



OFFICE OF WATER
WASHINGTON, D.C. 20460

March 13, 2025

MEMORANDUM

SUBJECT: Award and Implementation of the 2025 State Revolving Fund Supplemental Appropriation for Hurricanes Helene and Milton and the Hawai'i Wildfires (SA-HMW)

FROM: Jennifer L. McLain, Director
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TO: Water Division Directors
Regions III, IV, and IX

I. BACKGROUND

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: \$1.23 billion for the Clean Water State Revolving Fund (CWSRF) programs and \$1.77 billion for the Drinking Water State Revolving Fund (DWSRF) programs, available only to states or territories in EPA Regions 3, 4, and 9 for wastewater treatment works and drinking water facilities 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 (hereinafter "the states") are eligible to apply for these CWSRF and DWSRF supplemental funds. The Act gives EPA the authority to retain up to \$5 million of the funds from this appropriation for management and oversight.

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 Act gives EPA the authority to retain up to \$3 million of the funds from this appropriation for management and oversight.

For ease of reference, EPA will refer to this supplemental appropriation as the SA-HMW (Supplemental Appropriation for Hurricanes Helene and Milton and Hawai'i Wildfires).

This memorandum describes how EPA will award and administer SA-HMW capitalization grants to the eligible states. Nothing in this document is meant to conflict with or supersede the 2025 American Relief Act, Office of Management and Budget Guidance, or any capitalization grant terms and conditions.

Funds will remain available for obligation to the states for the fiscal year in which they are appropriated and the following fiscal year, per the Clean Water Act (CWA) and the Safe Drinking Water Act (SDWA).¹ Therefore, the states must apply for and receive SA-HMW capitalization grant award(s) from EPA by the end of fiscal year 2026 (September 30, 2026). Once EPA obligates the capitalization grants to the states, the funds will be available to the states to provide assistance to eligible projects. The states must make commitments (i.e., they must sign assistance agreements, such as loans, with eligible recipients) within one year after the receipt of each capitalization grant payment from EPA.²

For projects to be eligible for the \$3 billion SA-HMW funds to the SRFs, they must be SRF-eligible and have the purpose of reducing flood or fire damage risk and vulnerability or enhancing resiliency to rapid hydrologic change or natural disaster. EPA has tools available to assist communities and states in achieving these goals. EPA's free [Water Technical Assistance \(WaterTA\)](#) initiatives and resources can support communities in identifying water infrastructure challenges, developing plans, and applying for federal funding. EPA also has practical tools, training, and technical assistance to increase resilience to weather variability available through the [Creating Resilient Water Utilities \(CRWU\)](#) initiative.

States will administer these funds through the existing SRF programs. SRF requirements and procedures apply to these supplemental funds. General SRF program information is located at www.epa.gov/cwsrf and www.epa.gov/dwsrf. Local drinking water and wastewater systems (and other eligible assistance recipients) apply for SA-HMW SRF funding directly through their state [CWSRF](#) and [DWSRF](#) programs. Local leaders should direct questions about applications and state program eligibilities to their state SRF managers.

II. APPLICATION REQUIREMENTS FOR SA-HMW CAPITALIZATION GRANT FUNDS

EPA recommends that the states submit capitalization grant applications as soon as possible through www.grants.gov. The states must submit an Intended Use Plan (IUP) and Project Priority List (PPL) for the SA-HMW funding. The IUPs and PPLs must meet existing SRF requirements. Because the SA-HMW's appropriation is for particular purposes, and to be consistent with existing grants regulations and reporting requirements, the states must submit separate grant application(s) for the SA-HMW appropriations and other SRF capitalization grant applications in grants.gov. Each state must receive its

¹ 33 U.S.C. § 1384(c)(1); 42 U.S.C. § 300j-12(a)(1)(C).

² 33 U.S.C. § 1382(b)(3); 40 CFR § 35.3550(e)(1).

SA-HMW grant award by the end of fiscal year 2026 (September 30, 2026) or the funds will be reallocated to other eligible states under this appropriation.³

To accelerate SA-HMW grant awards, EPA will allow the states to apply for conditional and partial awards based on draft IUPs. With conditional awards, if the state and Region have completed negotiations for part of the work plan, the Region may conditionally approve the work plan and obligate the full amount of the award placing appropriate drawdown/payment restrictions for the portion of the work plan not yet approved. This does not prohibit work from beginning on approved activities. All activities must meet state and federal SRF requirements for this appropriation. The states may also apply to EPA for partial awards if the state does not currently have a project list with costs totaling at least the amount of funds available under SA-HMW. EPA will only make a partial award to the state for an amount equal to the total cost of the project list. In the case of a partial award, the state could later amend its grant award to include the remaining funding so long as it is awarded by September 30, 2026. An amended IUP including projects in an amount equal to the remaining funds available to the state under SA-HMW must be submitted by the state to EPA before the grant is amended to award the remaining funds. This includes a revised grant application package through grants.gov.

To receive SA-HMW funding, eligible states must submit the following documents to EPA:

A. INTENDED USE PLAN

The CWA section 606(c) and the SDWA section 1452(b) require states to prepare a plan identifying the intended uses of the funds in the SRF and describing how those uses support SRF goals. States have the flexibility to combine Intended Use Plans (IUPs) and Project Priority Lists (PPLs) for base funding and SA-HMW funding or submit separate IUPs and PPLs for both base and SA-HMW funding. If combined, states must construct the IUPs and PPLs to ensure that EPA and the public can clearly identify base- and SA-HMW-eligible projects, including identifying additional subsidization and funding amounts. The IUPs and PPLs must meet existing SRF requirements. Because of the SA-HMW's appropriations for particular purposes, and to be consistent with existing grant regulations and reporting requirements, states must submit separate grant applications for the SA-HMW appropriations in grants.gov. Projects can be co-funded with other SRF capitalization grants (e.g., base funds, Infrastructure Investment and Jobs Act (IIJA) general supplemental funds), and an existing IUP for the CWSRF or the DWSRF may be amended to reflect this new funding source. A supplemental IUP meeting all SRF requirements in Title VI of the CWA and accompanying regulations, or in SDWA section 1452 and accompanying regulations, as appropriate, will be required for approval of a grant award and release of funds. An IUP must contain the following:

³ 33 U.S.C. § 1384(c)(2); 42 U.S.C. § 300j-12(a)(1)(E).

