

State Water Infrastructure Authority
Meeting Date: September 19, 2023
Agenda Item K – 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 that 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 (Division) received a request for a \$65,000 EOG for CSD, dated August 31, 2023. This request will primarily be used for CSD to continue to fund the proper operation and maintenance of the CSD's wastewater system.

The CSD's sewer rates for 5,000 gallon per month residential consumption were raised by 5.3% in FY23 and 2.9% in FY24. The current wastewater bill for 5,000 gallons is \$56.32 and the current combined water and wastewater bill for a 5,000-gallon monthly consumption is \$108.92. Pursuant to G.S. 159G-31(e), the LGC has applied for an EOG for operating deficits on behalf of Cliffside Sanitary District.

Staff Recommendation

Division staff recommend the award of a \$65,000 emergency operating grant to Cliffside Sanitary District for operating deficits.

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	

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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 2023-2024	Total Funding Requested \$65,000
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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

Emergency Grant for Operating Deficits

Drinking Water Utility

Wastewater Utility

Joint Drinking Water and Wastewater Utility

2. System Parameters

Residential Sewer Connections	Residential Water Connections
81	NA
Non-Residential Sewer Connections	Non-Residential Water Connections
6	NA
Sewer Bill per 5,000 gallons	Water Bill per 5,000 gallons
\$56.32	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: Eric Faust

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: 919-814-4300 **E-Mail Address:** eric.faust@nctreasurer.com

5. Additional Information			
6. Financial Information			
	Fiscal Years		
	22-23	23-24	
Sources of Funds			
Beginning cash	\$40,000	52,000	
Customer Charges	123,000	141,500	
System Development Fees			
Other Revenue	7,500	9,230	
Transfer from other funds			
Total Sources of Funds	<u>\$170,500</u>	<u>202,730</u>	
Uses of Funds			
<i>Administration</i>			
Outstanding payables - Administration	0		
Salaries	0		
Other			
<i>Operations</i>			
Outstanding payables - operations			
Salaries	64,000	113,200	
Other			
<i>Other Uses of Funds</i>			
Debt principal	0		
Interest	0		
Capital outlay (FY23-Five Aerators small tractor for mowing)	80,500		
Capital reserve			
Transfer to other funds	0		
Other (list): See Attachment	<u>176,000</u>	<u>154,530</u>	
Total Uses of Funds	<u>320,500</u>	<u>267,730</u>	
Estimated Net cash position [<i>Should align with funding request</i>]	<u>\$(150,000)</u>	<u>(65,000)</u>	

Application Signature



SIGNATURE OF AUTHORIZED REPRESENTATIVE

_____, Secretary Local Government
 Sharon Edmundson, Commission, 8/31/23
 TYPED NAME TYPED TITLE DATE

Cliffside Sanitary District
For the Fiscal Year Ending June 30, 2024
Attachment to Emergency Operating Grant Funding Application

District Appropriations:	Total	Operations	EOG Grant Asks
Testing fees	7,000	3,500	3,500
Chemicals	3,500	1,500	2,000
Training	2,000	2,000	
Plant maintenance and repairs	32,000	4,000	28,000
Utilities (Electric & Phone)	40,900	11,900	29,000
Permits	900	900	
Generator upfit & Major Maintenance	1,730		
		1,730	
Annual audit	10,000	10,000	0
Other operating costs-supplies, protective gear	4,500	2,000	2,500
Total Other Operations		<u>\$ 37,530</u>	<u>\$ 65,000</u>
Ending Cash for Working Capital (same as Beginning Cash)	52,000		
	<u><u>\$ 154,530</u></u>		