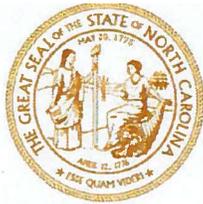


GOVERNOR McCrory's REQUEST FOR FEDERAL ASSISTANCE FOR HURRICANE MATTHEW RECOVERY



Pat McCrory
North Carolina Governor

November 14, 2016



**STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR**

PAT McCRORY
GOVERNOR

Dear North Carolina Congressional Delegation:

Over the past several weeks, North Carolina has experienced severe flooding in the East, wildfires in the West and drought conditions throughout the state. Since September 1, five separate events have hit North Carolina hard, leading to emergency declarations in all of our 100 counties. Because North Carolina is one of the largest states in the nation in terms of both population and economy, these large-scale disasters that recently affected North Carolina will have a national impact. I am respectfully requesting your assistance in securing federal funding during the remaining weeks of the 114th Congress for the benefit of our constituents and future generations of North Carolinians.

Of the recent disasters, Hurricane Matthew has been the most widely reported and the most damaging to our state. When Hurricane Matthew made landfall on October 8, 2016, many areas in the East were still reeling from the floods that came with Tropical Storm Julia, just two weeks earlier. Hurricane Matthew set new rainfall records in 17 counties, adding tremendous amounts of excess water to an already saturated eastern North Carolina.

Although we have made wise investments to our state's savings reserve since 2013, no amount of planning could have prepared us for the sheer scale and devastating nature of the disasters we have encountered since late September. Matthew's record-breaking rainfall created 1,000-year flood events that devastated the people, infrastructure, businesses, and schools of entire communities. At the height of the storm, 800,000 people were without power, nearly 3,750 people were displaced from their homes, 635 roads were closed, 34 school systems were closed and tragically, 28 individuals lost their lives.

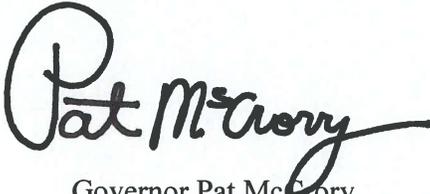
Emergency responders performed swiftly and heroically to rescue people and keep them safe. Now that we are transitioning to the recovery phase, I am counting on your leadership to secure a federal aid package from Congress to help us rebuild North Carolina. The attachment that follows provides more detail about North Carolina's need for substantial federal assistance for housing and community sustainability, long-term economic recovery for small business and key industries such as agriculture and commercial fishing, and infrastructure and transportation. This critical federal assistance will be the cornerstone of North Carolina's recovery.

We will continue to provide you and your staff with updates reflecting specific damage assessments as we obtain additional information. My team and I will travel to Washington as needed and we stand ready to assist you in bringing Members of Congress to North Carolina.

Like many of you, I saw firsthand how the strong waters from the Lumber, Neuse, Cashie, Cape Fear and Tar Rivers forced people from their homes and businesses, but I also saw how those waters brought out the best of North Carolina. Rising waters can crumble our roads and flood our communities, but they cannot wash away our resilience or the spirit to rebuild our state stronger than ever.

Throughout this process, if you have any questions or concerns, please do not hesitate to contact Virginia Johnson, Director of Federal Relations, at (202) 624-5833 or via email at Virginia.Johnson@nc.gov. I am grateful for your support as we work together to assist our constituents who have been adversely impacted by these disasters.

Sincerely,

A handwritten signature in black ink that reads "Pat McCrory". The signature is written in a cursive style with a large, looping initial "P" and a long horizontal stroke at the end.

Governor Pat McCrory
State of North Carolina

cc: North Carolina Congressional Delegation
The Honorable Tim Moore, Speaker of the House
The Honorable Phil Berger, President Pro Tempore
The Honorable Larry Hall, House Democratic Leader
The Honorable Dan Blue, Senate Democratic Leader
Hurricane Matthew Recovery Committee

Governor McCrory's Request for Federal Assistance for North Carolina's Hurricane Matthew Recovery

On behalf of the state of North Carolina, Governor Pat McCrory requests \$1,028,932,144 to meet priority unmet needs to ensure North Carolina fully recovers and rebuilds from the devastation of Hurricane Matthew.

