LRC – Study of Utility Rates of Public Enterprises

NC LEAGUE OF MUNICIPALITIES

Water Infrastructure Needs

NC LEAGUE OF MUNICIPALITIES

- Drinking water systems needs are $10-$15 billion over next 20 years*
- Wastewater systems needs are $7-$11 billion over next 20 years*
- Funding is limited at all levels of government
- What a community can support in rates varies across the state

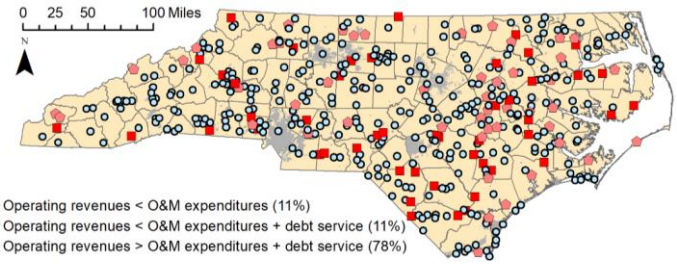
(*) Environmental Finance Center at the University of North Carolina's School of Government (EFC) evaluation of needs surveys

Water Infrastructure Needs

NC LEAGUE OF MUNICIPALITIES

- Local government utility systems with financial need tend to be located in areas of the state that are seeing other issues
  - Population and industry loss
  - Health disparities

Cost Recovery in 449 Local Government-Owned Water and Wastewater Utilities during FY2016

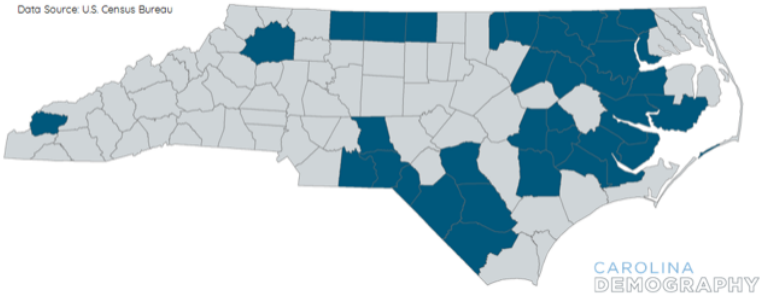


Analysis by the Environmental Finance Center at the UNC School of Government.
O&M expenditures calculated as total operating expenses minus depreciation.
Sources: FY2016 audited financial statement data compiled by the Local Government Commission. Geospatial locations are approximated by the EFC using secondary sources from NCOneMap (NC Geographic Information Coordinating Council), NC Department of Environmental Quality, and primary sources.

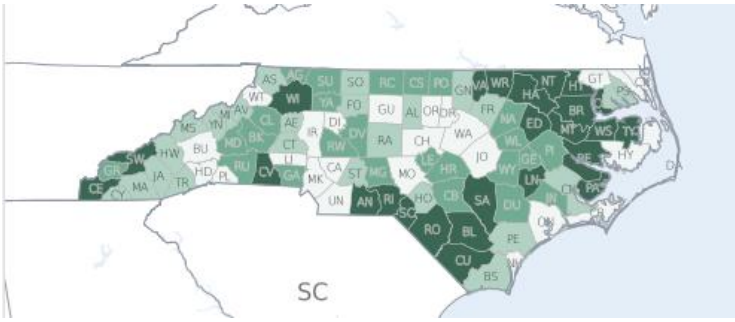
Population decline remains a challenge for many North Carolina counties. Thirty-four counties had fewer residents in 2017 than in 2016—all of these counties have fewer residents today than they did in 2010.

34 NC counties lost population between 2016 and 2017

Data Source: U.S. Census Bureau



Overall Rankings in Health Outcomes



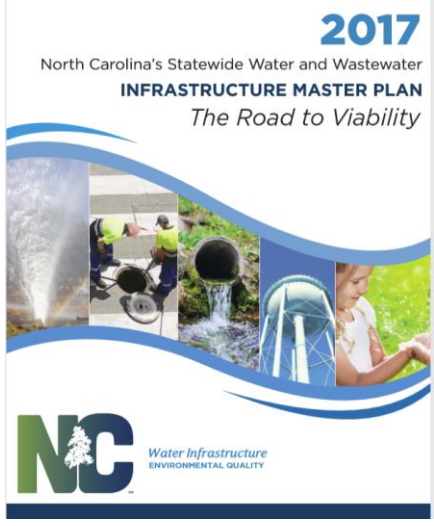
RANK 1 - 25 | 26 - 50 | 51 - 75 | 76 - 100 | NOT RANKED (NR)

Source: Robert Wood Johnson Foundation (March 2018)

Funding Infrastructure Needs

NC LEAGUE OF MUNICIPALITIES

- NCLM appreciates the funding the NCGA allocates to the programs implemented by the State Water Infrastructure Authority
- Including the decision to offer "Merger Regionalization and Feasibility" grants



Regionalization

NC LEAGUE OF MUNICIPALITIES

- Regionalization can lead to efficiencies, lower rates, better environmental compliance
- But success depends on many unique factors, such as:
  - State of repair for system infrastructure
  - Technical engineering compatibility of systems
  - Discharging river basins—Inter Basin Transfer (IBT) needed?
  - Current rates charged by each system involved
  - Ability of ratepayers to fund repairs and upgrades
  - Borrowing capacity of local government units
  - Availability of grant funding

Municipal Operations Consultants

NC LEAGUE OF MUNICIPALITIES

- NCLM now has four part-time Municipal Operations Consultant positions providing direct technical assistance to municipalities
- More than 100 years of combined experience in local government management, budget and finance between them
- Working directly with League members on financial and managerial issues, and connecting them with additional resources when appropriate

Municipal Operations Consultants

NCLM Municipal Operations Field Territories

TERRITORY 1
Bob Scott

TERRITORY 2
Perry James

TERRITORY 3
Harold Owen

TERRITORY 4
Ann White

Thank you

Rose Williams

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