



WASTEWATER REGIONALIZATION EVALUATION FOR THE TOWNS OF SPINDALE AND RUTHERFORDTON

The Path to Long-term
Sustainability



BACKGROUND

- Update to 2104 regionalization study prepared by WK Dickson
- Focused on evaluating regionalization/merger options for Town of Spindale and Town of Rutherfordton including consolidation with Broad River Water Authority (BRWA)
- Focus on compliance, infrastructure investment, financial viability, and affordability
- Addition of emergency resiliency and response after Hurricane Helene
- Impacts of changing infrastructure funding environment

REGIONALIZATION EVALUATION

- Both the Spindale and Rutherfordton systems have made significant and continuous improvement in operation, infrastructure investment and financial management since the last evaluation. Their partnership with each other and BRWA is already a regional success story.
- In the short term there is no obvious driver to push consolidation after looking at current rates, projected growth, unserved areas, known economic development opportunities. By receiving grant money for WWTP upgrades, Rutherfordton was relieved of rate impacts of improvement which would likely have changed the financial evaluation.
- However, the status quo will likely result in a continuation of substantial rate increase for both utilities that will ultimately create affordability issues for customers. Affordability issues often lead to collection issues or additional service population decline which puts further stress on rates.

REGIONALIZATION EVALUATION (CONT.)

- Due to increasing costs and the expectation of reduced funding opportunities, continuing to move towards regional consolidation is the most viable long-term solution and is strongly supported by the state.
- Consolidation would gain economies of scale especially on the operating side requiring approximately 60% of the staff required by two separate utilities.
- A combined utility could be created under BRWA as a separate wastewater fund without impacting current water customers or substantially impacting the current financial position of BRWA and could incorporate Cliffside Sanitary District with minimal impact dependent upon initial state grants for upgrades.

NEXT STEPS

- Continue to explore partnerships while working towards regionalization
 - *Staff sharing*
 - *Combined purchasing*
 - *Interconnection and agreements to improve efficiency of both systems*
- Prepare for future emergencies
 - *Develop integrated countywide emergency response plan for utilities*
 - *Identify infrastructure upgrades and connections for resiliency and seek funding*
 - *Consider joining WaterWarn*
- Move towards full consolidation with BRWA to leverage the existing strengths of the partners – Spindale’s proactive investments and planning, Rutherfordton’s short-term financial health, and BRWA’s established governance and stability.

NEXT STEPS (CONT.)

- Form a Joint Working Group to in the interim identify and promote increased partnership opportunities and to eventually oversee the consolidation process (to address key components including communication, capital planning, rates, organizational structure, human resources, and operations). This will establish consensus on increased collaboration and critical consolidation issues.
- Negotiate any necessary agreements to facilitate the merger and coordinate with the Local Government Commission
 - *Transferring of assets and property*
 - *Transferring of debt*
 - *Transition timeline*
- Complete the initial Rutherfordton asset inventory and assessment

NEXT STEPS (CONT.)

- Develop a unified capital improvement plan based on updated and combined Spindale and Rutherfordton information
- Work with the Division of Water Infrastructure to secure funding to support consolidation activities including state and federal funds for necessary infrastructure upgrades to establish parity between systems and address any critical issues.
- Develop a unified rate structure and implementation schedule

QUESTIONS?

