



May 20-23, 2025

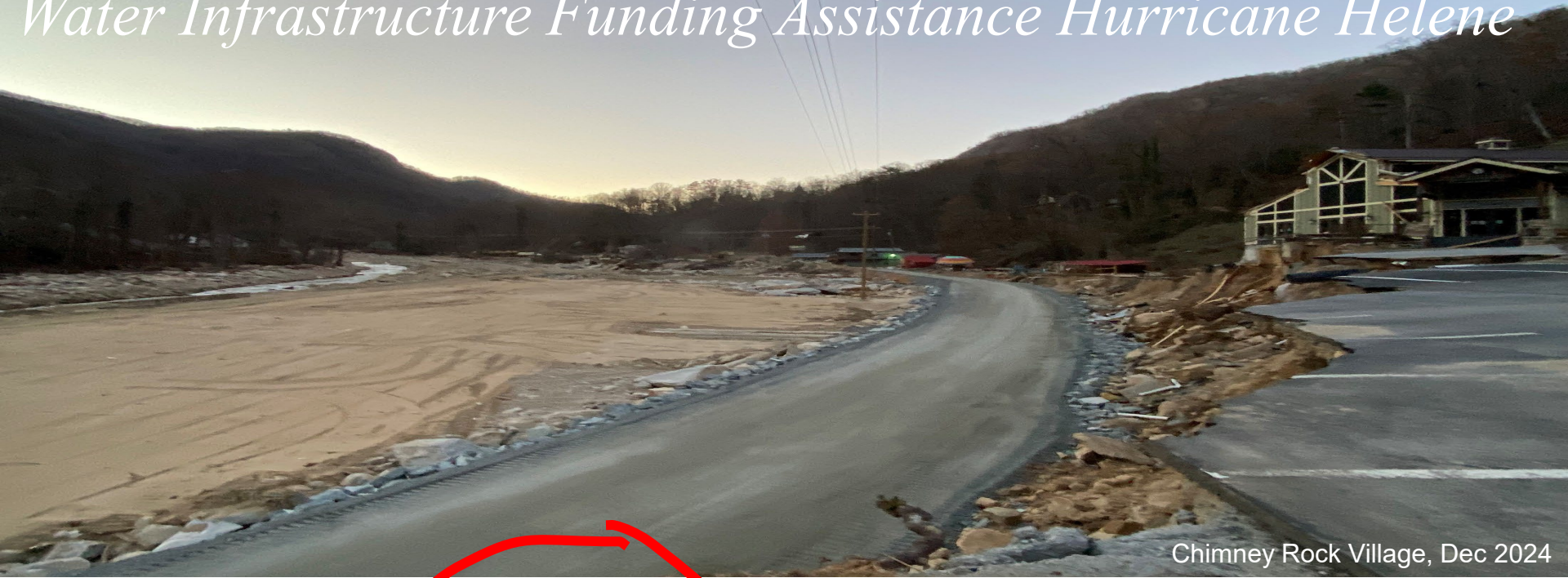
State Revolving Funds Supplemental Appropriations (SA-HMW) for Hurricane Helene-Affected Areas Workshop

NC DEQ Division of Water Infrastructure & U.S. Environmental Protection Agency



Slides revised on June 2, 2025, to reflect corrections and updates based on feedback from participants.

Water Infrastructure Funding Assistance Hurricane Helene



Chimney Rock Village, Dec 2024

FEMA-
PA

NC DEQ
/ DWI

USDA

US EDA

HMGP

NC DOC
/ CDBG

NC DST
Cashflow

etc.

NC DEQ/DWI Funding for Helene-Impacted Areas

Emergency Bridge Loans

- Started in October 2024
- DW and WW repair/recovery
- Short-term, 0% interest
- Expend by Oct 2028
- Repay debt by June 2030 or when receive other funding
- Initially up to \$3M per applicant
- State funds

SRF Helene [NEW!]

