

State Water Infrastructure Authority
Meeting Date: February 12, 2020
Agenda Item F – Session Law 2019-226 – Emergency Operating Funds for Utilities
Cliffside Sanitary District Emergency Grant for Operating Deficits

Division of Water Infrastructure Staff Report

Background

Senate Bill 691, signed by Governor Cooper September 24, 2019, enables DEQ to make funds available for emergency grants for operating deficits at local government units that have been taken over by the Local Government Commission and do not have sufficient revenue to pay operating expenses.

The Cliffside Sanitary District was taken over the Local Government Commission pursuant to Session Law 2019-226. The grant application contains an expense line item under operations in the amount of \$150,300 for unpaid invoices for operational expenses, unbilled operational expenses, estimated future operational expenses based on contract amounts, and estimated utility (water, power, etc.) costs. There is also an expense line item for capital outlay in the amount of \$78,000 for estimated system repairs needed to continue operations. Since some of the expenses are budgetary projections, they may or may not be incurred. However, these expenses exceed revenues, which has created a significant shortfall. The district's sewer rate for 5000 gallons is \$55.05, and rates cannot be raised to generate sufficient revenue. Pursuant to Session Law 2019-226, the Local Government Commission has applied for an emergency grant for operating deficits on behalf of the Cliffside Sanitary District.

Some of the district's expenses are already past due. The funding application indicates a deficit of \$150,000 for this fiscal year. This grant will be effective for this fiscal year's expenses only, and the funding will be allocated from the state reserve programs. Additional funding beyond this fiscal year will be considered separately through additional Authority actions.

Staff Recommendation

Staff recommends the award of a \$150,000 emergency grant for operating deficits to the Cliffside Sanitary District.