

# Orange Water and Sewer Authority Affordability Outreach Program Update and Plan

Year 2: January 2017 – December 2017

## Purpose

OWASA's Affordability Outreach Program is designed to increase community awareness of options to manage and reduce water and sewer bills and to empower low-income customers, and the local agencies that serve them, with information and tools to manage and reduce water and sewer bills. The following plan provides an update on the first year of OWASA's Affordability Outreach Program and identifies specific strategies for the coming year.

## 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.

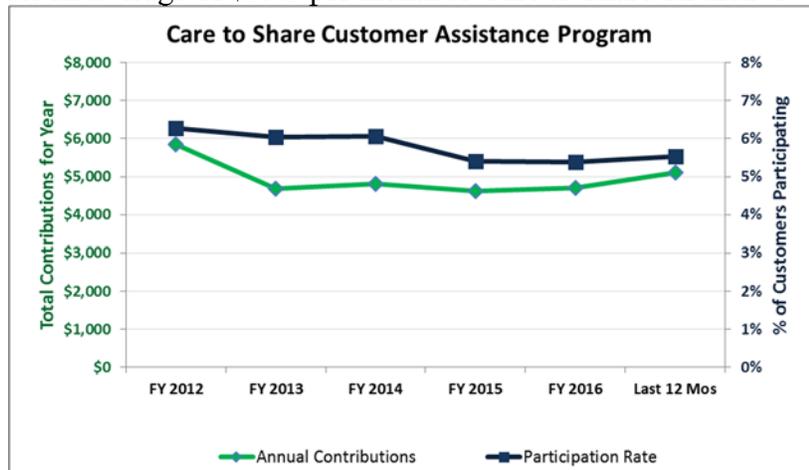
And while we cannot provide free service or charge different rates based on our customers' ability to pay because of legal and bond order restrictions, we are a member of the community we serve and recognize the need to ensure that water and wastewater service meets a basic human need. It's important to OWASA that our services be accessible to the community 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 water and bills as well as energy costs associated with heating water. Additionally, as proposed, it has the potential to enhance OWASA's engagement with the community.

## Objectives and Target Audience

OWASA’s Affordability Outreach Program is designed to increase community awareness of options to manage and reduce water and sewer bills and to empower low-income customers, and the local agencies that serve them, with information and tools to manage and reduce OWASA bills. The following goals and metrics provide an indication of water and sewer service affordability and our efforts to provide relevant outreach to the community.

- Contributions to our Care to Share program:** Currently, about 5.5% of our customers contribute an average of \$0.45 per month to Care to Share on their OWASA bill.



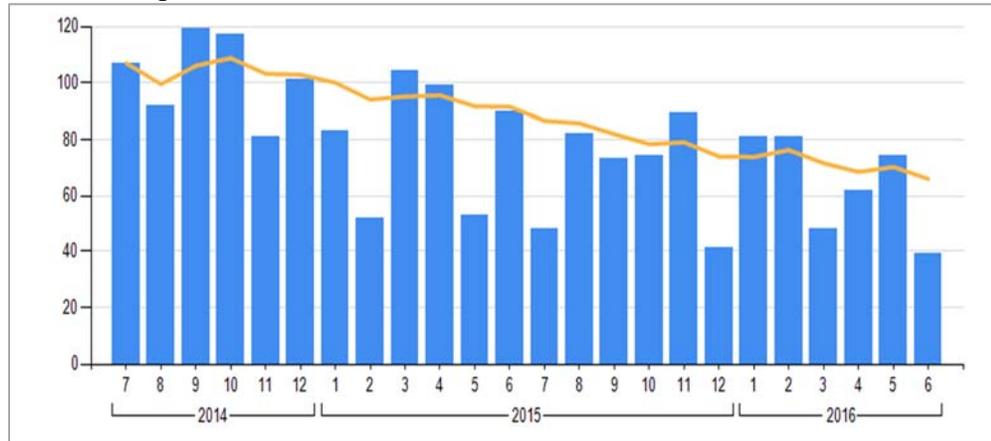
**Figure 2:** The number of Care to Share contributors and contributions increased slightly over the last 12 months.

- Average water use of those customers with whom we engage through our affordability outreach program:** While a challenging metric to track for general outreach, we can measure the impact of direct engagement. The following table tracks the water use of six households **before** (in blue) and **after** (in orange) a home water use assessment and toilet retrofit conducted in 2015 as part of the Affordability Outreach Pilot Project. Five of the six homes have experienced a decrease in their average water use and bill. (The home that increased water use was a duplex for which only one-half was retrofitted.)



