

*Lake Norman, along the Catawba River*

## Our History

Charlotte-Mecklenburg Utilities was formed in 1972 when the City of Charlotte and Mecklenburg County combined water and sewer systems. Consolidation continued during the 1980s, when Utilities entered into operating agreements with and accepted water/sewer assets from the towns of Huntersville, Davidson, Cornelius, Mint Hill, Matthews and Pineville.

Our service area is generally considered to be Mecklenburg County; however, we have some mutual agreements with adjoining counties for water and wastewater services.



## The System

The Charlotte-Mecklenburg water & sewer system includes:

- two drinking water intakes from impounded lakes on the Catawba River (Lake Norman and Mountain Island Lake)
- three water treatment plants
- five wastewater treatment plants
- 74 sewage lift stations, and
- a whopping 7,871 miles of water and sewer pipe countywide.

All told, our community's water and sewer infrastructure carries a net book value of \$2.8 billion.

## Advisory Committee

The Utilities Advisory Committee is comprised of seven members representing neighborhoods, civil engineers, water-sewer contractors, financial experts, real estate developers and the Mecklenburg towns. The Advisory Committee is charged with reviewing all:

- Capital Improvement Programs
- Proposed changes in the method for determining water and sewer charges; and
- Proposed changes in the policy for extending water and sewer service.



# State of the Utility Report 2009

Water brings Charlotte to life, and a high-performing, well-managed water & sewer system is essential to the continued health, safety and economic vitality of our community and environment. This report summarizes key highlights and challenges faced by Charlotte-Mecklenburg Utilities during the fiscal year ending June 30, 2009.



Despite a year of continued drought and economic downturn, Charlotte-Mecklenburg Utilities has stayed true to its promise of delivering *Clean Water For a Healthy Community*. During 2008, more than 36 billion gallons of premium-quality

drinking water were treated and distributed to citizens, while 29 billion gallons of wastewater were safely collected, treated and recycled back into our local waterways.

## Clean Water in The Queen City—Count On It!

Now more than ever, Utilities customers can rest assured their drinking water is safe and affordable. During May 2009, Utilities delivered its annual **Water Quality Report** to every mailbox in Mecklenburg County, and as usual the news was outstanding. Testing results for 2008 showed Charlotte-Mecklenburg's tap water quality remains well within stringent safety standards set by the U.S. Environmental Protection Agency (EPA) and State of North Carolina.



In fact, all three of Charlotte-Mecklenburg's drinking water plants earned the state's elite **Area Wide Optimization Program award** in February 2009, which recognizes a consistently higher level of plant performance that exceeds purity goals. Only about 10 percent of surface water treatment plants in the state achieve this recognition.

## Protecting The Environment

Citizens can also be assured of the Utilities commitment to a safer environment. Four of the community's five **wastewater treatment plants earned awards for protecting water quality** from the National Association of Clean Water Agencies. These awards are based on outstanding compliance with plant discharge permit requirements. City-operated plants have earned these awards during each of the past seven years that entries have been submitted.



*Environmental Services Facility*

## First Green Building

Our commitment to protecting the environment goes far beyond water quality. In May 2009, the utility's **Environmental Services Facility** on Westmont Drive was officially dedicated, representing Charlotte City government's first LEED Gold-Certified building. This facility serves as home base for water quality laboratory and Environmental Management staff, and is built and equipped with conservation-minded and certified sustainable materials. Throughout the utility operation, paper and can recycling programs have been implemented. Work teams are increasing use of fuel-efficient and hybrid vehicles at plant sites and in the field, and the utility is currently pursuing grant funding to develop biodiesel fuel sources with ordinary cooking grease.

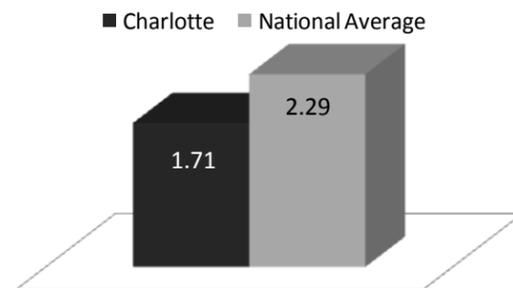
## Value, Efficiency & Service

As a customer-supported operation, Utilities remains dedicated to keeping vital drinking water and wastewater services affordable. **Water and sewer rates remain among the lowest** when compared regionally and nationally, and Charlotte-Mecklenburg is one of only several utilities to maintain a **AAA bond rating** from multiple lending agencies—a hard-earned designation that keeps lending interest rates low, so that water/sewer rates can stay that way, too.

*One dollar buys 516 gallons of drinking water in Charlotte-Mecklenburg!*

Utilities is continuously striving to remain efficient. During the past 15 years, more than **\$12.5 million in utility costs have been reduced or avoided by competing** against the private sector to provide specific water-sewer services, or by **benchmarking** against the private sector or our own **optimized** work areas. Multiple technology improvements are under way to improve service and cut costs through development of programs like **Services Suite 8**. This real-time electronic service order system was activated in late 2008 and has already resulted in faster, more efficient response to citizen requests for service.

Employees Per 1,000 Water Customer Accounts



## Drought & Economic Challenges

The entire community breathed a sigh of relief in April 2009, when drought conditions improved sufficiently to justify the **lifting of outdoor water use restrictions** for the first time since August 2007. The City and basin-wide conservation effort during the most severe drought on record was a remarkable success story that brought different challenges. Just as we anticipated, the prolonged drought and restrictions inevitably **changed water use habits and reduced operating revenues**. During the past year, Utilities staff and the Advisory Committee invested significant time researching and developing alternatives that could help stabilize incoming utility revenues during future times of severe drought and water use restrictions.



## Adjusting Strategies

Even as the drought eased out of its most critical phase in 2008, economic turbulence in the Charlotte region increased. To date, both new water/sewer connection revenues and annual growth in new accounts continue coming in lower than in recent years.

These and other **changes to our community's growth patterns** signal clear implications for future water and sewer capital improvement planning and financing. More than half of Utilities annual expenses are currently applied toward debt service for past, present and future capital improvement project design & construction. One of the utility's key challenges moving forward will be **adjusting capital and debt financing strategies** to match rapidly-changing economic shifts and future water-sewer building needs in our service area.

## Sewer Overflows

Overflows from the sanitary sewer system are an ongoing challenge in Charlotte-Mecklenburg. The utility steadily continues its maintenance program and other comprehensive **spill prevention strategies** in compliance with a federal EPA Administrative Order to reduce spills. We have seen some success, with a 14 percent decrease in spills during FY08 compared to the previous fiscal year.



*Sewer Line Cleaning*

## Managing Resources

Just like other services in the public and private sector, Utilities has found it necessary to make tough decisions during the past two years to **reduce operating expenses and defer capital projects** for awhile. The 5.2 percent water & sewer rate increase request approved by City Council in June 2009 represented more than a 50 percent reduction from the original increase projection. A continued hiring freeze and other reductions and adjustments will continue as needed, and some services will be impacted. However, customers can have confidence that *we will not compromise safety or water quality* at any time, no matter the cost.