RUTHERFORD COUNTY MUNICIPALITIES
JOINT SEWER STUDY

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EXECUTIVE SUMMARY

Rutherford County, in conjunction with the Towns of Spindale and Rutherfordton, has performed additional exploration of regional consolidation of their wastewater services as a focused update of the 2013–2014 regionalization study. Since the original study, both towns have significantly invested in their wastewater treatment plants (WWTPs) and collection systems, and they have steadily raised utility rates to fund these improvements. In addition, the two towns have continued to develop a strong working relationship through informal partnerships even though they have not moved towards formal consolidation. As a result, each town's sewer utility is stronger today than at the conclusion of the last study. Recent developments including major capital upgrades, changes in infrastructure funding programs, and extreme weather events prompted this updated evaluation of merging Spindale's and Rutherfordton's sewer systems under the Broad River Water Authority (BRWA).

KEY FINDINGS OF THIS REPORT INCLUDE:

Infrastructure Improvements

Spindale undertook a major WWTP rehabilitation (2016–2019) that modernized equipment and derated the plant from 6.0 MGD to 3.0 MGD capacity, reflecting the loss of textile industry flows. Rutherfordton likewise has secured grant funding to upgrade its 1.0 MGD WWTP, alleviating immediate capacity or compliance pressures. Both towns have continued to work to address inflow/infiltration and made collection system repairs as part of ongoing capital improvements.

Financial Pressures

Each town has incrementally increased sewer rates over the past decade to support these investments. Spindale's rates were adjusted to repay a $9 million State Revolving Fund loan (with $1M forgiveness) for its WWTP rehab. Rutherfordton's recent grants (over $5.4 million combined for water/sewer upgrades) are allowing critical projects to proceed without a near-term rate hike. Despite these efforts, maintaining two separate small utilities will likely require substantial future rate increases, raising affordability concerns for customers

Current Collaboration

The towns already collaborate informally including sharing equipment and technical knowledge which makes their partnership a regional success story even absent consolidation. There are no urgent regulatory or financial drivers forcing an immediate merger, especially since Rutherfordton's grant-funded WWTP improvements relieved what could have been a pressing financial burden. However, long-term drivers for regionalization remain, including improved economies of scale, workforce retention challenges, changing regulations and changing funding landscapes.

Emergency Preparedness

The devastating floods from Hurricane Helene (September 2024) highlighted the vulnerability of individual systems to extreme weather. Western NC saw record-breaking rainfall and flooding during Helene, including in Rutherford County (which received over 18 inches in some areas). Regional impacts included submerged roads, power outages, and inundated

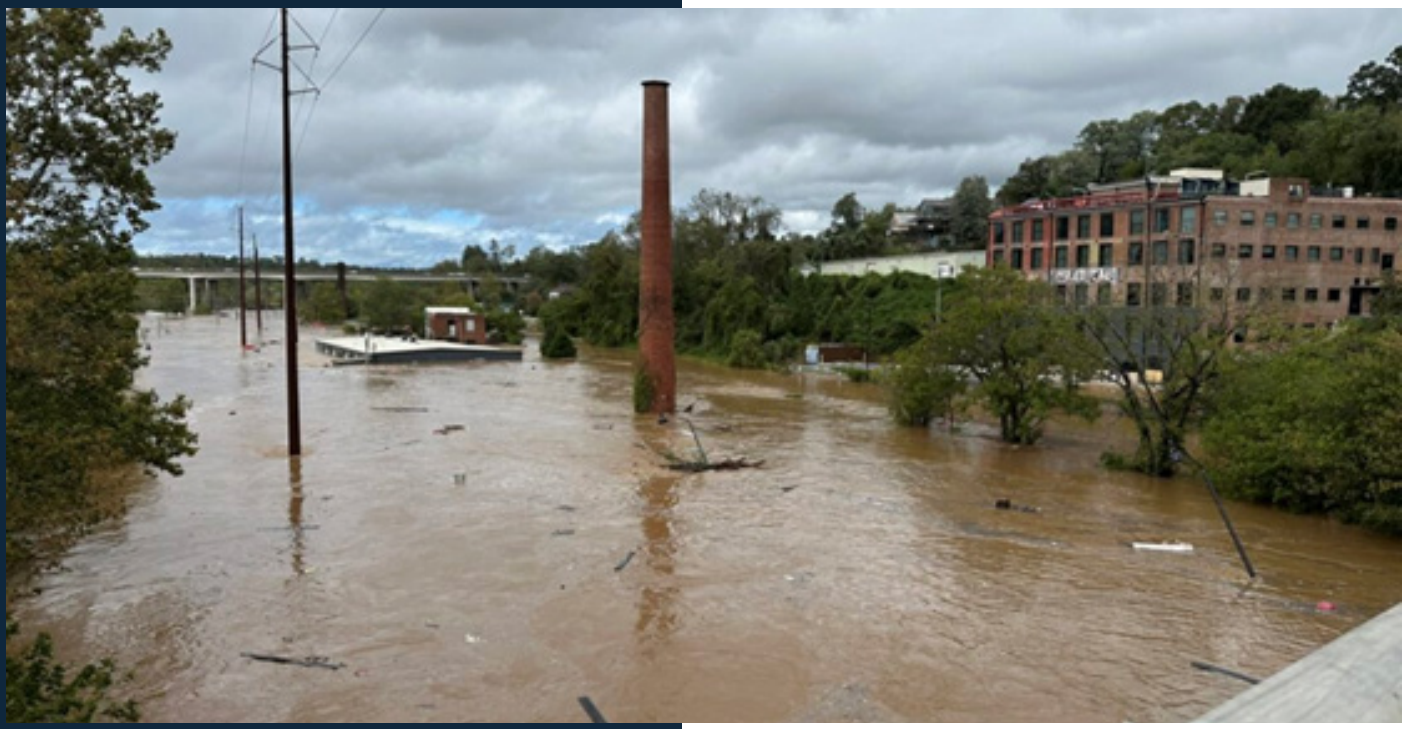


Figure 1: Major flooding during the remnants of Hurricane Helene in western NC (September 2024), which caused catastrophic inundation of infrastructure and underscored the need for resiliency in utility systems. Rutherford County communities like Lake Lure and Chimney Rock experienced severe flood damage, emphasizing that regional cooperation in emergencies is essential.

infrastructure. Figure 1 above shows an example of severe flooding in the region during Helene. These events underscored the need for shared disaster preparedness including joint emergency response planning, mutual aid through networks like NC WaterWARN, and system interconnections for redundancy.

Recommended Path Forward

This study recommends a long-term strategy of merging Spindale's and Rutherfordton's sewer systems under the existing Broad River Water Authority governance structure. Consolidation under BRWA would leverage the Authority's established regional framework, gaining economies of scale (e.g. a combined sewer utility could operate with approximately 60% of the staff of two separate systems) and broader purchasing and operational efficiencies. It would also position the towns to receive preferential funding from state programs that encourage regional solutions. The merger can be structured so that it does not negatively impact BRWA's current water customers or finances, for example by creating a separate wastewater enterprise fund within BRWA.

Future Expansion

The consolidated structure under BRWA would create a foundation to add additional partners in the future. Systems such as the struggling Cliffside Sanitary District could be incorporated once significant external grant funds address its deficiencies. (Cliffside's sewer system, identified by the state as significantly distressed, is not evaluated in detail here but is acknowledged as a potential long-term beneficiary of regionalization if grant assistance is obtained.) The recommended merger framework is also scalable, allowing other Rutherford County communities to join over time.

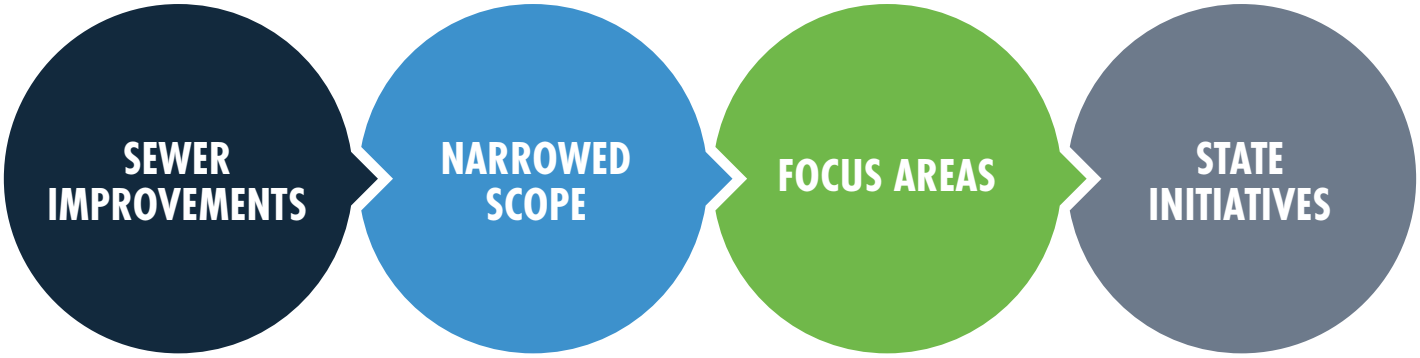
This report provides a comprehensive analysis to support these findings and recommendations. It includes technical evaluations of system capacity and infrastructure needs, assessment of administrative and management impacts, and detailed financial modeling. Benefits and challenges of various scenarios are weighed, and an implementation plan is outlined. Stakeholder engagement strategies are also detailed, with an emphasis on customer education to build public understanding and support for consolidation.

In conclusion, while Spindale and Rutherfordton have each made commendable progress independently, a unified regional sewer utility offers the most viable path to long-term sustainability. It would improve operational efficiency, enhance resiliency against disasters, strengthen the financial foundation, and potentially unlock additional funding opportunities. This report recommends that the towns, County, and BRWA take gradual but deliberate steps toward full consolidation, beginning with enhanced collaboration and culminating in a formal merger under BRWA. This proactive approach will ensure reliable, affordable wastewater services for the communities of Spindale and Rutherfordton for decades to come.

INTRODUCTION AND BACKGROUND

In 2014, Rutherford County and its municipalities commissioned a Joint Sewer Feasibility Study (prepared by W.K. Dickson & Co.) to explore options for regionalizing wastewater services. The primary focus at that time was evaluating mergers or consolidations among multiple systems including the Towns of Spindale, Rutherfordton, Forest City, Lake Lure, and the Cliffside Sanitary District. That 2014 study presented numerous alternatives for interconnecting systems and consolidating treatment plants, along with cost estimates for each scenario. It also examined management and financial structures that could enable regional wastewater service provision in Rutherford County.

Since 2014, several factors have changed, prompting an update to the regionalization analysis specifically for Spindale and Rutherfordton:



- **System Improvements:** In the decade since the original study, both Spindale and Rutherfordton invested heavily in their sewer infrastructure. These upgrades have altered the baseline conditions (capacity available, regulatory compliance status, debt levels, etc.) from those assumed in 2014. An update is needed to reflect the current state of each system and the impact on consolidation feasibility.
- **Narrowed Scope:** The broader regional consolidation involving all municipal systems has not been pursued. Instead, Forest City and Lake Lure have continued operating independently, while Spindale and Rutherfordton have drawn closer through an informal partnership and their connections through BRWA. This 2025 update therefore focuses on merger options for Spindale and Rutherfordton specifically, particularly through integration with the Broad River Water Authority's system. (BRWA already provides regional water supply to these towns and others, though it has not historically been a provider of sewer service.)
- **Focus Areas:** The updated evaluation emphasizes key areas identified as priorities by local leaders. These include regulatory compliance and permit outlook at each WWTP, needed infrastructure investments (repair, replacement, expansion) in the coming years, financial viability of each town's sewer enterprise funds, and rate affordability for residents. New topics have also been added: namely, emergency resiliency after the lessons of Hurricane Helene, and the evolving landscape of infrastructure funding opportunities at the state and federal levels.
- **State Initiatives:** North Carolina has enacted programs to address distressed water/sewer systems (e.g. the Viable Utility Reserve) and has strongly encouraged consolidation of small systems. Substantial grant funds have been made available for Merger/Regionalization Feasibility (MRF) studies including the 400,000 state MRF grant in 2022 that supported this study. The update aligns with state policy goals by examining how regional consolidation could improve long-term utility health. The NC Division of Water Infrastructure (DWI) actively supports such efforts, often with better funding terms for regional projects.

The methodology for this report involved collaboration with town and county staff, data collection on system performance and finances, and the development of an updated utility financial model. Key tasks included assessing current WWTP

capacities and flows, identifying capital improvement needs (through documents like Rutherfordton's Spindale's Capital Improvement Plans and asset management programs), and modeling 10-year projections of expenses, revenues, and rate requirements under different scenarios (status quo versus consolidation). Stakeholder input was sought via meetings with town managers, county department and staff, the local council of government and BRWA leadership to ensure the recommendations account for local practical considerations.

This document is organized as a comprehensive technical and policy report. After establishing the recent history and current conditions of the Spindale and Rutherfordton systems, it evaluates the drivers for and against consolidation. Detailed analyses are provided for technical feasibility (infrastructure compatibility, capacity, I/I issues), administrative and staffing implications, and financial impacts. The report then outlines specific consolidation scenarios including a section on long-term benefits and challenges. Finally, the report offers a recommended strategy, an implementation timeline, and guidance on stakeholder engagement (especially customer outreach and education on consolidation).

Overall, this updated study aims to equip the Town of Spindale, Town of Rutherfordton, and the Rutherford County Board of Commissioners with a roadmap to decide on the future of their wastewater services. The goal is to ensure safe, reliable, and affordable sewer service for residents and businesses in a manner that is financially and environmentally sustainable. By comparing the status quo with potential merger under BRWA, the towns can make an informed choice that reflects both the progress already achieved and the challenges that lie ahead.

RECENT IMPROVEMENTS AND CURRENT CONDITIONS

Before considering any changes to governance or operations, it is important to document the current status of Spindale's and Rutherfordton's wastewater systems. Both towns have made major improvements since 2014, addressing many of the deficiencies noted in the prior study. This section summarizes each town's infrastructure, recent capital projects, and present performance (flows, compliance, etc.). It also highlights the financial health of each sewer utility, including rate structures and outstanding debt from upgrades.

Town of Spindale Wastewater System

Spindale operates a wastewater treatment plant originally constructed in 1970, which historically had a permitted capacity of 6.0 MGD (million gallons per day). The plant was built during the era when Spindale's textile mills generated significant industrial wastewater flows. In recent decades, however, industrial decline led to much lower flows and by 2012, roughly 90% of the textile manufacturing base had shut down. The oversized plant needed rehabilitation and right-sizing to current conditions.