Overview of Hurricane Matthew

Hurricane Matthew was an extraordinarily severe and prolonged event that brought record-level flooding to many areas in eastern North Carolina's coastal plain, sound and coastal communities. Hurricane Matthew hit North Carolina on October 8, 2016, as a Category 1 storm. The devastation of the storm was primarily caused by extensive rainfall as the slowly moving storm passed over the state. During a 36-hour period, impacted areas in central and eastern North Carolina experienced heavy rainfall ranging from four to 18 inches. The precipitation set new records for rainfall in a single day in 17 counties.

Many counties that received a significant amount of rainfall from Hurricane Matthew were still recovering from devastating flooding caused by precipitation when the remnants of Tropical Storm Julia crossed eastern North Carolina just two weeks earlier. Riverine flooding began several days after Hurricane Matthew passed and lasted more than two weeks. Several larger rivers reached well above major flood levels, including the Tar, Cape Fear, Cashie, Lumber and Neuse. On October 24, 2016, the last river that had reached flood stages finally returned to normal levels.

Although severe impacts were sustained throughout central and eastern North Carolina, the following areas sustained particularly catastrophic damages:

- Edgecombe County (including the Town of Princeville)
- Robeson County (including the City of Lumberton)
- Columbus County (including the Town of Fair Bluff)
- Wayne County (including the City of Goldsboro)
- Lenoir County (including the City of Kinston)
- Cumberland County (including portions of the City of Fayetteville)

At the storm's peak, 3,744 individuals were moved to 109 shelters across the region. More than 800,000 households lost power and 635 roads were closed, including a section of I-40 West in Johnston County that was closed for seven days and sections on I-95 North and South in Robeson and Cumberland Counties that were closed for 10 days.

4.2 million people reside in one of the 48 counties approved for Individual (IA) or Public Assistance (PA), 42% of the population of North Carolina. An estimated 315,000 residents live within the inundation area. There are approximately 325 cities, towns, townships, and villages in the 48 counties approved for IA or PA.

Comparison to Hurricane Floyd

The damage that stemmed from Hurricane Matthew is comparable in many ways to Hurricane Floyd which ravaged the state in 1999 and was considered the most devastating hurricane to hit North Carolina prior to this event. Although the state's recovery from Hurricane Floyd included extensive mitigation efforts, the severity of the flooding caused by Hurricane Matthew impacted homes and businesses far beyond the boundaries of the 100-year floodplain, with some areas experiencing 1,000-year flood events.

Economic Impact of Hurricane Matthew

Preliminary estimates indicate that more than 30,000 businesses suffered physical or economic damage from Hurricane Matthew. More than 400,000 employees of these businesses were impacted as a result. North Carolina's structure-based risk assessment model estimates that there was more than \$550 million in physical damage to businesses. Using survey data compiled after Hurricane Floyd, adjusted to reflect the damage profile of Hurricane Matthew, initial estimates show the economic damage of disruption to businesses, not accounting for economic activity generated from recovery efforts, is likely to exceed \$2 billion.

Hurricane Matthew and its aftermath will have significant adverse effects on the agriculture and agribusiness economy in eastern North Carolina. Farmers and farm workers in counties affected by the storm account for roughly two-thirds of the \$8.1 billion in farm income in the state.

There are nearly 33,000 agricultural workers and nearly 5,000 agricultural-support workers in the counties hit by the storm, who together account for more than half of the state's agriculture and agriculture-support workforce. The loss of millions of farm animals to flooding will indirectly affect more than two-thirds of the state's 32,000 poultry and meat-processing workers.