1. List of Projects: Under CWA section 606(c)(1), the IUP must contain a list of publicly owned treatment works projects on the state's PPL, developed pursuant to section 216 of the CWA, that are eligible for SRF construction assistance. The IUP must also contain a list of the activities eligible under section 603(c) of the CWA, including the nonpoint source and national estuary protection activities that the state expects to fund from its SRF. The list must contain eligible projects for which the total cost of assistance requested is at least equal to the amount of the grant being applied for before a grant can be awarded.

SDWA section 1452(b)(3)(B) requires state IUPs to include a list of projects that are eligible for assistance under SDWA section 1452 and that are to be assisted pursuant to the plan (i.e., a PPL). This list must include: the name of the public water system,⁴ a description of the project, the priority assigned to the project, the expected terms of financial assistance, and the size of the community served. The IUP must contain a fundable list of projects for which the total cost of assistance requested is at least equal to the amount of the grant being applied for. The IUP must also contain a comprehensive list of projects that may receive DWSRF assistance in the future. A state may combine the fundable and comprehensive lists into one list provided that projects which are expected to receive assistance from available funds designated for use in the current IUP are identified.

Projects funded by SA-HMW are subject to the eligibility requirements described in section III below.

2. Additional Elements: Both the CWSRF and DWSRF IUPs must contain proposed assistance terms including interest rates, the short-term and long-term goals of the SRF, and a description of how the state will choose projects consistent with the purposes of the SA-HMW. The IUP must contain a description of the intended uses of the additional subsidization allowance described in section III.D. below. For the DWSRF, the IUP must describe set-aside funds to be taken, if any, and how those are consistent with the purposes of the SA-HMW.

3. Transfers: States choosing to transfer funds between either of the CWSRF and DWSRF capitalization grants received under the SA-HMW must state their intention in their IUP. Any transfers are subject to the statutory limits of the SRFs.⁵ Additionally, for SA-HMW capitalization grants, any transfer will be subject to the SA-HMW requirements as outlined in this memorandum. The use of the CWSRF appropriation for decentralized wastewater treatment systems is restricted to that particular purpose, and there is not a DWSRF appropriation available for this purpose. Therefore, funds cannot be transferred from or to the

⁴ Under the DWSRF, only privately owned and publicly owned community water systems and non-profit noncommunity water systems are eligible for funding. See 40 CFR 35.3520(a).

⁵ 42 U.S.C. § 300j-12 note.

CWSRF decentralized appropriation. States may not transfer SA-HMW appropriations to or from base appropriations.

4. Public Review and Comment: The IUP must contain a statement of how the state met the requirement of CWA section 606(c) or SDWA section 1452(b)(1) for public review and comment on the preparation of the IUP.

5. Draft IUPs for Purpose of Conditional Awards: Some states may complete a supplemental IUP but require additional time to complete public review or approval by boards or state governments. The Agency may award conditional grants to facilitate expeditious use of funds upon final public review and/or approval. To receive a conditional award, a draft IUP must be ready for public review and/or consideration by agency/state government bodies and include the information described above in sections II.A.1 and 2. The Region may conditionally approve the work plan and obligate the full amount of the award placing appropriate drawdown/payment restrictions for the portion of the work plan not yet approved.

6. IUPs for Purpose of Partial Awards: States with a project list less than the amount of funds they are eligible to receive under the SA-HMW may apply for a partial award. The IUP for a partial award must include the information described above in sections II.A.1, 2, and if applicable, II.A.3.⁶ EPA will only make a partial award for an amount equal to the total cost of the project list. An amended IUP including projects in an amount equal to the remaining funds available to the states under SA-HMW must be submitted by the state to EPA before the grant is amended to award the remaining funds. This may require submitting a revised grant application package to the regional grants office. Certain statutory requirements (e.g., additional subsidization and green project reserve) are calculated based on a percentage of the capitalization grant *awarded*. To comply with statutory requirements, states may not apply exclusively for the set-asides or the additional subsidization portion of the capitalization grant.

B. OTHER APPLICATION COMPONENTS

1. SF-424 Application for Federal Assistance, with original signature, including:
 - a. SF-424A, Budget by categories and indirect cost rate
 - b. SF-424B, Assurances for non-construction programs
2. Certification regarding lobbying and SF-LLL (applicable if EPA funds are over \$100,000)
3. EPA Form 4700-4 pre-award compliance review report
4. Detailed itemized budget
5. Copy of negotiated indirect cost rate agreement

⁶ The amount of the total DWSRF capitalization grant, including any portion awarded for set-aside activities, determines the amount of funds that can be reserved and transferred. Funds may be transferred between the CWSRF and DWSRF on a net basis, as long as the statutory 33% ceiling is not breached. See 42 U.S.C. § 300j-12 note. For more details on inter-SRF transfers, see the [SRF Transfer Policy](#).

6. Key contacts form
7. Attorney General's opinion, as required by 40 CFR § 35.3110(d)(2), and 40 CFR § 35.3545(d)
8. If applicable, workplans for set asides

III. SUMMARY OF SA-HMW PROVISIONS

All statutory requirements for the SRFs (e.g., Davis-Bacon, American Iron and Steel), as well as guidance or regulations issued by EPA for the implementation of the CWSRF and DWSRF programs apply unless they are inconsistent with the SA-HMW, the capitalization grant conditions, or the requirements contained in this document. Below are the SA-HMW-specific implementation elements:

A. Funding Amount: Under SA-HMW, Congress appropriated \$3.085 billion to the SRFs: a \$3 billion portion to the CWSRF and DWSRF to eligible states in EPA Regions 3, 4, and 9, and an \$85 million portion exclusively to the CWSRF to eligible states in EPA Regions 3 and 4.

