

§ 159G-45. Assessment of local government units; assistance.

(a) The Authority and the Local Government Commission shall develop criteria to determine how local government units should be assessed and reviewed in accordance with this section, and these criteria shall address at least all of the following:

- (1) Whether the public water or wastewater system serves less than 10,000 customers.
- (2) Whether the public water or wastewater system has an established, operational, and adequately funded program for its repair, maintenance, and management.
- (3) Whether the annual debt service is disproportionate to the public water or wastewater system's annual revenue.
- (4) Whether the local government unit has appropriated funds from its utility or public service enterprise fund in accordance with G.S. 159-13(b)(14) in two or more of the preceding five fiscal years without maintaining a reserve fund sufficient to provide for operating expenses, capital outlay, and debt service.
- (5) Whether the local government unit has appropriated funds to supplement the operating expenses, capital outlay, or debt service on outstanding utility or enterprise bonds or notes in excess of the user fees collected in two or more of the preceding five fiscal years.

(b) Utilizing the assessment and review process, the Authority and Local Government Commission shall identify distressed units. Each distressed unit identified under this subsection shall do all of the following:

- (1) Conduct an asset assessment and rate study, as directed and approved by the Authority and the Local Government Commission.
- (2) Participate in a training and educational program approved by the Authority and the Local Government Commission for that distressed unit. Attendance shall be mandatory for any governing board members and staff whose participation is required by the Authority and Local Government Commission. The scope of training and education, and its method of delivery, shall be at the discretion of the Authority and Local Government Commission.
- (3) Develop an action plan, taking into consideration all of the following:
 - a. A short-term and a long-term plan for infrastructure repair, maintenance, and management.
 - b. Continuing education of the governing board and system operating staff.
 - c. Long-term financial management to ensure the public water system or wastewater system will generate sufficient revenue to adequately fund management and operations, personnel, appropriate levels of maintenance, and reinvestment that facilitate the provision of reliable water or wastewater services.
 - d. Any other matters identified by the Authority or the Local Government Commission.

(c) Once an identified distressed unit has completed all of the requirements of subsection (b) of this section, that unit shall no longer be identified as a distressed unit for the remainder of that assessment and review cycle.

(d) The Authority and the Local Government Commission shall establish the frequency of the cycle for assessment and review of local government units under this section. The frequency of the cycle shall be not less than once every two years. (2020-79, s. 1(k); 2021-180, s. 12.12(c).)