WWTP Rehabilitation (2016–2019)

Spindale undertook a major rehabilitation of its WWTP starting in 2015, driven by an Asset Management Plan that ranked the project as the top priority in the town's CIP. The project's key element was to derate the plant capacity from 6.0 MGD to 3.0 MGD. This was a sensible step given that flows had dropped well below 1 MGD after industry closures. The rehab focused on the biological treatment process which split and upgraded the existing 8MG earthen aeration basin. Aging mechanical aerators were replaced with more efficient fine-bubble diffused aeration systems and high-efficiency blowers. Automated dissolved oxygen controls and SCADA integration were added to optimize treatment while saving energy. The construction required removing decades of sludge from the basin and constructing a divider wall, as well as converting part of the basin into an equalization basin for flow storage. The $9 million project was substantially completed in 2019, and the plant has been in successful operation since.

Current Performance

The Spindale WWTP is currently producing effluent well within permit limits. Present average daily flow is below 1.0 MGD, typically on the order of 0.7–0.8 MGD (approximately 25–30% of 3.0 MGD permitted capacity). This means Spindale has a significant future capacity to accommodate additional wastewater and to accommodate regionalization. The plant's updated equipment and additional equalization volume also improve its ability to handle peak inflows (for instance, during heavy rain events that cause inflow/infiltration).

Collection System

Spindale owns and maintains a sewer collection network consisting of gravity sewer lines, manholes, and pump stations that convey wastewater to the WWTP. Much of the system still consists of aging infrastructure. The town's Asset Management Plan (2012) identified key collection system projects, and since then Spindale has completed several rehabilitation projects including those for I/I reduction and pump station upgrades. Spindale's asset management program has continually been updated (with the most recent update in 2025) and is being implemented to identify and address areas of high I/I.

Spindale's sewer rates have continued to increase to maintain revenue sufficiency while implementing capital projects. The town's willingness to adjust rates to fund these improvements is a positive indicator for long-term viability.

Town of Rutherfordton Wastewater System

Rutherfordton currently operates a 3.0 MGD wastewater treatment plant with a current permitted capacity of 1.0 MGD (with an additional flow sheet for 3.0 MGD). This WWTP handles the flow from Rutherfordton's residents, businesses, and some surrounding areas just outside town limits. In 2014, this plant was noted as needing upgrades to improve treatment reliability and possibly expand capacity if regional flows were added. Over the past few years, Rutherfordton has successfully pursued funding to address needed upgrades.

Recent WWTP Upgrades

Rutherfordton secured significant grant funding in 2023–2025 to modernize its WWTP. The Town was awarded over $5.4 million in state and federal grants for sewer and water improvements, of which a large portion is designated for WWTP upgrades. According to the Town's FY2026 budget, these grants will fund major sewer improvements

without requiring utility rate increases. This is a critical update since the completion of the initial study and the start of this evaluation since it means that Rutherfordton can undertake necessary WWTP capital projects while avoiding an additional debt service and rate impact to customers. Their use of grant funds has at least temporarily reduced financial pressures that could have pushed them towards regionalization in the near-term.

Flows and Capacity

Current flow at Rutherfordton's WWTP averages around 0.4–0.5 MGD, or roughly 40–50% of its 1.0 MGD capacity, under typical conditions. The WWTP has remaining capacity for Rutherfordton's own growth and could accept additional flow in an emergency or as part of a regional scenario that serves additional areas (such as the nearby Town of Ruth who is interested in providing public sewer). However, if Rutherfordton were to take on all of Spindale's flow (or vice versa), the current 1.0 MGD flow capacity would be insufficient and even the 3.0 MGD flow sheet could limit long term regional growth opportunities.

Rutherfordton's collection system includes a network of gravity sewers and pump stations. The 2014 report identified a concept to connect Rutherfordton's system to Spindale's via a new force main from the WWTP site, including tying in the Thunder Road force main along the way. While that specific interconnection was not built, Rutherfordton has maintained its system and has continued to address problem areas of I/I through repairs. The Town was recently approved for a Wastewater Asset Inventory and Assessment (AIA) grant. The AIA will map and evaluate the condition of its sewer infrastructure, identifying a prioritized Capital Improvement Plan. It is expected that the AIA's recommendations will identify the need for increased capital spending to tackle aging sewer lines and reduce I/I which would put upward pressure on rates, absent outside funding.

Financially, Rutherfordton's sewer utility is currently stable, aided by grant infusion. The Town's rate structure historically featured substantially higher rates for outside customers.

In 2014, it was noted that Rutherfordton had not adjusted its rates according to a 2011 financial plan. Since then, the Town has implemented several rate increases. Presently, Rutherfordton's average inside sewer rates are comparable to Spindale's, though Rutherfordton has a much smaller CIP and higher outside rates. Rutherfordton's recent grant awards allowed it to forego a rate increase in FY2026, but this is likely a temporary relief. As the Town looks ahead to funding AIA-identified projects and eventual debt service, it is anticipated that there will be a need for further rate increases that could threaten affordability for some customers.

Operational Collaboration

It should be noted that even without formal consolidation, Spindale and Rutherfordton have a strongly collaborative relationship. They share certain resources informally such as coordinating on sewer line maintenance or assisting each other during equipment failures. Both towns are also represented as part of the Broad River Water Authority (which supplies their drinking water), providing a precedent for regional coordination. Local officials often cite this existing partnership as evidence that a regional approach can work. Indeed, the updated study acknowledges that their partnership with each other and BRWA is already a regional success story, providing a strong foundation that can be built upon for further consolidation of sewer services.

In summary, Spindale and Rutherfordton today have continued to invest in their systems and manage their finances responsibly. Spindale's plant has recently been upgraded and Rutherfordton's is in the process of being upgraded with grant support. Each has taken steps to rehabilitate their collection systems, though additional ongoing investment is needed due to age and condition. Financially, each town has demonstrated willingness to raise rates as needed. These factors set the stage for evaluating a consolidated future where the towns have stronger systems than a decade ago but also face shared challenges that may be better addressed together.

ONGOING CHALLENGES AND DRIVERS FOR REGIONALIZATION

Despite the progress made by Spindale and Rutherfordton independently, they face a common set of challenges going forward. These challenges serve as drivers to seriously consider regional consolidation as a proactive solution. The major issues include:

- **Cost of Continued Operations:** Operating two separate neighboring sewer systems is inherently inefficient. Each town must fund its own administration, operations, maintenance crew, equipment, etc. There are fixed costs that each utility bears despite their small size. As regulatory requirements grow more complex (e.g. stricter nutrient limits and collection system mandates), the cost to comply can strain a small utility's budget. By consolidating, the combined entity can eliminate duplicative functions and achieve economies of scale (e.g. one management team, one permit reporting system). A merged operation could function with approximately 60% of the staff that the two separate utilities require. These savings would directly reduce operating expenses, helping stabilize rates.

- **Future Capital Needs:** Both towns have long lists of capital needs. Rutherfordton's AIA grant funded project will likely identify sewer lines and pump stations in need of rehabilitation or replacement in the next 5–10 years. Spindale continues to develop and implement its asset management program, specifically with ongoing system rehabilitation and replacement. Funding these needs will be challenging given the size of the utilities. If separate, each town must individually apply for grants/loans and compete statewide. If combined, a larger regional utility might qualify for more funding and achieve higher priority scores on applications (because of regional impact and economies gained). Moreover, some projects could be optimized in a merged scenario which could be more cost effective overall (such as consolidation into a single treatment plant). In addition, the Division of Water Infrastructure has shown an interest in funding projects that facilitate regionalization, and their involvement should be a key consideration during the implementation of any consolidation.

- **Rate Pressures and Affordability:** A critical driver for future planning is the projected impact on customer rates. Preliminary financial modeling indicates that to cover rising operating costs, debt service, and new capital expenditures, each town will likely need to implement annual rate increases well above inflation for the foreseeable future. Compounded over a decade, sewer bills could increase by 50% or more, which raises concerns about affordability for low-income households. High sewer bills can lead to customer bill payment issues and resistance from industry and business customers. Both Rutherfordton's and Spindale's leadership have recognized that these continued rate increases will result in strain on their customers. Consolidation can help mitigate this by spreading costs over a larger customer base and capturing the cost reductions previously mentioned. Also, a unified entity can accommodate the design a more equitable rate structure (potentially with lifeline rates for basic usage) that might not be feasible for a smaller system to implement. Essentially, regionalization offers a path to rate stability that while both towns will likely face increases either way, the combined scenario is expected to result in lower cumulative rate increases than the sum of separate ones, due to shared savings and better funding.

- **Demographic and Economic Trends:** Rutherford County's population growth is relatively modest. The two towns are not experiencing significant expansion and in fact, some areas have seen stagnant or declining population over the past decade. A limited growth in customer base means each system can't rely on new revenue from development to offset costs. By joining forces, the towns effectively enlarge the customer base, creating a more robust service area. A larger regional utility may also have more additional opportunities to attract economic development. For example, a business considering the region may be assured by a consolidated utility's capacity, versus dealing with separate smaller systems. Regional branding of utility service could thus support economic development goals.

- **Regulatory Environment:** Environmental regulations continue to evolve. Small WWTPs often face difficulty in meeting stringent limits (for nutrients, metals, etc.) without expensive upgrades. Regulators at NC DEQ and the EPA tend to look favorably on regional approaches that reduce the number of discharge points and put resources under consolidated management. DEQ has explicitly supported regional consolidation as a policy, incorporating it into the priority criteria for funding. Being proactive by moving toward regionalization could position Spindale and

Rutherfordton advantageously if new rules (like potential tightening of effluent limits in the Broad River basin) come into play. Additionally, NC's System-Wide Municipal Wastewater Collection System Permit requirements are easier to meet with robust GIS mapping, monitoring, and maintenance programs which are more feasible for larger systems to implement and maintain.

- **Operational Resiliency:** Workforce challenges are also an important driver. Utilities of all size are struggling with recruiting and retaining qualified staff. Small utilities often struggle to recruit and retain highly qualified operators, engineers, and managers as they compete with larger systems which tend to be able to offer better pay, specialization opportunities, and career growth. Similarly, Spindale and Rutherfordton each have either a small staff running their sewer systems or in the case of Rutherfordton rely on contract operations which tends to be more expensive and may offer lower level of service than in house staff. By pooling staff under one organization, they can ensure coverage and depth of expertise (e.g. one lab analyst, one maintenance crew, serving both, instead of each having minimum coverage). Furthermore, cross-training and sharing of specialized equipment (e.g. sewer vacuum trucks, CCTV inspection cameras) can be optimized. The towns already do some of this informally however a merger would formalize and enhance it. The outcome would be improved reliability and capacity to respond to issues (e.g. one utility can send more personnel to fix a major line break than either could alone).

- **Emergency and Disaster Response:** The impact of Hurricane Helene brought infrastructure resiliency and emergency response to the forefront in Western NC. While Rutherfordton and Spindale were fortunate to not be as severely impacted as those communities which experienced catastrophic flooding (such as Lake Lure and Chimney Rock, which saw homes and businesses washed away), they still experienced heavy rainfall, widespread road closures, and extended power outages. Such conditions stress wastewater systems through high flows which can lead to sanitary sewer overflows, damage to critical sewer infrastructure, or loss of power which can disable pump stations and treatment units (depending on backup power and the duration of outage). Managing these emergencies is challenging for a small utility with limited staff and equipment. A regional approach can improve resiliency in several ways:

  - The towns in conjunction with other neighboring utilities can develop a comprehensive county-wide emergency utility response plan, coordinating resources for storms.
  - They can invest in interconnections or bypass capabilities so that if one WWTP is down or one sewer system in impacted, some flows may be diverted to another location.
  - Access to disaster relief funding may also improve since larger entities often have more resources to pursue FEMA or state disaster funds post-event.

  The bottom line is that severe weather events are increasing in frequency/intensity and shared preparedness is becoming critical to deal with these emergencies.

- **Future Inclusion of Other Systems:** While outside the immediate scope, it is worth noting the possibility of expanding regional service to currently unserved or separately served areas. For example, the Cliffside Sanitary District could be incorporated into the new regional entity. Likewise, nearby communities such as the Town of Ruth or rural areas with failing septic systems could potentially be served over time. By moving toward a regional authority now, Spindale and Rutherfordton can create a framework that can adapt to such opportunities, while leveraging state support. NC DWI has indicated that utilities pursuing consolidation that eventually bring distressed systems into the fold may receive preferential assistance. This could potentially unlock additional grant funding earmarked for aiding the eventual inclusion of places like Cliffside and for improvements to the existing towns' infrastructure. If the towns remain separate, that coordinated strategy may not be an option.

In summary, the drivers for regionalization are multi-faceted and include economic, regulatory, operational, and strategic. The challenges of high costs and looming rate increases are perhaps the most immediately compelling, as both town boards are sensitive to the burden on their citizens. The concern that the current way of operation may make sewer service increasingly unaffordable in the coming decades is a strong incentive to find a better way. In addition, the benefits of scale in operations, improved emergency resilience, and alignment with state funding priorities all strongly favor the regional approach. The question is not whether these issues will need to be addressed but how to best address them and when they must be addressed before the worst of the impacts can be avoided. The next sections of this report delve into how consolidation could address these challenges and what it would entail from technical, administrative, and financial perspectives.

TECHNICAL EVALUATION OF CONSOLIDATION

A critical component of this study is the technical feasibility of consolidating the Spindale and Rutherfordton wastewater systems. This involves examining the infrastructure connections needed (if any), capacity to handle combined flows, and strategies to manage inflow/infiltration across a unified system. It also considers how the two WWTPs might operate in tandem or whether one could eventually be retired. The technical evaluation is concerned with the optimal approach both in the near-term and long-term.

Infrastructure and Capacity Analysis

Current Configuration

Currently, Spindale and Rutherfordton's sewer systems are separate and not interconnected. Each town collects and treats its own wastewater at its respective WWTP. The two plants are approximately 5 miles apart which makes an interconnecting force main feasible but would require pumping and would come at a significant cost.

The 2014 study examined multiple alternatives for physical consolidation. One primary option was pumping Rutherfordton's flow to Spindale's WWTP (Alternative D in 2014, estimated then at approximately $5.17 million). This option included installing a new pump station at Rutherfordton's WWTP site and constructing approximately 26,000 feet of 14-inch force main to convey flow to Spindale's plant. It also entailed potential upgrades at Spindale's plant to handle the added flow, and conversion of Rutherfordton's existing aeration basins to equalization storage for peak flows. The estimated cost (circa 2014) for that full integration was approximately $16.4M. Notably, since then Spindale has made upgrades to its plant and Rutherfordton is upgrading its headworks and basins which could serve as EQ if repurposed. While the necessary infrastructure would be less than earlier estimates, the cost of construction has increased by over 70% since 2014 and the total costs would still be well over $10 million.

Physical Interconnection Scenario

Given current treatment capacities and the capacities of receiving streams, a long-term consolidation option could be to utilize Spindale's WWTP as the primary regional plant, with Rutherfordton's WWTP potentially converted to a satellite role (either decommissioned entirely or used for pre-treatment and flow equalization).