So far, 48 counties have completed Loss Assessment Reports with the Farm Service Agency (FSA). 43 counties have reported losses greater than 30%. Initial estimates report more than \$400 million in crop loss related to Hurricane Matthew. Preliminary economic analysis of the impacts of crop and livestock losses caused by Hurricane Matthew indicate a likely loss of approximately more than 1,200 jobs and roughly \$10 million in state and local income and sales tax revenue. These preliminary impacts only include economic losses attributable to a reduction in sales of crops (excluding produce and herb production) and livestock; the estimates do not quantify the economic losses of affected families and businesses from damaged real and personal property.

Request for Supplemental Federal Assistance

North Carolina's initial request will focus on community, economic, and infrastructure recovery and resiliency.

Agency/Program	Amount Requested
Community Development Block Grant Disaster Recovery (CDBG - DR)	\$810,654,000
Army Corps of Engineers Operations and Maintenance	\$40,000,000
FEMA National Dam Safety Program	\$41,605,000
FHWA Emergency Highway Funding	\$22,000,000
USDA Emergency Conservation Program	\$68,673,144
USDA Emergency Watershed Protection Program	
Nonfederal Cost Share	Reduce from 25% to 10%
Total Initial Estimated Request	\$1,028,932,144

1. Community Development Block Grant Disaster Recovery (CDBG - DR) - \$810,654,000

North Carolina requests supplemental appropriation through the Community Development Block Grant - Disaster Recovery (CDBG-DR) program to address community needs, specifically: housing, infrastructure, and jobs. These elements are critical for long-term resilient recovery for eastern North Carolina. This request is not inclusive of funds necessary for HUD administration. Priority projects within this allocation include:

Resilient Housing

The State of North Carolina, through its advanced, structure-based risk assessment, has determined that 78,757 residential structures were damaged or destroyed with a total loss of more than \$777 million. According to National Flood Insurance Program (NFIP) policy data and the state's residential building inventory \$402.5 million of the total damage is uninsured. Of the uninsured damages, an estimated 40 percent of the population is defined as Low to Moderate Income (LMI). After netting out estimated funds received for Individual Assistance for housing repair, unmet needs for LMI population are estimated to be nearly \$200 million.

Not only will funds be needed to provide for replacement housing and available rental units, but also for resiliency efforts including elevation, retrofitting, and repair. Acquisition and mitigation efforts will be required for homes destroyed or damaged beyond repair. Significant long-term strategies will be developed with support from experts from the university and private sector to rebuild and revitalize impacted communities.

Resilient Infrastructure

In the aftermath of Hurricane Matthew significant water and power infrastructure challenges arose for impacted communities. All or part of thirty-one counties issued a boil water advisory. A rupture in the main waterline in Brunswick County caused disruption in service to that county and the Cape Fear Public Utility Authority (Wilmington, New Hanover and Pender County). Damage to the water treatment facility in Robeson County caused a significant disruption in service. The Town of Fairmont (Robeson County) Wastewater Treatment Plant at one point was dumping 500,000 gallons a day of raw sewage into an adjacent creek from a broken main force

line. Multiple state resources were deployed for power generation and pumping operations and repairs are still underway.

Similar difficulties occurred when restoring power. Immediately following the storm, more than 800,000 households were without power. Reported damages included downed power lines and poles, inundated transfer stations, and blown transformers. Due to the difficulty in reaching some flooded locations, it took ten days to reduce that number to fewer than 1,000.

North Carolina will work to identify solutions that minimize downtime of key services including power, water, sewer and emergency services following disaster impacts, including projects that can minimize the impacts of catastrophic flooding. Strategies include creating microgrids for critical facilities or flood prone communities, elevation or water treatment plant controls and other floodproofing measures. These projects will be prioritized to seven “hotspots” of Princeville, Lumberton, Fayetteville, Fair Bluff, Goldsboro, Kinston and Windsor.

In addition, North Carolina’s Department of Environmental Quality (DEQ) is working with relevant federal agencies to determine wastewater and drinking water infrastructure damages. North Carolina will submit a detailed request as information becomes available. The total amount requested will provide funding for upgrades and repairs to facilities in adversely impacted counties and will add resiliency to rebuilt facilities and mitigation beyond the scope of the FEMA Public Assistance program. Needs include but are not limited to: backup generators for wells, treatment plants and lift stations; raising and/or relocating electrical control panels above the floodplain; retrofitting lift stations to prevent intrusion of flood waters when inundated; raising protective walls/dikes around critical facilities and other flood/erosion protective measures.

