

State Water Infrastructure Authority
Meeting Date: July 13-14, 2022
Agenda Item G – Emergency Operating Grant for Cliffside Sanitary District

Division of Water Infrastructure Staff Report

Background

G.S. 159G-32(d)(6) and 159G-34.5(a)(4) enable DEQ to make funds available from the Viable Utility Reserve (VUR) for emergency operating grants (EOGs) for operating deficits at local government units whose finances have been taken over by the Local Government Commission (LGC) and do not have sufficient revenue to pay operating expenses.

Cliffside Sanitary District (CSD) was designated distressed during the State Water Infrastructure Authority's November 2020 meeting, and CSD's finances were taken over by the LGC, pursuant to G.S. 159-181(c), in September 2019.

The Division of Water Infrastructure received a request for a \$150,000 EOG for CSD, dated June 7, 2022. This request will primarily be used for CSD to continue to fund the proper operation and maintenance of the CSD wastewater system, and small but high priority capital expenses identified by CSD's contract operator and the recent asset inventory and assessment.

The town's sewer rates for 5,000 gallon per month residential consumption were raised by 5.3% in FY22 and 4.9% in FY23. The current wastewater bill for 5,000 gallons is \$54.75 and the current combined water and wastewater bill for a 5,000-gallon monthly consumption is \$105.95. Pursuant to G.S. 159G-31(e), the LGC has applied for an emergency grant for operating deficits on behalf of Cliffside Sanitary District.

Staff Recommendation

Division staff recommend the award of a \$150,000 emergency operating grant to Cliffside Sanitary District for operating deficits.

North Carolina Department of Environmental Quality

Division of Water Infrastructure

Application for Emergency Grants for Operating Deficit



(Last updated: September 2019)

1. General Information

Applicant Name Cliffside Sanitary District	County Rutherford
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Fiscal Year(s) for which Assistance is Being Requested 2022-2023	Total Funding Requested \$150,000
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Applicant Type

<input type="checkbox"/> Municipality	<input type="checkbox"/> Water and Sewer District
<input type="checkbox"/> County	<input checked="" type="checkbox"/> Sanitary District
<input type="checkbox"/> Water and Sewer Authority	<input type="checkbox"/> Metropolitan Sewerage or Metropolitan Water District

Funding Type(s) Requested

<input checked="" type="checkbox"/> Emergency Grant for Operating Deficits
<input type="checkbox"/> Drinking Water Utility
<input checked="" type="checkbox"/> Wastewater Utility
<input type="checkbox"/> Joint Drinking Water and Wastewater Utility

2. System Parameters

Residential Sewer Connections	Residential Water Connections
77	NA
Non-Residential Sewer Connections	Non-Residential Water Connections
5	NA
Sewer Bill per 5,000 gallons	Water Bill per 5,000 gallons
\$55.05	NA

3. Authorized Representative Information

Authorized Representative Name: Sharon Edmundson	
Title: Secretary, Local Government Commission	
Mailing Address Line 1: 3200 Atlantic Ave Longleaf Building	
Mailing Address Line 2:	
City: Raleigh	State: NC
Zip Code: 27604	
Phone Number: 919-814-4289	E-Mail Address: Sharon.edmundson@nctreasurer.com

4. Application Contact Information (if different than Authorized Representative)

Contact Name: David P. Erwin	
Title: Finance Officer, Cliffside Sanitary District	
Mailing Address Line 1: 3200 Atlantic Ave, Longleaf Building	
Mailing Address Line 2:	
City: Raleigh	State: NC
Zip Code: 27604	
Phone Number: 919-814-4308	E-Mail Address: David.erwin@nctreasurer.com

5. Additional Information			
6. Financial Information			
	Fiscal Years		
	22-23		
Sources of Funds			
Beginning cash	\$40,000		
Customer Charges	123,000		
System Development Fees			
Other Revenue	7,500		
Transfer from other funds			
Total Sources of Funds	<u>\$170,500</u>		
Uses of Funds			
<i>Administration</i>			
Outstanding payables - Administration	0		
Salaries	0		
Other			
<i>Operations</i>			
Outstanding payables - operations			
Salaries	64,000		
Other			
<i>Other Uses of Funds</i>			
Debt principal	0		
Interest	0		
Capital outlay (Five Aerators small tractor for mowing)	80,500		
Capital reserve			
Transfer to other funds	0		
Other (list): See Attachment	<u>176,000</u>		
Total Uses of Funds	<u>320,500</u>		
Estimated Net cash position [<i>Should align with funding request</i>]	<u>\$(150,000)</u>		

Application Signature



SIGNATURE OF AUTHORIZED REPRESENTATIVE

Sharon Edmundson, Secretary Local Government
 TYPED NAME, Commission, TYPED TITLE, 6/7/2022, DATE