Combined average daily flow of the two towns is roughly 1.3 MGD which is about 43% of Spindale's current derated design capacity. Even allowing for moderate growth and peak flows, Spindale's facility could accommodate both with minor modifications. Spindale's equalization basin provides a buffer for peak flows above 3 MGD and the 2019 rehabilitation installed new blowers and diffusers.

Interim Operations

However, physical interconnection is not required for successful utility consolidation. The towns could merge governance and management and still operate two WWTPs. Based on the potential to serve additional areas and to provide maximum flexibility to accommodate future economic development, especially considering the upgrades that Rutherfordton is undertaking, the current recommendation is to keep both plants in operation until after completion of organizational consolidation. This will allow for further planning and an evaluation of the inclusion of other utilities. Eventually, economic analysis would guide whether to invest in maintaining both WWTPs or consolidation into one.

Pump Stations and Collection Improvements

As part of technical integration, the combined utility should assess the entire collection system holistically. This includes optimizing pump station operations and service areas. Areas between the towns that are currently unsewered could be more readily served by an expanded regional collection system. Technical planning for the merged system should include a unified and updated GIS map of all sewer infrastructure that includes asset inventory and condition assessment information based on recent updates to the Spindale asset management plan and work being completed for Rutherfordton as part of their AIA grant (current combined GIS maps including BRWA can be found in the appendix). The composite GIS and model can simulate combined flows to ensure gravity mains won't be over capacity and to evaluate the risk and likelihood of failure of sewer system assets based on condition information. This evaluation should be used to develop a combined system capital improvement plan and used as part of additional financial modeling to determine revisions to rate structures.

In summary, the technical evaluation finds that consolidation can be achieved without physical interconnection, but a future connection is technically feasible with conventional engineering solutions. Spindale's WWTP has adequate capacity to serve as the main regional treatment facility

and Rutherfordton's WWTP can be transitioned to a pump station/equalization site if desired. A new force main of approximately 5 miles is the primary infrastructure required to physically connect the systems. Both towns' collection systems will benefit from integrated planning, and no unusual technical challenges are expected in merging operations. The capital cost for interconnection, though significant, may be justified by the long-term savings of not running two plants indefinitely. The next sub-section examines the important issue of Inflow & Infiltration (I/I), which is closely tied to technical capacity and must be managed in any scenario.

Inflow & Infiltration (I/I) Mitigation Considerations

Inflow and Infiltration (I/I) refers to extraneous water that enters the sewer system from either direct source like roof drains or stormwater connections (inflow) or through cracks in pipes and manholes (infiltration). Excess I/I is problematic because it consumes treatment capacity and can cause sewer overflows during rain events, all while not being revenue-generating (it's not metered water usage). Both Spindale and Rutherfordton, like most older systems, experience I/I to some degree. Regional consolidation does not eliminate I/I issues, but it can help coordinate a more efficient response to them.

Current I/I Status

Neither town is currently under any special consent order for I/I, indicating that while they have some challenges, they are managing within permit allowances (e.g. no chronic Sanitary Sewer Overflows). Both Spindale's and Rutherfordton's recent plant data shows peak day flows spiking on heavy rain days but does not seem to be causing any significant treatment challenges at current average flows. Given the age and known condition of both systems they likely have significant infiltration however that is expected and can be improved.

Unified Strategy

Under a consolidated utility, a unified I/I reduction program can be better implemented. This would involve conducting flow monitoring throughout both towns to identify I/I hotspots and by using techniques like smoke testing and CCTV camera inspections in targeted areas. Rehabilitation (lining, pipe replacement, manhole sealing) can then be used in those areas across the combined system where it yields the highest impact for the investment.

The advantage regionally is that resources can be allocated where they are most needed and have the biggest impact regardless of town boundaries. For example, if Rutherfordton's lines along a creek are contributing a lot of infiltration, the authority could focus rehab dollars there one year and if Spindale has an old, vitrified clay main in another area with high inflow, that could be next. The combined CIP would optimize I/I reduction to benefit the whole system's capacity.

Reducing I/I is especially important if flows are to be conveyed to a single plant. While Spindale's plant can handle combined average flows, extreme wet-weather flows need to be kept within what the infrastructure can manage (with EQ basins assisting). It's often more efficient to stop the water from entering the system than to build additional equalization tanks or oversize pipes and pump stations which are more expensive to maintain long-term. Thus, an aggressive I/I program is recommended as part of the consolidation plan. Both towns have already been doing work to address I/I but this would allow for projects overall to be more effective.

Regulatory Mandates

The EPA and NC DEQ encourage capacity assurance programs and may, in the future, require municipalities to address I/I under the CMOM (Capacity, Management, Operation, Maintenance) framework. A regional utility would be well-positioned to implement a CMOM program comprehensively. A composite GIS map of all sewers with condition data and keeping it up to date is a foundation for CMOM. It allows tracking of pipe age and material, past SSOs, etc. The 2014 study emphasized updating GIS mapping with greater accuracy and attribute data to meet EPA guidelines. Spindale has continued to implement their asset management program while Rutherfordton is starting to do initial development. As part of the merger, additional investment in GIS and asset management software to track I/I abatement progress should be considered.

Financial Impact of I/I

By reducing I/I, the treatment plant loading (and thus costs) can be reduced. For instance, if infiltration is diluting wastewater, the plant expends energy to treat essentially clean water. Also, capacity freed up by I/I removal is capacity that can be used to serve new customers without building new infrastructure. This can also postpone the need for expansion or allow additional connections (more revenue) without new plant construction.

Shared Equipment and Crew

A regional entity can have a dedicated I/I crew or contract for services more effectively. They might purchase a high-definition sewer camera truck or a dedicated grouting rig, which each small town alone might not afford or fully utilize year-round. The combined utility could either bring these in-house or have stronger negotiating power in contracting firms to do the work.

In conclusion, addressing I/I is a key part of the plan for consolidation. The recommendation is to incorporate a formal I/I Mitigation Program in the first 5 years of the merged utility's operations. Specific strategies include completing the Rutherfordton AIA project and development

of a prioritized unified Capital Improvement Plan (CIP) that includes sewer rehabilitation projects from both towns, seeking state and federal funding for sewer line rehabilitation, and tracking progress and system metrics (plant flows, SSOs, etc.) to evaluate program efficacy.

By proactively reducing I/I, the combined system will perform better, and customers will benefit through avoided costs and improved service reliability. Therefore, I/I mitigation is a cornerstone of sustainable regional operations.

Emergency Resiliency and Disaster Preparedness

One of the elements added to this study's scope is evaluating emergency resiliency in light of recent events such as Hurricane Helene. This section covers how a consolidated utility could improve preparation for, response to, and recovery from disasters affecting wastewater infrastructure.

Lessons from Hurricane Helene (2024)

Helene's remnants dropped unprecedented rainfall on Rutherford County and surrounding areas. While Spindale and Rutherfordton did not suffer complete WWTP inundation, they were indirectly impacted by region-wide infrastructure failures. Power outages were widespread (Duke Energy reported over 700,000 customers out in NC at peak) and there was significant flooding of roads that cut off access routes. Both systems did a commendable job of maintaining operations and compliance, but it was a stress on equipment, facilities and staff. A regional approach could coordinate staff staging and sharing if, say, one town's crew can't reach their plant but the other town's crew can, they could cover each other. Having a unified emergency communication protocol (e.g. radio systems or satellite phones for key utility staff) could ensure continuous coordination. Helene caused multiple water treatment issues in WNC, but for wastewater specifically, high river levels can back up outfalls and slow discharge. If one plant's outfall is flooded, it might be useful to have a connection to another system's outfall as a contingency.

Resiliency Planning

This report strongly recommends that the County, BRWA, and the towns develop an integrated emergency response plan. Elements of this plan include ensuring that all critical pump stations and treatment facilities have flood protection to the extent feasible (e.g., elevate controls, waterproofing based on updated flood levels), ensuring all critical assets have adequate backup power, identifying strategic interconnections between systems (beyond sending full flows to a single plant) to provide additional redundancy, and creating an emergency bypass pumping plan that could move sewage around a failed pump station.

Joining WaterWARN is an action we specifically endorse. This network would enable the utility to call on neighboring systems or even systems across the state for help. For instance, after Helene, utilities across the state sent equipment, fuel, and staff to help Western NC utilities recover.

In sum, regional consolidation offers a clear advantage in emergency preparedness through strength in numbers and coordination. By pooling resources and creating unified plans, the towns can better weather storms and crises. The result is faster service restoration, minimized environmental impacts (fewer overflows), and better communication to the public during emergencies. This benefit might not directly show on a balance sheet, but it is invaluable for protecting public health and the environment when disaster strikes.

Having covered the technical considerations, we turn next to the organizational aspects of consolidation including how administration and management would change under a

merger, and what governance models are available.

ADMINISTRATIVE AND MANAGEMENT CONSIDERATIONS

Merging two municipal utilities under a regional authority involves changes in administration and management. This section examines how personnel, organizational structure, and management practices could be integrated. It also discusses the roles of the town governments and the Broad River Water Authority in a consolidated scenario.

Transition to Authority Management

Under the recommended option, the sewer systems of both towns would be transferred to BRWA ownership and management. The BRWA Board would become the governing body for the sewer utility (setting policies, rates, budgets) that same as they currently manage the drinking water utility. BRWA's management team (Executive Director/CEO of BRWA) would oversee sewer operations in addition to water. BRWA would likely create a Wastewater Division within its organization, headed by a wastewater superintendent or manager. The existing employees of Spindale and Rutherfordton who work in wastewater could be integrated into the existing BRWA structure. In consolidation best practices, typically employees are kept whole (i.e., they transfer with their seniority and similar pay to avoid disruption). These staff bring system-specific knowledge which is invaluable to the new utility structure. Over time, as efficiencies are realized, some roles might be consolidated through attrition (for instance, if both towns each had a lab technician, one position might suffice for both systems' testing needs in the long run). But the key is a thoughtful workforce transition plan. Given that the towns already collaborate, and have relatively small crews, integrating them under one roof can provide better career stability (they become part of a larger organization with possibly better benefits or specialization opportunities).

Administrative functions like billing are already handled by BRWA which significantly streamlines consolidation. Public communication on any changes is important (addressed in Stakeholder Engagement) but shouldn't generate any significant customer concerns based upon the current operation.

Customer Service: The authority would handle sewer service requests (e.g., sewer backups, new connections). BRWA may want to utilize additional offices in both towns to ease the transition.

Cultural Integration

A potential challenge in any consolidation is merging organizational cultures. Spindale's and Rutherfordton's public works teams have their own routines and leadership. It will be important for BRWA to foster a unified team culture among the wastewater staff. Joint training sessions, cross-training (learning each other's systems), and clear communication about the new structure will help. Given that the towns' staffs may already know each other due to their close vicinity and previous partnership this integration might be smoother than in cases where two completely disconnected and distant utilities merge.

Governance and Local Control

Administratively, one concern that often often arises is the loss of local control. Elected officials and citizens in each town worry that by handing over the sewer system to an authority, they have less direct say. However, the recommended governance model retains local influence through representation on the authority board which has proven to be a successful model for the towns and their customers. From a management perspective, decisions about day-to-day operations (such as repair priorities, personnel assignments, etc.) would be made by BRWA management rather than town managers/councils. This is beneficial in many ways with BRWA's sole focus being providing water and sewer service, whereas town governments juggle numerous services (police, fire, sanitation, recreation, etc.). By offloading sewer service to a specialized entity, the towns' leadership can focus on other civic priorities while trusting professional utility managers to handle sewer. This arrangement can also remove politics from utility management which can make long-term planning and financial decisions easier overall.

Operational Efficiencies

Under one management, many efficiencies can be realized including:

- **Staff Utilization:** As mentioned, instead of two separate on-call rosters for after-hours emergencies, one combined on-call rotation would cover both towns. Fewer people might need to be on standby any given night, and they can respond to either town's issues. Similarly, tasks such as sewer line inspections

could be coordinated if the authority uses multi-skilled workers.

- **Purchasing and Procurement:** BRWA can purchase chemicals, fuel, parts, etc., in bulk for both plants, likely at better unit prices. It can standardize equipment (e.g., use the same brand of pumps or SCADA software in both towns), simplifying maintenance. Spindale and Rutherfordton individually have limited purchasing power but together under BRWA they can issue larger contracts that attract more competitive bids.
- **Regulatory Compliance:** The authority would handle all permit reporting (DMRs, collection system reports) which reduces duplicate administrative work. One certified operator in responsible charge (ORC) could potentially cover both plants if still operating, or just the one if combined, rather than needing separate ORCs for each permit (though likely they'd keep one ORC at each site until a full physical merge).
- **Insurance and Liability:** A single entity might reduce certain insurance costs (liability coverage, workers comp pooling, etc.). Towns currently insure their utilities under municipal policies while the authority likely has its own insurance which could absorb the additional assets with some economies.

Financial Management

On the management side, combining financial management can also yield benefits. A single utility financial model can be maintained for the regional system rather than each town having to do their own analyses. The authority's finance staff would manage one set of books likely under a new wastewater infrastructure fund. The towns would see the impact in that they'd no longer have to subsidize or worry about sewer fund deficits. For example, if Rutherfordton's sewer fund was barely breaking even in some years, post-merger that risk is transferred to the authority. Conversely, if Spindale's fund had a healthy reserve, that becomes part of the regional fund (subject to negotiation so that reserves are fairly credited). These details require careful interlocal agreements which often, when assets are transferred, clarify that any associated cash reserves or debts go with them. The administrative task is to ensure a fair accounting so that ratepayers' equity in each system is recognized at merger (this might mean initial sewer rates could still differ by former service area until an agreed equalization, to avoid one town paying for the other's past costs, unless external grants eliminate disparities).

Town Roles Post-Merger

After consolidation, the Town of Spindale and Town of Rutherfordton would step back from direct sewer operations. They will maintain their representation on BRWA's board to voice local interests. They may assist BRWA with things like right-of-way easements or enforcement of ordinances (e.g., the authority might ask towns to revise standard sewer use ordinances or grease control ordinances to align regionally). The towns would also benefit financially by removing sewer enterprise liabilities from their balance sheets, potentially improving their overall fiscal indicators.

One concern that is often raised is the potential employee impacts. The towns might fear losing some staff to the authority and then being understaffed for other public works functions. This can be mitigated through the transition process. For example, if some employees are split duty currently (doing sewer and streets all together), the towns and authority can negotiate how to handle those positions. The authority may only take on those positions specifically dedicated to sewer and if a person was doing split work, they may either have the opportunity to choose which path to go or the town hires a new person to backfill the other portion. Transition plans should be developed for each individual case to minimize disruption.

