March 20, 2020

The Honorable Roy Cooper  
Governor  
North Carolina

Dear Governor Cooper,

I want to thank you for all the work that you and your staff have been doing in these trying times, and for the steps that you have taken to keep North Carolinians safe. I also want to thank you for your commitment to working with local government as we face this unprecedented crisis together. The tasks before all of us are substantial, but I know that by working together – federal, state and local government – we will be able to address each in ways that help our citizens cope and emerge from today stronger and more resilient.

As we begin to take on these challenges, I would like to bring to your attention some of the more pressing issues facing our cities and towns.

First and foremost, I am sure that you are well aware of the severe financial pressures facing our small business owners, which are the lifeblood of our local economies. For employers with smaller workforces and smaller operating margins, particularly retailers, surviving weeks of reduced or non-existent income streams is simply not feasible. These businesses will need help to survive. Meanwhile, just like state government, local governments are heavily dependent on sales tax revenue generated by these businesses and their customers, and will face substantial gaps in funding as sales tax revenue inevitably declines. Cities and towns receive $1.2 billion annually in sales tax revenue, with that revenue stream representing more than 25 percent of many of their budgets. On the expense side, public safety makes up the largest portion of non-utility municipal operating budgets, and it is those personnel that we will be relying heavily in the weeks ahead.

As many of our already financially-strapped water and sewer utilities have pledged to avoid cutting off delinquent customers, we would also anticipate shortfalls in many of these utility budgets. Meeting operational costs in this environment will be difficult, and customers need help.

We also are hearing from members cities and towns about the need for legal and regulatory flexibility related to remote council meetings and utility operations.
This crisis also comes at a time in which cities and towns are working to establish and approve new fiscal year budgets. Now they are doing so essentially blind, without having a true picture of their revenues and financial status.

Finally, improving broadband access so that individuals and communities are not isolated is crucial, and allowing local governments to partner with private providers is a critical step to ensure that businesses, workers and students will have the online access required.

NCLM members and staff are committed to continuing to work with our state partners to address the challenges posed by our current circumstances. We are here to answer any of your questions, provide information as needed and communicate the needs of our member cities and towns as they evolve.

We very much appreciate you considering these concerns. We are all in this together, and know that the only way to adequately address the tasks before us in the days and weeks ahead is to, as we say at NCLM, work as one and advance all.

Thank you for your consideration.

Sincerely,

William Pitt
President
N.C. League of Municipalities