

NORTH CAROLINA
Environmental Quality

June 21, 2022

ROY COOPER

Governor

ELIZABETH S. BISER

Secretary

SHADI ESKAF

Director

Mayor Rodman Williams
Town of Bridgeton
401 North B Street
Bridgeton, NC 28519

Town Clerk Melba Bolton
Town of Bridgeton
202 North B Street
Bridgeton, NC 28519

RE: Potential Designation of Distressed Unit in the Viable Utility Program for the Water/Wastewater Utility

Dear Mayor Williams and Town Clerk Bolton:

This notice is to make you aware that Town of Bridgeton met or exceeded the threshold for potential designation as a distressed unit under the Viable Utility Program in the recent assessment of public water and wastewater utility providers across the state as directed by North Carolina General Statute (NCGS) 159G-45. Information on the state-wide assessments is provided below.

In the most recent assessment, Town of Bridgeton has a score of 9, which meets or exceeds the threshold of eight points for a single system (water or wastewater) or nine points for a combined water/wastewater system. The attached scorecard shows the points assigned and data used for each of the assessment criteria. An information sheet describing each of the criteria is also attached. Units designated as distressed must complete a number of actions as required by statute as outlined below, and are eligible for grant funding under the Viable Utility Reserve.

At this time, Town of Bridgeton has not been designated as a distressed unit under the Viable Utility Program, but pursuant to the assessment schedule and process adopted by the State Water Infrastructure Authority (Authority) and the Local Government Commission (Commission), Town of Bridgeton has three options as a result of this score:

1. If you do not believe that the assessment criteria accurately reflect the status of your unit, you can provide additional supporting information for consideration. Please submit any additional information by September 30, 2022.
2. You may take actions you deem appropriate to remedy the deficiencies identified through the assessment. Town of Bridgeton will be reassessed in the annual review next spring, and if Town of Bridgeton's score meets or exceeds the threshold for designation



North Carolina Department of Environmental Quality | Division of Water Infrastructure
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for a second consecutive year, Division staff will recommend Town of Bridgeton for designation as a distressed unit under the Viable Utility Program, subject to approval by the Authority and the Commission. We encourage Town of Bridgeton to look at the assessment scores and seek assistance from the Viable Utility Program or other resource agency partners to help address areas of concern.

3. If you wish to be designated as a distressed unit and to begin participating in the Viable Utility Program, you may request official designation by submitting a formal written request, including a resolution by your board, requesting designation. The request must be received by July 1, 2022 and will be reviewed and considered by the Authority and the Commission for formal designation as a distressed unit under the Viable Utility Program. You will be notified of their decision after their meetings. If you wish to be designated as a distressed unit but cannot complete the formal request or provide the resolution by July 1, 2022, please contact Susan Kubacki at 919-707-9181 or susan.kubacki@ncdenr.gov by July 1, 2022.

Viable Utility Program Background

[Session Law 2020-79 \(SL 2020-79\)](#) was enacted July 1, 2020 to foster the viability of public water and wastewater operations across the state by identifying distressed local government units (LGUs) and providing a process for developing viable water/wastewater utilities.

Assessment Criteria: Several critical areas for determining when a water/wastewater utility is considered a distressed unit were outlined in SL 2020-79. Using those provisions, the Commission and the Authority worked together to adopt assessment criteria comprising financial, organizational and infrastructure components. Details on the assessment criteria and their use in scoring LGUs are provided in the attached information sheet.

Identification Criteria: The Commission and Authority have designed a process to identify distressed units and then work with these units to determine each unit's current conditions, consider viable options that may be available, and work with the unit on the implementation of long-term solutions. The Commission and the Authority use the following Identification Criteria for identifying distressed units:

1. A unit whose fiscal affairs are under the control of the Commission pursuant to its authority granted by NCGS 159-181 ("under Commission fiscal control"), or
2. A unit that has not submitted its annual audits to the Commission for the last two (2) fiscal years as required by NCGS 159-34, or
3. A unit with a total assessment criteria score that:



- a. Equals or exceeds 9 for units providing both drinking water and wastewater services, or
 - b. Equals or exceeds 8 for units providing only one service, either drinking water or wastewater, or
4. A unit for which other information is available to or known by the Commission or the Authority that reflects and is consistent with, but does not expressly appear in, the assessment criteria to account for situations in which the assessment criteria score does not wholly or accurately reflect a system's level of risk due to the limitations of available data.

Units designated as distressed must complete a number of actions as required by statute. The statutory requirements of distressed units are defined in NCGS 159G-45(b) and provided below:

1. Conduct an asset assessment and rate study, as directed and approved by the Authority and the Commission.
2. Participate in a training and educational program approved by the Authority and the Commission for that distressed unit. Attendance is mandatory for any governing board members and staff whose participation is required by the Authority and the Commission.
3. Develop an action plan, taking into consideration all of the following:
 - a. A short-term and a long-term plan for infrastructure repair, maintenance, and management.
 - b. Continuing education of the governing board and system operating staff.
 - c. Long-term financial management to ensure the public water system or wastewater system will generate sufficient revenue to adequately fund management and operations, personnel, appropriate levels of maintenance, and
 - d. Any other matters identified by the Authority or the Commission.

While there are statutory requirements for distressed units, there also are opportunities for continuing to move forward on long-term solutions. Grant funding provided in the Viable Utility Reserve established in NCGS 159G-22 may be available to help conduct an asset assessment and/or a rate study if needed to meet the requirements, as well as to evaluate merger, regionalization, and decentralization opportunities in the development of an action plan to ensure a long-term, viable water utility for your community. Applications for the next funding round will be accepted in the Fall. Application training will be available this summer. Dates and registration will soon be posted on the Division website:

<https://deq.nc.gov/about/divisions/water-infrastructure>



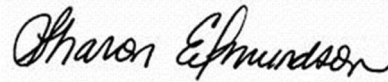
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Additional information about the Viable Utility Program is available on the Division's website at <https://deq.nc.gov/about/divisions/water-infrastructure/viable-utilities>.

Should you have any questions about this notice, please contact Susan Kubacki, with the Division of Water Infrastructure at 919-707-9181 or susan.kubacki@ncdenr.gov.



Shadi Eskaf
Chair, State Water Infrastructure Authority
Director, Division of Water Infrastructure
Department of Environmental Quality



Sharon Edmundson
Secretary, Local Government Commission
Deputy Treasurer
Department of State Treasurer