Management Experience

BRWA's existing management has experience in water utility operations across multiple jurisdictions. Taking on wastewater is a new area for them and provides additional challenges. This is common for water authorities that have expanded into wastewater. It may require hiring or contracting a few key positions in addition to existing town staff. The authority's board and executive director must be committed to developing this internal capacity along with the integration of existing utility staff.

In conclusion, from an administrative and management perspective consolidation provides several advantages. The integration of personnel and functions will require careful planning and communication to ensure continuity of service. However, the potential efficiencies, improved specialization, and removal of duplicated efforts strongly favor a combined operation. The towns would transition from operators to stakeholders/partners, and a professional regional utility would manage the sewer service. Many regional case studies (like Cape Fear Public Utility Authority, which successfully merged a city and county water/sewer under one authority in 2008) have shown that with thoughtful transition plans, the administrative merge can be achieved without service interruptions and with meaningful gains in efficiency. The next section explores the financial side of the equation in detail, as that is closely tied to management decisions (e.g., staffing levels, debt management, etc.).

FINANCIAL EVALUATION AND COST ANALYSIS

A core part of this study is the financial modeling of a potential merger compared to the status quo. This includes estimating the costs to implement consolidation (capital and one-time expenses), the ongoing operational cost differences, and the impact on utility rates and budgets. It also involves forming an opinion of probable cost for any major capital projects required for regionalization (like the interconnection pipeline). Additionally, we assess the projected financial performance (revenues, expenses, debt) of a merged utility versus the towns continuing separately.

Current Financial Status of Each Town

Spindale: The Town's sewer fund carries the approximately $8 million SRF loan (0%, 20yr) for WWTP rehab with an annual debt service of roughly $400,000. The fund's revenues come from user charges including residential, commercial, and some industrial (though less now). Spindale's inside residential sewer rate) is approximately $50/month, which had to be set at that level to cover the new debt and O&M. The town maintains a small operating reserve but not excessive (the 2014 study noted Spindale had a flat rate structure and around double outside rates and that has not changed). With the plant rehabilitation complete, O&M costs are stable, possibly even lower than pre-rehab due to more efficient equipment, but the debt is an additional expense. The town has been able to meet its debt service coverage by raising rates gradually. The financial position is reasonably healthy but leaves little room for additional big projects without further rate increases or requiring grants.

Rutherfordton: Prior to receiving grants, Rutherfordton was facing an approximately $4 million WWTP upgrade need. Now with over $5M in grants, Rutherfordton will likely complete WWTP improvements with minimal new debt. It may still need to contribute some matching funds or take a small loan depending on final costs, but the grants significantly improve its financial outlook. Rutherfordton's sewer fund historically had very tight margins but in recent years, they have increased rates and have received additional income from the Tryon International equestrian center. Their current average rates are slightly lower than Spindale's for inside residential customers but that is largely the result of substantially higher outside rates. Due to grants, Rutherfordton was able to freeze rates for FY26. Long-term, Rutherfordton still must address collection system capital needs so its financial trajectory without consolidation would likely involve new loan-funded projects and thus new debt service that rates must support.

Projected Costs and Rate Impacts (Separate vs Merged)

Using the financial model developed (located in the appendix), we can outline scenario comparisons:

Status Quo (Separate) Scenario: Both towns continue independently. Key assumptions are that Spindale must continue paying its $400k/year WWTP loan through 2036 and will need to start investing around $200k/year in collection system rehab (for I/I, etc.) as recommended by current asset management plans. Operating costs will inflate approximately 3%/year (chemicals, labor, etc.). Without new grants, Spindale likely would have to raise rates 5% per year to keep up.

Rutherfordton completes WWTP upgrades mostly via grants (so minimal new debt). However, post-upgrade, it might have to take on a loan for collection system improvements (e.g. $1-2M loan) unless grants continue. Operating costs also rise the same 3%/year. Rutherfordton might avoid rate hikes in FY26 due to grants, but afterwards, it might need significant increases, especially if significant projects are identified as part of the ongoing AIA study. It is expected that Rutherfordton would be required to raise rates at least 5%-7% per year to fund new debt for sewer system improvements.

Under these separate conditions, Spindale's residential sewer bill (for 5,000 gallons) would rise from $70 to $89 by 2030, and Rutherfordton's from $55 now to $74 by 2030, to cover all needs.

Merged Scenario

The combined utility would eliminate some operation contracts, saving on the order of $200,000 per year once fully integrated. Future staffing of a combined utility is approximately 60% of staffing cost for separate utilities. This saving alone could be significant and would directly reduce revenue needed from rates.

In a merger, the combined entity inherits Spindale's $400k/yr debt and any Rutherfordton debt (which is expected to be small if grants cover most WWTP upgrades).

New capital costs

The big item could be an interconnection pipeline and pump station The 2014 estimate was $5.17M for Rutherfordton-to-Spindale pipeline. Construction costs have inflated since then (2014 to 2025). Using the ENR cost indices, an approximately 70% increase. Using a revised estimate of the infrastructure necessary and some additional minor upgrades (based on Spindale and Rutherfordton upgrades that have be completed or are underway) the total capital to physically consolidate on the order of $10 million. This $10M would ideally be funded heavily by grants (based on current funding priority systems and previous state actions). For analysis, assume at least 50% grant, 50% loan at zero interest (viable utility reserve often gives a mix, sometimes even 100% for distressed units). Assuming the merged system secures a $5M grant, $5M loan at a term of 20 years at 0% interest (this is plausible given Rutherford County's demographic data and state policies). Then debt service on $5M is $250k/yr for 20 years. So, post-merge, the combined system's annual costs include operating costs (sum of both minus savings) + existing debt (Spindale's $400k) + new debt ($250k) = total expenses. Making assumptions on savings and the increased cost show that while post-merger annual expenses may increase in the case of physical connection, in the long-run separate systems would need more rate hikes to continue to fund infrastructure. More importantly physical connection is not necessary for consolidation and may not be preferred based on future service areas so some cost savings may be realized immediately.

The financial model outputs show that initially, merging might not drastically cut costs (depending on interconnection). But within a few years, the trend lines diverge since the separate scenario's required revenue grows faster whereas the merged scenario grows slower after integration based on operational efficiencies. The projected rate increases under the separate scenario could long-term be cut by as much as half depending on additional grant assistance and long-term operational savings.

Rate Impact

The goal of consolidation would be to eventually unify the sewer rate between Spindale and Rutherfordton customers. Initially, they might be slightly different due to legacy debt (some consolidations keep a surcharge for one area's debt). But if state grants can cover enough, they might unify sooner.

We can foresee a combined rate that is perhaps in the middle of the two current rates, trending more stable over time. Rates would still be higher than today but also clearly lower than without a merger, and the increase is gradual rather than steep jumps. Also, potential future growth or new customers (like if an industry connects) would benefit all if merged, whereas separate the benefit is isolated.

Financial Risks

One risk in merging is that any unexpected cost from one area becomes a liability for the whole. For instance, if an environmental issue or lawsuit occurred related to one town's system, the authority would bear it. However, this risk is mitigated by due diligence and insurance. Also, the towns and authority can craft the transfer agreement such that known issues are disclosed and possibly addressed with upfront funds.

Funding Sources

The merged system can tap a broader range of funds including NC Division of Water Infrastructure's construction grants (as mentioned, potentially millions in principal forgiveness for projects that facilitate consolidation), State Reserve grants and loans, and Federal programs. A merged entity bringing in Cliffside or another distressed utility could likely get substantial grant funding to cover the cost of connection and system upgrades.

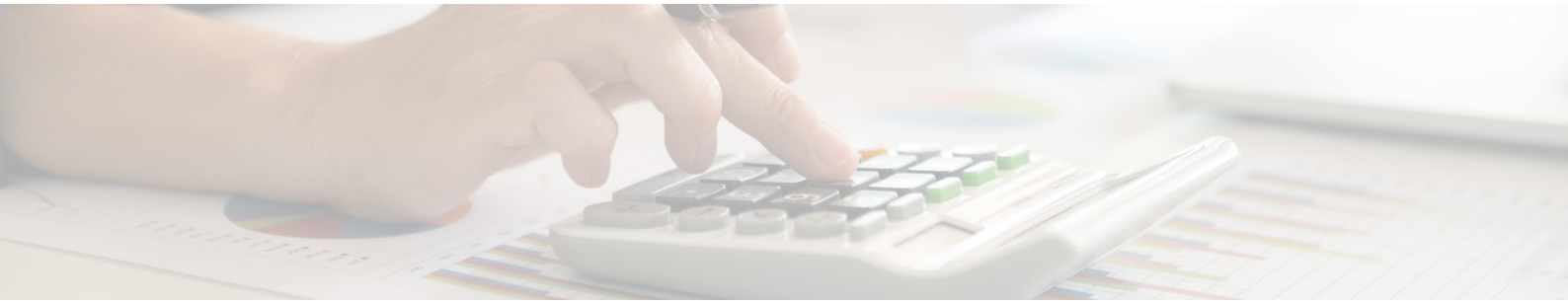
The financial model Combined Sufficiency Scenario shows rate increases are needed under each scenario to meet certain metrics (debt coverage, reserve targets). It demonstrates that under consolidation, the projected annual rate increases could be lower (for example, 3% per year) versus separate (e.g., 5% per year). Over a decade, that compounding difference is huge.

For example, a $50 bill growing 5%/yr for 10 years = $81; at 3%/yr = $61. So by 2035, customers could be paying $20 less per month under consolidation than they would otherwise. That is a tangible saving for households and businesses.

Funding Opportunities for Regionalization

A critical part of evaluating the financial case for consolidation is outlining external funding opportunities unlocked or enhanced by regionalization:

- **NC DWI Priority:** The State's Water Infrastructure Authority gives additional priority points to projects that involve system consolidation or regionalization. This means any construction grant or loan application submitted jointly by the towns (or by BRWA within a certain timeframe post-merger) aimed at facilitating consolidation will score higher and stand a better chance of receiving grant funds or principal forgiveness. For example, the Merger/Regionalization Feasibility (MRF) grant of $400k that funded this study is one such program. More importantly, once feasibility is proven and there's local will to consolidate, the state has shown a willingness to provide large implementation grants. For example, the Town of Bethel, a small, distressed town, was awarded $4.5 million in grants to merge into Greenville Utilities' system. That money went to rehabilitate Bethel's system and prepare it for transfer. Rutherfordton and Spindale may be able to access similar funds for system upgrades if they formalize regional merger plans. In fact, both Rutherfordton and Cliffside Sanitary District have been previously listed as "distressed" units under NC criteria, making them eligible for additional support.
- **Division of Water Infrastructure (State Reserve and ARPA):** Some of North Carolina's recent budgets (2021 ARPA and state funds) dedicated hundreds of millions to water/sewer projects. An application for construction could seek funds to build system interconnections and upgrade any infrastructure needed to establish parity between systems and address critical issues. There is a much higher likelihood of receiving a significant portion as grants due to the consolidation aspect as opposed to each individual system applying for projects on their own. In addition, currently the majority of grants funds in the state are being allocated to areas affected by Helene which could provide additional priority and opportunities over the next several years and consolidation could provide direct resiliency benefits that are targeted by these programs.
- **USDA Rural Development:** If additional funding is needed, USDA offers loans (and potentially grants) for rural utility projects. A combined system might be considered more creditworthy (for loans) and still qualify for grants based on current median household incomes. USDA could grant up to 35-45% with the remaining funds being loaned at low interest rates with 40-yr repayment terms.
- **Appalachian Regional Commission (ARC) and EDA:** Regional initiatives that have economic development impacts may be eligible for grants from



these agencies. If, for instance, consolidating allows new industry to locate (jobs creation) in Rutherford County, an EDA grant might be sought to co-fund infrastructure.

- **State Disaster Resilience Funds:** Post-Helene, the state is allocating substantial amounts of resiliency funding. A project to create interconnections for backup and flood-proof infrastructure would be eligible for these grants.
- **Clean Water State Revolving Fund (CWSRF):** Even if loans are needed, the CWSRF may provide principal forgiveness to eligible high priority projects. A consolidation project might rank high enough to receive forgiveness (similar to how Spindale received $1M forgiven for their rehabilitation project).

The net effect of these opportunities is that external funding can significantly reduce the local cost burden and incentivize regionalization. This is a major benefit that did not exist to the same degree in 2014. With State funding support, the towns could upgrade and interconnect their systems while limiting the cost coming from local ratepayers. Also, once merged, BRWA's larger revenue base could support financing that might be out of reach for a single town. The Authority could issue revenue bonds at low interest, which small towns typically cannot do due to a lack of bond rating or without additional insurance.

Financial Pros/Cons Summary

Pros (Merged): Economies of scale (lower unit costs), improved access to grants/loans, stronger credit profile, more stable long-term rates, capacity to handle growth without duplicative expansions, one-time state funds to potentially offset capital needs.

Cons/Costs (Merged): Upfront capital needed if interconnecting, BRWA assumption of liabilities (if not offset by grants), potentially leveling of rates (one town's customers might end up helping pay for another's past debts unless handled carefully). There may also be transaction costs (legal, engineering for merger) to fully implement the merger.

The financial analysis strongly suggests that while there may be short-term expenditures, the long-term financial benefits can be significant under consolidation. It yields a more sustainable financial model, meaning the utility can continue to operate, maintain, and upgrade infrastructure while offering more affordable rates to customers. The separate path risks each town hitting affordability limits and not being able to fund needed improvements. Regionalization is a proactive way to avoid that outcome.

In the next sections, we will discuss how these financial findings tie into governance options and the structuring of a merged utility, as well as the pros and cons considered and an implementation plan.

GOVERNANCE OPTIONS UNDER NC LAW

North Carolina law provides several mechanisms by which local government units can regionalize utility services. In considering Spindale and Rutherfordton's consolidation, we identify three primary governance options under the NC General Statutes, along with their procedures and implications. These are:

Each option has different statutory requirements and degrees of integration and applicability in this situation. However, based upon the existence of an established regional entity we declined to further evaluate establishment of another new and separate entity. Often the most difficult part of creating a regional partnership is developing the structure and representation necessary to steer a partnership forward. Rutherford County and the Towns have a unique advantage of having worked through those issues already through the creation of BRWA. Another entity would discount the strong partnerships already established and create unnecessary burdens.

Consolidation under Broad River Water Authority (Existing Authority)

Legal Basis

Broad River Water Authority (BRWA) was formed under NCGS Chapter 162A, Article 1, which governs Water and Sewer Authorities. Under this statute, an existing authority can assume additional functions (such as wastewater) and add new member jurisdictions by mutual agreement. The towns of Rutherfordton and Spindale are currently served by BRWA for water and are already participants in BRWA's framework. This option would involve transferring the sewer system assets and operations of both towns to BRWA, thus making BRWA a regional water and sewer authority. The process would generally require the Town Councils of Spindale and Rutherfordton to each pass a resolution or ordinance expressing intent to convey their wastewater system to BRWA and requesting BRWA to accept it. The Towns and BRWA should consider holding public hearings or listening sessions to receive input in order to address any concerns during the consolidation process.

