

On the Shores of Financial Stability: Town of White Lake, North Carolina

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Background on White Lake, North Carolina

The Town of White Lake is located in southeast North Carolina on the shores of the town's namesake body of water. The lake is the town's main revenue source and supports a \$275M tax base for Bladen County.¹ During the summer season from Memorial Day to Labor Day, White Lake hosts 200,000 visitors who go to White Lake for recreational activities including lake sports, a water park, and golfing. Large seasonal fluctuations in water and wastewater revenues result from the summer spike in White Lake's population compared to its year-round population of just over 800.



View of White Lake from the Beach. Photo Credit: [WWAY News](#).

White Lake's infrastructure is designed to support these seasonal variations and the town proactively plans and budgets for seasonal revenue fluctuations. Currently White Lake handles

¹ Wooten, A. (2001, January). "[Martin excited, looking forward to being White Lake's town administrator.](#)" *Bladen Journal*.

all utilities internally with water sourced from the Black Creek Aquifer and lagoon-style wastewater treatment. White Lake's wastewater rates are evaluated by the Southeast Rural Community Assistance Project (SERCAP) studies and SERCAP advises White Lake when the town should reevaluate rates and their tiered rate structure. The town board makes formal decisions on rates through the budget proposed by the mayor and staff.

White Lake received a Merger/Regionalization Feasibility (MRF) grant from the North Carolina Department of Environmental Quality to explore outsourcing their wastewater treatment to the town of Elizabethtown. This would potentially allow White Lake to collect and pump its wastewater to Elizabethtown's wastewater treatment plant. Partnering with Elizabethtown would allow White Lake to end its use of internal wastewater treatment facilities and focus financial and personnel resources on other aspects of its town infrastructure, such as parks and paths, and would possibly open up the corridor between White Lake and Elizabethtown to economic development by creating the infrastructure for wastewater taps along the corridor.

Merger/Regionalization Feasibility Grant Overview

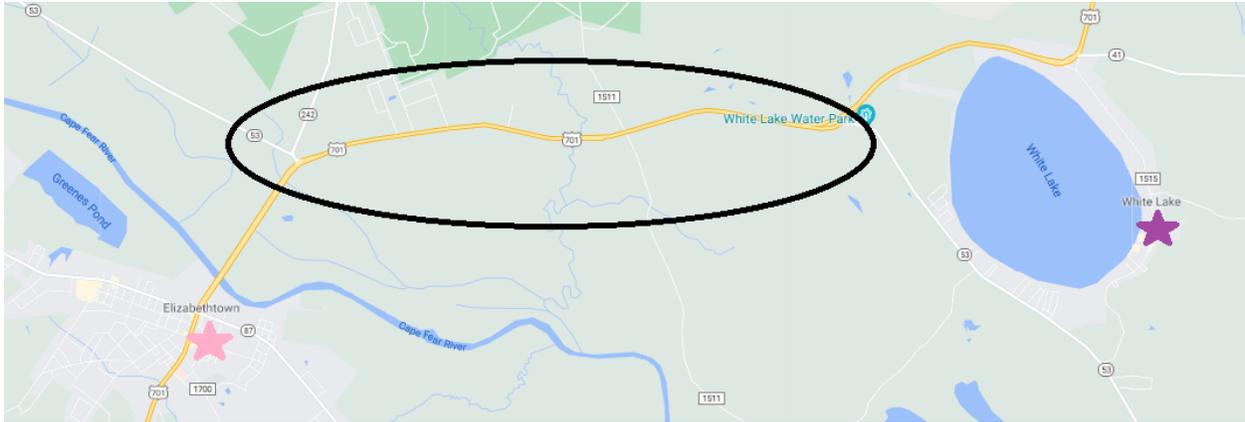
The [MRF grant program](#) began in 2015 with State funding and the objective of promoting proactive management and financial viability of water and wastewater systems by exploring the potential of mergers or consolidations of neighboring systems. Communities with water or wastewater systems interested in studying those possibilities apply to the grant program. Competitive applications must meet criteria in three categories: technical status, organizational status, and affordability.² Applications go through the Division of Water Infrastructure and are administered by the State Water Infrastructure Authority (SWIA). Grants are awarded up to \$50,000 over three years and the money comes from the North Carolina State Wastewater and Drinking Water Reserves.³ White Lake was awarded an MRF grant from the Fall 2020 application cycle.