For the \$3 billion in SRF funds to eligible states in Regions 3, 4, and 9:

As authorized by the Act, EPA will retain \$5 million of this appropriation for management and oversight. The remaining \$2.995 billion is available for additional capitalization grants to the eligible states pursuant to Title VI of the CWA and SDWA section 1452: \$1,227,950,000 to CWSRF and \$1,767,050,000 to the DWSRF.

For the \$85 million for CWSRF decentralized funds to eligible states in Regions 3 and 4:

As authorized by the Act, EPA will retain \$3 million of this appropriation for management and oversight. The remaining \$82 billion is available for additional capitalization grants to the eligible states pursuant to Title VI of the CWA.

B. Eligible Recipients: The SA-HMW contains the following provisions:

For the \$3 billion in SRF funds to eligible states in Regions 3, 4, and 9:

Provided, That notwithstanding section 604(a) of the Federal Water Pollution Control Act and section 1452(a)(1)(D) of the Safe Drinking Water Act, funds appropriated under this paragraph in this Act shall be provided to States or territories in EPA Regions 3, 4, and 9 in amounts determined by the Administrator of the Environmental Protection Agency for wastewater treatment works and drinking water facilities impacted by Hurricanes Helene and Milton and Hawai'i wildfires...

For the \$85 million for CWSRF decentralized funds to eligible states in Regions 3 and 4:

Provided, That notwithstanding section 604(a) of the Federal Water Pollution Control Act, funds appropriated under this paragraph in this Act shall be provided to States or territories in EPA Regions 3 and 4 impacted by Hurricanes Helene and Milton in amounts

determined by the Administrator of the Environmental Protection Agency to improve the resilience of decentralized wastewater treatment systems to flooding, to assess the potential to connect homes served by decentralized wastewater treatment systems to centralized wastewater systems, and to fund such connections

Consistent with other SRF appropriations for emergency and disaster relief, for the SA-HMW, Congress specifically exempted EPA from using the SRF allotment formulas in the CWA and SDWA. Furthermore, the SA-HMW funds are restricted to impacted states in specific EPA Regions that were impacted by the named disasters. For the eligible states, EPA determined that the funds will be allotted in proportion to the state-by-state needs estimates submitted to Congress.

The appropriated total dollar amount is lower than the estimated damage to water systems in these states, so EPA calculated the allotment in a pro rata manner. Charts containing state-by-state allotment amounts are in Attachments 1 and 2.

For the \$3 billion in SRF funds, an eligible entity is any otherwise CWSRF- or DWSRF-eligible entity, as applicable, within an eligible state 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 the listed natural disasters.

For the \$85 million in CWSRF decentralized funds, an eligible entity is any otherwise CWSRF-eligible entity within a state within EPA Regions 3 and 4 impacted by Hurricanes Helene and Milton.

C. Eligible Use of Funds: The SA-HMW contains the following provision:

For the \$3 billion in SRF funds to eligible states in Regions 3, 4, and 9:

Provided further, That the funds appropriated under this paragraph in this Act shall be used for eligible projects whose purpose is to reduce flood or fire damage risk and vulnerability or to enhance resiliency to rapid hydrologic change or natural disaster at treatment works, as defined by section 212 of the Federal Water Pollution Control Act, or any eligible facilities⁷ under section 1452 of the Safe Drinking Water Act, and for other eligible tasks at such treatment works or facilities necessary to further such purposes...

This provision defines the scope of eligible activities authorized under the SA-HMW by restricting the eligible uses of both the CWSRF and DWSRF program funds. For an activity to be

⁷ Per 40 CFR 35.3520(a)(1), eligible drinking water facilities are privately and publicly owned community water systems and non-profit non-community water systems.

eligible under the SA-HMW, it must be otherwise SRF eligible *and* serve one or more of the following purposes:

- Reduce flood or fire damage risk and vulnerability at treatment works as defined by section 212 of the CWA or any eligible facilities under section 1452 of the SDWA
- Enhance resiliency to rapid hydrologic change or natural disaster at treatment works as defined by section 212 of the CWA or any eligible facilities under section 1452 of the SDWA

For the \$85 million for CWSRF decentralized funds to eligible states in Regions 3 and 4 the SA-HMW contains the following provision regarding the use of funds:

...[T]o improve the resilience of decentralized wastewater treatment systems to flooding, to assess the potential to connect homes served by decentralized wastewater treatment systems to centralized wastewater systems, and to fund such connections...

This provision defines the scope of eligible activities authorized under the SA-HMW by restricting the eligible uses of the CWSRF funds provided under this appropriation. For an activity to be eligible under the SA-HMW CWSRF decentralized funding, it must be otherwise CWSRF eligible and serve on or more of the following purposes specified in the appropriation:

- Improve the resilience of decentralized wastewater treatment systems to flooding
- Assess the potential to connect homes served by decentralized wastewater treatment systems to centralized wastewater systems
- Fund connections from homes served by decentralized wastewater treatment systems to centralized wastewater treatment systems

See a detailed example list of eligible activities in Attachment 3. If a state wishes to fund an activity *not* listed in Attachment 3, the state must explain in its IUP how the proposed project addresses the abovementioned purposes in the appropriation.

D. Additional Subsidization: The SA-HMW contains the following provisions:

For the \$3 billion in SRF funds to eligible states in Regions 3, 4, and 9:

Provided further, That 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...

Therefore, each state must use at least 30 percent of its capitalization grant awarded from this appropriation to provide additional subsidization, as described above. States may use more.