BRWA Board Approval

The BRWA Board of Directors would vote to accept the transfer of the systems.

Asset Transfer Agreement

The towns and BRWA would execute a detailed agreement. This contract would list all assets (pipes, pump stations, treatment plants, equipment) to be transferred, the value or condition of those assets, any liabilities (outstanding debt, etc.) to be assumed by BRWA, and any conditions (for instance, how existing cash reserves or future repair responsibilities are handled). It would also outline employee transfer and any commitments such as BRWA continuing certain projects the towns had underway.

Local Government Commission (LGC) Coordination

The NC Local Government Commission must approve the assumption of debt or the dissolution of a municipal enterprise in such a manner to ensures the financial integrity of the deal. LGC will check that any outstanding loans (e.g., SRF loans) have been addressed (the state may need to agree to transfer the borrower responsibility to BRWA, which shouldn't be an issue given BRWA's financial condition).

Effective Date & Implementation

The agreement would set an effective date for the transfer. On that date, BRWA officially becomes the owner/operator of the sewer systems. All customer accounts transition to BRWA, employees become BRWA employees, etc. Typically, this would be at the beginning of a fiscal year for accounting simplicity.

Dissolution of Town Enterprise Funds

After transfer, the towns would formally close out their sewer enterprise funds and remove those assets from their capital asset ledgers. They may still have a role in supporting the transition, but legally they're out of the sewer business.

Governance Structure Post-Merger

BRWA's Board of Directors would now govern the sewer utility. To maintain fairness, the towns may want additional representation on the board proportional to their population or customer base so they may want to negotiate additional representation. Ensuring that both towns maintain their voice will help alleviate any concerns regarding a loss of control. The board makeup may need to be adjusted since it is currently focused solely on water service.

Another consideration is how to implement rate harmonization. BRWA's board will have to set a sewer rate schedule that meets the needs of the new combined system without providing a rate shock to either Town's existing customers. This can be achieved by establishing separate rate districts (Spindale district, Rutherfordton district) if needed temporarily, with a longer-term plan to move to a single unified rate structure.

Politically, the towns must trust BRWA's leadership to prioritize wastewater needs appropriately. Building that trust should be eased by the existing town membership and representation in BRWA and could be further facilitated by the establishment of a Joint Working Group during the transition to make key decisions collaboratively.

Overall, consolidation with BRWA is the preferred and recommended option by this study. It leverages BRWA's existing governance, providing continuity and stability and a strong foundation for consolidation.

Interlocal Agreements and Formal Partnership

In the interim period and especially considering the study didn't identify a short-term driver to full consolidation, the towns may wish to and are encouraged to formalize their partnership. Under NCGS 160A-461 et seq., local governments can enter into interlocal agreements to jointly exercise functions or provide services for one another. For instance, Spindale could operate Rutherfordton's wastewater treatment facility for a fee, and perhaps even help operate Rutherfordton's collection system under contract. Rutherfordton would retain ownership of its assets but outsource some of the operations to Spindale (they already have a contract operator). This approach achieves a single operational team and possibly economies of scale, but it stops short of transferring ownership or unifying governance. Each town's council would still set its own rates

Advantages

This option is able to leverage an established entity with an existing administrative framework. It avoids creating a new bureaucracy and organizational structures which are the most difficult components of consolidation. BRWA has goodwill and familiarity with the community (customers already receive water service though BRWA and BRWA handles billing for sewer, etc.). The transition should be smoother because of the towns' existing membership in BRWA. Statutorily, it's straightforward as long as all parties agree and is essentially an interlocal transfer which NC law explicitly allows (municipalities can transfer utilities to authorities or other units with LGC approval).

Challenges

One challenge could be aligning BRWA's policies with what's needed for sewer. For instance, BRWA may need to adopt new sewer use ordinances (rules on what can be discharged into sewers, grease control, industrial pretreatment program, etc.). The towns have sewer ordinances currently but those powers and enforcement would shift to the authority. There could be legal housekeeping to do to ensure BRWA's authority to enforce sewer regulations in town jurisdictions (usually the authority's powers are broad enough, but sometimes local ordinances may need repealing or replacing with authority rules).

to cover its costs (which would now include fees paid to the other town).

The towns could also create a formal Joint Working Group including BRWA to facilitate coordination and to oversee regional wastewater planning and operations. They could potentially pool resources including shared equipment while still each owning their infrastructure. They could jointly finance interconnections or other infrastructure to improve operation or resiliency. This can be a more complicated sharing arrangement and relies on a high degree of cooperation and trust, since both remain financially accountable for their share.

Procedures for Interlocal Contract

The two towns (and possibly the county or BRWA) would negotiate a detailed interlocal agreement. The agreement term could be either short or long-term (e.g., 20 years) and could serve as the roadmap for future consolidation. It would likely require approval by the LGC if it involves significant financial obligations (like paying for capital) but a new entity wouldn't be formed.

Advantages: This can be implemented incrementally and over time. It allows time to build confidence and coordination that continues to enhance an already strong relationship. Over time this can help to facilitate a smooth merger while not overcommitting either town in the near-term.

Drawbacks

This approach leaves governance fragmented. Each town still must budget for sewer and maintain some level of oversight. Disagreements could arise over costs or service quality with no single authority to decide. It also might complicate accountability if for instance, if there's an overflow in Rutherfordton's system caused by an operational decision by Spindale staff. Liability and regulatory responsibility would need careful delineation.

Additionally, funding agencies generally view interlocal agreements than aren't clearly moving towards consolidation as less robust than a merger. Some grants specifically incentivize permanent consolidation as opposed to service contracts.

Use Case

This could be used as a short-term interim step. For example, while waiting for an authority merger to finalize, the towns might sign an MOA to share staff or combine purchasing immediately. In fact, a Joint Working Group and steps like staff sharing, combined purchasing, or interconnections to improve efficiency reflect using multiple tools short of merger in the interim. This can yield early wins (saving some money, improving service) while the more time-consuming legal merger proceeds at the combined parties preferred pace.

If taken as the final approach (with no further merger), this option would still be better than the current situation but is generally considered less optimal long-term. It could devolve if there are leadership changes or disputes, whereas a merged entity is structurally stable and is better able to make long-term decisions in the best benefit of the entire service areas.

In summary, the recommended governance path is to expand and utilize BRWA for an ultimate utility merger. It provides a proven, legal, and efficient route. Additional formal partnership through interlocal agreement can provide more immediate benefits while working towards long-term goals.

The towns, county, and BRWA should weigh these options in terms of legal complexity, control, and outcome. Given all, the consensus in this study is that using BRWA yields the most benefits with the least overhead, aligning with state support.

RATE STRUCTURE AND CUSTOMER IMPACT ASSESSMENT

Aligning and optimizing the sewer rate structure will be a crucial aspect of consolidation. Currently, Spindale and Rutherfordton while having similar total inside residential rates have somewhat different rate designs, and their rate levels are not identical. A successful merger requires a strategy to develop a unified rate structure that is fair to all customers, generates sufficient revenue, reflects policy goals (such as conservation, affordability for basic use, etc.) and doesn't cause negative impacts on BRWA's current financial position.

Current Rate Structures Recap

Spindale currently utilizes a flat volumetric rate for sewer ($9.89 per 1,000 gallons for all usage). It also has a base monthly charge of $17.65. Spindale's outside rate is double the inside rate. Rutherfordton has a declining block for rates (the more you use, the cheaper per unit), which is a somewhat outdated approach that favors large users and is discouraged by NC DEQ. Outside rates are triple the inside rates which is higher than typical. Excessive outside rates have continued to be studied by the NC legislature with a push to justify the setting of these rates. It is possible that future legislative action, similar to what has been previously proposed, may cap outside rates or put the burden on utilities to provide financial justification. While rates have increased for both utilities the basic rate structures have not changed since the 2014 report.

Both towns charge all sewer customers based on water usage readings (based on data collected and subsequently billed by BRWA).

The differences mean that currently, a resident in Spindale has a slightly different monthly bill than one in Rutherfordton for the same water usage but for inside rates the totals are similar. Outside customers pay significantly more for both systems though similar amounts. The rate structures are so different it is hard to compare rates outside of specific usage amounts.

Goals for Unified Rate Structure

Equity

Customers of both former systems should be treated equitably. Typically, this means eventually a single rate schedule for all sewer customers, regardless of former town boundaries. Achieving this may involve some gradual adjustments if one was significantly higher than the other. Because the rate structures are so different currently, a detailed analysis of all customer types and usage levels will need to be performed as part of the development of new rate structure. The new rate structure will likely have significantly different effects on varying customers and situations which need to be accounted for in order to maintain the desired equity without undue impacts. A new structure will ideally incorporate an inclining block rate, as recommended by finance best practices and state agencies.

Revenue Sufficiency

The unified rates must collectively produce the revenue needed for the combined utility's budget (O&M, debt, capital reserves). The financial model suggests what overall level of rates is needed. If both towns' current rates are just adequate for separate needs, the combined needs (taking into account cost savings) will determine if there is room to reduce or if it just slows increases.

Affordability

Both towns want to keep rates as affordable as possible, especially for low-volume residential users. It is possible to implement a lifeline tier (e.g., first 2,000 gallons at a lower rate often incorporated in the base charge) to help those who use minimal water (often lower-income or small households) pay less. Neither town currently has an inclining block that would help support this. The merged utility could consider a slight inclining block: e.g., first 3,000 gal at a lower rate, next gallons at standard rate, to promote conservation and affordability. However, this must be balanced with simplicity and revenue needs.

Eliminate Declining Blocks

Rutherfordton's current decreasing unit cost for large usage, should be phased out. Such structures are generally discouraged by the state. A unified rate likely would eliminate declining blocks and preferably move to some form of inclining blocks.

Inside vs Outside Rates

Once under an authority, the concept of inside and outside rates should change. BRWA as an authority doesn't have a city limit per se, but it could maintain differential rates by

service area if justified by cost of service or as a temporary measure. It may be simplest to abolish inside/outside distinctions for sewer in the merged system or at least narrow them. The rationale historically for higher outside rates was that towns used some tax revenue for utilities or the risk of non-taxpayers benefiting. With an authority, that's moot, since it's all user-fee funded. We anticipate moving to uniform regional sewer rates.

Industrial/High-Strength Surcharges

The unified entity should implement a consistent policy for industrial customers. If any industries discharge high-strength waste (e.g., high BOD or TSS), a surcharge formula should be in place. The towns might have had different surcharge arrangements or none if industry was minimal. BRWA as a larger utility will need a formal Sewer Use Ordinance and surcharge schedule. This ensures industries pay their fair share for treatment. For example, if a brewery or food processor discharges waste stronger than domestic, they pay extra per pound of pollutant over a threshold. Both town systems had legacy industry (textiles in Spindale, maybe small manufacturers in Rutherfordton) but it has since significantly reduced and changed in nature. It is important to adequately plan for future economic development as the rate structure is developed.

Customer Impact Considerations

Bill Impacts

Ideally, consolidation should not create rate shock for either town's customers. If one town's rates are lower, a sudden equalization upward would upset those customers, even if overall beneficial. One approach is gradual phase-in for example if Rutherfordton's rates need to rise 10% to equal Spindale's, do it over multiple years with incremental adjustments, while perhaps keeping the other flat or at lower increases.

Public perception is incredibly important. It can be a significant selling point that both towns' customers may see lower increases than they would otherwise. Instead of frequent large hikes, a merged utility might commit to moderate predictable adjustments. Stakeholder engagement (addressed later) should include showing comparative bills under scenarios, to illustrate that consolidation is not leading to one side subsidizing the other unfairly, but rather both benefiting from efficiencies and funding.

Lifeline/Affordability Programs

The merged utility could consider establishing a customer assistance program for low-income households, something individual small towns often don't have. For example, a hardship fund or partnership with local charities to assist those who struggle with bills. This can be funded by a very small portion of revenues or voluntary contributions. Regionally, this might be easier to administer at scale.

Capital Charge vs Volume

The authority might implement a different mix of fixed vs volumetric charges. Both Spindale and Rutherfordton charge a fixed base fee (to cover fixed costs) plus a volumetric rate. It's important for a utility to recover an adequate portion of costs via base charges because many of the costs to operate a wastewater system are fixed. If one town currently has a low base fee and one higher, that might be standardized. The outcome could be some customers (low users) might pay a bit more if base fee rises but less per gallon, whereas other users see the opposite. Such structural changes should be analyzed to avoid unintended burdens.

Connection Fees

The unified utility should evaluate the potential for System Development Fees for new connections. The towns currently have their own tap fee schedules. Upon merging, a single fee schedule (reviewed under NC's System Development Fee Act methodology) would apply. This ensures new development contributes fairly to the capital investment. If regionalization is expected to spur growth, having appropriate connection fees helps fund needed expansions (like if new subdivisions connect to sewer, those one-time fees help pay for capacity).

Public Education on Rates

It will be critical to communicate to customers how and why rates might change. Part of stakeholder engagement is explaining that even if their rate goes up or down slightly, the service value is improving, and the long-term cost is lower than it would have been.

Example Rate Unification Plan

For an example, if Spindale charges $8.00 per 1,000 gal and Rutherfordton $9.00 per 1,000 gal a unified plan might set the new rate at $8.50 for the first year of consolidation, then $9.00 the next year, such that Spindale's go up gradually to meet a needed level while Rutherfordton's hold or rise less. Alternatively, one could immediately go to $8.50 and lower Rutherfordton's slightly. It depends on who's higher and the revenue needs. Often, to gain buy-in, the merging partners might agree that no one's rates will increase above what they would have individually for a certain period. In some cases, merging can even allow an initial rate pause or reduction, if significant grant funding is injected that would be a political win. This has occurred in some consolidations where a distressed system's high rates were brought down after merging with a healthier one and getting state aid.

Long-Term Rate Outlook

The financial model indicates that under consolidation, after initial adjustments, the required annual rate increase would be around 3% (basically inflation-level) to keep up with capital rehabilitation and increasing costs whereas separately both utilities would likely need periodic large hikes coinciding with capital projects. A stable rate trajectory is itself a benefit since customers prefer small predictable adjustments over sporadic large jumps.

