

Sustainable Water Utility Management – Can We Afford It? (Can We Afford to Ignore It?)

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The Orange Water and Sewer Authority (OWASA) serves more than 80,000 people, including the University of North Carolina at Chapel Hill, in the Carrboro-Chapel Hill vicinity. One of OWASA's formally adopted Key Values is Sustainability: "To proactively plan, construct, operate, maintain, and finance the water and wastewater system in a manner consistent with the principles of environmental, social and economic sustainability . . . [and] to meet the needs of our current and future customers, community, and environment without compromising the ability of future generations to meet their needs." OWASA has pursued a range of initiatives to support this value, including: a 15-year capital improvements plan and associated strategic financial plan; watershed management plans for source water protection (including large lot zoning and acquisition of critical lands in water supply watersheds); increasing block rates and seasonal water pricing; year-round conservation standards and aggressive drought response requirements; and a new reclaimed water system that will reduce drinking water demands by 15 percent when fully implemented. These programs have been very successful, but with significant financial costs. Despite continued growth in OWASA's service area, customer demands have decreased significantly since 2001, effectively extending the reliability and life expectancy of critical capital facilities, such as our water supply reservoirs and treatment plants. These benefits are expected to provide long-term cost savings to customers; however, very real and significant short-term costs and financial effects have also become apparent. Operating revenues have become less stable and more difficult to project as rates have increased. OWASA's current budget includes an unprecedented 17 percent rate increase, and a similar adjustment may be needed next year. This presentation will review some of OWASA's strategic financial and capital improvements goals, as well as recent experiences and lessons learned in the pursuit of sustainability. It will also explore such challenging questions as: Is sustainability realistically affordable? Can a 21st Century utility afford to ignore sustainability in a climate of rapidly changing economics, regulation, resource availability and constraints, risk and uncertainty, and customer expectations?