Eligible Forms of Additional Subsidy: As described in the appropriation, the following are eligible forms of additional subsidy for these funds:

- a. *Principal Forgiveness:* The principal forgiveness amount must be included in the loan agreement for the amount forgiven to be counted against the total required to be provided as additional subsidization. The amount counted against the requirement is the amount of principal forgiven.
- b. *Negative Interest Loans:* A negative interest loan is a loan for which the rate of interest is such that the total payments over the life of the loan are less than the principal of the loan. The negative interest rate must be included in the loan agreement at the time of execution to be counted against the total required to be provided as additional subsidization. The amount counted against the requirement is the difference between the principal of the loan and the total payments expected over the life of the loan.
- c. *Grants:* The grant must be provided at the time of assistance agreement execution to be counted against the total required to be provided as additional subsidization. The amount counted against the requirement is the total grant amount included in the agreement. Note that grant recipients under this provision are considered “subgrantees” for the purposes of EPA’s grant regulations as detailed below in section IV.D.

For the \$85 million for CWSRF decentralized funds to eligible states in Regions 3 and 4:

Provided further, That notwithstanding the requirements of section 603(i) of the Federal Water Pollution Control Act, for the funds appropriated under this paragraph in this Act, each State shall use 100 percent of the amount of its capitalization grants to provide additional subsidization to eligible recipients in the form of forgiveness of principal, grants, negative interest loans, other loan forgiveness, and through buying, refinancing, or restructuring debt or any combination thereof..

Each state must use 100 percent of its capitalization grant awarded from this appropriation to provide additional subsidization, as described above.

Eligible Forms of Additional Subsidy: As described in the appropriation, the following are eligible forms of additional subsidy for these funds:

- a. *Principal Forgiveness:* The principal forgiveness amount must be included in the loan agreement for the amount forgiven to be counted against the total required to be provided as additional subsidization. The amount counted against the requirement is the amount of principal forgiven.
- b. *Negative Interest Loans:* A negative interest loan is a loan for which the rate of interest is such that the total payments over the life of the loan are less than the principal of the loan. The negative interest rate must be included in the loan agreement at the time of execution to be counted against the total required to be provided as additional subsidization. The amount counted against the requirement is the difference between the principal of the loan and the total payments expected over the life of the loan.

- c. *Grants*: The grant must be provided at the time of assistance agreement execution to be counted against the total required to be provided as additional subsidization. The amount counted against the requirement is the total grant amount included in the agreement. Note that grant recipients under this provision are considered “subgrantees” for the purposes of EPA’s grant regulations as detailed below in section IV.D.
- d. *Pre-Award Costs*: States may offer other loan forgiveness or buy, refinance, or restructure debt. Any debt or loan that is forgiven, purchased, refinanced, or restructured must have been for SA-HMW eligible expenses. The amount counted against the requirement is the total amount of debt or loan forgiven or purchased, including eligible transaction fees. For restructuring or refinancing loans or debt, the total amount counted against the requirement is the difference between the amount previously owed and the new amount owed, including any transaction fees.

E. State Match: The SA-HMW contains the following provisions:

For the \$3 billion in SRF funds to eligible states in Regions 3, 4, and 9:

Provided further, That the funds provided under this paragraph in this Act shall not be subject to the matching or cost share requirements of section 1452(e) of the Safe Drinking Water Act: *Provided further,* That funds provided under this paragraph in this Act shall not be subject to the matching or cost share requirements of sections 602(b)(2), 602(b)(3), or 202 of the Federal Water Pollution Control Act...

This language means that the requirements in sections 602(b)(2), 602(b)(3), and 202 of the CWA as well as section 1452(e) of the SDWA for states to provide match do not apply for the SA-HMW capitalization grants.

For the \$85 million for CWSRF decentralized funds to eligible states in Regions 3 and 4:

Provided further, That funds appropriated under this paragraph in this Act shall not be subject to the matching or cost share requirements of sections 602(b)(2), 602(b)(3), or 202 of the Federal Water Pollution Control Act...

This language means the requirements in sections 602(b)(2), 602(b)(3), and 202 of the CWA for states to provide match do not apply for the SA-HMW capitalization grants.

F. DWSRF Administration and Other Set-Aside Funds: At their discretion, states may take set-asides from the SA-HMW capitalization grant, consistent with the set-aside types authorized under Section 1452 of SDWA. The set-asides must be used to support the purposes of SA-HMW: to support the reduction of flood or fire damage risk and vulnerability or to enhance resiliency to rapid hydrologic change or natural disasters at treatment works or water systems.

Example eligible set-aside activities include, but are not limited to:

- a. Using the DWSRF Administration and Technical Assistance set-aside under section 1452(g)(2)(A) of SDWA (the greatest of 4 percent, \$400,000, or 1/5th percent of the current valuation of the fund) to fund salaries of employees working on SA-HMW, based upon the amount of time spent on SA-HMW implementation, and to provide resiliency-related technical assistance to water systems impacted by the named hurricanes or wildfires.
- b. Using the DWSRF's 2 percent Small System Technical Assistance set-aside under section 1452(g)(2)(C) of SDWA to provide resiliency-related technical assistance to small water systems impacted by the named hurricanes or wildfires.

G. CWSRF Administration and Technical Assistance Funds: An eligible use of CWSRF funds includes reasonable costs for CWSRF administration, consistent with CWA section 603(d)(7). The maximum annual amount of CWSRF funds (not including any fees collected that are placed in the fund) that may be used to cover the reasonable costs of administering the fund (i.e., all IJA, SA-HMW, and base appropriations) is the greatest of the following: an amount equal to 4% of all grant awards to the fund received by a state CWSRF (less any amounts that have been used in previous years to cover administrative expenses) for the fiscal year; \$400,000; or 1/5 percent of the current valuation of the fund. The SA-HMW did not alter these options or the calculation of available administrative funds and verification procedures already in place.

In addition, states may use up to an amount equal to 2% of the SA-HMW CWSRF capitalization grant for the purpose of hiring staff, nonprofit organizations, or regional, interstate, or municipal entities to assist rural, small, and tribal publicly owned treatment works. The form of that assistance is flexible and could include, but is not limited to, community outreach, technical evaluation of wastewater solutions, preparation of applications, preliminary engineering reports, and financial documents necessary for receiving SRF assistance.