- Discussing the plans and applications in this workshop
- DWSRF, CWSRF, and Decentralized WW treatment funding dedicated to Helene-impacted communities
- Long-term loans with principal forgiveness and 0% interest
- Federal funds

Outline for the Workshop

1. SRF Helene (SA-HMW) Funding Overview
 2. DWSRF Helene and CWSRF Helene:
 - Eligibilities
 - Preliminary program specifics
 - Examples of eligible projects
 3. CWSRF Decentralized Wastewater Treatment Systems:
 - Eligibilities, examples
 - Preliminary program specifics
 4. Pre-Application / Application Process and Timelines
 5. SRF Helene Funded Projects Process (Post-Award)
 6. Additional Q&A
- Lunch break*
7. Afternoon work session: **submit your pre-applications**

SRF Helene (SA-HMW) Funding Overview

Supplemental Appropriation for Hurricanes Helene and Milton and Wildfires of Hawai'i (SA-HMW)

On December 21, 2024, Congress passed the “American Relief Act, 2025” providing one-time supplemental disaster relief funds. Included were supplemental funding for the State Revolving Funding (SRF) programs through US EPA for the states impacted by Hurricanes Helene and Milton and Hawai'i wildfires.

North Carolina's allotments: “SRF SA-HMW” or “SRF Helene”

- \$253,681,000 to the Clean Water State Revolving Fund
- \$409,422,000 to the Drinking Water State Revolving Fund
- \$ 22,510,000 to the CWSRF for decentralized wastewater treatment systems

Purpose of the Supplemental Appropriations in the Act

DWSRF/CWSRF:

“... reduce flood or fire damage risk and vulnerability or to enhance resiliency to rapid hydrologic change or natural disaster
”
...

CWSRF Decentralized:

“... improve the resilience of decentralized wastewater treatment systems to flooding, to assess the potential to connect homes ... to centralized systems, and to fund such connections.”

In short:
“Improve
flood
resilience”

NC's SRF Helene Funds

DWSRF
Helene:

for drinking
water systems

CWSRF
Helene:

for wastewater
systems
(POTWs)

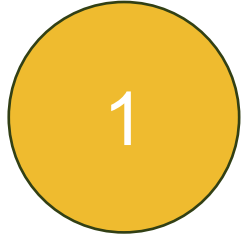
CWSRF
Decentralized
Helene:

for
decentralized/
septic systems

Administered under current SRF program, but funds are dedicated to eligible projects that address Helene impacts.

New program under development. Has some CWSRF requirements but will be partly unique. Dedicated to eligible projects in Helene-impacted areas.

Draft Intended Use Plans



Draft Intended Use Plans (IUPs) for each fund will be posted online by the end of May 2025 for a 30-day public comment period. IUPs describe general program administration plans.



Program designs described today are preliminary and may be adjusted. Program designs will be published in Final IUPs after the public comment period.

DWSRF Helene and CWSRF Helene

DWSRF/CWSRF Helene - Eligible Applicants

- Local Government Units
- Non-Profit Water and Wastewater Utilities
- Investor-Owned Drinking Water Companies

Must have been impacted by Hurricane Helene.

DWSRF/CWSRF Helene - Eligible Projects

Project must be:

1. SRF eligible, *and*
2. Either
 - a) Reduce flood or fire damage risk and vulnerability at treatment works or eligible facilities, *or*
 - b) Enhance resiliency to rapid hydrologic change or natural disaster at treatment works or eligible facilities

Repair/recovery projects are eligible as long as they meet the criteria above.

Examples of projects are presented in subsequent slides.

Preliminary Program Specifics: Loan Terms

All loans will have a principal forgiveness portion.