Resilient Jobs

Preliminary estimates indicate economic damages to businesses as a result of business interruption are likely to exceed \$2 billion, not accounting for economic activity generated from the response and recovery efforts. Therefore, a significant portion of the recovery effort will provide support for long-term economic sustainability of these communities. Preliminary estimates indicate that more than 30,000 businesses suffered physical or economic damage from Hurricane Matthew. More than 400,000 employees of these businesses were impacted as a result. North Carolina's structure-based risk assessment model estimates that there was more than \$550 million in physical damage to businesses.

Strategies include providing grants or loans for businesses to purchase or repair needed equipment, renovating facilities that were damaged or destroyed and supporting mitigation efforts to protect the business from future storms. Technical assistance and business coaching components will also assist businesses in rebuilding. Innovative strategies include leveraging private sector knowledge to ensure that the jobs returning to the area are sustainable, a key to ensuring resiliency of these communities.

Non-USDA Covered Agriculture Losses

The North Carolina Farm Services Agency (FSA) has provided an initial summary of damages as a result of Hurricane Matthew. Funding requested would address loss and damages to farm buildings, non-field farm roads, equipment, vehicles, and other losses.

2. Army Corps of Engineers (Operations and Maintenance) - \$40,000,000

The Army Corp has estimated that the costs to restore the Federally authorized navigational channels in North Carolina to pre-Hurricane Matthew conditions is \$40 million. North Carolina’s DEQ reports that the Army Corp of Engineers is requesting emergency funds from Congress for the full amount.

3. FEMA National Dam Safety Program - \$41,605,000

Initial assessments conducted by North Carolina's DEQ have identified 65 low, intermediate, and high hazard dams damaged as a result of Hurricane Matthew. Without critical repairs, these dams are at risk for future failure. Debris removal and structural repairs to damage are estimated to cost approximately \$41.6m.

4. FHWA Emergency Highway Funding - \$22,000,000

Initial estimates to restore damaged roads, clear debris and reopen critical roadways are estimated to exceed \$121 million. Of that, at least \$22 million is anticipated to be eligible from FHWA Emergency Highway funding. North Carolina requests Congress appropriate funds to clear the FHWA Emergency Highway funding backlog of \$724 million, ensuring funds are available for North Carolina.

5. USDA Emergency Conservation Program - \$64,990,144

The North Carolina Farm Services Agency (FSA) has provided an initial summary of damages as a result of Hurricane Matthew. Based on these initial estimates, North Carolina requests funds to address Hurricane Matthew damage to farm roads, fencing and debris removal. As further information becomes available, this request will be refined and further justification provided.

6. USDA Emergency Watershed Protection Program (EWPP) - \$46,000,000

The Commissioner of the North Carolina Department of Agriculture and Consumer Services (NCDACS) conducted a disaster-area survey of Soil and Water Districts using as the guide the USDA Emergency Watershed Protection Program eligibility requirements. That survey, at present, includes 28 out of the 47 FEMA declared counties and totals more than \$27 million. NCDACS modeled that across the 19 counties still awaiting assessments to reach an estimate of \$46 million.

7. Nonfederal Cost Share Reduction

Hurricane Matthew recovery will require a long-term strategy and significant federal and state resources. Hurricane Matthew will certainly not be the last major disaster to impact North Carolina. In working to address unmet needs, certain areas may be better suited for a state program rather than a federal program.

In order to ensure that state resources can be maximized for recovery and mitigation at the state level, North Carolina respectfully requests that Congress by reduce the total amount of dollars the state will be required to reimburse/match for federal Stafford Act programs and other Congressional appropriations by reducing the non-federal cost share from 25 percent to 10 percent. The state intends to support local governments by providing the nonfederal cost share of federal aid received.