IV. OTHER APPLICABLE PROVISIONS

- A. Equivalency:** SA-HMW funds are federal funds and therefore equivalency requirements apply to projects funded by SA-HMW capitalization grant(s).⁸ Projects funded through the base or other SRF programs cannot be used to meet the equivalency requirements of the SA-HMW capitalization grants.
- B. Reporting:** Transparency and consistency are of the utmost importance to ensure that the funds are being used effectively and efficiently. States must use EPA's SRF Data System to report key SA-HMW project characteristics and milestone information no less than quarterly. EPA recommends that project data be entered into the reporting systems as soon as agreements are

⁸ The Build America, Buy America (BABA) Act requirements do not apply to SA-HMW funding. See section IV.E. Build America, Buy America for more information.

signed with assistance recipients. Additional reporting may be required through the terms and conditions of the grant award.

The Federal Funding Accountability and Transparency Act of 2010 (FFATA) requires SRF programs to report on recipients that received federal dollars in the FFATA Subaward Reporting System ([SAM.gov/fsrs](https://sam.gov/fsrs)). For more information, see [*Clarification of Federal Funding Accountability and Transparency Act Reporting Requirements in the State Revolving Fund Programs*](#), November 2023.

- C. **Cash Draws:** Disbursements for projects funded by SA-HMW must *not* be drawn from other open SRF capitalization grants unless the projects are jointly funded by the SA-HMW and other SRF funding sources. Funds must be expended in a timely and expeditious manner.
- D. **Laws, Regulations, and Requirements for Assistance Agreements in the Form of Grants:** The SA-HMW allows state CWSRF and DWSRF programs to provide grants to eligible assistance recipients. States should be aware that SRF assistance recipients that receive a grant are legally considered “subrecipients” for the purposes of Office of Management and Budget’s (OMB’s) grant regulations at 2 CFR Part 200 et. seq. In other words, assistance recipients receiving additional subsidization in the form of a grant are subject to additional cross-cutting federal requirements than those receiving other forms of additional subsidization. EPA’s subaward policy describes the requirements and procedures for Grants Management Offices and Program Offices in making determinations regarding subrecipient eligibility, overseeing pass-through entity monitoring and management of subawards, and authorizing fixed amount subawards under 2 CFR 200.331, 200.332, and 200.333, respectively.

Note that the use of a grant as an additional subsidization instrument does not change the established CWSRF and DWSRF cash draw rules. The assistance recipient must first incur a cost associated with an executed assistance agreement for the state CWSRF and DWSRF to have the authority to draw capitalization grant funds from the Department of the Treasury and disburse those funds to the assistance recipient.

State SRF managers can find more information in the memorandum, [*Understanding State Revolving Fund Additional Subsidy as a Grant*](#), July 2022.

- E. **Build America, Buy America:** The Build America, Buy America (BABA) Act requirements do not apply to SA-HMW funding pursuant to the exception under section 70912(4)(B), which states that BABA does not apply to “expenditures for assistance authorized under section 402, 403, 404, 406, 408, or 502 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170a, 5170b, 5170c, 5172, 5174, or 5192) relating to a major disaster or emergency declared by the President under section 401 or 501, respectively, of such Act (42 U.S.C. 5170, 5191) or pre and post disaster or emergency response expenditures.” Per OMB’s BABA regulations at 2 CFR 184.8(b), “pre and post disaster or emergency response expenditures” consist of expenditures for financial assistance that are: (1) authorized by statutes other than the Stafford Act, 42 U.S.C. §§ 5121 et seq., and (2) made in anticipation of or response to an

event or events that qualify as an “emergency” or “major disaster” within the meaning of the Stafford Act, id. § 5122(1),(2).⁹

V. EPA Oversight

EPA plans to amend its annual review guidance¹⁰ and checklists, as needed, to incorporate oversight of this supplemental funding. Regions will perform SA-HMW project file reviews (in addition to those for the base and other supplemental programs) and SA-HMW transactions will be incorporated into the statistical sample of draws. During the on-site reviews, Regions should discuss ongoing implementation of SA-HMW funding with the states and document observations, findings, and/or corrective actions in the Program Evaluation Report (PER). This ensures that the SRF programs are successfully meeting critical programmatic and fiduciary oversight responsibilities.

VI. Conclusion

Please provide this memorandum to the states prior to grant award to ensure that the applicant is aware of the applicable statutory requirements before the grant is awarded. Additionally, continue discussions with the states on their plans to implement the SA-HMW.

You may contact us with questions or have your staff contact Matthew Link in the CWSRF program at Link.Matthew@epa.gov or Bizzy Berg in the DWSRF program at Berg.Bizzy@epa.gov.

ATTACHMENTS

1. SA-HMW SRF Allotments
2. SA-HMW CWSRF Decentralized Allotments
3. Projects Eligible Under the SA-HMW

⁹ On August 10, 2023, the President issued an emergency declaration under the Stafford Act for the State of Hawaii due to the emergency conditions resulting from wildfires. The President issued an emergency declaration under the Stafford Act due to emergency conditions resulting from Tropical Storm/Hurricane Helene for the State of North Carolina on September 25, 2024, the State of Florida on September 28, 2024, the State of South Carolina on September 29, 2024, the State of Georgia on September 30, 2024, the Commonwealth of Virginia on October 1, 2024, and the State of Tennessee on October 2, 2024. The President issued an emergency declaration under the Stafford Act due to emergency conditions resulting from Hurricane Milton for the State of Florida on October 11, 2024, and for the Seminole Tribe of Florida on November 5, 2024.

¹⁰ Notice: The SRF annual review guidance documents are EPA internal guidelines to help the regions effectuate statutory and regulatory requirements for the annual review and are not binding requirements on recipients of financial assistance.

