

**COMMONWEALTH OF VIRGINIA**  
**CLEAN WATER REVOLVING FUND SUPPLEMENTAL APPROPRIATION REQUEST**

**SUPPLEMENTAL Intended Use Plan for Supplemental Appropriation for Hurricanes  
Helene and Milton and Hawai'i Wildfires (SA-HMW)**

In September 2024, Hurricane Helene significantly damaged many drinking water, wastewater, and decentralized wastewater treatment systems, particularly in the western portion of the Commonwealth of Virginia. As of September 2024, Virginia Governor Glen Youngkin's Transformation Office has been working with affected localities in determining paths to grants, bridge loans, and long-term funding solutions for repairs and resiliency in these systems. The Transformation Office supports Secretaries and Agency Heads across the Commonwealth with transformation and management tools and expertise, including setting clear objectives and defining key results, planning and tracking transformation initiatives and project management. The Transformation Office is providing Project Management of this initiative to ensure that all available State and Federal Funding sources for reconstruction and recovery efforts in areas affected by Hurricane Helene (i.e. Federal Emergency Management Agency (FEMA), Department of Housing and Community Development (DHCD), State Emergency Funding, etc.) are aligned and provide the greatest positive impact on the affected communities.

On December 21, 2024, the American Relief Act, 2025, P.L. 118-158, ("the Act") became law. The funding for the Environmental Protection Agency (EPA) in Title VII of the Act includes \$3 billion in disaster relief supplemental funding for the State Revolving Fund (SRF) programs, of which, \$1.23 billion was allotted to the Clean Water State Revolving Fund (CWSRF), available only to states or territories in EPA Regions 3, 4, and 9 for wastewater treatment works impacted by Hurricanes Helene and Milton and the Hawai'i wildfires. Only the States of Florida, Georgia, Hawai'i, North Carolina, South Carolina, Tennessee, and Virginia are eligible to apply for these CWSRF and Drinking Water State Revolving Fund (DWSRF) supplemental funds. The Act also appropriated an additional \$85 million in supplemental funding for the CWSRF program to improve the resilience of decentralized wastewater treatment systems, available only to states or territories in EPA Regions 3 and 4 impacted by Hurricanes Helene and Milton. Only the States of Florida, Georgia, North Carolina, South Carolina, Tennessee, and Virginia are eligible to apply for these CWSRF supplemental funds.

The 2025 State Revolving Fund Supplemental Appropriation for Hurricanes **Helene and Milton** and the Hawai'i Wildfires (SA-HMW) for Clean Water will be administered by the Virginia Department of Environmental Quality's Clean Water Financing and Assistance Program (CWFAP) via the State Revolving Loan program. Virginia's allotment is \$9,307,000 in SA-HMW funds for the CWSRF. In addition, the American Relief Act, 2025, appropriated \$85 million in supplemental funding for the CWSRF program to improve the resilience of decentralized wastewater treatment systems, of which, Virginia's allotment is \$1,656,000.

For information and guidelines on how the EPA will award and administer SA-HMW funding, please see [SA-HMW Implementation Memorandum](#).

Virginia plans to utilize the \$9,307,000 in project loans with full principal forgiveness as all the communities that were affected by this natural disaster are financially stressed and considered disadvantaged communities within the Commonwealth. Virginia's draft Supplemental Intended Use Plan for Supplemental Appropriations Under the SA-HRMW and Priority Project List, targets 3 projects for this funding. The draft IUP and Project Priority List will be placed in Virginia's Regulatory Town Hall website where all public notices for all State agencies are posted for viewing by the general public. The public comment period for these projects will run from May 20, 2025, to June 20, 2025, with no public meeting proposed as part of this process. The HA-SMW Project Priority List will become effective depending upon approval by the State Water Control Board (Board) at a future meeting.

### **VIRGINIA CLEAN WATER REVOLVING LOAN FUND GOALS FOR SA-HRMW**

The Virginia Clean Water Revolving Loan Fund's objective for the SA-HRMW funds, for eligible projects, is to reduce flood or fire damage risk and vulnerability or enhance resiliency to rapid hydrologic change or natural disaster at treatment works, as defined by section 212 of the Federal Water Pollution Control Act, and for other eligible tasks at such treatment works or facilities necessary to further such purposes.