Repayable Loan

- Loans are typically 20 years
- LGC must approve loan portion
- Interest rate: 0% for all applicants

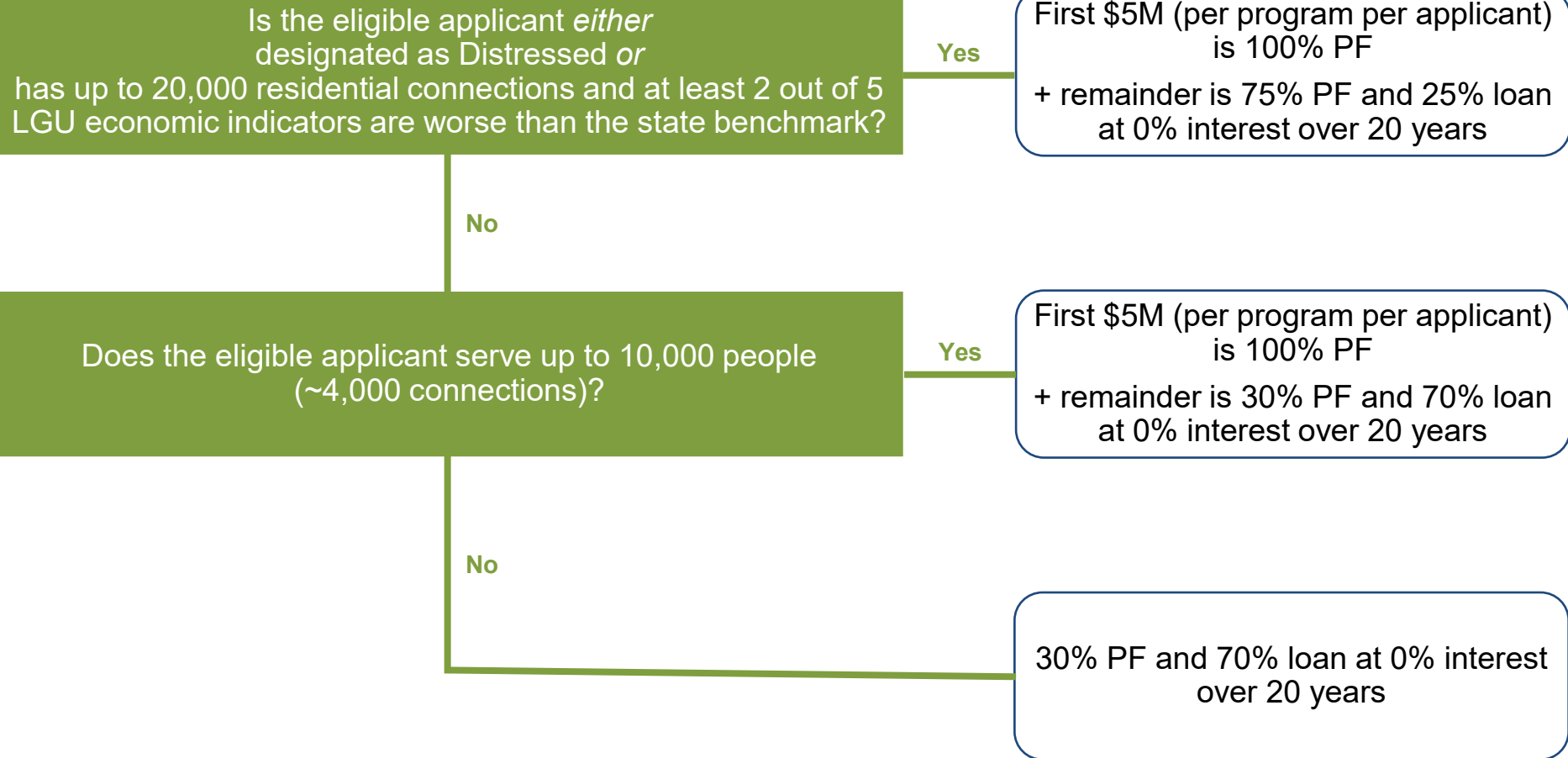
Principal Forgiveness (PF) *See diagram on next slide*

- A. Baseline: 30% PF for all loans.
- B. Affordability: 75% PF (instead of 30%) for all eligible applicants that are *either*:
 - Designated as Distressed, *or*
 - Have less than 20,000 residential connections and at least 2 out of 5 LGU economic indicators are worse than the state benchmark

In addition:

- + The first \$5M of project costs for DW and first \$5M of project costs for WW, per applicant, will be offered as 100% PF if the applicant:
 - Qualifies for 75% PF (see B. above), *or*
 - Serves up to 10,000 people (around 4,000 connections)

How Much Principal Forgiveness?