ATTACHMENT 1*SA-HMW SRF Allotments*

Distribution of Clean Water & Drinking Water SRF Allotments Based on Appropriation of \$3,000,000,000			
State	CWSRF	DWSRF	Total
Florida	\$806,392,000	\$844,671,000	\$1,651,063,000
Georgia	\$124,892,000	\$359,487,000	\$484,379,000
Hawai'i	\$22,409,000	\$68,282,000	\$90,691,000
North Carolina	\$253,681,000	\$409,422,000	\$663,103,000
South Carolina	\$3,102,000	\$17,771,000	\$20,873,000
Tennessee	\$8,167,000	\$44,262,000	\$52,429,000
Virginia	\$9,307,000	\$23,155,000	\$32,462,000
Total Funds Available to States \$2,995,000,000			
<u>National Set-Asides</u>			
National Administrative Set Aside	\$5,000,000		
Total SRF Appropriation \$3,000,000,000			

ATTACHMENT 2

SA-HMW CWSRF Decentralized Allotments

Distribution of Clean Water SRF Decentralized Allotments	
Based on Appropriation of \$85,000,000	
State	CWSRF Decentralized
Florida	\$35,950,000
Georgia	\$8,956,000
North Carolina	\$22,510,000
South Carolina	\$9,404,000
Tennessee	\$3,524,000
Virginia	\$1,656,000
Total Funds Available to States	\$82,000,000
<u>National Set-Asides</u>	
National Administrative Set Aside	\$3,000,000
Total SRF Appropriation	\$85,000,000

ATTACHMENT 3

Projects Eligible under the SA-HMW

Clean Water SRF

If a project is not specifically listed below, states must explain in their IUP how the project addresses the purposes outlined in section III.C. of this memorandum.

- I. Projects that prevent interruption of collection system operation in the event of a flood or natural disaster, including but not limited to:**
 - a. Installation of back-up generators (including portable generators) or alternative energy sources (e.g., batteries, switch boxes) that service pump stations or other distribution system facilities
 - b. Replacement of damaged equipment with equipment that can reduce the energy consumption needs for publicly owned treatment works (§1383(c)(8)) or reduce the demand for publicly owned treatment works capacity through water conservation, efficiency, or reuse (§1383(c)(6)).
 - c. Physical “hardening” or waterproofing of pumps and electrical equipment at pump stations and other components of collection systems (including storage facilities and associated equipment) through upgrade or replacement, including:
 - Installation of submersible pumps
 - Waterproofing electrical components (e.g., pump motors)
 - Waterproofing circuitry
 - Dry floodproofing/sealing of structure to prevent floodwater penetration
 - Installation/construction of wind resistant features (e.g., wind resistant roofing materials, wind-damage resistant windows, storm shutters)
 - d. Relocation of pump stations or other collection system facilities to less flood prone areas
 - e. Installation of physical barriers around pump stations or other collection system facilities (e.g., levees or dikes)
 - f. Correction of significant infiltration and inflow problems that increase the likelihood of sewer backups or flooding of a treatment works
 - g. Separation of combined sewers that will result in a reduced risk of flooding of the collections system and/or treatment works
 - h. Installation/construction of redundant collection system components and equipment
 - i. Regionalization project that enables diversion of wastewater flows to an alternate system for emergency wastewater collection and treatment services
 - j. SCADA system projects to allow remote or multiple system operation locations
 - k. Construction or installation of flood attenuation, diversion, and retention infrastructure within or beyond the boundaries of a treatment works that protects the collection system
 - Green infrastructure that reduces flood risk by reducing stormwater runoff, including permeable pavement, green roofs and walls, bioretention

infrastructure (e.g., constructed wetlands, detention basins, riparian buffers, or stormwater tree trenches/pits/boxes), stream daylighting, and downspout disconnection

- Natural systems, and features thereof, capable of mitigating a storm surge, such as barrier beach and dune systems, tidal wetlands, living shorelines, and natural berms/levees
- Floodwater pumping systems
- Flood water channels/culverts, physical barriers, and retention infrastructure

II. Projects that prevent floodwaters from entering a treatment works, including but not limited to:

- a. Installation of physical barriers around a facility (e.g., levees or dikes around the facility to prevent flooding)
- b. Relocation of facilities to less flood prone areas
- c. Construction or installation of flood attenuation, diversion, and retention infrastructure within or beyond the boundaries of a treatment works that protects the treatment works
 - Green infrastructure that reduces the risk of flooding by reducing stormwater runoff, including permeable pavement, green roofs and walls, bioretention infrastructure (e.g., constructed wetlands, detention basins, riparian buffers, or stormwater tree trenches/pits/boxes), stream daylighting, and downspout disconnection
 - Natural systems, and features thereof, capable of mitigating a storm surge, such as barrier beach and dune systems, tidal wetlands, living shorelines, and natural berms/levees
 - Floodwater pumping systems
 - Flood water channels/culverts, physical barriers, and retention infrastructure

III. Projects that maintain the operation of a treatment works and the integrity of the treatment train in the event of a flood or natural disaster, including but not limited to:

- a. Installation of back-up generators (including portable generators) or alternative energy sources (e.g., batteries, switch boxes) that service pump stations or other distribution system facilities
- b. Replacement of damaged equipment with more energy efficient equipment
- c. Physical “hardening” or waterproofing of pumps and electrical equipment at treatment works through upgrade or replacement, including:
 - Installation of submersible pumps
 - Waterproofing electrical components (e.g., pump motors)
 - Waterproofing circuitry
 - Dry floodproofing/sealing of structure to prevent floodwater penetration
 - Installation/construction of wind resistant features (e.g., wind resistant roofing materials, wind-damage resistant windows, storm shutters)
- d. Relocation of critical equipment to less flood prone areas of a facility and/or elevation of critical structures
- e. Installation of physical barriers around individual treatment processes