Maintaining Parity

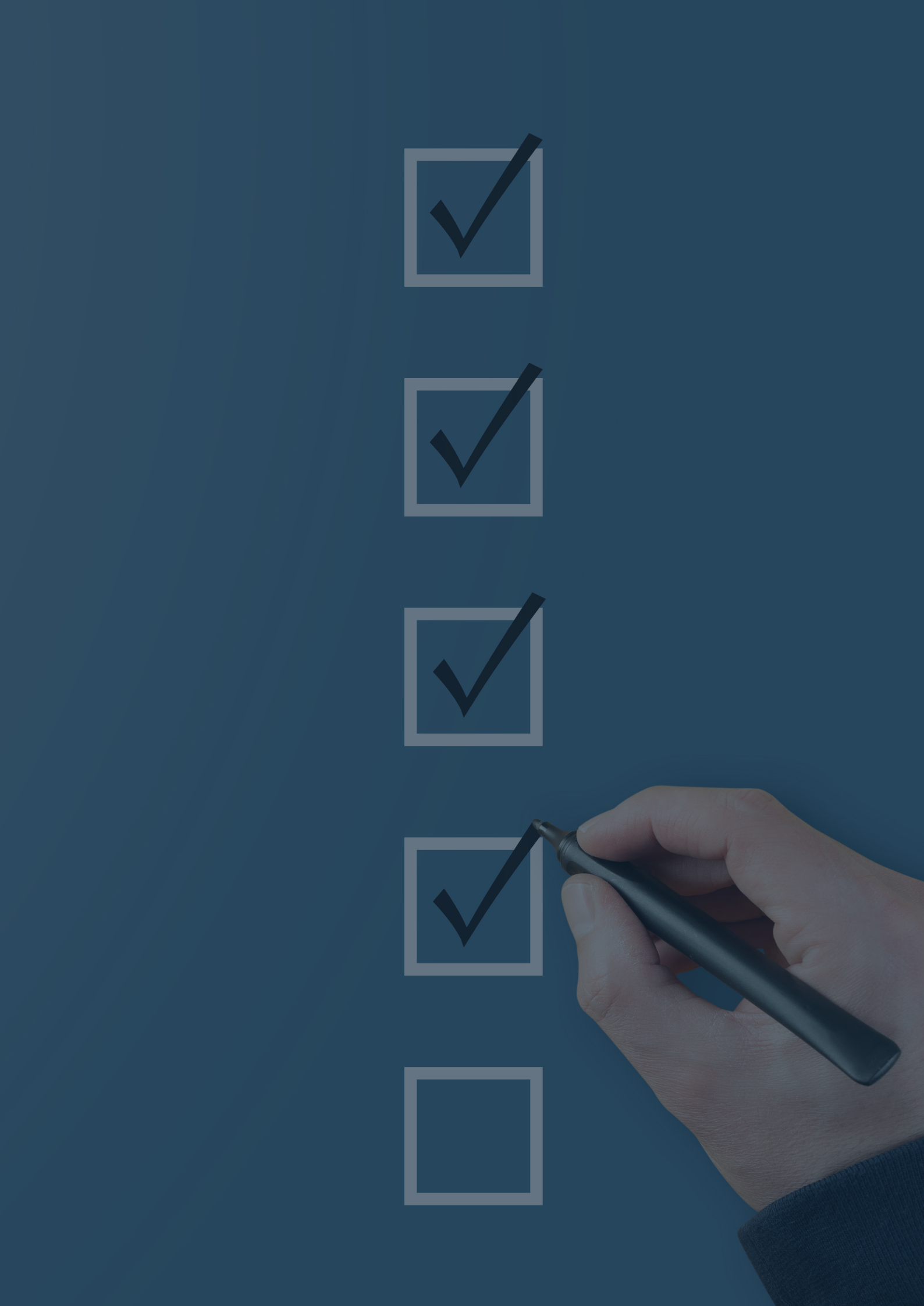
If other utilities join later, the rate structure might need adjusting to incorporate them. One option that has been successfully used is applying a temporary surcharge if significant investment is needed specifically for them or to cover existing debt service.

Policy Goals

The new rate structure should incorporate modern policy goals such as encourage water conservation (especially relevant to water rates normally, but for sewer, reducing water use reduces sewer volume which can help I/I or capacity) and ensuring cost-of-service fairness between customer classes (residential, commercial, industrial). Simplicity and transparency are key so that customers understand their bill and the value of the service they receive.

In conclusion, aligning the rate structure is feasible and can be achieved in a way that is largely positive or neutral for most customers in the near term, and decidedly positive in the long term by avoiding the much higher rates that would result without consolidation. The implementation timeline later in the report will suggest performing a detailed formal rate study to design the merged rate schedule and phase-in plan. This ensures an analytical basis and public input on the new rates.

Next, we discuss the overall benefits and challenges of a long-term consolidation strategy, summarizing many points covered, to provide decision-makers with a balanced view.



LONG-TERM BENEFITS AND CHALLENGES OF REGIONAL CONSOLIDATION

In evaluating a potential merger of the Spindale and Rutherfordton sewer systems under BRWA, it is important to weigh the long-term benefits and challenges. While the analysis thus far has largely highlighted benefits, a fair assessment includes potential downsides or challenges. Below is a summary of the key impacts identified:

Benefits of Consolidation:

Economies of Scale

By operating as a single larger utility, there will be operational cost savings (estimated 40% reduction in required staff and associated overhead). Shared resources mean less duplication of equipment, maintenance contracts, and administrative tasks. This leads to a more efficient use of every dollar collected from ratepayers.

Financial Sustainability

A merged utility has a broader revenue base and can better absorb costs. It will be in a stronger position to handle major expenses (like future plant upgrades) without causing rate shocks. The unified financial model shows improved debt capacity and creditworthiness, likely resulting in more borrowing options and better loan terms. Additionally, as discussed, the consolidated entity is eligible for more favorable funding (grants, principal forgiveness) that improve affordability for customers. Over the long term, customers should see lower rates than they would under separated scenarios, and the risk of utility financial distress is greatly reduced.

Single Governance & Strategic Planning

Decisions about wastewater service will be made by one governing board (the Authority board) focusing solely on utility service, rather than two separate town councils balancing many priorities. This allows for consistent and more comprehensive strategic planning and prioritization of projects across the region. There will be no need to coordinate or negotiate between two bodies on utility matters. It also improves accountability since one entity is clearly responsible for service delivery and regulatory standards.

Improved Service Reliability and Quality

Regional consolidation would likely improve service through enhanced technical expertise and manpower. For example, the combined utility can have specialized crews (I/I crew, pump station technicians, etc.) that neither town could afford alone. Response times to emergencies might improve with a larger, well-equipped team covering both areas. Customers may experience fewer sewer backups or overflows as maintenance is optimized. Moreover, the authority can implement uniform best practices in operations, safety, and customer service drawn from both towns' experiences.

Regulatory Compliance and Environmental Protection

Larger utilities tend to have more robust compliance programs. Consolidation will help ensure consistent permit compliance at the WWTP(s) and proactive management of the collection system. It also positions the region to meet any future environmental regulations (e.g., nutrient limits) more effectively, as resources can be pooled for advanced treatment if needed. From an environmental standpoint, having one well-run regional plant (instead of two smaller ones) could potentially reduce overall discharge impacts if optimized. Also, the ability to pursue additional I/I reductions means fewer spills and cleaner local waterways. State regulators favor regional solutions and will view the merged entity positively in compliance oversight, potentially offering more flexibility or support.

Resiliency and Redundancy

As detailed earlier, a consolidated system can better handle emergencies and natural disasters. The interconnection of systems provides alternate flow paths and backup options. A single emergency response plan will cover the whole area, making it easier to coordinate during events like floods or equipment failure. Mutual aid and internal aid (shift resources from one town to another quickly) becomes institutionalized. Overall, the region's wastewater infrastructure will be more resilient to shocks, ensuring continuous service or faster restoration when incidents occur.

Economic Development Prospects

Reliable, regional sewer service can be a catalyst for economic development. Businesses looking to locate or expand in Rutherford County often examine utility capacity

and professionalism. A regional authority with ample capacity and a stable rate outlook can attract industries or developers more so than two separate smaller systems. The merged utility could also extend service to unserved industrial corridors or interstate interchanges more readily by planning at the regional level Additionally, consolidation can help in marketing the area by demonstrating that the region has forward-thinking infrastructure management can be a selling point for grant agencies and companies alike.

Future-Proof Governance

By merging under BRWA's umbrella, the structure is in place for any future partnerships (like Cliffside or other nearby communities or utility systems). The governance model won't need another overhaul to include them since BRWA can simply extend service. In contrast, if the towns stayed separate, adding additional systems down the road would be more complicated. A consolidation led by the example of Spindale and Rutherfordton essentially future-proofs the region by establishing the regional entity that can grow as needed.

Rate Stability and Customer Benefits

In the long run, consolidated operations should yield more stable and potentially lower rates for customers compared to the separate path. Affordability is maintained and possibly improved.

Relief of Burden on Town Governments

By removing sewer operations from their direct responsibilities, the Town of Rutherfordton and Town of Spindale can focus their efforts on other local government services and strategic initiatives (like economic development and quality of life improvements). The day-to-day technical grind of running a sewer utility (and the associated political headaches of rate increases, environmental compliance, etc.) will be handled by the authority's dedicated staff. Town elected officials can still influence policy via representation on the board, but they won't have to micromanage utility issues in their council meetings as before. This can be a relief of liability as well since if something goes wrong (overflow, etc.), the authority bears that responsibility, not the town directly.

Challenges of Consolidation:

Loss of Direct Local Control

The most cited challenge is that the towns will no longer have autonomous control over their sewer systems. Decisions will be made by a regional board where the towns have a voice but not sole authority. Some local officials or citizens might feel this as a loss of control or identity, especially given historical independence. They must rely on the Authority to be responsive to local needs. To mitigate this, the governance structure ensures representation, but it is a change from the status quo. Also, if there are unique local priorities (say one town really wants to extend sewer to a specific neighborhood), they will need to advocate within the authority rather than just decide and do it. The trade-off is multi-jurisdiction decision-making can be slower or involve compromise.

Initial Costs and Transition Pains

Consolidation is not free as there may be upfront capital costs (for infrastructure integration) and one-time transition expenses (legal, consulting, severance or retraining costs, IT system integration, etc.). If not fully or significantly grant-funded, those costs are a burden that would not exist if staying separate (though staying separate has other costs arguably higher later). The transition period can also bring potential disruptions since employees may face uncertainty, there can be administrative confusion as systems merge, and even customers might experience hiccups such as where to contact is case of service issues. These need careful management.

Personnel Impacts

No layoffs are anticipated and in fact more local people may eventually be employed, however employees might still feel uneasy about the change. Differences in pay scales or benefits between the towns and BRWA might need harmonizing, which could increase costs or cause discontent if not handled fairly. Also, municipal employees shifting to an authority might lose certain benefits (depending on how BRWA is set up though authority employees often are under the same state retirement system, etc.). Maintaining staff morale and institutional knowledge through the change can be a challenge.

Integration of Systems

The technical integration, while feasible, is complex. Missteps could cause, for instance, short-term capacity issues or unforeseen expenses (maybe a section of Spindale's plant needs an upgrade to handle different influent chemistry from some of the flow from Rutherfordton, etc.). There's some engineering risk though mitigable by thorough planning. Likewise, combining two sets of standard operating procedures, safety programs, etc., means some processes will change, which always has a learning curve.

Financial Risk Consolidation

After merging, any financial problems become shared. For example, if one area had significantly higher infrastructure needs or hidden liabilities, the combined utility inherits them. One might frame it as Rutherfordton's customers could end up helping pay for a project at Spindale's WWTP or Spindale's customers paying for Rutherfordton's collection system rehabilitation. Without consolidation, each town's customers would only pay for their own system's needs. With consolidation, there is a cross-subsidy in effect (though one can argue over time it evens out as both have needs and both share savings). This potential challenge is more about perception of fairness and to address it, sometimes agreements are written to say, for example,

each town's existing debts will be recovered from that town's customer base (via a temporary surcharge) so one doesn't subsidize the other's prior obligations. Such measures could be implemented if needed to ensure fairness. Regardless, merging finances always has the risk that one party's situation (good or bad) affects the other.

Political and Public Acceptance

Gaining unanimous political support and public buy-in can be challenging. Some may resist change due to fear of the unknown. If not handled carefully, opposition could delay or derail the effort. This is not a challenge of consolidation itself, but a part of the process since it requires strong consensus-building. The risk is if the relationship sours or leadership changes mid-process, it could become contentious.

BRWA Capacity and Priorities

There's a slight risk or concern about whether BRWA, being historically a water supplier, might face a learning curve or distraction by taking on sewer. Water and sewer have significant differences in operations. If not managed well, BRWA could theoretically prioritize its core water operations at the expense of the new sewer side (though with proper governance that shouldn't happen). BRWA will need to grow its organizational capacity accordingly so both services get adequate focus. This may mean hiring new expertise, which costs money.

Harmonizing Rate/Service Philosophies

The towns might have had different philosophies (e.g., how aggressively to invest vs keep rates low). When merged, a single philosophy must prevail. Some might view the outcome as not aligning perfectly with what they'd do individually. For instance, one town might have been okay with running a leaner maintenance budget and reacting to issues, while the other invested more in preventive maintenance. Under one entity, one of these approaches will essentially win out (ideally the proactive one, but that could mean slightly higher short-term cost than the other town is used to). There could be minor value clashes to reconcile.

On balance, as this list shows, the benefits strongly outweigh the challenges when considering the long-term public interest. Most challenges are either short-term or can be mitigated through careful planning, transparent agreements, and strong communication. The benefits align with improved service reliability, environmental compliance, and financial health, which ultimately benefit residents and businesses and support the towns' future growth.

This analysis supports moving forward with consolidation, provided that the transition is handled thoughtfully to minimize downsides. In the next section, we outline a recommended implementation timeline and key milestones to achieve the merger, which will address many of the challenges (by planning mitigation steps) and capitalize on the benefits.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IMPLEMENTATION PLAN AND TIMELINE

Implementing the consolidation of Spindale's and Rutherfordton's wastewater systems under Broad River Water Authority is a multi-step process that will unfold over several years and is dependent upon the pace at which the individual entities want to proceed. It is important to proceed methodically, ensuring that technical, financial, legal, and organizational pieces all fall into place. Below is a potential timeline with phases and key actions for the merger process:

Phase 1: Formal Decision and Organization (0–6 months)

Joint Working Group Formation (Month 0)

Immediately, establish a Joint Working Group comprised of representatives from Spindale, Rutherfordton, and BRWA. This group will steer the partnership and the consolidation process. It should include the town managers, key council members, BRWA leadership, and possibly county officials. The group will set regular meeting schedules and decision-making protocols. Its mandate is to facilitate coordination and communication and to facilitate capital planning, rates, organizational structure, human resources, and operations in preparation of and during any transition.

Public Engagement and Decision (Starting when formal consolidation efforts begin)

Each Town Council should hold public meetings or hearings to discuss the merger proposal and gather citizen input. Using this report and its findings, educate the public on the reasons and benefits. Address concerns openly (see Stakeholder Engagement section). After public input, the Town Councils would vote on a resolution of intent to consolidate with BRWA. Likewise, BRWA's Board should pass a resolution expressing willingness to accept the systems, pending agreements.

