

**Council Members**  
Weidner Abernethy, Mayor  
Kelly Melang, Vice Mayor  
Art Beckmann  
Alan Villanova  
M.W. Stanford



**Town Manager**  
Bob Pudney

**Town Attorney**  
Stacy C. Eggers IV

September 20, 2024

Attention: Committee Chair and Committee Assistant  
Joint Legislative Committee on Local Government  
North Carolina General Assembly  
Legislative Building  
16 W. Jones Street  
Raleigh, NC 27601

Fiscal Research Division  
North Carolina General Assembly  
Legislative Office Building  
300 North Salisbury Street, Suite 619  
Raleigh, NC 27603-5925

RE: Town of Beech Mountain  
Drinking Water State Revolving Fund (SRF)  
Proposed \$10,000,000 Loan  
2023 Water System Rehabilitation Project  
Project No. SRF-D-2058

To Whom It May Concern:

In accordance with Section 120-157.2(a) of the General Statutes of North Carolina as amended, the Town of Beech Mountain hereby notifies you of its intent to enter into a Drinking Water State Revolving Fund (SRF) loan with the Division of Water Infrastructure of the North Carolina Department of Environmental Quality, subject to the approval of the Local Government Commission, in the expected amount of \$10,000,000.

**Purpose of Project:** This project will address failing water distribution mains (2" and 4" galvanized steel pipes with leaking joints) and their service lines by replacing them with approximately 40,500 linear feet of 6" ductile iron water mains. The location will be along various streets in the Town. The primary purpose of the project will be to reduce water loss. Real water loss is estimated to be 67% of the water produced at the treatment plant, based on the 2022 AWWA water audit. The service lines and their connectors, which are responsible for a significant portion of the water loss, will also be replaced.

A secondary purpose of the project will be to replace galvanized service lines that are within the project area since many of them have been identified as LSL's (Galvanized Requiring Replacement, GRR) under the latest Lead and Copper Rule Revisions (LCRR). The majority of the service lines in the project area are galvanized pipe. Regardless of material, all services connected to the old water mains in the project area will be replaced with new PEXa service tubing.

Scope of Project: All work will replace existing pipes with the same size pipe (like-for-like replacements), except that mains smaller than 6-inch size will be replaced with 6-inch size mains. No additional capacity or service area will be created by the project. Where water mains to be replaced are currently dead-end lines and can be extended to other mains (loop-closing), they will be. This will improve water quality and provide redundancy.

Approximately six (6) pressure reducing valve stations will be installed, where feasible, to create new pressure zones with lower operating pressures. The purpose will be to reduce leakage rates.

Debt Requirement of the Project: The projected construction cost of the 2023 Water System Rehabilitation Project is \$10,000,000, all of which is to be debt financed.

Means of Financing the Project: The project is to be financed through a Drinking Water State Revolving Fund (SRF) loan at a maximum interest rate of 2.03% over 20 years, subject to availability and conditions of the funding program.

Sources of Repayment for the Project: The SRF loan principal and interest will be repaid using funds collected by the Town from its current customer base, through normal fees. Increases in these normal fees may be necessary in the near future but we anticipate such fees to remain below 4% of the Median Household Income for our service area (for those customers using 5,000 gallons per month or less).

If more specific information is needed, please do not hesitate to contact me at the address above or to contact our consulting engineer, Benjie Thomas of West Consultants, at:

West Consultants, PLLC  
405 South Sterling Street  
Morganton, NC 28655  
Phone: (828) 522-4728  
Email: bthomas@west-consultants.com

Sincerely,



Robert Pudney, Town Manager

cc: Greg Gaskins  
Local Government Commission  
NC Department of State Treasurer  
325 N. Salisbury Street  
Raleigh, NC 27603-1385

Shadi Eskaf, Director  
NC Division of Water Infrastructure  
1633 Mail Service Center  
Raleigh, NC 27699-1633