Preliminary Program Specifics: Caps and Reserve

- Initial funding cap will be determined after reviewing initial demand from the pre-application and early applications throughout 2025 and comparing it to the available funds.
- Awards for early applications may be initially capped. However, if additional funds remain in 2026, capped awards may receive an increase based on availability.
- Applicants are capped at \$200M debt to the DWSRF program and \$200M debt to the CWSRF program (including all SRF debt).
- DWSRF Helene Small Systems Reserve: 30% of the DWSRF funds are reserved for systems that serve up to 10,000 people through July 2026.

Preliminary Program Specifics

Loan Fee

A 2% loan closing fee will be invoiced. SRF cannot finance this closing fee.

Federal Cross-Cutters

- SRF federal cross-cutters will apply, including:
 - Engineering report/Environmental document review
 - Davis Bacon wages
 - American Iron and Steel
- Build America, Buy America (BABA) requirements do not apply for SA-HMW funds. However, co-funding with other federal funds may introduce requirements.

Earlier Disbursements

- Up to 15% of the project award funds can be disbursed for costs incurred for planning/design before construction contract is executed.
- No *repayable loan* funds can be disbursed without LGC approval.

Potential Funding from Multiple Sources

No duplication of funding

Project costs funded by another agency or program are not eligible for SRF funds. Will need to coordinate if projects are co-funded (e.g. with FEMA, USDA, EDA, CDBG, etc.). **Must notify DWI.**

Projects that require co-funding from different agencies must clearly differentiate scope to be funded by the SRF and scope to be funded by other agencies in the planning documents as well as in the Bid form.

Emergency Bridge Loans with DWI

Projects with an Emergency Bridge Loan can apply for SRF Helene funds if the project has resiliency components and meets all SRF regulations. Potentially can use the Emergency Bridge Loan to provide faster access to cash for the SRF Helene project before federal/state SRF process starts. **Discuss with DWI.**

Examples of Eligible Projects for CWSRF/DWSRF Helene

1. Projects that prevent interruption of operation during a flood event
2. Projects that prevent floodwaters from entering treatment works
3. Projects that maintain integrity of treatment in the event of a flood or natural disaster
4. Projects that preserve and protect treatment works equipment in the event of a flood
5. Projects that provide public water/sewer service to affected homes served by private wells or septic systems
6. Physical hardening or water proofing of impacted water/sewer infrastructure including buildings

Drinking Water SRF Eligible Projects

- **Hurricane/Storm Impacts** – The extended power outages disrupted water treatment operations, affecting the communities access to potable drinking water. The existing infrastructure, including the control building, suffered structural cracks, and equipment was damaged due to flooding. The lack of a backup power generator further highlighted the critical need for a reliable auxiliary power source to maintain storage capacity and distribution system pressure for not just drinking water, but fire protection and sanitation as well.
- **Project** – Enhancing the building’s structural integrity, flood resiliency measures, and power supply reliability.
- **Eligibility**– Physical “hardening” or waterproofing, and/or upgrading of pumps and electrical equipment at pump stations and components of the distribution system (Ex: installing backup generators).



Drinking Water SRF Eligible Projects

- **Hurricane/Storm Impacts** – Our utility has two public water systems, but they lack redundancy to maintain adequate pressure during system power outages and emergencies such as hurricanes.
- **Project** - The utility proposes to install an elevated storage tank and booster station to help provide redundancy, ensure continuous service, and increase resiliency against high water demand events, pressure loss, contamination, and negative pressure events.
- **Eligibility**– Installation and construction of redundant system components and equipment.