Legal Counsel and Preliminary Agreements (1-3 months after beginning public engagement)

Engage legal counsel experienced in utility mergers to draft necessary agreements. Begin drafting an Interlocal Agreement / Memorandum of Understanding (MOU) between the towns and BRWA to outline the roadmap (even before final asset transfer agreement is ready). This MOU could cover roles of each during transition, commitment to proceed in good faith, and any immediate resource-sharing. Also, verify BRWA's charter and statutes to confirm its authority to add sewer service (modify if needed). Start compiling inventories of all assets, infrastructure maps, outstanding debts, and contracts that would be transferred which will feed into the final agreement.

Planning and Preliminary Actions (Month 3–12)

Asset Inventory & Assessment Completion (Month 3–9)

Rutherfordton's AIA project should be completed and results shared. This will yield a detailed condition assessment of its collection system and preliminary CIP. Similarly, Spindale should update any earlier assessments. The goal is to have a combined view of both systems' needs. Use this to develop a Unified Capital Improvement Plan (CIP). The unified CIP will prioritize projects for the next 5–10 years across both towns, to be undertaken by the merged utility. It should identify critical upgrades required for consolidation parity (e.g., any upgrades needed at WWTPs and any immediate collection fixes, other infrastructure necessary for connection and subsequent operation if needed, etc.).

Emergency Response Integration (Month 3–9 but recommended to begin as soon as possible regardless of merger)

Begin efforts to integrate emergency response plans. The working group, with county emergency management, should create an outline of a countywide emergency utility response plan covering both sewer systems. This includes standardizing emergency SOPs, identifying needed backup equipment (generators, pumps), and initiating membership in NC WaterWARN if not already. Also, apply for any available resiliency grants to fund improvements (e.g., an emergency interconnection).

Rate Study and Financial Planning (Month 6–12)

Conduct a formal rate study with a financial consultant (this could be funded by an additional MRF grant or a small portion of VUR funding). The study will design the unified rate structure and implementation schedule for the new utility. Decide on how to equalize rates, what the base charge and volumetric rates should be, and projection of needed rate adjustments over 5 years. The study should also address policy on existing debts (e.g., will existing loans be paid by all or specific area via surcharge?) and

model various scenarios. Aim to have a recommended rate structure ready before merger so that governing bodies can approve it to take effect at consolidation.

Funding Applications (Month 6–12)

Coordinate with NC Division of Water Infrastructure to secure funding for consolidation projects. This is a critical step. Based on the unified CIP, prepare applications for the Spring or Fall funding rounds (DWI has deadlines usually Sept 30 and May 1). Specifically, apply for:

- Viable Utility Reserve or State Reserve grants/loans for interconnections. Include any needed WWTP modifications in the scope.
- Grants and loans for collection system rehabilitation (especially targeting I/I fixes) as identified in AIA.
- If eligible, an additional Merger/Regionalization implementation grant.
- Possibly a request through legislative channels for special directed funding (some consolidations get direct appropriations if they show regional impact). These applications should highlight the regional nature and include letters of support from both towns and the county. We anticipate strong state support.

Engineering Design Work (Month 9–24)

Once funding looks promising, initiate engineering design for interconnections and upgrades. Also design any plant improvements if needed. This could take a year for full design and permits and longer if needing funding agency approval. Aim to have all designs and approvals by Month 24 so that when construction funding is officially awarded, you can bid immediately.

Phase 3: Asset Transfer and Initial Merger (18–30 months)

Finalize Asset Transfer Agreement (Month 12–24)

With funding lined up and plans underway, finalize the Asset Transfer and Merger Agreement between the towns and BRWA. This comprehensive document will cover the effective date of transfer, list of assets, treatment of liabilities, employee transfer terms, representation and governance changes, rate setting commitments for initial years, etc. All parties' legal counsel will review. The Local Government Commission should review and approve the debt transfer and any required resolutions. The towns will likely formally adopt this agreement via ordinance. Target a signing and approval by all parties in advance of project commencement to ensure a coordinated start and alignment on key milestones.

Local Government Commission & EMC Approvals (Month 24)

Obtain any final state approvals. LGC will approve any assumption of debt by BRWA (Spindale's loan, for example, would be BRWA's responsibility). Also, BRWA might need to update its service area documentation and possibly file with the EMC or DEQ to note that BRWA is now the permittee for these wastewater systems. DEQ will process NPDES and Collection System permit name changes effective on transfer date.

Employee Transition (Month 20–30)

Work out the HR process for transferring town sewer employees to BRWA. Several months before the transfer effective date, provide offer letters from BRWA to each relevant employee, detailing their new salary, benefits, start date with BRWA, etc. Arrange any necessary training on new systems (like BRWA's payroll or work order system). If any employees choose not to join BRWA, plan for hiring replacements or reassigning duties. Ideally, this is done smoothly so that on Day 1 of merger, all field staff know their reporting structure and tasks.

Public Communication (Month 20–30)

Intensify communication to customers about the upcoming change. Send notices on where to call for sewer issues after the transfer, etc. Possibly hold community meetings or send mailers explaining any new rate structure and the benefits customers can expect. This is crucial for public trust and to avoid confusion.

Merger Effective Date (around Month 30, which is approximately 2.5 years out)

On a chosen date (commonly July 1 of a fiscal year) the transfer occurs. At 12:01 AM that day, BRWA legally owns all Spindale and Rutherfordton wastewater assets. BRWA's staff begin operating all facilities (likely the same staff, just under new management). Any remaining town budget funds for sewer are transferred to BRWA or used per agreement (some towns might keep a small residual for related stormwater or etc., but likely all enterprise funds move). Town ordinances relating to sewer (like sewer use ordinances) are repealed or replaced by BRWA's ordinances as applicable.

Phase 4: Post-Merger Integration and Capital Projects (30–48+ months)

Initial Operations and Monitoring (Month 30–36

In the first 6 months post-merger, closely monitor operations and address any minor issues. The Authority will likely form a Wastewater Operations division and integrate the two systems' SCADA, maintenance schedules, etc. Any differences (lab procedures, reporting deadlines) need to

be identified and resolved. Ensure all regulatory reports (like combined MOR/DMRs) are properly handled by BRWA. The joint working group can be phased out or evolve into an advisory committee to the BRWA board during this period, to ensure continued communication.

Finalize Governance and Representation (Month 48)

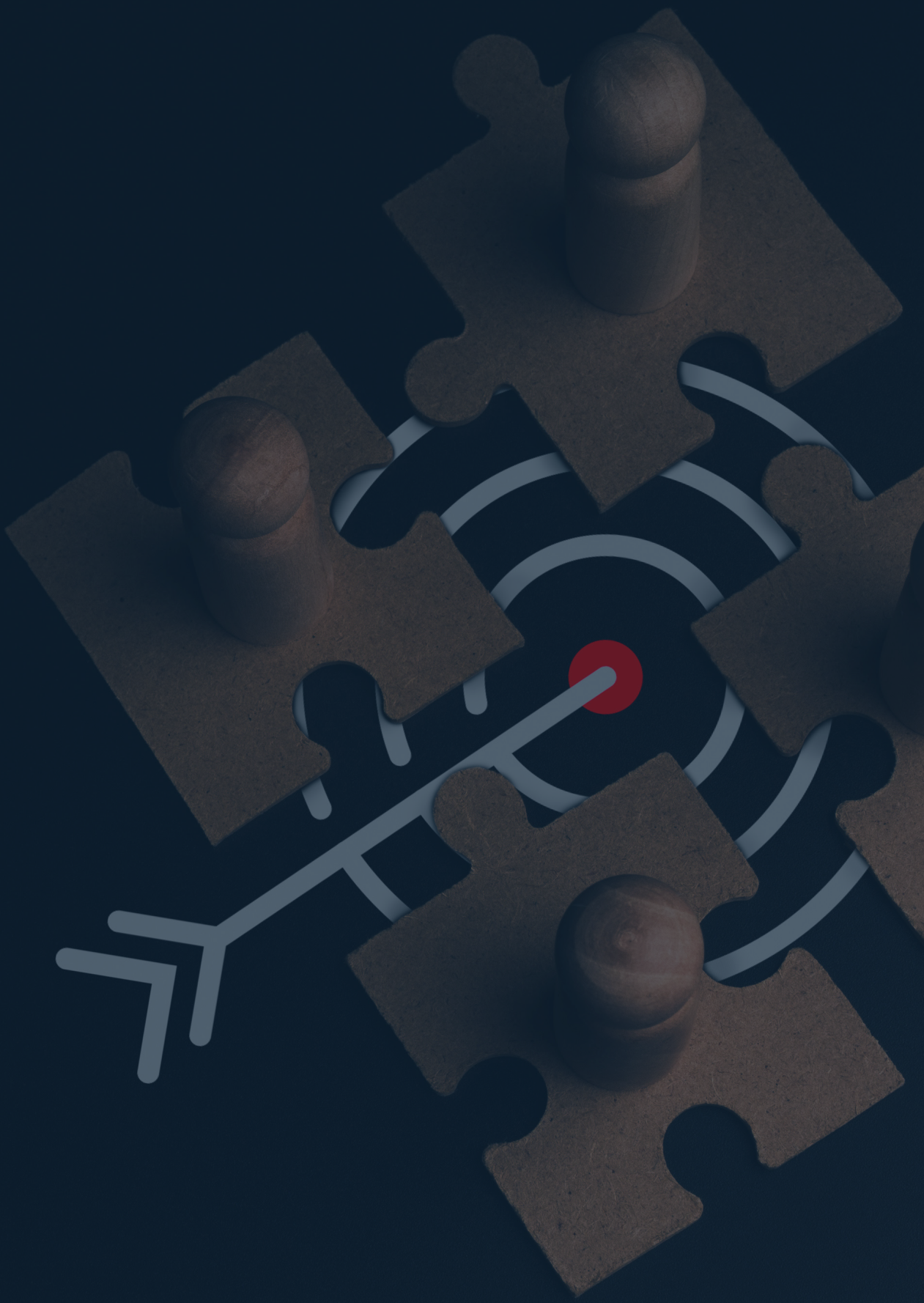
Around this time, evaluate if any changes are needed in the governance. But if not, just confirm the board composition is working, and rotate appointments as applicable if terms expire.

Long-Term (Year 5 and beyond)

Continue to implement the unified CIP including ongoing sewer rehab projects, any expansion to unserved areas as opportunities arise, etc. By Year 5, ideally the combined system is running under routine conditions, and the towns and BRWA can showcase the success (e.g., fewer overflows, stable rates, improved compliance). At this point, initiate additional exploration of incorporation of other utilities if desired, using the now proven framework. Also, around this time or before, attempt to obtain the preferred funding status for any next-phase projects to leverage state support.

This timeline is approximate and contingent on cooperation and funding availability. Key, however, is that we front-load planning (Phase 1 and 2) to ensure that when implementation happens, there are minimal surprises. Each phase's completion is somewhat dependent on state funding cycles and regulatory approvals, so some adjustments might occur (for example, if funding is delayed a round, construction might push a few months). Nonetheless, a roughly 4-year plan from decision to full integration is feasible and aligns with past consolidation efforts of similar scope.

Throughout these phases, it's critical to maintain clear communication with stakeholders, from employees to the general public, in order to keep everyone informed and supportive.



STAKEHOLDER ENGAGEMENT AND PUBLIC OUTREACH STRATEGY

Successful consolidation is not just an engineering or financial project but is instead fundamentally a people project. Gaining and maintaining the support of stakeholders is critical. Stakeholders include customers (residents and businesses) in both towns, town and county elected officials, utility employees, regulatory agencies, neighboring communities and others (like large institutional sewer users, developers, etc.). A comprehensive engagement strategy will foster understanding, address concerns, and build public trust in the regionalization plan. Below are recommendations for stakeholder engagement focused especially on customer education around consolidation:

Communication Objectives:

Educate stakeholders about why consolidation is being considered (aging infrastructure, cost pressures, etc.) and the benefits it will bring (rate stabilization, improved service, funding opportunities).

Address Concerns/Emotions: Change can provoke uncertainty or territorial feelings. It's important to acknowledge concerns (e.g., "Will my rates go up? Will service suffer?) and respond with factual, empathetic communication.

Demonstrate Transparency: The process should be as open as possible. Stakeholders should feel informed at every key step, not blindsided.

Highlight Successes: Use the case studies and local examples to show this is a proven path. For instance, mention how BRWA already serves as a regional water provider and how Spindale and Rutherfordton already work together informally, and this is building on that success.

Key Audiences and Tactics

General Public/Customers

Public Information Sessions: Hold town-hall style meetings in both Spindale and Rutherfordton early in the process. Present the findings of this updated study in accessible terms. Use maps, charts, and handouts.

Visual Aids: Create simple graphics that compare "what happens if we consolidate vs if we don't." For example, a chart showing projected average monthly bills under each scenario would demonstrate benefits for affordability. Or a map highlighting how an interconnection provides backup service coverage (resiliency).

Consistent Messaging: Develop key messages (talking points) that all officials and staff use when discussing consolidation.

Media Outreach: Utilize local media (Rutherford County news outlets, radio) to share information. Perhaps do a feature story on the partnership with quotes from both mayors highlighting the strong working relationship already in place and shared vision for the future. Emphasize unity and forward-thinking leadership.

Town and County Websites/Social Media: Post regular updates on the towns' websites and social media pages explaining progress. Create a dedicated "Regional Sewer Initiative" page where documents (like FAQs, meeting schedules) are available. Social media can be used to dispel any circulating rumors quickly with factual replies.

Customer Notices: Prior to any significant changes send direct mail notices or bill inserts explaining what will happen and why. Ensure contact info is given for who to call with questions.

Branding the Effort: Sometimes giving a name to the initiative helps galvanize support. For example, calling it the "Rutherford Regional Sewer Partnership" or similar can frame it positively (as a partnership, not a takeover). Possibly create a simple logo or tagline like "Working Together for Sustainable Utilities."

Elected Officials and Community Leaders

Joint Workshops: Organize periodic joint workshops for Spindale's Board of Commissioners and Rutherfordton's Council (and include County Commissioners when relevant). These allow officials to discuss issues collaboratively and stay on the same page. They should feel ownership of the process, not that it's dictated by staff or consultants.

Site Visits: Take officials on tours of each other's facilities and perhaps a visit to an example regional utility (maybe CFPUA or another in a nearby region) if feasible, to see operations and talk to their board or staff about how consolidation worked. Seeing is believing and it can alleviate fear of the unknown.

Regular Briefings: The County Board of Commissioners should receive regular briefings as well, since their support can be valuable (e.g., if any county help or just moral support is needed). Keeping them informed also helps in case any constituents approach them with concerns so that they can answer accurately and supportively.

Advisory Role: Involve respected community figures (like maybe a retired public works director or a civic leader) in an advisory capacity or spokesperson role. If they advocate for the merger publicly, it can carry weight.

