

**State Water Infrastructure Authority**  
**Meeting Date: September 16, 2021**  
**Agenda Item H – Emergency Operating Grant for Town of Eureka**

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**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 (EOG) 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.

The Town of Eureka’s finances were taken over by the LGC pursuant to G.S. 159-181. An initial EOG for \$200,000 was approved by the Authority in September 2019. This EOG was awarded before the creation of the VUR fund, so it was originally funded using State Reserve funds. Approximately \$105,000 were expended from the State Reserve before the Department allocated the remaining \$95,000 in grant funding from the newly created VUR. Less than \$2,000 of this funding remains.

The Authority approved an additional \$85,000 EOG for Eureka at its September 2020 meeting. It appears that a funding agreement for this award was never executed for reasons that are currently unclear.

The Department received a request for a \$100,000 EOG for Eureka, dated August 27, 2021. This request is to help Eureka cover its operating costs for the months of March, April, and May 2021. The \$100,000 will help to cover treatment costs to Fremont, electricity to operate pump stations, salary and related costs for the Eureka staff person that monitors the pumps, collection costs to Belfast Patetown district for billing and collecting, and repairs and maintenance necessary to keep the pumps operational.

The town’s sewer bill for 5,000 gallons is \$99.05, and rates cannot be raised to generate sufficient revenue. Pursuant to G.S. 159G-31(e), the LGC has applied for an emergency grant for operating deficits on behalf of the Town of Eureka.

**Staff Recommendation**

Staff recommends the award of a \$100,000 emergency operating grant for operating deficits to the Town of Eureka.