Cliffside Sanitary District
For the Fiscal Year Ending June 30, 2023
Attachment to Emergency Operating Grant Funding Application

District Appropriations:

Testing fees	10,800	
Chemicals	9,500	
Training	2,500	Operator Training
Plant maintenance and repairs	31,800	Additional R&M needed
Utilities (Electric & Phone)	35,000	
Permits	900	
Generator upfit & Major Maintenance	15,000	Both pump station generators need major service/maintenance to be reliable.
Annual audit	8,000	
Other operating costs-supplies, protective gear	22,500	Road gravel \$5000 Gen part/supplies \$10000 Lab supplies \$4500 PPE supplies \$3000
Ending Cash for Working Capital (same as Beginning Cash)	40,000	
	\$ 176,000	



Dale R. Folwell, CPA

RESOLUTION TO MODIFY APPOINTMENT OF FINANCE OFFICER AND
DEPUTY FINANCE OFFICER AND TO MODIFY DESIGNATION OF
ACCOUNT SIGNATORIES FOR THE CLIFFSIDE SANITARY DISTRICT

WHEREAS, the Local Government Commission (the Commission) impounded the books and assumed full control of all financial affairs of the Cliffside Sanitary District (the "District") pursuant to Section 159-181(e) of the North Carolina General Statutes (N.C.G.S.) and,

WHEREAS, acting pursuant to N.C.G.S. 159-24, the Commission desires to modify the appointment of Finance Officer and Deputy Finance Officer, and modify the designation of Account Signatories for the District;

NOW, THEREFORE, the Commission,

- 1) acting pursuant to N.C.G.S. 159-24, appoints David Erwin as Finance Officer and appoints Becky Dzingeleski as Deputy Finance Officer for receiving and depositing funds, approving purchase orders and contracts, maintaining accounting records, pre-auditing obligations and disbursing funds;
- 2) designates Becky Dzingeleski as an Account Signatory with the authority to execute signature cards for the existing District bank accounts and countersign disbursements, and retains Sharon Edmundson and David Erwin as Account Signatories pursuant to the Commission's Resolution adopted September 10, 2019;
- 3) terminates the appointment of Sharon Edmundson as Finance Officer pursuant to the Commission's Resolution adopted September 10, 2019.

I, Gregory C. Gaskins, Secretary of the North Carolina Local Government Commission, DO HEREBY CERTIFY that the foregoing is a true and correct copy of the Resolution adopted by the North Carolina Local Government Commission at its meeting held on August 4, 2020.

WITNESS my hand this 4th day of August, 2020.

Greg C. Gaskins

Gregory C. Gaskins, Secretary
North Carolina Local Government Commission

Instructions for Completion of Funding Application For Emergency Grants for Operating Deficit

(Last updated: September 2019)

The following instructions relate to completing an application only for *Emergency Grant for Operating Deficit* offered by the Division of Water Infrastructure (the Division). This grant can only be made available when the LGC has exercised its powers under G.S. 159-181 to assume full or partial control over the affairs of the public water or wastewater system or of the unit of local government or public authority that owns or operates the public water or wastewater system. An application for an *Emergency Grant for Operating Deficits* must be filed by the Local Government Commission on behalf of the local government unit. Local government units may not apply for this grant directly.

Section 1 – General Information

- **Applicant Name** – The local government unit that has been taken over by the Local Government Commission (i.e., not the Local Government Commission that is applying on behalf of the unit).
- **Funding Amount Requested** – Enter the amount of funding requested. This amount should directly reflect the operating deficits for the fiscal years for which assistance is being requested.
- **Funding Type(s) Requested** – This application is to be used only for Emergency Grant for Operating Deficits. Please use the standard *Application for Funding* form for other programs.

Sections 3 – Authorized Representative

Only the Local Government Commission can apply for Emergency Grant for Operating Deficits on behalf of a local government unit. The authorized representative will generally be the Secretary of the Local Government Commission.

Sections 4 – Application Contact Information

The designated contact person at the Department of State Treasurer for the application. Leave blank if not different from Authorized Representative.

Submittal Information

Submit one (1) original application and attach a copy of the resolution of the LGC exercising its powers under G.S. 159-181.

Submittal Information	
Send complete Application package to:	
<u>Mailing Address (US Postal Service only)</u>	<u>Physical Address (FedEx, UPS)</u>
Division of Water Infrastructure 1633 Mail Service Center Raleigh, NC 27699-1633	Division of Water Infrastructure 8 th Floor, Archdale Building 512 North Salisbury Street Raleigh, NC 27604
Main Telephone Number: 919.707.9160	