- Flood walls around treatment tanks
- Elevated walls or capping of treatment tanks
- f. Installation of larger capacity storage tanks
 - Installation of larger capacity chemical storage tanks for continued treatment in absence of delivery service
 - Installation of larger capacity fuel storage tanks for back-up generators
 - Construction of storage tanks at treatment works to store overflows for future treatment
- g. Installation/construction of redundant components and equipment
- h. SCADA system projects to allow remote or multiple system operation locations
- IV. Projects that preserve and protect treatment works equipment in the event of a flood or natural disaster, including but not limited to:**
 - a. Relocation of critical equipment to less flood prone areas of a facility and/or elevation of critical structures
 - b. Prevention of saltwater damage to materials and equipment
 - Installation of salt water resistant chemical storage tanks
 - Installation of salt water resistant fuel storage tanks
 - Installation of salt water resistant equipment and appurtenances
- V. Planning projects that assess a treatment works' vulnerability to flood damage or that analyze the best approach to integrate system and community sustainability/resiliency priorities in the face of a variety of uncertain futures including natural disasters and more frequent and intense extreme weather events, provided the planning work is reasonably expected to result in a capital project, including but not limited to:**
 - a. Risk/vulnerability assessments considering recent floodplain maps and projected sea level rise
 - b. Alternatives analysis
 - c. Asset Management Plans
 - d. Emergency Preparedness, Response, and Recovery Plans
- VI. Projects that assess, prepare for, protect, or mitigate damage to treatment works or collection system from wildfires, including but not limited to:**
 - a. Risk/vulnerability assessments considering recent wildfire hazard maps
 - b. Emergency Preparedness, Response, and Recovery Plans considering wildfire potentials
 - c. Maintain emergency generators at key facilities to help mitigate widespread power outages
 - d. Practice mechanical thinning, weed control, selective harvesting, controlled burns and creation of fire breaks on utility managed property
 - e. Create a zone of defensible space for utility equipment and facilities (e.g., structures, supports to wires and transformers); keep intakes clear of debris
 - f. Install manual or automatic irrigation systems to provide wetting of components and groundcover for vulnerable areas (e.g., chemical storage, control equipment buildings)

- g. Installation of fire-resistant building materials
- h. Purchase of fire suppression equipment and fire safety kits as key components of emergency response equipment

Clean Water SRF Decentralized Funds

If a project is not specifically listed below, states must explain in their IUP how the project addresses the purposes outlined in section III.C. of this memorandum

I. Projects that protect decentralized wastewater treatment systems from rising waters

- a. Anchor all buoyant components (e.g., fiberglass tanks, air-filled textile filters, pump basins, etc.) to prevent floating during flood events.
- b. Properly grade and slope areas around septic system components to reduce flood scouring.
- c. Brace septic system components properly to withstand saturated soil conditions.
- d. Plant resilient native plants with shallow root systems to hold soils and prevent erosion near drainfields.
- e. Elevate all electrical components above base flood elevation.
- f. Add artificial buffers or swales, curtain drains, and fill caps to protect infrastructure and divert excess water away from decentralized systems.
- g. Install backflow valves to prevent return flow and protect property from sewage backups.

II. Projects that protect decentralized wastewater treatment systems from power risks associated with flooding

- a. Install backup power systems/connections to ensure that systems remain operational during power outages.
- b. Install power shutoffs for emergency situations.

III. Projects that reduce the risk of decentralized wastewater treatment system failure associated with flooding

- a. Install measures that reduce the amount of wastewater entering the decentralized treatment system.

IV. Projects that increase decentralized wastewater system capacity to handle flood risks

- a. Install additional drain lines, larger septic tanks, and holding tanks.
- b. Elevate drainfields to create more vertical separation distance (e.g., a mound system) or install alternative dispersion for drainfields (e.g., shallow pressurized drainfields or drip dispersal) allowing decentralized systems to return to normal operation more quickly after a flood event.

V. Consolidation of decentralized wastewater treatment systems to reduce flood risk

- a. Install cluster systems to consolidate treatment and dispersal off-lot in a site that is more resilient (e.g., less flood risk, better soil conditions or terrain).
- b. Design and install shared cluster systems to pool financial resources so that resilient features and management practices can be incorporated.
- c. Integrate advanced treatment options into cluster systems to generate treated wastewater for reuse (e.g., membrane technologies)

VI. Planning projects that assess the potential to connect homes served by decentralized wastewater treatment systems to centralized wastewater systems due to vulnerability to flood damage or that analyze the best approach to integrate system and community sustainability/resiliency priorities in the face of a variety of uncertain futures including natural disasters and more frequent and intense extreme weather events, provided the planning work is reasonably expected to result in a capital project, including but not limited to:

- a. Feasibility studies to connect homes served by decentralized treatment systems to centralized treatment systems
- b. Risk/vulnerability assessments considering recent floodplain maps and projected sea level rise
- c. Alternatives analysis
- d. Asset Management Plans
- e. Emergency Preparedness, Response, and Recovery Plans

VII. Projects that make connections from homes served by decentralized wastewater treatment systems to centralized wastewater treatment systems

- a. Installation/construction of collection system components and equipment
- b. Decommissioning of decentralized wastewater systems so that they no longer pose risks to human health and the environment

Drinking Water SRF

If a project is not specifically listed below, states must explain in their IUP how the project addresses the purposes outlined in section III.C. of this memorandum.

