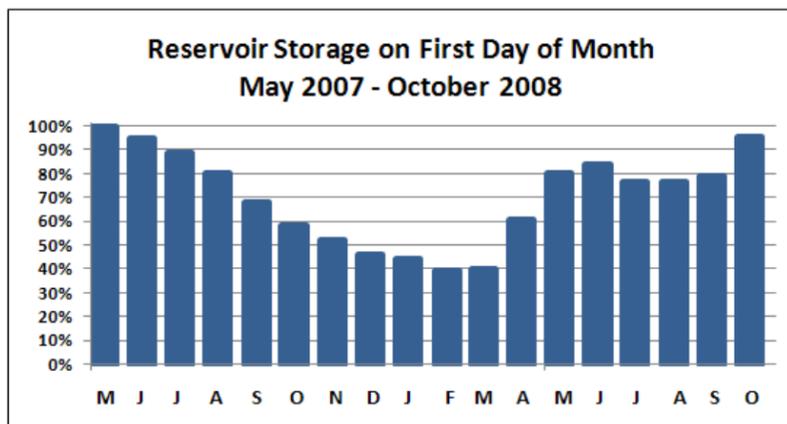
For a typical individually-metered residence billed for 5,000 gallons of water use per month, the rate increase will change the monthly bill from \$58.18 to \$68.24, up \$10.06 or 17.3%.

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WATER SUPPLY UPDATE

Our lakes were about 95% full as of early October. In early September, rain from Tropical Storm Hanna raised our supplies from 79% to 95% full.

Thank you for conserving in the exceptional drought of 2007-08, when our lakes fell to a low of 40% full.



Este boletín informativo contiene información sobre los servicios de agua y alcantarillado de OWASA. Para obtener una traducción, por favor llame al 537-4221, mande un correo electrónico a webmaster@owasa.org, o visite la página de Internet www.owasa.org. ¡Muchas gracias!

Water and sewer rate increase

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Additional examples of residential water and sewer bills with increasing block water rates

2,000 gallons of water/sewer use per month: \$36.71, a \$5.11 (16.2%) increase.

4,000 gallons per month: \$57.73, an \$8.41 (17.1%) increase

8,000 gallons per month: \$103.34, a \$16.09 (18.4%) increase

16,000 gallons per month \$214.12, a \$36.34 (20.4%) increase

Businesses, institutions and master-metered multi-family neighborhoods pay seasonal water conservation rates. Seasonal rates are higher from May through September (peak rate applies) and lower from October through April (off-peak rate applies).

The seasonal rates will also increase; however, the increase in a customer's bill will depend on water use and seasonal water use patterns, which vary widely among non-residential customers.

Customers who wish to receive an estimate of monthly bills with new rates based on past water use are invited to contact OWASA at 968-4421 or webmaster@owasa.org.

Is OWASA cutting costs?

Yes. In the fiscal year that ended on June 30, 2008 (FY 2008), we reduced operating costs by \$1.4 million below the budget.

In the fall of 2007, we recognized that the drought would result in conservation and substantial reductions in operating revenues. To offset this, we began, and are continuing, to cut and defer costs.

As of early October, about 10% of our 150 authorized positions are frozen and vacant.

Our FY 2009 operating budget is only 1.3% more than the FY 2008 budget as originally adopted despite increased costs for fuel and other energy, treatment plant chemicals, employee health insurance, etc.

We are working on further cost reduction and efficiency opportunities.

Is OWASA also reducing spending for capital improvements?

Yes. Our Capital Budget for the next five years totals \$49 million and is 66% less than the amount spent in the previous five years.

We believe that funding of our long-

term Capital Improvements Program must be sufficient to ensure adequate, reliable facilities to meet the needs of the community, and to protect the community's \$270+ million of investments in public water and sewer infrastructure.

Since 1998, we have invested \$178 million in capital improvements, which we believe are essential to the high quality of life in our community.

If conservation results in rate increases, why conserve?

Water conservation habits and investments will reduce our community's risks in future droughts.

Conservation can help avoid and/or defer the need for future expansion of water and wastewater system capacities at costs in the millions of dollars.

Conservation reduces energy use and thus our carbon dioxide emissions, because all drinking water and wastewater is pumped.

Questions or comments?

If you have comments or questions about our rates, budget, capital program, our monthly bill or other matters, please contact us at 968-4421 or webmaster@owasa.org.

CODE RED

is an automated emergency telephone message system which Chapel Hill, Carrboro, Orange County and OWASA can use to alert you and other citizens about emergency conditions. Most listed "landline" phone numbers are already in the Code RED system, but people with unlisted numbers, recently changed numbers or who use a cell phone as a primary phone are encouraged to register their numbers if they wish to do so. To register, please contact either Town or the County or call OWASA at 968-4421 (e-mail: webmaster@owasa.org).