Because the SA-HMW's appropriation is for a particular purpose, and to be consistent with existing grants regulations and reporting requirements, DEQ will manage the Board's financial assistance programs, assuring compliance with all applicable federal and state rules and regulations and in a manner that provides for program accountability, and which continues federal support for Virginia's water quality improvement activities. Types of projects eligible under the SA-HMW CWSRF are listed in Attachment 3 (beginning on page 16) of EPA's [SA-HMW Implementation Memorandum](#).

### **VIRGINIA CLEAN WATER REVOLVING LOAN FUND GOALS**

The Virginia Clean Water Revolving Loan Fund's objective is to meet the yearly loan demands of Virginia's local governments as well as citizens and corporations, as appropriate, to facilitate needed wastewater collection and treatment facilities and non-point source improvements across the Commonwealth of Virginia.

Virginia's long-term goals for the program are to:

- Implement the program in a manner that maximizes its ability to fund Virginia's pressing water quality needs;
- Utilize the 20-year planning model to provide a relevant framework for decision making to maximize the program's capacity for funding;
- Improve and expand the program's database system to more effectively and efficiently track and manage VCWRLF projects;
- Maintain a program pace (ratio of cumulative assistance provided to cumulative funds

- available) of equal to or exceeding a 90% average; and,
- Implement program changes required by the Infrastructure Investment and Jobs Act (IIJA).
- Virginia's short-term goals for FY 2025 are to:
- Put in place scholarships for wastewater operator training for small and disadvantaged communities;
  - Evaluate additional options for on-site technical assistance for systems that serve a population of 10,000 or less;
  - Enhance engagement with residents and community stakeholders in disadvantaged communities; and update the on-site septic program guidelines.

## **PROGRAM ADMINISTRATION**

The Water Quality Act of 1987 allows a state to set aside up to 4% of its SRF grant awards for administrative purposes. The Water Resources Reform and Development Act of 2014 (WRRDA) amended Section 603(d)(7) of the Federal Water Pollution Control Act to allow for two additional methods of calculating the maximum annual amount of CWSRF funds that may be used to cover the reasonable costs of administering the fund. The three options now include:

- 4% of all grant awards received by a State CWSRF;
- \$400,000; or
- 1/5% of the current valuation of the fund.

Virginia utilized the 4% calculation until the close of the FY 2019 capitalization grant and the opening of the FY20 grant in January 2021. Beginning with the FY 2020 grant, the program utilizes the 1/5% calculation to determine the maximum annual amount of program administration funds. DEQ continually reviews program operating expenses and only authorizes funds for activities that are reasonable and necessary for program administration and project management activities.

Additionally, notwithstanding the requirements of section 603(i) of the Federal Water Pollution Control Act and section 1452(d) of the Safe Drinking Water Act, for the funds appropriated under this paragraph in this Act, each State shall use not less than 30 percent of the amount of its capitalization grants to provide additional subsidization to eligible recipients in the form of forgiveness of principal, negative interest loans or grants, or any combination of these.

## **CAPITALIZATION GRANT**

This Capitalization Grant provides additional funding from the EPA for the CWSRF in areas of Virginia affected by Hurricanes Helene and/or Milton.

- The Virginia allotment of \$9,307,000 is available for CWSRF publicly owned treatment works (POTW) projects and \$1,656,000 is available for CWSRF projects to connect homes served by decentralized systems to centralized wastewater systems. However, this amount is not included in this IUP currently.
- Eligible entities must be a CWSRF-eligible entity that was damaged, demonstrates impact, or had a loss or disruption of a mission-essential function, including loss of function where there

- was potential impact to public health, caused by Hurricanes Helene and/or Milton.
- Eligible projects must be CWSRF-eligible, with the purpose of reducing flood or fire damage risk and vulnerability or enhancing resiliency to rapid hydrologic change or natural disaster at treatment works, as defined by section 212 of the Federal Water Pollution Control Act (i.e., POTWs). A list of eligible project types is included as Attachment 3 to EPA's [SA-HMW Implementation Memorandum](#).
  - For additional information or documents regarding the Clean Water Program, see DEQ's [Virginia Revolving Loan Program](#) information page.

