

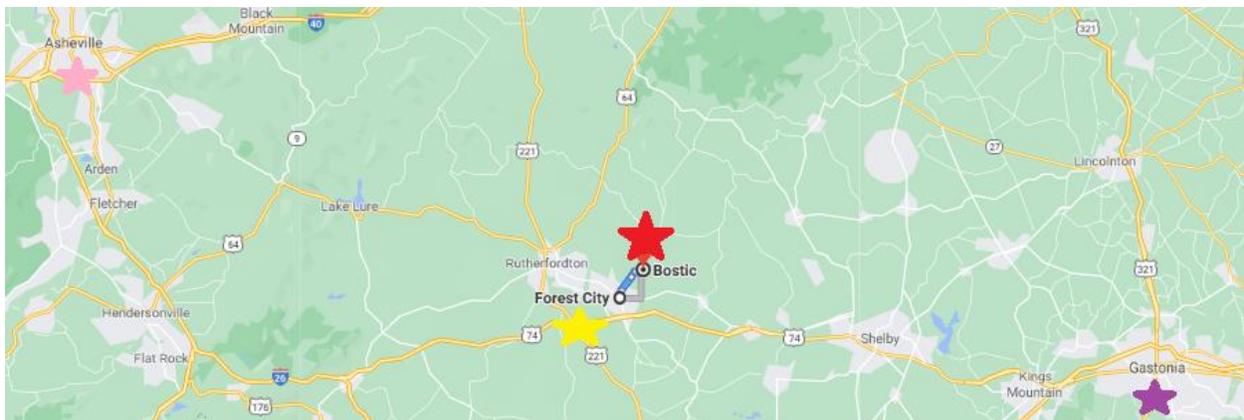
Partnership Fosters a Financially Viable System: Town of Bostic, North Carolina

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Background on Bostic, North Carolina

Bostic is a one square mile town in western North Carolina, halfway between Gastonia and Asheville. The population of Bostic was 302 in the 2019 American Community Survey.¹ More than half of Bostic's water customers are outside town limits with the system serving approximately 850 people.² The town only has two administrative staff: a town clerk/finance officer and a utility clerk. The town boasts a recently renovated park and The Bostic Lincoln Center, a museum detailing evidence that President Abraham Lincoln was born nearby.³



Map showing Bostic (red star), northeast of Forest City (yellow star) and halfway between Asheville (pink star) and Gastonia (purple star). Map courtesy of Google Maps.

¹ [American Community Survey](#). United States Census Bureau. 2010.

² [Safe Drinking Water Information System](#). Environmental Protection Agency. 2021.

³ [Town of Bostic Website](#). 2021.

Bostic and Forest City Water Partnership

Bostic contracts with Forest City for all its water system operations, including maintenance. Bostic only handles water billing in-house. Forest City has a population of 7,155⁴ and serves 21,366 customers⁵ as it serves many surrounding communities. Bostic is three miles northeast of Forest City. Bostic and Forest City's 20-year well-functioning partnership is built on a strong foundation of trust developed through open communication between both towns' employees. Bostic's town clerk communicates with the Forest City utility staff regularly and has a Mobile 311 to put in work orders directly into Forest City's system. The Mobile 311 is more efficient than fax or email which were previously employed for work orders. Forest City keeps Bostic informed of any leaks affecting Bostic's lines.

Bostic purchases about 3 million gallons per day of water at wholesale prices from Forest City. Bostic raises its water rates whenever Forest City raises its rates by at least the same percentage as Forest City's raise, sometimes more. Bostic currently charges a monthly base charge of \$29.05 for all customer types inside city limits which includes the first 2,000 gallons of use.⁶ Outside rates are approximately 1.25 times inside rates.⁷ The customer base is mainly residential. Customers with a reported water leak can get half of their bill forgiven once a year.

The Concord Community Water System buys water from Bostic with water use monitored through a master meter. Bostic charges the wholesale price that Forest City charges, plus a 5% fee to account for its costs. The Concord Community Water System serves 1,831 customers⁸ and covers the area approximately five miles north of Bostic. The Concord Community Water System purchasing water from Bostic is a source of revenue that helps maintain Bostic's financial viability.

Budgeting for Reserves, Capital Expenses, and Connections

Every year, a budget is presented to the town board for approval. The budget includes a line item for "Contracted Services" that accounts for the costs of contracting Forest City's operations and maintenance services. These costs have been consistent over time and are therefore simple to budget. In addition to contracted services, crucially, reserves are also budgeted. A Capital Reserves line item is included in the budget every year. Bostic relies heavily on their reserves to fund maintenance and capital projects, and thus budgets to grow or maintain the capital reserve.

⁴ [American Community Survey](#). *United States Census Bureau*. 2019.

