

City of Hickory, NC Regional Solutions by partnering Municipal Systems

For:
North Carolina State Water Infrastructure Authority
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By:
Chuck D. Hansen, PE
Kevin B. Greer, PE, DS-A, CS-4



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City of Hickory, NC

- Incorporated in 1870.
- Notable for “Miracle of Hickory” 1944
- Municipal Population 2014 of 40,143.
- Located in Catawba County in the upper Piedmont.



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City of Hickory, NC

- Crossroads of US Hwy 321, NC Hwy 70 and I-40.
- Historically a Manufacturing Hub with Textiles, Furniture and Fiber Optics.
- Center of MSA with approximately 365,497 population and provider of retail and employment.
- MDI, Corning, Comm-Scope, Century Furniture, Hickory Business Furniture Brands, and Hickory Springs all have had or continue to have major presence in Hickory area.
- Early to Mid 1990's area experienced solid population growth rates.
- Abundance of Power and Water to attract Industry.



Think Efficiency.
Think Simplicity.
Think Intelligence.

COMMScope®



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CITY OF HICKORY

**ENVIRONMENTAL
SERVICE**

PRODUCTION

CLEAN WATER

**RAW
MATERIAL**



SOURCE



TREATMENT



PRODUCTS



PROCESSING

COLLECTION



**STORAGE &
DELIVERY**



CUSTOMER

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City of Hickory Public Utilities

- Lake Hickory/Catawba River is water supply source.
- City of Hickory Utility System has approximately 52,000 citizens in town.
- Own, Operate Maintain and Manage or provide wholesale Water or Wastewater services through 22 separate agreements.
- Approximately 96,000 customers served by Regional System.
- 1987 Pivotal year for Hickory Public Utilities.



Regional Utilities Approach

- 1987 General Obligation Bond approved by citizens to expand Water Treatment Facility large enough to serve region.
- First conscientious effort by City Council and Regional Leaders to expand beyond City Limits.
- Economy of Scale became driving force for region success.
- System is operated as business within City of Hickory Umbrella.
- Partnerships are initiated by either party.





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City of Hickory Public Utilities

- City Council is Governing Body
- Decisions are measured for Financial Payback of 7 years or less.
- Regional Utility is Economic Tool for Partners, Wholesale Systems and Hickory's System due to impacts being born by entire system not just areas having to pay for themselves.
- Inside Rates and Outside Rates, 60-40 respectively.
- City Council has officially adopted a Policy that mandates Public Utilities to operate as an Enterprise Fund and be totally self supporting.



Revenue Design

- 1997 City of Hickory underwent a major Utility Rate redesign to address future revenue stability concerns.
- Customer Bills were redesigned to reflect Fixed costs to the System being recovered in the Base Bill.
- This redesign changed Bills to reflect a fixed base charge by meter size and then a uniform volume rate per 1000-gallons.
- Fixed Bills to Utility, such as power, gas, cable, labor, etc., are expenses the System will always have and should not be covered by variable revenue.



Revenue Design(cont.)

- This type of rate in effect stabilizes revenues to be collected with minimal additional burden placed on residential customers, and solidifies projections for the Utility with such a large residential component versus industrial.
- By staff proposing and importantly Council approving this Rate Design, the Utility was assured a more stable revenue source and Industry was better able to forecast expenses.
- This stability allows for improved planning for capital improvements and maintenance



Operating Public Utilities in a Downturn Economy

EPA was flush with cash to GRANT in the late 1950's thru late 1960's.

Those facilities are now 50-60 years old with minor upgrades or modernization over the years.

Utilities must balance desire to serve new and expanded areas while maintaining existing infrastructure.





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Capital Improvements Plans

- 2004 Public Utilities Staff forecasted the need for a Replacement and Rehabilitation Fund.
- Timing was good with all the negative publicity infrastructure was getting, catastrophic failures and ASCE Report Card giving US Public Utility Systems an overall Grade of F and forecasting a \$1.3 Trillion need for replacing/rehabilitating what infrastructure currently exists, not counting for growth.
- Hickory City Council has continually referred back to this time as a philosophical change and one where the US municipalities had to implement steps to care for themselves.
- Minimal increases to rates annually is much desired over reactionary increases due to need. Citizens can not plan for or accept large sporadic rate increases.



Capital Improvements Plans

- 2013 ASCE Report Card giving US Public Utility Systems an overall Grade of D+ and forecasting a \$3.6 Trillion need for replacing/rehabilitating what infrastructure currently exists, not counting for growth.
- 2013 ASCE Report Card for Water and Wastewater each earned a rating of D.



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Questions??



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