

**OWASA Subcommittee Report
11-13-12**

Charge of subcommittee

This OWASA subcommittee was created by the Board of Aldermen at its April 24, 2012 board meeting as “a board subcommittee to work through technical information related to the OWASA draft DROP program with the Town’s OWASA representatives, to work with the Chapel Hill subcommittee, and to communicate more effectively with OWASA.”

History of meetings

On June 11, the attendees were Haven-O'Donnell, Slade, and Lavelle, Andrews, Wilson. The subcommittee developed questions for OWASA Staff.

On July 2, the attendees were Haven-O'Donnell, Slade, Lavelle, Dear, Stidham, Andrews, Wilson. The subcommittee discussed OWASA's response to first meeting's questions; the need to invite a representative from NC Division of Water Resources; expressed concern with OWASA's business model; and expressed concern with OWASA's lack of budgetary information associated with allocation, transport, and construction costs

On August 22, the attendees were Haven-O'Donnell, Slade, Lavelle, Dear, Stidham, Andrews, Wilson. The subcommittee received a report from Tom Fransen, a rep. with the NC Division of Water Resources; discussed speaking with the Environmental Management Commission to suggest a rule change that would include a Jordan Lake allocation for emergency use only; questions arose related to Orange County's 1% allocation; the quality of the environment around Jordan Lake; WSMBA language related to emergency allocation; and Agreements between OWASA, Durham and Cary.

On October 2, the attendees were Haven-O'Donnell, Slade, Lavelle, Dear, Stidham, Kerwin, Holland, Davis, Andrews, Wilson. The OWASA staff discussed their need to convert to level 1 ASAP; the subcommittee discussed conservation concerns; subcommittee asked OWASA about speaking to the Environmental Management Commission re: Emergency Allocation Rule Change; discussed SUP/CUP opportunities for retrofit/water efficiency conversations.

On October 9, the attendees were Haven-O'Donnell, Slade, Lavelle, Dear, Stidham, and Wilson. The subcommittee began drafting a report summary for the Board of Aldermen. This continued at meetings on October 16 and October 23.

Identified Areas of Importance

Out of these meetings, the subcommittee identified three areas of importance and ongoing discussion:

1. the pursuit of a Level I allocation (and if necessary, pursuing a change in the administrative rules regarding the Level I allocation)

2. ongoing concerns with the current DROP protocol and its relation to necessary changes to WSMBPA
3. enhanced conservation (expanding programs, infrastructure, possible Conservation Task Force)

Here is more factual detail about these three areas:

Pursuit of a Level I allocation:

A draw of water has to be charged to a system with a Level I allocation.

NC Division of Water Resources (DWR) staff has made it clear that any withdrawal from Jordan Lake-whether for ongoing or emergency needs must come from a Level 1 allocation (NC DWR currently does accounting only when water reaches a specific level), and Durham and Cary staff have made it clear that any water from Jordan Lake that is sold to OWASA must come from OWASA's own Level 1 allocation.

Money expended to start the administrative process for Level 1 allocation is reimbursable.

Level 1 is reviewed for reassignment if the recipient does not begin to withdraw within five years of receiving the allocation. OWASA interprets this to be "intend" to draw water within five years and has said they will argue this to DWR.

The difference between Level 2 and Level 1 is that Level 2 is allocation, while Level 1 is allocation and intent to withdraw within five years. OWASA is concerned that by not applying for a Level I Jordan Lake allocation to the EMC staff, which is an administrative process, they will have a weaker claim for allocation in the next Jordan Lake allocation. This round that is coming up is the 4th round of allocations that has made in the history of the allocations. Applicants must submit draft applications by February 1, 2013 and final applications by May 1, 2013. EMC will make decisions at their September 11, 2014 meeting.

Jordan Lake water that comes to OWASA is finished water from Cary. If it comes from Durham, it is finished water from Cary. OWASA has not finished doing the financial and logistical research toward understanding the full commitment and cost required if it is to rely on Cary and Durham for water transfer. For example, to what degree does OWASA expect to contribute towards Cary's infrastructure?

OWASA's need for Jordan Lake water is unique in that its use is to supplement the water supply under emergency purposes (as defined in WSMPBA) such as major system disruptions or major drought. OWASA has a different need compared to other Jordan Lake partners who use Jordan Lake as part of their primary water supply. OWASA is reluctant to engage in rule change process that could better reflect the nature of OWASA's need for use of Jordan Lake during emergency times.

If OWASA's application is rejected, or if OWASA decides not to go forward under the current rules, OWASA might consider pursuing an administrative rule change.

Administrative rule changes can take many years; there is a possibility of getting rejected in the upcoming 4th round and not having begun the process.

DROP Protocol

OWASA staff has indicated that these discussions are ongoing. OWASA is aware of the subcommittee (and Board of Aldermen's) concern with the level in the DROP at which the OWASA Board of Directors is authorized to consider using water from Jordan Lake.

OWASA staff says that DWR staff has indicated support for OWASA's concept of "using" Jordan Lake Level 1 allocation as an integral part of their long-term water supply and drought response plan.

To implement the DROP protocol WSPBA must be changed to allow use of Jordan Lake water during "non-emergency" times.

OWASA currently can withdraw water from Jordan Lake for emergency use (by debiting Cary's allocation). The change to the DROP would allow OWASA to withdraw water from Jordan Lake to reduce water supply risks.

OWASA does not have a sense of where they are in the hardening effect, the point at which conservation becomes too costly.

Enhanced Conservation

The subcommittee wanted to further explore ways that OWASA could encourage and attain more water conservation, and ways that the Town may review its policies toward this end, including its Land Use Policy and permitting procedures. Other opportunities may include cisterns, water catchment systems, water reclamation and reuse, and other best practices. The subcommittee recommends consideration of establishing a Conservation Task Force.

Further Points to consider

OWASA has achieved a significant amount of customer demand reduction in part from having implemented water conservation measures during times of drought. OWASA does not know the degree of this effect because other conservation measures occurred at the same time and OWASA claims that these are impossible to distinguish.

To the extent that Jordan Lake water supplants the cause underlying conservation measures required from customers during times of drought, the long term effect from conservation measures of reduced consumption by customers is forgone.

OWASA does not know the degree to which the effect from conservation measures has contributed to long term reduced water consumption. Water conservation represents an

alternative to capacity expansion. Without knowing the degree of its effects and by diminishing those effects through Jordan Lake water transfer relief, we may be missing a means to both reduce pressure on our capacity and achieve further virtual supply capacity expansion (demand reduction).

Next steps

The subcommittee would like to ask the Board of Aldermen to consider these areas of concern and provide comments/guidance to OWASA.

