



Pat Kahle
President & CEO
Union County Chamber
903 Skyway Drive
Monroe, NC 28110

Dear Ms. Kahle and Chamber members,

In response to your email to the Union County Board of Commissioners on May 23, 2023, I appreciate your pledge of support as an important Union County constituent group as we continue to evaluate the current situation of Union County's water and wastewater utility and work with our consultant to determine solutions in both the short and long term. I have a strong and proud voting record of supporting responsible growth in Union County during my 12 years plus in office and I look forward to future opportunities to grow our business tax base in the future. I think you will find from the information in this letter that the management of our water and wastewater utility is not as portrayed by a few.

In the short term, we are, in fact, providing significant and immediate expansion of our wastewater system. A majority of current Board members have indicated support for several important measures to increase wastewater capacity, extend public water to rural areas, provide maintenance for our system, and develop financial sustainability in our system, including:

- Using approximately \$16 million in funding from the American Rescue Plan Act for the Crooked Creek Phase II interceptor project, which will expand wastewater collection system and will allow for additional development within the U.S. 74 corridor. (Direction given on March 6, 2023)
- Implementing a 1.75% rate increase to help fund several capital improvement projects, including a 1.5 million gallons per day expansion of the 12 Mile Creek Water Reclamation Facility, continuation of the FY22 and FY23 Short Water Line program, and renewal and replacement projects. The Board was given alternative rate increase scenarios of 1.5% and 1.75%. (Discussion occurred on February 20th, March 6th and April 17th)
- Using depreciation reserves to offset larger rate increases for capital projects, maintenance and extension of public water to rural areas. (Discussion on February 20th)
- Using General Obligation Bonds and voter approval for potential future water and sewer capacity expansion. (Discussion on February 20th)
- Increasing the system development fee for wastewater projects, which I believe is a necessary step to ensure we can expand wastewater capacity and help us recover our costs from new development. (Discussion on April 17th)

I anticipate the above measures being officially approved as part of the annual budget approval process on June 19, 2023.

Board of County Commissioners
500 N. Main Street
Monroe, NC 28112

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Our plans do not end there. In the longer term, operating a water and wastewater utility requires a significant amount of planning. The process of gathering necessary data to update the Master Plan started in January 2021 with Union County Water staff - well before the current Board was seated. The Board is now reviewing the results of that work. Our Master Plan is updated every five years and serves as a long-range guide for our future investments in water and wastewater capacity over the next 20 years. Over the past six months the current Union County Board of Commissioners has been in office, the Board has been, and still is, reviewing comprehensive data on the operations of the utility, current projects outlined in the Capital Improvement Plan, rate and fee structures, and funding mechanisms, as we discuss necessary infrastructure improvements to our water and wastewater systems. During meetings of the Board on April 17th, May 1st and May 15th, representatives from our engineering consultant, Brown and Caldwell, presented information and recommendations for updates to the Union County Water and Wastewater Master Plan. I am including those presentations as an attachment to this letter for your review.

It is imperative that the Board carefully review all data available, have sufficient time to ask questions of staff and consultants, and digest complex information about the intricacies of managing a water and wastewater utility as well as potential impacts to ratepayers. That review is underway but includes options for additional expansion as fiscally practical. I anticipate several decisions along these lines being finalized in the near future with some outlined in the budget cycle and future budgets.

Union County residents have overwhelmingly expressed that any expansion of our water and wastewater utility should be completed in a fiscally conservative and responsible manner. Because I am beholden to the will of the constituents I serve, it is through that lens that I am approaching this complex matter.

I understand the concerns outlined in the resolution approved by the Union County Chamber Board of Directors. Many statements, however, including one that reads in part, “no plan has been offered to expand wastewater capacity to alleviate, in either the short or long term, the current wastewater crisis,” are simply not accurate. The Board of Commissioners has acted responsibly in a short period of time (5 months) to move forward with and plan for upgrades and maintenance of the utility system through plans that have been prepared and approved by professional engineering firms. Additionally, major credit rating agencies recently affirmed Union County’s water and sewer utility credit rating at a high rating.

I agree that our business community is vital to our economic well-being. I am proud that Union County has a business-friendly reputation and am committed to keeping it that way. While our ability to provide wastewater capacity for additional development may be limited in the short term through decisions that have far preceded the current Board, my understanding is the City of Monroe has ample wastewater capacity available for immediate economic development opportunities.

I am also committed to identifying solutions to better balance the tax base, as our real estate tax base is currently 90% residential, compared to only 10% commercial/industrial. That fact is also demonstrated with our recent allocations for wastewater capacity, as 71% of the sewer permits issued over the past five years in the service areas of the 12-Mile Creek Water Reclamation Facility and Crooked Creek Water Reclamation Facility were issued for residential projects. While we do track the types of permits issued for new development, water and wastewater allocation is non-discriminatory and permitted on a first-come, first-served basis. State law requires that capacity allocation cannot normally be prioritized by the

use of a property or project type, i.e., commercial, industrial, residential, etc. For this reason, the current Board of Commissioners requested our State Legislature consider and introduce legislation that would allow our utility to prioritize commercial and industrial development. This request was presented at our legislative breakfast meeting with our local delegation on February 20, 2023. The challenge the County faces whenever we approve more wastewater capacity is that it is often quickly gobbled up by residential rather than commercial development. Land use approvals, however, which can favor developments by type, are squarely within the purview of the local government authority having jurisdiction. Many of the re-zoning approvals that have heavily favored residential development over many years were made at the municipal, not the County, level. Therefore, the municipalities that have approved overwhelmingly residential development projects have borne significant historical responsibility for creating the less-than-ideal tax base ratio. Our municipalities must have a significant role in forging a path back to a more balanced tax base through responsible and balanced exercise of their zoning power as well as approval of projects utilizing gravity fed sewer solutions which do not require Union County Board approval.

I look forward to a continued partnership and appreciate everything you do for businesses throughout Union County.

Sincerely,



Stony D. Rushing

Chairman, Union County Board of Commissioners

Attachments:

1. Brown and Caldwell Presentation from April 17, 2023 BoCC meeting
2. Brown and Caldwell Presentation from May 1, 2023 BoCC meeting
3. Brown and Caldwell Presentation from May 15, 2023 BoCC meeting