**Figure 1:** Average water use and water and sewer bills decreased for five of the six homes that received water use assessments and toilet retrofits as a part of the Affordability Outreach Pilot Project in 2015.

- Cut-offs due to non-payment:** Over the past two years, we have seen a steady decline in the number of service cut-offs due to non-payment. The rolling average of monthly cutoffs has fallen by about 50 cut-offs per month. At \$45 per event, this results in an overall annual savings of \$27,000 in reconnection fees, as well as the avoided troubles associated with a lapse in water service.



**Figure 3:** The number of cutoffs has declined steadily over the past two years.

Our program strives to engage customers with difficulty paying for OWASA services. Primarily, these customers are those:

- Requesting and receiving bill payment assistance from local social service agencies, including the Inter-Faith Council for Social Services (IFC) and the “Care to Share” program;
- Requesting extensions of credit to manage bill payments; and
- For whom service is cut-off due to non-payment of bills.

In order to proactively engage with these customers, we 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.

We recognize there are other customers for whom water and sewer service comprises a significant portion of their monthly household expenses that do not fall into any of these categories. As such, our outreach efforts are not limited to just the above-mentioned communities. Additionally, it is important to note that while many of the strategies discussed below (including in-home water use assessments) are identified to be focused through certain agencies and to specific households, these services are generally available to our entire customer base upon request, as we cannot differentiate services to our customers based on their financial position or need.

## Strategies for Addressing Affordability

The Affordability Outreach Program includes five major strategies for addressing the affordability of OWASA's services. These strategies are:

- Rates and Billing,
- Information and Outreach,
- Bill Assistance,
- Water Efficiency Retrofits,
- Leak Identification, and
- Partnership

The remainder of this document provides an update of recent initiatives and provides proposals for new, modified, and expanded initiatives for the coming year.

### Rates and Billing

Rate structures, rate levels, and billing arrangements have significant ramifications for the affordability of water and sewer for all OWASA customers.

#### Update:

**Proposed modification to multi-family, master-metered (MFMM) rates:** Over the last year, the OWASA Board of Directors has evaluated and considered the modification of the water rate for multi-family, master-metered customers (locations where one OWASA meter serves multiple households) to improve affordability and customer understanding. Currently, MFMM customers are charged a seasonal water rate that increases in warmer months (May – September) and decreases in cooler months (October – April). This rate structure has been in effect since 2002. The proposed water rate structure would charge the same rate for water all year.

**Increasing block rate structure for single-family residential customers:** OWASA continues to use an increasing block rate structure for single-family residential customers' water use. This rate structure is designed to keep charges low for the first 2,000 gallons used by a household.

**Extended bill due date from 21 to 25 days from bill date:** In response to feedback received on our community survey, we recently increased the due date from 21 to 25 days from the bill date. This gives our customers four additional days to pay their bill before it is considered overdue.

**Cost management:** Fiscal Year 2016 marked the fifth year in-a-row without the need to raise monthly rates to cover costs. We remain diligent in our stewardship of our customers' funds and view cost management as an important strategy in assuring the affordability of water and sewer services in our community.

#### New Initiatives:

**Pay-by-text and automated pay-over-phone:** We deployed pay-by-text on November 3, 2016. We plan to deploy automated pay-by-phone in the coming year to make bill payment more convenient. While these tools will not decrease bills for our customers, we

hope that by making it easier for customers to pay their bills, they can avoid late payment fees, service cut-off, and reconnection fees.

**Implement multi-family, master-metered rates (if approved):** If the OWASA Board of Directors approves a modified rate structure for MFMM customers at its December 8, 2016 or a subsequent meeting, we will engage the community in the implementation of this rate structure to ensure that it does in-fact improve affordability and customer understanding.

### Information and Outreach

Through accessible and engaging outreach, we aim to give our customers useful information and strategies for reducing their OWASA bill.

### Update:

**New outreach material:** We produced an infographic and motion graphic video to engage all customers in water wise behavior. The infographic was developed in English and Spanish; the motion graphic was narrated in English, Spanish, Burmese, and Karen. We distributed over 800 infographic brochures in the Northside Newsletter and handed out many more through our partners in affordability outreach. The motion graphic has been featured in Community Home Trust’s newsletter and will be incorporated into the Town of Chapel Hill Public Housing’s new resident orientation. Over the coming year, we will continue to distribute and promote this outreach material.