A Town Exploring Opportunities

The town of White Lake's growth, both physical and economic, is constrained by lack of space. The limited land available for development is primarily for residential development. Some properties are being revitalized, but the town is looking for other ways to expand its economic development. A wastewater partnership with Elizabethtown is a potential way to promote economic development in the region, particularly between the two towns.

² [Application Forms and Additional Resources: MRF](#). North Carolina Department of Environmental Quality. Last Updated July 27, 2020.

³ [Merger/Regionalization Feasibility Grants](#). North Carolina Department of Environmental Quality. 2021.



Map showing White Lake (purple star) and Elizabethtown (pink star) with Highway 701 (in yellow) connecting the two towns. Possible development corridor circled in black. Image from Google Maps.

Elizabethtown is located 7.5 miles from White Lake and boasts year-round small-town charm. White Lake and Elizabethtown have an ongoing positive relationship with mutually beneficial tourism to the area, but no formal utility interlocal agreements exist between them. A wastewater partnership could open up the Highway 701 corridor between White Lake and Elizabethtown to economic development that would benefit both communities and Bladen County as a whole. In the past few years Elizabethtown began to manage other town's wastewater including Dublin and Tarheel. White Lake's MRF grant is funding a study that explores multiple regionalization options for White Lake's wastewater system, with a partnership with Elizabethtown serving as a focus.

White Lake applied for the grant initially with the objective of exploring options that could improve service to customers and enhance economic development. The feasibility study is set to be completed by the end of 2021. Its findings will guide White Lake in defining a regional wastewater project to pursue, and will position the town to apply and be ranked higher for subsidized funding that prioritize regional projects which are shown to be feasible. The feasibility study will examine the potential cost and economic impact of White Lake ending its own wastewater treatment system and instead simply pumping its wastewater to Elizabethtown and paying it for treatment. Outsourcing wastewater treatment to Elizabethtown presents an opportunity to increase tap-ins between the towns and attract larger customers on the corridor between the two towns. The partnership is a good opportunity for Elizabethtown to utilize its wastewater treatment capacity by serving a wholesale customer and potentially gain additional customers, keeping avenues of future growth open.

Exploring this opportunity is not new for the town of White Lake. They conducted similar feasibility studies in the 1990's and in 2012 with different factors and stakeholders involved. This time, the interest and pursuit of regionalization aligns with the town's and county's priorities and increased access to federal and state funding for infrastructure improvements,

including funding to local governments through the American Rescue Plan Act. White Lake also recently brought on its first town administrator to prioritize projects such as conducting the MRF study. The town administrator position will also facilitate informal succession planning. Succession planning helps retain working knowledge of town systems, essential to efficiency and safety, when people retire or change position. Having a town administrator to focus on issues such as the MRF study keeps the town on top of maintenance and development of its infrastructure, minimizing costly emergencies.

Perseverance during the COVID-19 Pandemic

While the town of White Lake is adept at managing seasonal revenue fluctuations, the pandemic caused a fluctuation in water usage and utility revenues they did not expect. Luckily because many of the town’s amenities are outdoors and socially distanced, the town was able to attract and support some tourism during the 2020 summer. However, the town still experienced substantial losses in gallons of water sold — a major factor to generating utility revenues — recording a 7-million gallon loss for water and wastewater during the year, representing approximately 14% of typical annual water usage. Pandemic impacts on supply chains also affected the town of White Lake’s utility practices, as obtaining parts and water meters proved challenging.

While the town still experiences daily impacts from the COVID-19 pandemic, it appears that lifting restrictions will allow White Lake to have a more typical tourist season during the summer of 2021. The campgrounds and motels are already mostly booked for the season and the White Lake Water Festival took place on May 21-22. Being prepared for fluctuations in revenue with strategies such as maintaining 1-2 years’ worth of cash on hand, allowed White Lake to make it through the pandemic summer while staying financially afloat.



White Lake Water Festival Logo for 2021. Image from [Town of White Lake Website](#).