### **ANNUAL WASTEWATER ADMINISTRATIVE FEE**

No fees will be assessed against these loans provided from the SA-HMW Funds.

### **TARGETED LOAN RECIPIENTS FOR SA-HRMW ASSISTANCE**

Hurricane Helene struck Virginia, causing widespread damage, starting on September 25, 2024. During this time, the storm predominantly affected the southwestern region of the Commonwealth. DEQ's Southwest Regional Office (SWRO) is located directly within the affected area. DEQ leadership from SWRO, Central Office, as well as CWFAP staff have engaged in extensive community outreach and collaboration with the impacted owners of wastewaters treatment and collection systems that experienced damage attributed to Hurricane Helene.

SWRO assisted with the collection of critical wastewater infrastructure damage assessment information, which was incorporated within a report from the Virginia Department of Emergency Management (VDEM) detailing impacted wastewater works systems directly after the flood waters subsided. The DEQ Southwest Office Pollution Response Team (PreP) performed site visits to all wastewater works identified on the FEMA-4831-DR, Virginia Disaster Declaration Map, dated October 10, 2024. In addition, CWFAP oversight and extensive outreach has been performed via site visits and meetings to determine the localities with the greatest demonstrated need based on financial need and environmental impacts or potential impacts on State waters. Based on extensive field investigations and outreach, it is with great confidence that the project priority list (PPL) has identified the projects with the greatest need and that will result in improving water quality of the Commonwealth of Virginia. Therefore, DEQ proposes funding for the projects on the PPL and bypassing an application solicitation period in order to expedite the distribution of funds. Expediting distribution of fund will allow for these most critically important wastewater infrastructure repair projects to be realized in a more timely manner, thus eliminating ongoing public health threats, expediting the restoration of the community's natural resource for recreational and economic benefits, as well as significantly improving the water quality in these highly impacted areas.

### **PUBLIC PARTICIPATION**

The Virginia State Water Control Board (Board) has made public participation an integral part of the

process of developing and implementing all policies, procedures, and guidelines impacting activities of the Virginia Clean Water Revolving Loan Fund Program.

The Infrastructure Investment and Jobs Act (IIJA), included additional requirements associated with each state's CWSRF public participation process. When seeking public review, states should include a diverse set of potential interested parties, including community groups, neighborhood associations, environmental organizations, and public health groups, that represent a broad spectrum of community interests and extend beyond those on existing mailing lists and traditional SRF participants.

In addition, states should strive to achieve the following objectives when seeking public review: (1) assure that the public has the opportunity to understand official programs and proposed actions, and that the state fully considers the public's concerns; (2) assure that the state does not make any significant decision on any SRF activity without consulting interested and affected segments of the public; (3) assure that the state action is as responsive as possible to public concerns; (4) encourage public involvement in implementing the SRFs; (5) keep the public informed about significant issues and proposed project or program changes as they arise; (6) foster a spirit of openness and mutual trust between the state and the public; and (7) use all feasible means to create opportunities for public participation, and to stimulate and support public participation. States should make a particular effort to identify and engage organizations that work in disadvantaged communities.

Virginia's CWSRF mailing lists and traditional participants include counties, cities, towns, regional commissions, watershed groups, the private sector and environmental organizations that represent a broad spectrum of community interests. For the SA-HMW additional funding assistance, a notice of the proposed PPL and IUP were posted on DEQ's Clean Water Financing and Assistance Program website on May 20, 2025. The Notice provided the public with updated information on the loan program, the draft SA-HMW IUP, and PPL. These documents will also be posted on Virginia Regulatory Town Hall, the web location where all State proposed notices and proposed regulatory modifications are posted, on May 20, 2025. During this time the public will be able to send comments to the posted contact via email or mail. Please direct your request for information and written comments to Meghan Mayfield at [cwfap@deq.virginia.gov](mailto:cwfap@deq.virginia.gov) or by mail at PO Box 1105, Richmond, VA 23219. After the Public notice and comment period have ended the IUP and PPL will be brought in front of the State Water Control Board at a future meeting.