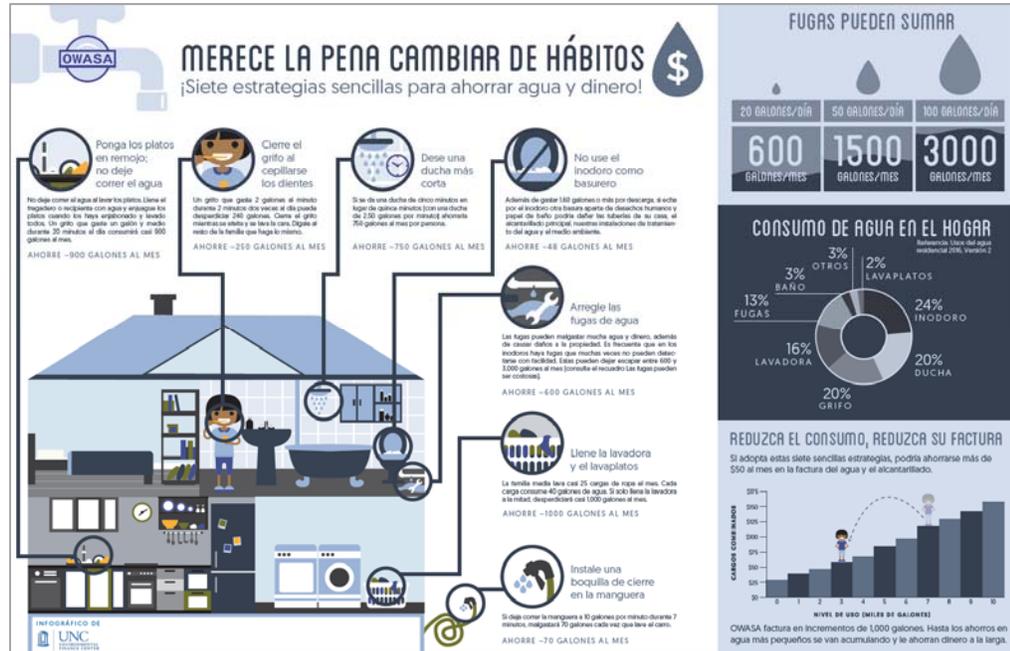


Figure 4: Snapshot of infographic in Spanish

**Direct mail to recipients of bill assistance:** In June 2016, we began sending letters to recipients of assistance for OWASA bill payment. These letters show how a household’s water use has trended over the 12 months compared to that of the average OWASA

household, suggests tips for reducing water use, and invites the customer to request a home water use assessment (see below). Since June, we have mailed 62 letters. We plan to continue to send these letters on a monthly basis over the next year.

**Water use assessments:** In a water use assessment, we search for leaks and assess the efficiency of a household's water-using infrastructure: toilets, faucets, appliances, etc. In addition, we discuss a household's water-using behavior and provide tailored suggestions for reducing water use and reducing water and sewer bills. We distribute low-flow faucet aerators and low-flow showerheads. From the 62 invitations in the previously mentioned direct mail, we conducted one water use assessment. Additionally, we conducted water use assessments of six units owned by community partner, EmPOWERment.

**Community workshops:** In partnership with EmPOWERment, we assisted the UNC Environmental Finance Center in providing a community workshop on utility conservation in partnership with EmPOWERment. These workshops took place throughout the summer of 2016.

#### **New Initiatives:**

**Enhance efforts to provide water use assessments in association with community partners:** Over the next year, we will do more to promote the provision of water use assessments as a tool for reducing water use and bills. In addition to sending direct mail to recipients of bill assistance, we will provide infographic brochures and a description of water use assessments to those entities providing bill assistance in our community. We will provide training on how-to conduct water use assessments to our community partners, empowering them to discuss the benefit of such assessments with the community they serve, and if interested, to conduct these assessments themselves. We will conduct educational sessions at events hosted by our community partners and invite attendees of those sessions to request an in-home water use assessment.