Utility Employees

Internal Meetings: Meet with the public works/utilities staff of each town early to discuss what consolidation means for them. Emphasize that the intent is to retain staff and provide new opportunities (like being part of a larger team, access to training, etc.). Employees are often nervous about job security and addressing those concerns openly ("no layoffs, we need all of you to make this successful") is crucial for morale.

Inclusion in Planning: Involve frontline employees in planning operational integration. They often know the details that need addressing (like how SCADA systems differ, or where some hidden valve is). This inclusion also helps them feel part of the change.

Regular Updates: Keep employees updated as milestones pass (e.g., when funding is approved, when the merger agreement drafts are circulating, etc.), so they are not taken by surprise by news. Possibly have a representative from each town's staff on the transition working group.

Joint Team-building: Start doing joint training or team-building exercises with Spindale, Rutherfordton and BRWA utility crews. Could be as simple as cross-training sessions or responding together on a non-emergency project to build camaraderie.

Regulatory and Funding Stakeholders

While not traditional public outreach, it's critical to maintain close contact with NC DEQ and NC DWI throughout the consolidation process. Invite them to community meetings if appropriate. Their public statements can bolster the case (hearing support from a variety of state officials can reinforce the benefits of the project) for consolidation.

Transparency in Funding Use: When grants are awarded, publicize it ("Towns secure $X million to support merger which benefits local ratepayers") to show progress and that the strategy is working. It builds goodwill that this is bringing in outside dollars to the community.

Large Customers & Industry

Identify all major sewer customers (e.g., a hospital, large manufacturer, etc.). Meet with them one-on-one to explain how consolidation might affect them. Often large customers worry about rates or service changes. Provide data showing they are likely to benefit too (or at least not be harmed). They can become allies if they see improvement (for example, an industry might appreciate that a larger utility could handle increased capacity if they expand operations). If an industry had historically special arrangements with one town (like a special rate or discharge permit conditions), ensure those will be honored or fairly adapted in the new system and communicate that clearly to avoid their opposition.

Addressing Specific Concerns in Messaging:

Rates Concern

"Will my bill go up?" Explain likely short-term changes (e.g., if Rutherfordton's base fee goes up slightly, why and how average bills compare) and emphasize long-term savings. Use the narrative that separate systems would have caused far higher increases due to needed improvements, whereas consolidation plus state aid keeps rates manageable.

Local Identity

"Are we losing our sewer system to an outsider?" Emphasize that BRWA is our regional authority, not a private company or out-of-area entity. It's governed by local representatives and exists solely to serve this community's water (and now sewer) needs. Both towns will still have representation and say in how things are run.

Jobs

"Will town workers lose jobs or will service suffer due to fewer workers?" Clarify no layoffs are planned. Point out that if anything, staff will have more opportunities as part of a larger utility.

Quality of Service

"Will BRWA care about sewer as much as they do water?" Affirm that they are fully committed (with quotes from BRWA officials). Mention how BRWA has a track record of quality service in water and will bring that same professionalism to wastewater. Also, note that it can be structured as a separate wastewater fund within BRWA so it won't financially burden water customers or vice versa, showing a responsible approach.

Timeline and Process

Lay out the timeline simply. Explain each phase and how the public will be kept informed. Commit to milestones (like "we aim to have a signed agreement by next summer, and to complete the merger by 2028"). Showing an orderly plan instills confidence.

Ongoing Engagement

Stakeholder engagement isn't one-and-done but should be continuous.

Feedback loops: Provide ways for people to submit questions or comments (via email, website form, at meetings). Respond promptly so misinformation doesn't fester.

Celebrate Progress: When key actions happen (grant obtained, construction groundbreaking, official merger date), hold small ceremonies or issue press releases. Recognize the contributions of all parties. This keeps the narrative positive and shows momentum.

Post-merger Engagement: After consolidation, keep the dialogue going. For instance, hold an open house at facilities inviting the public to see the regional plan in action. Continue publishing performance metrics (like how many overflows were eliminated or customer satisfaction surveys) to demonstrate improved service.

By implementing these outreach strategies, the aim is to build a broad coalition of support so that customers understand what's in it for them, employees feel secure and part of something bigger, and officials feel proud of taking a bold step for the community's future. Consolidation can then transition from a potentially contentious proposal to a widely supported initiative seen as modernizing our infrastructure and protecting our community's well-being.

The emphasis on education and transparency will pay off in smoother implementation and lasting public trust in the new regional utility.

RECOMMENDATIONS AND CONCLUSION

After extensive analysis of technical, financial, and governance factors as well as careful consideration of stakeholder perspectives this report shows that the consolidation of the Town of Spindale and Town of Rutherfordton wastewater systems under the Broad River Water Authority is the optimal long-term strategy for sustaining sewer services in these communities. The following are the key recommendations:

Key Recommendations:

- **Proceed with Merger under BRWA:** Both Towns should formally pursue merging their sewer utilities into the Broad River Water Authority framework. This approach leverages BRWA's existing structure and regional focus, while allowing future partners (like Cliffside) to join easily. It provides the greatest economies of scale and is strongly supported by state policy.
- **Negotiate a Fair, Detailed Consolidation Agreement:** Enter structured negotiations (via the Joint Working Group) to hammer out the asset transfer and consolidation agreement. Ensure the agreement covers representation, asset/liability transfer, employee matters, initial rate setting, and transitional arrangements in detail, leaving as little ambiguity as possible. Use legal counsel to align it with NCGS 162A requirements and LGC guidance.
- **Maintain Strong Local Representation in Governance:** As part of the agreement, adjust the BRWA governance if needed so that Spindale and Rutherfordton each have appropriate representation on the BRWA Board of Directors post-merger. This will maintain local influence over decisions, addressing any concerns of lost control. For example, guarantee a certain number of board seats or weighted voting to the towns (if not already in BRWA's bylaws).
- **Secure State and Federal Funding (Priority Action):** Aggressively pursue the funding that consolidation projects often receive from NC DWI. Apply for grants and zero-interest loans to cover system improvements.
    - Continued I/I reduction projects in both towns (to maximize available capacity and resiliency).
    - Additional utility integration planning (even if utilities aren't joining now consider applying for a separate grant to study/incorporate later, as that prospect strengthens the regional approach and could attract additional funds). The goal is to utilize state/federal dollars as much as possible so that local ratepayers reap the cost savings of consolidation without undue financial burden.
- **Implement a Unified Rate Structure Gradually and Equitably:** Based on the recommended rate study, adopt a unified sewer rate schedule for the combined system, phasing it in over a reasonable period to avoid sticker shock for either town's customers. Ensure the rate structure is fair (likely moving to a uniform rate for all retail customers) and that it eliminates unfavorable elements like declining blocks. Clearly communicate to customers how the new rates compare and emphasize that long-term increases will be moderated due to the merger.
- **Invest in Priority Capital Improvements Early:** As soon as feasible post-merger (and as funding comes through), undertake the critical capital projects including systematic sewer rehabilitation to reduce I/I, focusing on known problem areas identified by AIA and other past studies. This will free capacity and reduce potential overflow issues, aligning with compliance goals. These investments will help achieve parity between systems (making sure neither town's system is disproportionately in worse shape) and address critical deficiencies. They also demonstrate tangible improvements to stakeholders.
- **Formalize Emergency Response Cooperation:** Immediately join WaterWARN for mutual aid and develop an integrated countywide emergency response plan. Also consider joint training exercises for spill response and backup power deployment. Having this in place sooner protects both towns in the interim before full consolidation is finished and positions the region well for any future disasters (learning from Hurricane Helene's impacts).
- **Engage Stakeholders Proactively:** Launch a stakeholder outreach program (public meetings, newsletters, staff workshops, etc.) to build public support. Keep this engagement going through and beyond the merger effective date. An informed and supportive public will smooth approvals and minimize political hurdles. Track public sentiment and be responsive and if specific concerns arise, address them directly in communications or adjust plans if needed (without compromising the core goals).

- **Utilize a Transition Period for Interim Collaboration:** Use the period prior to full asset transfer to implement "quick wins" through interlocal cooperation.Possibly formalize a contract for Spindale to assist with Rutherfordton's WWTP operations (especially during upgrades) or vice versa share crew for sewer cleaning. This will build operational familiarity and yield some savings ahead of merger. Standardize some practices (like combined purchasing of certain supplies) immediately where legal. These actions will begin capturing benefits early and act as a proving ground for the partnership.
- **Plan for Future Regional Opportunities:** Although other utilities may not immediately join, maintain an open pathway for it in the future. The recommended governance structure under BRWA explicitly allows for adding such participants. Additionally, identify any other nearby communities or service gaps in the county that could logically connect in the future (Ruth area, etc.) and design the initial consolidation in a way that scaling up is easy (for example, sizing any interconnection a bit larger to allow additional flow, if practical).

Conclusion:

In conclusion, merging the Spindale and Rutherfordton sewer systems under a regional authority is a forward-thinking solution that addresses the pressing challenges identified. Both towns have diligently invested in upgrades and rate increases in recent years, yet the status quo trajectory is unsustainable long-term due to limited customer bases and looming capital needs. The towns already demonstrate that collaboration works through their informal partnerships and mutual aid which show existing regional success. Formal consolidation simply builds upon this existing trust and cooperation. Rutherfordton's recent WWTP grants and Spindale's upgraded plant give the combined system a strong starting position. By acting now, before crises emerge, the communities can capitalize on the current favorable funding climate and avoid being forced into emergency measures later. The impact of Hurricane Helene was a wake-up call that resilience comes from shared resources and planning. A regional utility will be far better prepared to protect public health and the environment when extreme events occur, through interconnected infrastructure and joint response capabilities. A BRWA-based regional system will allow Rutherfordton and Spindale to maintain their local identities and pride while shedding some of the burdens that come with running a small utility on their own. Local control is preserved through representation and regional strength is gained through consolidation.

By implementing the recommendations in this report, from technical improvements to stakeholder engagement, the Towns of Spindale and Rutherfordton can ensure a smooth transition into a unified sewer service. Within a few years, customers should experience reliable service with stable, affordable rates, and the towns will have peace of mind about regulatory compliance and financial viability.

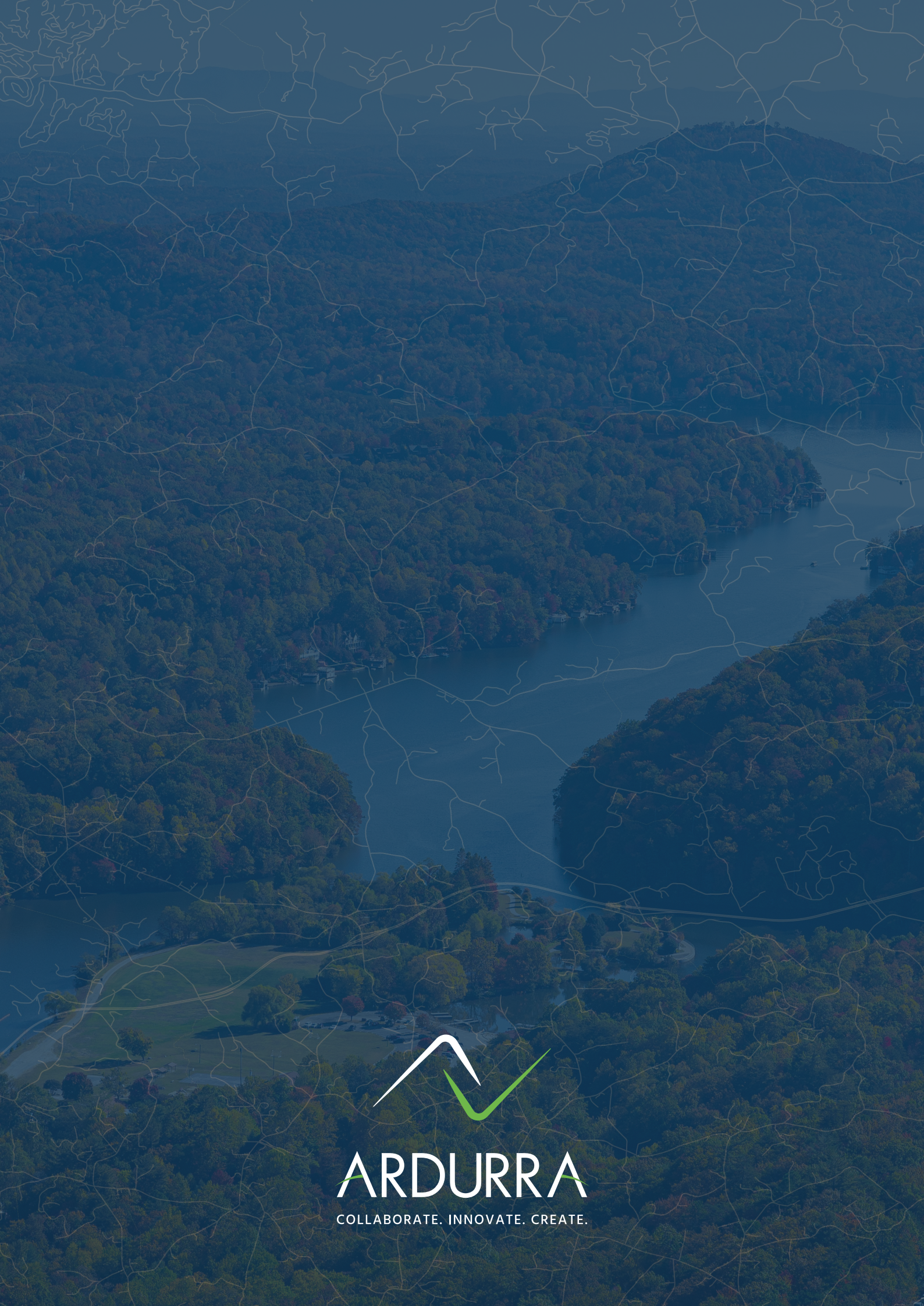
This initiative aligns closely with North Carolina's emphasis on utility viability and regional solutions, meaning ample state support is anticipated at every step. In sum, the merger is not only feasible but highly advantageous, better positioning the communities for long-term sustainability and growth. It allows the partners to leverage each other's strengths such as Spindale's modern WWTP and planning foresight, Rutherfordton's recent financial boost and proactive approach, and BRWA's established governance and operational expertise.

With a committed leadership, engaged stakeholders, and ongoing support from the state, the vision outlined in this report of one regional wastewater system, robust and affordable, serving both towns, can and will become a reality. It is a visionary step, but one grounded in practical benefits and proven precedents. The recommendation is for the Towns and County to embrace this long-term strategy and proceed with confidence along the path of regionalization, knowing it is the best course for ensuring environmental protection, economic vitality, and quality of life for the people of Rutherfordton, Spindale, and the surrounding region for decades to come.

APPENDIX

The following are attached as separate files for your viewing convenience:

- **"Rutherford County Model v.8"** (.xlsx)
- **RCMJSS Service Areas Map** (.pdf)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