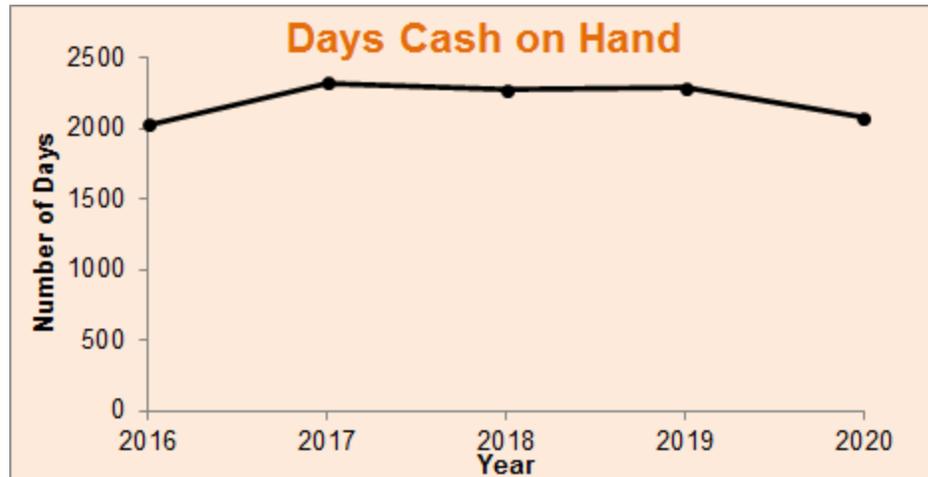
⁵ [Safe Drinking Water Information System](#). *Environmental Protection Agency*. 2021.

⁶ [Town of Bostic Website](#). 2021.

⁷ *ibid.*

⁸ [Safe Drinking Water Information System](#). *Environmental Protection Agency*. 2021.

Over the past five years, Bostic has maintained over 2000 days cash on hand, meaning if Bostic had no more revenue come in they could maintain operations and maintenance for 5 ½ years.



Bostic has no formal Capital Improvement Plan but completes annual evaluations to identify needed capital projects. Since Bostic only owns and operates a water distribution system, without treatment or storage, capital expenses are controlled and affordable for the small town. Capital improvement projects are identified either when breaks occur or through residents putting in requests for infrastructure expansion or fixes. Bostic has financial reserves, so when a water line breaks, the town has enough money to repair the line.

The town requires connections to its water system, and households must sign an agreement to tap water lines and pay a connection fee before the water line is extended. Although connection fees generate revenue for the utility, the connection fee is only sufficient to cover the actual costs of connecting the premise to the water lines. Since the fee is designed only to breakeven with the costs, Bostic does not rely on or intend to use connection fees as a consistent source of revenue for other utility operations. This prevents the utility from over-reliance on a revenue source that could fluctuate with development in the town.

Lessons from Bostic

Maintain interlocal partnerships through open communication

For towns with a small customer base, interlocal partnerships can save money by limiting the number of employees needed and save on the other operations and maintenance costs. Bostic's interconnection with Forest City allows the town to only own and operate a distribution system without the need for treatment or storage, and allows the town to contract out operations and maintenance without needing its own hired staff. Partnerships can vary depending on the amount of outsourcing that occurs. Bostic maintained billing, which provides income from town rates along with income from selling water to the Concord Water System. The partnership between Bostic and Forest City remains mutually beneficial through continual communication. Bostic receives wholesale prices and leak alerts and Forest City has an expanded customer base.

Plan for Changes in Staff

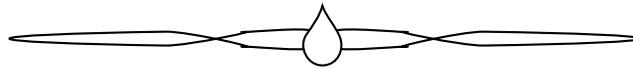
Succession planning can help smooth transitions and maintain relationships. Bostic trains replacements for those employees who may retire soon. When the town clerk/finance officer retired, her assistant was able to take over smoothly.

Budget for reserves

Small towns must budget for capital expenses and reserves. Reserves allow flexibility with the main budget while retaining a safe guard for emergencies. Even without a formal capital improvement plan, or necessarily capital projects each year, the town of Bostic budgets for reserves to ensure that there are adequate funds available to pay for future capital projects. Without budgeting for reserves, small towns would not be able to afford needed capital projects. The town of Bostic does not rely on grant funding for its capital projects, but on its own financial resources through successful financial planning and budgeting.

Open communication with customers

Bostic sometimes receives complaints about rates being higher in Bostic than in Forest City, but with a transparent explanation of why rates are higher for Bostic customers, most customers are appeased. Citizens are welcome to attend monthly board meetings. Customers can also call Forest City's phone number directly for urgent maintenance needs.



Acknowledgements

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