Recently, we were contacted by Waste Reduction Partners (WRP) with an invitation to partner in the provision of large-scale water use assessments for multi-family, master-metered (MFMM) accounts. WRP is a grant-funded team of retired engineers, architects and scientists that work with NC businesses and institutions on water, waste, and energy reduction. With funding support from Duke Energy, WRP estimates that they can provide 3-5 audits in our service area and are willing to focus their efforts on MFMM accounts to support our affordability outreach efforts. We will work with WRP to help identify and recruit participating entities. As their costs will be covered by the grant from Duke Energy, OWASA will not be charged for WRP's services.

**Neighborhood Conservation Challenge:** In partnership with the Town of Chapel Hill Public Housing, we will launch a series of neighborhood conservation challenge events to encourage community commitment to water conservation. We plan to launch each "challenge" at neighborhood clean-up days, hosted by Chapel Hill Public Housing, in the spring of 2017. Following the clean-up day, community members will be encouraged to reduce their neighborhood's use of water to meet a certain goal. In recognition of their achievement of that goal, the Town of Chapel Hill will invest in a community project,

such as a new sign, landscaping, or playground equipment. OWASA will provide faucet aerators, low-flow showerheads, and demonstrate their installation at the community clean-up events.

### Bill Assistance

Temporary bill assistance programs offer help to customers during their greatest time of need and help them avoid service cut-off and reconnection fees. The Care to Share program provides OWASA customers the opportunity to voluntarily contribute to a bill assistance program administered by the Inter-Faith Council for Social Services (IFC).

### Update

**Contractor solicitation letter for Care to Share donations:** In July 2016, OWASA's Executive Director sent a letter to contractors and consulting firms with whom OWASA does business asking that they consider donating to the Care to Share Program. Although we have requested that the donors remain anonymous to OWASA, we do know that \$625 in direct contributions were given to Care to Share via the IFC directly following the mailing.

**Customer service focus on new customer sign-ups:** The majority of Care to Share donors become donors when they are setting up an account. The OWASA Customer Service Team has focused efforts this year on getting new account holders to contribute. As of October 2016, there were 26 more Care to Share contributors than in June 2015.

### New Initiatives

**Increase marketing for Care to Share:** In an effort to get existing customers to contribute to Care to Share, we will launch a marketing campaign for Care to Share using our common methods for communicating with customers, including the Blue Thumb Newsletter and website. Additionally, we will work with our partners to publicize the Care to Share to program via their communication methods.

**Research causes of service cut-offs:** While we can track the absolute number of service cut-offs, we do not know the specific reason. Did the customer forget to pay their bill or are they unable to pay at all? Is the issue of non-payment on-going or temporary? Understanding the root cause will be important for developing strategies to assist. Over the coming year, we will develop a strategy to help identify the cause of cutoffs in a respectful manner.

### Water Efficient Retrofits

Ultimately replacing inefficient water-using equipment (primarily toilets) in a home can help a household consistently reduce their water use. In our Affordability Outreach Pilot Project, 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. The following strategies are designed to assist in the identification and pursuit of outside funding and purchase arrangements for water-efficient fixtures.

## Update

**Case study of 2015 retrofits:** We conducted post-retrofit assessments with the participants of the 2015 retrofit program to seek feedback on the efficacy of the retrofit program. This feedback was used to develop a case study to help increase awareness of the impact of water efficient retrofits. The case study was published in the August edition of the Northside Newsletter and is now available for use in pursuing outside funding for retrofits (see proposed New Initiative below).

**Focus groups with MFMM property managers and landlords:** In July 2016, we conducted two focus groups with MFMM property managers and landlords: one with a group that sub-meters and re-bills tenants for water and sewer service and one with a group that does not. Although we only spoke with a small subset of these customers, we learned the following information that is useful in informing initiatives for engaging this group.

1. Water efficiency and leak identification is out-of-sight and out-of-mind for some complexes that sub-meter and re-bill; others use the data to proactively identify water use anomalies.
2. For those complexes that don't sub-meter, identifying leaks can require a great deal of effort to identify within a complex.
3. Complexes are looking for a 6-12 month payback on investments in efficiency.
4. Cost is not the only reason that complexes are not replacing inefficient toilets. Many participants believed that high efficiency toilets are inferior to older toilets.
5. Some property managers believed that seasonal rate structures complicate the conservation signal to tenants who are re-billed because the tenants do not understand the connection between their water use and their bill.