Sanitary Sewer Improvements Projects

The town of White Lake is currently implementing a Sanitary Sewer Improvement (SSI) capital project, which began in January 2021. The project was prompted by an Asset Inventory and Assessment (AIA) study that identified the conditions of the sewer system and prioritized

improvement projects. The SSI project is upgrading sewer lines which addresses inflow and infiltration (I&I) issues, reducing the cost of pumping and treating wastewater in the long run. Repairing and replacing sewer lines is a benefit to the community whether an interconnection with the town of Elizabethtown's wastewater system occurs or not. I&I could become a larger issue if wastewater is pumped longer distances for treatment at the Elizabethtown's treatment plant. Since White Lake would be paying Elizabethtown rates for the wastewater treatment, rather than its own internal costs, large volumes of I&I could create financial challenges with the utility partnership. Thus, the current SSI project to reduce I&I is a proactive measure to keep costs down for the town of White Lake now and potentially during the regionalization project. Similarly, water system capital projects are planned to be implemented after the SSI project is completed in order to maintain water lines and prevent lost revenue due to non-revenue water.

With revenues from water and wastewater rates sufficient to cover costs and generate revenue capacity to take on new debt service, the time was right to pursue and pay for the SSI project. The White Lake Board of Commissioners willingly took on debt to fund the SSI project because the infrastructure improvements protect the lake water; the town's lifeblood. The SSI project is funded through two low-interest loans from USDA. Since USDA loans have below market interest rates, the debt service the town is paying is lower than if the town had borrowed funds from the commercial sector, lowering the lifetime project costs for the town.

Public Response to Projects

Public response on the SSI project has been positive since the town was able to secure funding. Phase one is nearing completion. Phase two is in the approval stage. The town is also trying to alleviate the burden to private property owners of the SSI construction work by notifying owners in advance of when their service might be affected. Overall, the town is not hearing a lot of complaints from the public.

The MRF study is just beginning and there has not yet been any public comment. In general, White Lake residents seem to support exploring regionalization options for the town if the cost to consumers is considered in the assessment.

White Lake Moving Ahead

Hopefully, the town of White Lake is in the midst of a bountiful summer season, bouncing back from the pandemic and preparing itself for economic development, of which the MRF grant may prove to be a key factor. White Lake's continual exploration of wastewater options for the town and investment in infrastructure shows how proactive planning can promote financial viability of a small system and economic development for a town.

Lessons from White Lake

Comprehensive and proactive planning

Comprehensive and proactive planning can protect community resources and open up further opportunities. The town of White Lake's leaders think about maintaining their main resource, the lake, while promoting economic development and community well-being. This approach prepares the town to take advantage of opportunities, such as increased federal funding, when they arise.

Maintain good relationships with neighbors

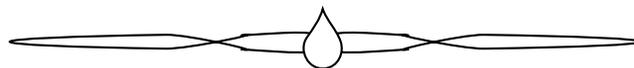
The town of White Lake was able to obtain the MRF grant in part because of its good relationship with the town of Elizabethtown. If the towns agree later to pursue a wastewater interlocal partnership, then this healthy relationship will be key to smoothing the transition and securing equitable terms. Good relationships with neighboring towns can help them mutually increase their own economic outcomes and financial viability as the region grows together.

Explore the potential of utility partnerships

Utility interlocal partnerships spans a wide spectrum of possibilities, from contracting out individual services such as meter reading and billing, to merging and consolidating systems into one, and everything in between. For systems with small customer bases that may find it hard to maintain affordability as well as financial viability and invest regularly in its infrastructure, regionalization could offer long term cost savings and lower rates to the residents. Exploring the options provides a town with information to consider about alternative and cheaper ways to serve its customers. The Merger/Regionalization Feasibility grant program offers financial assistance to conduct a formal study with a firm that can explore multiple options and offer its recommendations to the town's board. If there are other water or wastewater systems nearby that have capacity to treat and serve another system, then the partnership could be mutually beneficial. One town is relieved of the strain of operating a treatment system while the other increases its customer and revenue base, and both may benefit from increased economic development along the interconnection corridor.

If your town is thinking about merging or regionalization: Apply for an MRF grant

An [MRF grant](#) looks at different possibilities for towns and helps local leaders decide if the merger/regionalization will be feasible and beneficial. Completing a feasibility study can make a town more competitive for future grants and loans that can fund the actual merging/regionalization process.



Acknowledgments

We would like to thank Sean Martin, White Lake's town administrator, for his time and the information he provided which was vital to creating this case study.

June 2021

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Funding from Division of Water Infrastructure of the North Carolina Department of Environmental Quality