Drinking Water SRF Eligible Projects

- **Hurricane/Storm Impacts** – Our utility does not have a backup drinking water source and experienced a water outage during the storm. We were in the process of working with a neighboring utility, who did not experience an outage during the storm, about setting up an emergency interconnect, but before the work could be done, our utility was able to resume normal operations.
- **Project** - After discussions with the neighboring utility, we proposed an emergency interconnection to provide redundancy and resiliency for both systems against future storms.
- **Eligibility** – Construction of interconnections with neighboring water systems which could provide an emergency water supply
- **Who applies for funding?** – The utility that is going to be doing the construction for the interconnection will be the one that applies for the funding; however, if the utility receiving the loan agreement is not the one doing the work, an agreement and/or memorandum of understanding (MOU) needs to be in place with the utility that is doing the work

Drinking Water SRF Eligible Projects

- **Hurricane/Storm Impacts** – Our drinking water plant is sourced by several groundwater wells. While the treatment plant was not damaged, the wells were heavily damaged, and we lost our source supply for an extended period.
- **Project** - We are proposing to install additional wells in an area outside of the floodplain. Each well will have its own backup power generator and disinfection. This will add redundancy to our system along with increasing our production capacity in case existing wells are compromised in the future.
- **Eligibility** – Installation of backup power generators and relocation of critical equipment to less flood prone areas of a facility and/or elevation of critical structures.



Drinking Water SRF Eligible Projects

- **Hurricane/Storm Impacts** – Floodwaters rose above our groundwater well's above-ground discharge assembly, damaging electrical equipment and potentially introducing contamination.
- **Project** – We are unable to relocate our wells, so we are proposing increasing the height of our well's discharge assemblies. This will mitigate against potential future historic flood events. We are also proposing modifying or relocating electrical equipment to prevent damage from floodwaters.
- **Eligibility** – Elevation of critical structures. Waterproofing, upgrading and/or relocating of electrical equipment at well head.



Clean Water SRF Eligible Projects

- **Hurricane/Storm Impacts** – The hurricane resulted in damage to city owned infrastructure throughout the city. Power outages and excessive rain caused failures within the collection system and transmission network.
- **Project** – Retrofitting all city owned lift stations to submersible designs, upgrade/replacement of electrical and control systems to avoid potential for flood or wind damage, and install a backup generator at each site.
- **Eligibility** – Installation of back-up generators (including portable generators) or alternative energy sources that service pump stations and other distribution system facilities. Replacement of damaged equipment with more energy efficient and resilient equipment.



Clean Water SRF Eligible Projects

- **Hurricane/Storm Impacts** – The hurricane damaged the plant's aged effluent pumps, already pushed beyond their intended lifespan, and they struggled to manage the increased load imposed by the storm. The existing pump system, designed for normal loads, was grossly inadequate to handle the heightened flows induced by the storm.
- **Project** – Replacing aged effluent pumps with new, higher capacity ones.
- **Eligibility**– Replacement of damaged equipment with more energy efficient and resilient equipment. Physical “hardening” or water proofing of pumps and electrical equipment.



Clean Water SRF Eligible Projects

- **Hurricane/Storm Impacts** – The storm damaged many aspects of the plant in various ways, including flooding throughout the system and damage to buildings from wind and lightning.
- **Project** – Evaluate the base flood elevation of the wastewater plant through stormwater management analysis and design such that it is at or above the 500-year floodplain. Proposed improvements could include stormwater retention pond, site draining, new drainage collection system, and other electrical equipment around the plant site.
- **Eligibility**– Construction or installation of flood attenuation, diversion, and retention structures within or beyond the boundaries of a treatment works that protects the treatment works. Replacement of damaged equipment with more energy efficient and resilient equipment.



Clean Water SRF Eligible Projects

- **Hurricane/Storm Impacts** – The community is particularly susceptible to flooding from heavy rainfall due to its location within a floodplain and by a river. The flooding has impacted the sewer system and, at times, the wastewater plant itself.
- **Project** – Restore and repair stormwater swales and construct open drainage ditches into swales and stormwater retention facility to increase existing runoff storage capacity.
- **Eligibility**– Construction or installation of flood attenuation, diversion, and retention infrastructure within or beyond the boundaries of a treatment works that protects the treatment works

Other Ideas, Examples of Non-Traditional Projects

- Regionalization (interconnections, mergers, etc.) that result in increased resilience
- Stormwater / flooding reduction with a stormwater quality component
- Water and energy efficiency
- Alternative/distributed energy sources
- Cybersecurity
- Source water resilience protection
- Other ideas?