## New Initiatives

**Pursue outside funding for retrofits of those receiving bill assistance:** In Fiscal Year 2016, 97 households received assistance in paying their OWASA bill; 26 of those households received bill assistance more than once throughout the year. With outside funding assistance for the installation and hardware, water efficient retrofits could help improve utility affordability for these households and help leverage bill assistance funding should they need assistance again. Over the coming year, we will work with primary entities providing bill assistance to our customers (including Orange County Department of Social Services and churches) to discuss potential funding for the replacement of inefficient toilets, showerheads, and faucets in those homes.

**Develop an interactive business case tool and demonstration of high-efficiency toilets for MFMM property managers and landlords:** In certain circumstances, replacing an inefficient toilet with a high-efficiency toilet can achieve a 12 month simple payback. We will create a case study, as well as an interactive tool that can be tailored to individual situations, to help define the business case for toilet replacement. Additionally, we will demonstrate the efficacy of high-efficiency toilets to help inform those in question. This business case will be especially salient for those MFMM property managers and

landlords that do not sub-meter. Although, this will not likely have a direct impact on the affordability of the unit for the tenant, it will help keep overall costs low and will directly benefit individual tenants if and when the unit is sub-metered at some date in the future.

## Leak Detection

Proactive leak identification can help our customers avoid high bills, home damage, and water waste and is good customer service.

### Ongoing

**Proactive desktop and field service for identification and follow-up regarding potential leaks:** 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.

### Update

**Implementation of Advanced Metering Infrastructure (AMI):** We anticipate that Advanced Metering Infrastructure will provide OWASA and our customers more immediate water use information and a platform from which to quickly identify the potential of a leak. Over the coming year, we will work to identify a vendor for Advanced Metering Infrastructure that can provide the tools to do this.

## Partnership

Critical to the relevancy and acceptance of OWASA's affordability outreach is partnership: partnership with our customers and the social service agencies that serve our community.

### Ongoing

#### With customers:

**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.

**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.

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.

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.

**With community:** 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 program 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. We continue to seek the feedback and collaboration opportunities with partners in our community, and to expand the list of partners to expand the reach of our efforts. (Starred partner organizations represent those added this past year.)

- Town of Carrboro
- CASA
- Town of Chapel Hill
- College Service Project, UNC Chapter\*
- Community Home Trust
- Compass Center for Women and Families
- EmPOWERment Inc.
- Habitat for Humanity of Orange County
- InterChurch Housing Corporation
- Inter-Faith Council for Social Services
- Marion Cheek Jackson Center
- Central Piedmont Community Action (formerly JOCCA)
- Orange County Justice United
- Orange County Department on Aging
- Orange County
- Rebuilding Together of the Triangle\*
- UNC Center for Excellence in Community Mental Health
- UNC SWEAT\*
- Waste Reduction Partners\*

We hosted two meetings over the past year with our community partners (April 22 and November 4) to discuss ideas and initiatives. Over the coming year, we will continue to convene this group on a semi-annual basis to discuss issues related to water and sewer service affordability. In the spring of 2017, we will host a training on water use assessments as the semi-annual meeting.

### Resources Required

Successful implementation of this program will require approximately ¼ of Sustainability Manager's time to manage and implement aspects of the program, the commitment and support of OWASA staff, and a modest budget of \$2,000 to reproduce outreach material and purchase water-saving devices and demonstration material. Additionally, we will seek to engage an undergraduate intern to assist with implementation.

## 2017 Program Timeline

	Strategy	Initiative	Winter 2017: Jan – Mar	Spring 2017: Apr- June	Summer 2017: July – Sept	Fall 2017: Oct-Dec
1	Rates and Billing	Pay-by-text and automated pay-over-phone				
		Implement multi-family, master-metered rates				
2	Information and Outreach	Direct mail to recipients of bill assistance				
		Provision of water use assessments		Audits with Waste Reduction Partners	Audits with Waste Reduction Partners	
		Initiate Neighborhood Conservation Challenge				
3	Bill Assistance	Contractor solicitation letter for Care to Share				
		Increased marketing for Care to Share				
		Develop strategy to research causes of service cut-offs				
4	Water Efficient Retrofits	Pursue outside funding for retrofits of those receiving bill assistance				
		Develop an interactive business case tool and demonstration of high-efficiency toilets				
5	Leak Detection	Proactive desktop and field service				
		Implementation of AMI				
6	Partnership	Proactive customer communication				
		Social agency referral and collaboration				
		Emergency Water Loss adjustments				
		Customer payment deferral agreements				
		Partner Meetings		Water use assessment training		Program update and 2018 plan review