## **ASSURANCES, PROPOSALS AND CERTIFICATIONS**

### **Environmental Review**

All "treatment works" projects financed through the Fund are subject to the State's Environmental Review Process as approved by EPA. Each of those projects must result in one of the following documents: Categorical Exclusion from the review, Statement of Environmental Review, or Environmental Impact Statement with a Record of Decision issued prior to loan closing. The State's procedure for conducting, processing, noticing, and approving Environmental Review documents is contained in the *Procedural Guidelines for Virginia's Wastewater Revolving Loan Fund*, as amended.

All appropriate environmental issues must be addressed and measures taken to prevent or mitigate adverse environmental impacts. One procedural change was implemented in January 2008. Public notification of the issuance of categorical exclusions will no longer be done. Projects receiving categorical exclusions will still undergo all other public notification requirements, including the issuance of this IUP and the attached PPL. The State's environmental review process is not applied to projects that are not classified as “treatment works”.

#### Program Requirements

Demonstrated compliance with the provisions of applicable program requirements and state statutes and regulations continues to be a prerequisite to receiving loan closing authorization and is required before payment can be authorized from loan proceeds for any work accomplished. No loan will be closed until the applicant has demonstrated to the satisfaction of DEQ that it has complied with all program planning and design requirements and has, through the Financing Agreement, agreed to comply with all other applicable provisions as a condition to being reimbursed for such work.

Virginia’s Wastewater Revolving Loan Program Design Manual and Procedural Guidelines, Virginia’s Agricultural BMP Loan Program Guidelines, Virginia’s Brownfield Remediation Loan Program Guidelines, Virginia’s Land Conservation Loan Program Guidelines, Virginia’s Stormwater Loan Program Guidelines and Virginia’s Living Shorelines Loan Program Guidelines and Local Plan Guidelines set forth all applicable program requirements for each respective loan program. Through the implementation of these guidelines, various provisions of the Operating Agreement between EPA and the State, and through the use of internal review checklists and operating procedures, the State will assure compliance with all applicable program requirements.

#### Equivalency Compliance

For purposes of EPA review, DEQ will designate loan projects as an “equivalency” loan and will apply the DBE, single audit, and other federal requirements to at least the number of projects within this loan for which the total dollar value is at least equal to the amount of the FY 2025 Capitalization Grant and IJA supplemental funds.

#### Anticipated Cash Draw Ratio

There is no State match required for the SA-HMW capitalization grant.

#### Timely Expenditures

Virginia will obligate and expend all funds in its SRF accounts in an expeditious and timely manner.

#### Davis Bacon Act / American Iron and Steel / Fiscal Sustainability Plan Compliance / Build America,

### Buy America

To the extent required by the Water Resources Reform and Development Act and the IIJA, DEQ agrees to include the Davis Bacon, American Iron and Steel, Fiscal Sustainability Plan, and Build America, Buy America provisions in applicable loan agreements.

## **ANNUAL REPORT AND REPORTING REQUIREMENTS**

### Annual Report

The EPA Regional Administrator's formal review of the State's management of the SRF Program will be through review of the Annual Report as submitted by DEQ. The Report will provide information on loan recipients, loan amounts, and loan terms in which the State has entered into binding commitments, as well as a detailed accounting of the use of its 2% technical assistance funds. The Annual Report will also establish that the State has reviewed all SRF “treatment works” projects in accordance with the approved procedures, deposited its match on or before the date on which each quarterly grant payment was made, made binding commitments to provide assistance equal to 120% of the amount of each grant payment (ASAP) within one year of receipt, and complied with the program requirements.

The report will be submitted no later than 90 days after the end of the state fiscal year and will indicate the extent to which the goals and objectives, as set forth in this agreement and in each previous year's SRF Intended Use Plan, were met. It is agreed that the fiscal year will be from July 1 to June 30.

### Environmental Results Reporting

Virginia agrees to complete the Environmental Results Reporting form on all projects funded through the Virginia Clean Water Revolving Loan Fund.

### Other Reporting Requirements

Reporting requirements of project level details will be recorded in the USEPA’s SRF database as required by the terms and conditions of the capitalization grant.