CWSRF Helene for Decentralized Wastewater Treatment Systems

CWSRF Helene Decentralized - Project Eligibility

1. Improve resilience of decentralized wastewater treatment systems to flooding
2. Assess the potential to connect homes served by decentralized systems to centralized systems and/or fund such connections

Project must be in a Helene-affected area.

Repair/replacement of decentralized systems are eligible as long as they improve flood resilience.

CWSRF Helene Decentralized – Eligible Applicants

By statute, currently all CWSRF eligible applicants:

- Local Government Units (including Counties and Districts)
- Non-profit wastewater utilities

Eligible applicants may contract with other organizations (e.g. COGs, CDFIs, nonprofits) to administer the funding and interact with the homeowners.

If eligibility for these funds is expanded through state legislation, may allow some types of the non-governmental organizations to also be directly eligible as applicants. *TBD.*

CWSRF Helene Decentralized - Program Specifics

All funds will be awarded as 100% Principal Forgiveness (no repayable portion).

There is a 2% loan fee.

Applicants cannot charge residents for funded work, e.g., any type of one-time connection fee when connecting a home to the centralized wastewater system.

NC DEQ/DWI may also use some of the capitalization grant to contract with organizations to provide technical assistance such as:

- Community outreach
- Technical evaluation of wastewater solutions
- Preparation of applications
- Preliminary Engineering Report preparation
- Other financial documents necessary for receiving SRF funds

CWSRF Helene Decentralized – Preliminary Program Specifics

- All funds must be expended in a timely and expeditious manner
- All awards will be subject to meeting project milestones
- Recipient must first incur a cost associated with an executed funding offer before requesting disbursements
- Funding recipient must spend all funds within 5 years of the date of the funding award offer, or by Dec. 2031 (whichever comes first)
- These funds are subject to all SRF federal conditions such as Environmental Review, American Iron and Steel requirements, Davis-Bacon minimum wage requirements and all applicable bidding laws

CWSRF Helene Decentralized – Examples of Eligible Projects

1. Projects that protect DWTS from rising waters
2. Projects that protect DWTS from power risks associated with flooding (backup power/power shutoffs)
3. Projects that reduce the risk of DWTS failure associated with flooding (water tightening or elevating)
4. Projects that increase DWTS capacity to handle flood risk (additional drain lines, larger tanks)

CWSRF Helene Decentralized – Examples of Eligible Projects

5. Consolidation of DWTS to reduce flood risk
 - Cluster systems with dispersal in a more resilient site
 - Shared cluster systems to financial and management resilience
 - Integrating advanced treatment options to generate re-usable WW.
6. Planning projects to assess potential to connect to centralized systems
 - Planning work must reasonably result in a capital project and Emergency Preparedness, Response and Recovery Plans
7. Projects that make connections to centralized systems and decommissioning DWTS

Pre-Application / Application Process and Timelines

SRF Helene Timeline in 2025 (subject to change)

April

- SWIA approved new, unique draft Priority Rating Systems for public comment period.

May

- Post draft Intended Use Plans for SRF Helene funds and Priority Rating Systems for 30-day public comment.
- **Present SRF Helene plans at workshops in WNC.**
- **Begin accepting pre-applications for SRF Helene funds.**
- DWI applies to EPA for the three SRF Helene capitalization grants.

June

- Review public comments and finalize Intended Use Plans.
- Continue to receive pre-applications. Assist pre-applicants in preparing potential application materials.
- Discuss potential project plans with pre-applicants. Consider emergency bridge loans as an interim option.

July

- SWIA approves final Priority Rating Systems on July 16.
- Application forms posted.
- Pre-applicants requested to submit complete applications using new application forms.

August

- Conduct application trainings.
- **Start accepting applications on a rolling basis.** Applications will be reviewed and presented to SWIA for awards.

