

State Water Infrastructure Authority
Meeting Date: December 12, 2023
Agenda Item H – Emergency Operating Grant for the Town of Eureka

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 (LGUs) that have been taken over by the Local Government Commission (LGC) and do not have sufficient revenue to pay operating expenses.

North Carolina Session Law 2019-29 suspended the charter of the Town of Eureka in Wayne County and placed all monies and assets of the Town under the control of the State Treasurer, effective September 2019. The Town of Eureka was designated distressed during the November 2020 meeting of the State Water Infrastructure Authority (Authority).

The LGC, on behalf of the Town of Eureka, has been granted two previous EOGs:

- \$200,000 in Fiscal Year 2019-2020
- \$85,000 in Fiscal Year 2020-2021

The Division of Water Infrastructure (Division) received a request for a \$165,166 EOG for the Town of Eureka, dated November 17, 2023. This request will primarily be used for Eureka to continue to fund the proper operation and maintenance of their wastewater system. Although the Town of Eureka has been granted legislatively-directed funding for rehabilitation or replacement of their system, this funding cannot be used for operating expenses. The Division and LGC continue to analyze options for long-term, sustainable wastewater management for the Town.

The Town of Eureka's sewer rates for 5,000 gallon per month residential consumption is \$112.80. Pursuant to G.S. 159G-31(e), the LGC has applied for an EOG for operating deficits on behalf of the Town of Eureka.

The VUR has a balance of approximately \$1.2M from its original \$9M allocation, along with \$10M in funding for the FY2023-2025 biennium.

Staff Recommendation

Division staff recommend the award of a \$165,166 EOG to the Town of Eureka for operating deficits.

North Carolina Department of Environmental Quality

Division of Water Infrastructure

Application for Emergency Grants for Operating Deficit



(Last updated: September 2022)

1. General Information

Applicant Name	County
Town of Eureka	Wayne

Fiscal Year(s) for which Assistance is Being Requested	Total Funding Requested
2023-2024	\$165,166

Applicant Type

<input checked="" type="checkbox"/> Municipality	<input type="checkbox"/> Water and Sewer District
<input type="checkbox"/> County	<input 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
105	N/A
Non-Residential Sewer Connections	Non-Residential Water Connections
7	N/A
Sewer Bill per 5,000 gallons	Water Bill per 5,000 gallons
\$112.80	N/A

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: Michael Milam

Title: Finance Officer, Town of Eureka

Mailing Address Line 1: 3200 Atlantic Ave, Longleaf Building

Mailing Address Line 2:

City: Raleigh **State:** NC **Zip Code:** 27604

Phone Number: 919-814-4286 **E-Mail Address:** michael.milam@nctreasurer.com

5. Additional Information			
6. Financial Information			
	Fiscal Years		
	2024	2023	2022
Sources of Funds			
Beginning cash	\$41,750	\$26,795	\$81,547
Customer Charges	120,000	119,011	113,329
DEQ AIA Grant	62,400	87,600	0
DEQ 2022 EOG	35,034	0	49,966
Transfers from other funds	<u>50,000</u>	<u>215,167</u>	<u>40,000</u>
Total Sources of Funds	<u>\$309,184</u>	<u>\$448,573</u>	<u>\$284,842</u>
Uses of Funds			
<i>Operations</i>			
Sewer Fees – Fremont	\$310,000	\$292,054	\$263,904
Salaries	8,500	7,988	7,838
AIA Expenses	62,400	87,600	0
Utilities	4,000	3,489	3,503
Repairs/Maintenance	20,000	30,321	1,417
Belfast-Patetown Service Charges	4,000	3,555	3,835
Office Supplies	100	0	60
Miscellaneous	3,000	2,169	3,500
Contingency	20,600	0	0
Ending cash for working capital	41,750		
Total Uses of Funds	<u>\$474,350</u>	<u>\$427,176</u>	<u>\$284,057</u>
Estimated Net cash position [<i>Should align with funding request</i>]	<u>\$(165,166)</u>		

Application Signature



SIGNATURE OF AUTHORIZED REPRESENTATIVE

Sharon Edmundson
TYPED NAME

Secretary Local Government
Commission
TYPED TITLE

11/17/23
DATE