- I. Projects that prevent interruption of water distribution system operation in the event of a flood or natural disaster, including but not limited to:**
 - a. Installation of back-up generators (including portable generators) or alternative energy sources (e.g., batteries, switch boxes) that service pump stations or other distribution system facilities
 - b. Purchase of mobile laboratory equipment for use during emergencies
 - c. Replacement of damaged equipment with more energy efficient equipment
 - d. Physical “hardening” or waterproofing of pumps and electrical equipment at pump stations and other components of distribution systems (including storage facilities and associated equipment) through upgrade or replacement, including:
 - Waterproofing electrical components (e.g., pump motors)
 - Waterproofing circuitry
 - Dry floodproofing/sealing of structure to prevent floodwater penetration
 - Installation/construction of wind resistant features (e.g., wind resistant roofing materials, wind-damage-resistant windows, storm shutters)
 - e. Relocation of pump stations or other distribution system facilities to less flood prone areas
 - f. Installation of physical barriers around pump stations or other distribution system facilities (e.g., levees or dikes)
 - g. Installation/construction of redundant distribution system components and equipment
 - h. Construction of interconnections with neighboring water systems which could provide an emergency water supply
 - i. SCADA system projects to allow remote or multiple system operation locations
 - j. Construction or installation of flood attenuation, diversion, and retention infrastructure associated with an otherwise eligible drinking water project that protects the distribution system
 - Green infrastructure that reduces the risk of flooding by reducing stormwater runoff, including permeable pavement, green roofs and walls, bioretention infrastructure (e.g., constructed wetlands, detention basins, riparian buffers, or stormwater tree trenches/pits/boxes), stream daylighting, and downspout disconnection
 - Natural systems, and features thereof, capable of mitigating a storm surge, such as barrier beach and dune systems, tidal wetlands, living shorelines, and natural berms/levees
 - Floodwater pumping systems
 - Flood water channels/culverts, physical barriers, and retention infrastructure
- II. Projects that prevent floodwaters from entering a treatment plant or well house, including but not limited to:**

- a. Installation of physical barriers around a facility (e.g., levees or dikes around the facility to prevent flooding)
- b. Relocation of facilities to less flood prone areas
- c. Construction or installation of flood attenuation, diversion, and retention infrastructure associated with an otherwise eligible drinking water project that protects the treatment plant
 - Green infrastructure that reduces the risk of flooding by reducing stormwater runoff, including permeable pavement, green roofs and walls, bioretention infrastructure (e.g., constructed wetlands, detention basins, riparian buffers, or stormwater tree trenches/pits/boxes), stream daylighting, and downspout disconnection
 - Natural systems, and features thereof, capable of mitigating a storm surge, such as barrier beach and dune systems, tidal wetlands, living shorelines, and natural berms/levees
 - Floodwater pumping systems
 - Flood water channels/culverts, physical barriers, and retention infrastructure

III. Projects that maintain the operation of a drinking water treatment plant, intake or well in the event of a flood or natural disaster, including but not limited to:

- a. Installation of back-up energy supply or alternative energy sources (e.g., batteries, switch boxes) and/or hardening of existing connections to the power grid
- b. Replacement of damaged equipment with more energy efficient equipment
- c. Physical “hardening” or waterproofing of pumps and electrical equipment at pump stations and other components of distribution systems (including storage facilities and associated equipment) through upgrade or replacement, including:
 - Waterproofing electrical components (e.g., pump motors)
 - Waterproofing circuitry
 - Dry floodproofing/sealing of structure to prevent floodwater penetration
 - Installation/construction of wind resistant features (e.g., wind resistant roofing materials, wind-damage-resistant windows, storm shutters)
- d. Relocation of critical equipment to less flood prone areas of a facility and/or elevation of critical structures
- e. Installation of physical barriers around individual treatment processes
 - Flood walls around treatment tanks
 - Elevated walls or capping of treatment tanks (e.g., tanks, vaults)
- f. Installation of larger capacity storage tanks
 - Installation of larger capacity chemical storage tanks for continued treatment in absence of delivery service
 - Installation of larger capacity fuel storage tanks for back-up generators
 - Installation of larger capacity water storage facilities (e.g., raw water reservoirs, backwash tanks, contact basins)
- g. Installation/construction of redundant distribution system components and equipment
- h. SCADA system projects to allow remote or multiple system operation locations

- IV. Projects that preserve and protect water system equipment in the event of a flood or natural disaster, including but not limited to:**
- a. Relocation of critical equipment to less flood prone areas of a facility and/or elevation of critical structure
 - b. Prevention of saltwater damage to materials and equipment
 - Installation of salt water resistant chemical storage tanks
 - Installation of salt water resistant fuel storage tanks
 - Installation of salt water resistant equipment and appurtenances
- V. Planning projects that assess a treatment works' vulnerability to flood damage or that analyze the best approach to integrate system and community sustainability/resiliency priorities in the face of a variety of uncertain futures including natural disasters and more frequent and intense extreme weather events, provided the planning work is reasonably expected to result in a capital project, including but not limited to:**
- a. Risk/vulnerability assessments considering recent floodplain maps and projected sea level rise
 - b. Alternatives analysis
 - c. Asset Management Plans
 - d. Emergency Preparedness, Response, and Recovery Plans
- VI. Projects that assess, prepare for, protect, or mitigate damage to drinking water plant or well house or water distribution system from wildfires, including but not limited to:**
- a. Risk/vulnerability assessments considering recent wildfire hazard maps
 - b. Emergency Preparedness, Response, and Recovery Plans considering wildfire potentials
 - c. Installation of shut-off valves so that damaged sections of pipeline can be isolated
 - d. Take actions to protect the "backbone" of water distribution network including key conduits, transmission mains, critical facilities, reservoirs and tanks
 - e. Maintain emergency generators at key facilities to help mitigate widespread power outages
 - f. In the wake of wildfires, install sensors upstream of the reservoir to monitor the amount of debris and sediment coming down the river, allowing utility to shut down its treatment plant before flash floods could cause damage; monitor raw water quality to adjust treatment, as necessary; resize culverts to handle increased flow
 - g. Practice mechanical thinning, weed control, selective harvesting, controlled burns and creation of fire breaks on utility managed property
 - h. Create a zone of defensible space for utility equipment and facilities (e.g., wellheads, structures, supports to wires and transformers); keep intakes clear of debris
 - i. Install manual or automatic irrigation systems to provide wetting of components and groundcover for vulnerable areas (e.g., chlorine storage, control equipment buildings)
 - j. Installation of fire-resistant building materials
 - k. Purchase of fire suppression equipment and fire safety kits as key components of emergency response equipment