

H2GO: The Saga Continues...

The proposed regional plan among H2GO, Leland, and Belville, that Belville just killed, would have ended the litigation and accomplished the following:

First and foremost: Belville had (previously, but not now) agreed to return H2GO's assets to H2GO. Belville was given all \$66 million of H2GO's assets in 2017 in return for \$10. This planned "sale" was engineered in secret by the outgoing H2GO board majority in 2017, after the 2017 H2GO election flipped the incoming board majority to commissioners who opposed H2GO going it alone and building its own reverse osmosis water treatment plant, separate from the county. In the words of the April 2019 Superior Court ruling against Belville in the ensuing litigation (Belville has appealed): "...the commissioners of both governing boards of H2GO and Belville, acting in concert, failed to act in good faith, and their actions were so clearly unreasonable as to amount to an oppressive and manifest abuse of their discretion." Even though the court ruled against Belville, Belville has retained bare legal title to H2GO's assets pending the outcome of its appeal. Meantime, H2GO maintains operating control.

Second, in return for getting its assets back and dropping the appeal, which in the NC court system could easily take two years, the current H2GO board would agree to build the H2GO reverse osmosis (RO) aquifer-sourced water treatment plant.

Third, in order to gain the approval of the current H2GO board, Leland would agree to transfer its water utility assets and water customers to H2GO, thereby substantially improving the economics for H2GO of constructing and operating the reverse osmosis water treatment plant.

And fourth, Leland would retain rights to offer water and sewer service through H2GO in a manner that would improve its ability to attract developers who would like to annex into Leland in order to gain access to the services it provides.

All parties to the litigation had agreed to these principal aspects of the proposed deal in summer 2019, as a result of a regional working group convened by H2GO after the judge's ruling in April 2019. While the county initially participated, it backed off at one point, with the result that the deal struck at that time did not include the county.

H2GO Commissioners Gerken (running for re-election), Beer (not up for re-election until 2021), and Trombley (not running for re-election) have steadfastly and consistently opposed H2GO "going it alone" to build its own RO plant, largely but not exclusively on financial grounds – especially now that the county has fully committed to building its own reverse osmosis water plant, that can serve the entire county, including H2GO. However, they agreed in principle to the regional deal outlined above due to the significantly improved economics of H2GO's plant through the proposed infusion of Leland's water utility assets and customers, and the apparent "hands off" attitude of the county at that time. All three commissioners continue to oppose H2GO building its own reverse osmosis water treatment plant without the partnership with Leland.

As for Belville, literally hours before the start of early voting, and shortly before the Oct. 15th H2GO board meeting, where it was anticipated that the commissioners would vote on the proposed plan, Belville issued a press release backing out of the plan, stating, among other things, that "After reviewing the proposal, it is clear it is just Leland's latest blatant attempt to grab land and power in northeastern Brunswick County by killing the H2GO RO plant, taking ownership of H2GO assets, and forcing new, unrelated annexation agreements." This despite the fact that construction of the RO plant was an integral part of the plan, as was the return to and continuing ownership by H2GO, not Leland, of its assets; indeed, under the plan, it was Leland transferring assets to H2GO, and not the other way around. But whatever!

So the battle continues. Mr. Hosmer and Mr. Laub, as they will tell you, have consistently lobbied for Belville (or H2GO, now that they are running for commissioner) to build the aquifer-sourced reverse osmosis water treatment plant that H2GO had planned. And they want to do it without the infusion of cash and assets from Leland that would have allowed lower rates for H2GO customers than will be the case if H2GO “goes it alone”. They strongly argue that the county’s reverse osmosis water plant isn’t good enough, because it starts with river water – even though the finished water will be virtually contaminant free. They have also consistently argued against Leland, echoing Belville Mayor Allen’s diatribes against Leland, and adding plenty of their own. For the record, 70% of H2GO customers are residents of Leland. Only 9% reside in Belville. (The remaining 21%, including Compass Pointe, reside in the unincorporated areas of the county.)

The choice in the H2GO election is now clear and will come down to this: If you want H2GO to build its own reverse osmosis water treatment plant, without Leland’s financial support, vote for Mr. Hosmer and Mr. Laub. If you think it does not make sense for H2GO to build its own water treatment plant, without Leland, and to pay for it, when the county is already building a reverse osmosis water treatment plant that can easily service all of Brunswick County, including H2GO’s customers, then vote for Commissioner Gerken and John Bradley. Both teams of candidates have websites: GerkenBradley.com, and hosmerlaub.com, where you can learn more.

Please inform yourself as best you can in this very confusing situation, and vote on November 5th.