Sept.

- DWI potentially receives grant award from EPA.

SRF Helene Pre-Applications: Available Now

Submit a simple pre-application now, before the Priority Rating System and application forms are finalized. Pre-application is submitted online. No governing board resolution required.

Pre-application requires a basic project description (ensuring project eligibility), and a preliminary funding request estimate. No PE seal required with project budget.

Link and QR Code:

<https://edocs.deq.nc.gov/Forms/SA-HMW-Pre-Application-Form>



Why Submit a Pre-Application?

Identifies to DWI which utilities/communities are potentially interested in SRF Helene funding with potentially eligible projects.

DWI will communicate with pre-applicants and can advise on application preparations and potential use of bridge loans in the interim.

Indicate interest in other non-DWI and non-FEMA sources of funding. Multiple funding agencies will collaborate on co-funding.

SRF Helene Funding Applications (starting July/Aug.)

- Applicants can submit funding applications **on a rolling basis** as soon as a final PRS is approved by SWIA in July.
- Division's website ("I Need Funding" page) will include SRF Helene funding application form, Priority Rating Systems, Application Guidance, and other materials.
- Applications received by a certain date will be reviewed, scored and presented to SWIA in their next scheduled meeting:
 - Apply by August 1, 2025 → SWIA's September meeting
 - Apply by November 3, 2025 → SWIA's December meeting
 - See Division's website for full schedule.

DWI's “I Need Funding” Page

On main DWI webpage, look for the “I Need Funding” tile



I Need Funding

Hurricane Helene-related Emergency Funding Information available here. Please continue to visit this website for any related updates. All other Division of Water Infrastructure funding programs, applications and forms are also available here.

On the “I Need Funding” page, see “Hurricane Helene Emergency Funding”

I Need Funding

Hurricane Helene Emergency Funding

Materials on webpage are being updated.

SRF Helene Funded Projects Process (Post-Award)

Project Timelines and Disbursements

- A Letter of Intent to Fund will go out shortly after awards by SWIA after each SWIA meeting.
- Projects will be placed into a 24-month timeline to execute contracts and begin construction.
- Applicants may request to accelerate this schedule if needed.
- Funding offer can be issued soon after LOIF is issued.
- Loan portion requires LGC approval when bids are in hand.

Funds will be disbursed when:

- The recipient executes the Funding Offer.
- The recipient has submitted the necessary documentation.
- Expenses have occurred and supported by invoices and approved contracts.
- For *loan* disbursement: LGC approves the loan portion of the funds.
- Financial audits must be current.

Engineering and Planning Costs

- Recipients will have access to 15% of funds for planning after:
 - Funding offer is Executed
 - Engineering services agreement is approved by the Division
 - Required closing fee is paid
- Engineering services must be obtained following Brooks Act (qualification-based selection) for CWSRF program and meet Mini-Brooks Act requirements for DWSRF program.
- If co-funded with other federal programs, program specific procurement conditions must be met.

Co-Funding with Other Federal Funding

- Need to coordinate with DWI.
- Cannot be reimbursed for same expenses by multiple agencies.
- Other agencies' program requirements also apply.
- Be familiar with other agencies' requirements (e.g., A/E procurement, who is eligible to bid on projects, etc.)
- FEMA has unified federal review (can apply for SRF funding).

Technical Assistance Providers

There are many organizations that can provide direct technical assistance to potential applicants at no charge. Check with:

- Councils of Government
- Environmental Finance Center at UNC School of Government
- NC Association of County Commissioners
- NC League of Municipalities
- NC Rural Water Association
- SERCAP

Or submit a request for assistance on EPA's portal:

<https://www.epa.gov/water-infrastructure/forms/water-technical-assistance-request-form>

DWI Contacts

Project Specifics

Emergency Bridge Loans, DWSRF
Helene and CWSRF Helene

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CWSRF Helene Decentralized
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Work Session

Submit your pre-application(s).

<https://edocs.deq.nc.gov/Forms/SA-HMW-Pre-Application-Form>



