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April 1, 2025

TO: Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division of the North Carolina General Assembly

FROM: Shadi Eskaf, Director, Division of Water Infrastructure

RE: Initial Report on the DEQ Water Infrastructure Hurricane Helene Emergency Bridge Loan Program

Hurricane Helene led to massive destruction in communities, including drinking water and wastewater facilities, in western North Carolina in September 2024. A Water Infrastructure Hurricane Helene Emergency Bridge Loan program was created in Session Law 2024-53 (and amended in Session Law 2024-57) with a \$100 million appropriation.

The session law directed the Department of Environmental Quality, Division of Water Infrastructure, to provide the funds in zero-interest loans to local government units and non-profit water corporations in the affected area. Funds allocated by the session law that have not been expended or encumbered by October 31, 2028 shall revert to the Savings Reserve. Repayments of all loans made under the program shall be remitted by the Division of Water Infrastructure to the Office of State Budget and Management to be placed in the Savings Reserve. The bridge loans to recipients mature upon the earlier of receipt of federal or State disaster relief by the loan recipient or by June 30, 2030. The bridge loans do not require the Local Government Commission's review or approval.

The Division of Water Infrastructure (Division) prioritized the funding assistance to local government and non-profit water corporations whose drinking water or wastewater facilities were known to be non-operational or partially non-operational. A streamlined, expedited application process was created for the bridge loan program, by which a local government or non-profit water corporation could complete a short online form in a few minutes requesting up to \$3 million in initial loan funding for their drinking water and/or wastewater repair project. The application does not require a scope of work, engineering designs, or governing board action. This allows the local government to request funding assistance before knowing what their project scope will entail, which might take time to fully develop. After receiving the online application, the Division checks for eligibility and issues a Letter of Intent to Fund and a funding offer to the applicant. The applicant must then execute the funding offer with an action by the



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governing board and submit a basic scope of work to the Division. The scope can be amended over time as plans for recovery develop and mature. If a loan recipient requires more than \$3 million in bridge loan funds, they can request an increase in the funding amount with their scope of work and a budget estimate.

The Division has assigned staff to the bridge loan recipients and is prioritizing work for the bridge loans above all other funding programs that the Division administers.

Session Law 2024-57 requires the Division to provide an initial report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division no later than April 1, 2025. Subsequent reports will be included in the annual report published by the Division and Department on November 1 of each year as required by G.S. 159G-26.

As of March 20, 2025, the total amount of loans awarded from the program is \$63,232,000¹ to 22 local government units. Four local governments have requested loan disbursements from their awards, based on costs incurred. None of the recipients have yet repaid any portion of the loans disbursed to them. The table on the next page provides the information required in the report per S.L. 2024-57.

¹ In addition, the Division has awarded \$3,800,000 in technical assistance grants to cover the engineering assessment and design costs in the form of grants for small systems that received bridge loan awards.



Bridge Loan Recipient	Bridge Loan Initial Offer Date ²	Bridge Loan Amount Awarded	Bridge Loan Amount Expended by Recipient to Date	Loan Amount Repaid by the Recipient to Date
Asheville, City of	11/13/2024	\$3,000,000	\$0	\$0
Beech Mountain, Town of	11/13/2024	\$3,000,000	\$0	\$0
Black Mountain, Town of	11/13/2024	\$3,000,000	\$0	\$0
Burnsville, Town of	11/13/2024	\$3,000,000	\$0	\$0
Canton, Town of	11/13/2024	\$3,000,000	\$0	\$0
Chimney Rock Village	11/13/2024	\$7,880,000	\$0	\$0
Crossnore, Town of	1/9/2025	\$2,000,000	\$0	\$0
Elk Park, Town of	3/4/2025	\$1,600,000	\$0	\$0
Hendersonville, City of	12/9/2024	\$9,467,000	\$0	\$0
Hot Springs, Town of	12/3/2024	\$1,000,000	\$372,469.20	\$0
Junaluska Sanitary District	11/20/2024	\$1,260,000	\$1,175,142.82	\$0
Lake Lure, Town of	11/13/2024	\$3,000,000	\$0	\$0
Lansing, Town of	11/14/2024	\$750,000	\$0	\$0
Maggie Valley, Town of	3/10/2025	\$2,575,000	\$0	\$0
Maggie Valley Sanitary District	2/25/2025	\$3,000,000	\$0	\$0
Marshall, Town of	11/14/2024	\$3,000,000	\$1,139,623.00	\$0
Montreat, Town of	11/20/2024	\$300,000	\$112,008.00	\$0
Newland, Town of	11/14/2024	\$400,000	\$0	\$0
Old Fort, Town of	12/9/2024	\$3,000,000	\$0	\$0
Spruce Pine, Town of	11/14/2024	\$3,000,000	\$0	\$0
Woodfin Sanitary Water and Sewer District	11/14/2024	\$3,000,000	\$0	\$0
Yancey County	12/2/2024	\$3,000,000	\$0	\$0
Total	22 recipients	\$63,232,000	\$2,799,243.02	\$0

² Loan recipients could request increases or amendments to their initial loan offer. Only the initial offer date is listed.

