The North Carolina Office of Recovery and Resiliency is pleased to announce the creation of two new programs to assist local governments adversely affected by Hurricane Florence:

- State Grants for Financially Distressed Local Governments
- State Revolving Loans for Temporary Cash Assistance to Local Governments

**Purpose**

In response to Hurricane Florence’s impact on the budget and cash positions of certain local governments, the North Carolina General Assembly established two funds to provide assistance to jurisdictions under a Presidential Disaster Declaration for Hurricane Florence (DR-4393). The first fund is a new State Grant Program established in S.L. 2018-136 to provide short-term assistance to eligible local governments with everyday operating expenses and provide additional capacity for disaster recovery. The second fund is a new State Revolving Loan Program established in S.L. 2018-138 to assist eligible local governments with covering response-related payments, while waiting for reimbursement from various federal disaster response, recovery, and resiliency programs.

**State Grants for Financially Distressed Local Government**

North Carolina Office of Recovery and Resiliency (NCORR) will be awarding grants up to $1,000,000 to eligible counties and municipalities for assistance with operating budget expenses and building capacity to support disaster recovery efforts.

**Operating Budget Assistance (S.L. 2018-136, Sec. 5.7(b))**

Awardees may use grant funds to provide one-time support for the following types of local government operating expenses:

- General payroll obligations
- Payments to vendors for goods and services, where nonpayment would result in a negative financial outcome. These payments must be for expenses not related to hurricane responses and recovery.
- Debt service payments
Please note that **these funds shall not be expended** on obligations that are otherwise reimbursable through various federal disaster response, recovery, or resiliency programs.

**Disaster Recovery Capacity**

Eligible local governments may also elect to use their grant funds to establish up to two positions to provide disaster recovery support – examples include planners, engineers, building inspectors, code enforcement officers, housing recovery specialists, and long-term recovery personnel. Grant funds may be used to fund salaries, benefits, and operating expenses for these positions for up to three years. Grant proposals may also include contracting for professional recovery services or entering into agreements with other local governments or organizations such as Councils of Government. Local governments may also use their grant funds to purchase a vehicle to support disaster recovery work.

**Eligibility**

This grant program is open to county governments as set out in G.S. 153A-10 or incorporated municipalities as defined in G.S. 160A-1(2) and designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence (DR-4393).

In order to be considered for a grant award, eligible counties and municipalities must complete and submit the application. The application period will remain open until all program funds are awarded.

**Award Criteria**

In consultation with the Local Government Commission, NCORR will evaluate all grant submissions and award based on the following criteria:

- FY 2018-19 budgeted General Fund revenue and expenditures
- General Fund fund balances: (1) As of June 30, 2018, (2) As of the application date, and (3) projected for June 30, 2019.
- General Fund debt service for FY2018-19
- All other non-General Fund debt service for FY2018-19
- Insufficient budget to cover operating expenses such as payroll or vendor payments
- Diminishing tax or auxiliary revenues due to outmigration of population or other disruptions to services.
- Increased risk of not servicing debt payments

**Associated Deadlines**

1. **Application Deadline:** NCORR will be accepting and awarding program funds on a rolling basis. NCORR will continue to accept applications until all program funds are awarded.
2. **NCORR Notice of Grant Award Deadline:** 10 business days from the Application Submission Date.
3. **Grant Period of Performance:** 3 years from the Notice of Award.
4. **Quarterly Progress Reports due to NCORR Staff:** 31 March, 30 June, 30 September, and 31 December.
5. Final report due: Once all grant funds are expensed or 31 March 2022, whichever date comes first.

**State Revolving Loans for Temporary Cash Assistance to Local Governments**

**Disaster Recovery Cash-Flow Assistance (S.L. 2018-138, Sec. 1.5)**

North Carolina Office of Recovery and Resiliency (NCORR) will be administering 0% interest loans of up to $2,000,000 to eligible local governments for prompt payment of vendors providing goods and services for disaster response and recovery and for supporting other immediate expenses that are reimbursable through various federal disaster response, recovery, and resiliency programs. Proceeds from this revolving loan fund will be **limited only to federally reimbursable expenses** and repayment of the loans will occur at the time of reimbursement by the respective federal agency.

**Eligibility**

This loan program is open to county governments as set out in G.S. 153A-10 or incorporated municipalities as defined in G.S. 160A-1(2) and designated under a major disaster declaration by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence (DR-4393) and have disaster-related expenses eligible for federal reimbursement.

In order to be considered for a loan under this program, eligible local governments must complete and submit the application.

**Award Criteria**

In collaboration with the Local Government Commission, NCORR will evaluate all loan submissions and award based on the following criteria:

- FY 2018-19 budgeted General Fund revenue and expenditures
- General Fund fund balances: (1) As of June 30, 2018, (2) As of the application date, and (3) projected for June 30, 2019.
- General Fund debt service for FY2018-19
- All other non-General Fund debt service for FY2018-19
- Insufficient budget to cover operating expenses such as payroll or vendor payments
- Diminishing tax or auxiliary revenues due to outmigration of population or other disruptions to services.
- Increased risk of not servicing debt payments
- Ratio of Estimated FY 2018-2019 FEMA Public Assistance Vendor Payments as a percent of general fund operating expenditures.
- Documentation that shows funding received since September 14, 2018 or currently pending including grants and loans from FEMA Public Assistance, insurance payments from NFIP, or grants and loans from other federal programs.
Associated Deadlines

1. Application Deadline: NCORR will be accepting and approving loan funds on an ongoing basis.
2. NCORR Notice of Loan Approval Deadline: 10 business days from the Application Submission Date.
3. Loan Maturity: 3 years from the Notice of Award.
4. Quarterly Progress Reports due to NCORR Staff: 31 March, 30 June, 30 September, and 31 December.
5. Final report due: Once all loan proceeds are reimbursed by the federal government or 31 March 2022, whichever date comes first.

Application Submission and Q&A Conference Call

Eligible local governments are encouraged to apply for the State Grants for Financially Distressed Local Governments and/or the State Revolving Loans for Temporary Cash Assistance to Local Governments by returning the completed application form and required supporting documentation to ncorrgrants@ncdps.gov.

NCORR will host a web conference including the Department of State Treasury and the Office of State Budget and Management to answer questions by local governments seeking to apply for these programs. The web conference will be held on January 24 at 11 a.m. To participate, please RSVP to the following link and you will receive access information at a later date: https://goo.gl/forms/Mtmm012NLxe2NY7I2. For best use of time, participants should submit their questions ahead in writing to ncorrgrants@ncdps.gov.