

Mayor's Message

Water and the Town of Oak Ridge

Almost two years ago, the Town of Oak Ridge (“the Town”) entered into a Memorandum of Understanding with Guilford County and the Towns of Summerfield and Stokesdale, to explore the feasibility of a regional municipal water system. That study, funded by a grant from the State, was conducted by Timmons Associates. The initial report has been delivered, and further studies are being contemplated. Deliberations on this issue are likely to take months, or a year or more, before final decisions are reached.

In the meantime, residential development in Oak Ridge is strong and ongoing, and is likely to continue. I believe it is important for the Town to decide on a course of action now to assure that our citizens will have access to a safe, plentiful and reliable water supply for years to come, with local control and accountability for this critical resource.

I believe that a municipally owned water system capable of meeting the demands of Oak Ridge citizens is a vital long-term goal. Several years ago, I began working on an approach that would not burden our citizens and allow the Town to establish a water system utilizing groundwater as the water source. The Town would build the water system by acquiring community well systems installed to meet a Town established standard. As the Town grows, the water system would grow and separate community systems could be interconnected in the future.

The Town would own the wells and distribution systems, and have oversight over their operation, maintenance and rates. I have outlined the steps it would take to begin such a system below, and propose they be considered by Council. Such action if implemented would be independent of the feasibility study and have no bearing on it.

All Oak Ridge citizens currently utilize groundwater as their water supply, either from individual wells or community wells. Based on current studies, it has been determined that there are suitable groundwater resources for the Town's present and future needs.

Individual wells are generally reliable. However, they are subject to going dry, contamination, and pump failure, and they do not function during a power outage. The individual is responsible for providing the remedy for any problem. Because the water is not required to be treated nor tested, many of our residents on individual wells are unaware of whether the quality of their water remains suitable for drinking.

About a third of our citizens receive water from community wells. These are operated by private utility companies, who own the wells and distribution systems and who are responsible for their operation and maintenance, and who charge customers for the water they use. They offer several advantages over individual wells. These systems are required to meet the same standards as municipal systems and State statutes require the water to be treated and regularly tested. The wells are constructed to higher standards, tend to achieve higher capacity, and are deeper and more reliable. They are subject to the same failures described above, but the utility company is responsible for providing a remedy, including assuring water is available during any repairs. The primary issues facing existing community wells include the condition of the distribution systems with inadequately sized piping, aging causing leaks and failures, low pressure, poor water quality and high water service costs. The Town does not have any control over these companies, the rates they charge, nor the level of service provided.

Residential development in Oak Ridge commonly occurs in tracts of 30 to 80 homes, and typically developers will elect to provide a community well system to serve those homes. Currently, the developer and his engineer design the community system and install it, and the system becomes the property of the utility company with whom the developer contracts. The developer installs the system and deeds it to the utility company. Currently the Town has no authority over the design, installation, or operation/maintenance of these systems. Subject to state oversight, the water rates are set by the utility company.

The Town has the statutory right to require a developer to construct infrastructure assets and turn them over to the town. This is a normal cost of doing business, developers are accustomed to this, and the town is not obligated to reimburse the developer. Town Attorney Michael Thomas has advised that the Town is authorized to include community wells and water distribution systems as such assets. To implement such changes, Town ordinances would need to be added to or amended in several areas. These are briefly summarized below:

1. An ordinance requiring all new residential developments of 30 units or larger to be served by a community well system. This number has been suggested as the point at which a community well system is able to generate sufficient revenue to cover basic operation and maintenance expenses. Additionally community well water systems are more economical for the developer. Smaller developments would be strongly encouraged to consider a community well system if it is feasible.
2. An ordinance requiring minimum design standards for all community well systems to meet American Water Works Association municipal water system design standards. This would allow for future interconnection of community wells, or potential connection to a future municipal water system.
3. An ordinance requiring a community well/water system (including utility easements) to be deeded to the town once the development and system are established, at no cost to the town.
4. An ordinance establishing operating policies and procedures for the water systems, to include a water system management plan, water conservation policies, billing and collection policies, and water system fees and charges.
5. The Town would enter into a service contract with a full service utility company, to provide turnkey operation and maintenance of the water systems including reading meters and billing on behalf of the Town. The Town would have control over the water rates charged to customers. Associated operating costs including liability insurance, treatment chemicals, electricity, and future maintenance would be included in the rate established. The costs of operation would be paid by the rates charged the water customers.
6. Establish an enterprise fund, as required by state statutes, to provide cash flow to operate the system. This would be a separate fund that would receive revenues from water sales and pay for expenses. This would be a self-funding operation, independent from the Town operating and capital improvement budgets. To make this a reality the enterprise fund will require some seed money that the Town would loan to or invest in the enterprise fund. This fund could pay the general fund a rate of return on the investment, and repay the loan from revenues from water customers.

Town Council will hold a special called meeting on May 21, 2019 at 7:00 p.m., to consider the attached Resolution of Intent, which expresses our intent to establish a municipal water system as described above. If the resolution passes, the Council will consider engaging the services of a full-service utility company to consult with us, to assure that proper policies and procedures are established, and an economical and sound rate structure is set. This will provide us with a complete and clear picture of the

proposed community well system and its operation. After their work with us is complete, the Town Council will then consider implementing the plan outlined above. This process will include review by our Planning and Zoning Board, with public hearings both at that meeting and the subsequent Council meeting.

I believe this is a reasonable approach for the Town to consider, so it can begin taking responsibility for providing a safe, reliable and plentiful water supply for our citizens. Existing individual wells and existing community well systems will be unaffected by this proposed action.

Spencer Sullivan
Mayor, Town of Oak Ridge