

## **Rutherford County, NC Case Study Water and Sewer Funding Ordinance**

**Jurisdiction:** Rutherford County, NC  
**Best Management Practice:** Water and Sewer Funding Ordinance  
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**Introduction:** In North Carolina, as throughout the country, numerous water and sewer enterprises owned by local governments benefited from the federal government's ambitious construction grants program of the 1970s. A recent trend is the shift of the burden of collecting revenues away from the state and federal governments, toward local governments. This shift is painful for many in local government. The federal and state governments will likely continue to provide some water and sewer funds. However, given the economic pressures on the federal and state budgets, local governments will have to contribute more to building water and sewer infrastructure. Due to these funding shifts, some local governments in NC have developed innovative systems for assisting with the funding of water and sewer projects.

**Description:** Rutherford County is a rural county in western NC with an estimated population of 63,570. After extensive losses to the textile industry, Rutherford County has one of the highest unemployment rates in the state.

In the past, there has been very little infrastructure expansion in Rutherford County. The rural, mountainous nature of the county makes it very expensive to run water and sewer lines that reach only a small number of connections. In addition, development has not driven infrastructure construction as it has in some parts of the state due to the low property values in the area.

In an attempt to stimulate the economy, as well as to provide more county residents with water and sewer services, the County decided to provide a financial incentive for expanding water and sewer lines. The County did not want to be directly involved in the utility business; instead they wanted to provide funding assistance to water and sewer providers (the Broad River Water Authority, the Concord Community Water System, and local municipalities).

The Water and Sewer Extension Ordinance was set up to provide funding assistance to these providers throughout the county. To fund the program, 6% of a one-cent sales tax is used as debt service for loans. The water and sewer providers in Rutherford County can apply for funds to complete projects in the county. Grants and matches are approved through the state for loans, and cash is used to serve as debt service.

In order to take into consideration the different sizes of the water and sewer providers in the County, several different funding programs were included in the ordinance.

- **50/50 Program** – Under this program the provider receives a 50% grant from the County fund with a 50% match from the provider required.
- **25/50/25 Program** – Under this program the provider receives a 25% grant from the fund, a 50% low interest loan from the fund, with a 25% match from the provider
- **Local Match Program** – This program is to be utilized for matching funds of up to \$75,000 for State and Federal grants only. Under this program, the provider would receive a 75% grant from the fund and would pay the remaining 25% of the matching funds themselves.
- **75/25 Loan Program** – This program is utilized for those projects which would provide for system expansion but would not allow for new connections. Under this program, the provider would receive 75% loan from the fund and would pay the remaining 25% of the matching fund themselves.

Applications are scored and ranked by Rutherford County's Capital Planning and Finance Advisory Committee and then submitted to the County Commissioners for approval.

**Results:** After working out the details of the program, both the County and the water and sewer providers are pleased with the outcomes of the program. The County has distributed \$2,140,146 through the various funding programs over three years and several miles of water lines have been constructed.

Most of the requests have been for the 50/50 Program and the Local Match Program. After the third round of approvals, the County has not had to turn down any requests.