Environmental Finance Center

Ellen Kohler
Program Director for Water Resources
ejkohler@umd.edu
www.efc.umd.edu

Capacity Building & Training
- Local Government Leadership Training
- On-line and Virtual Workshops
  - www.mostcenter.umd.edu

Policy Analysis & Financial Assessment
- Policy Review
- Financing Strategies
- Budget Analysis
- Program Evaluation

Community Outreach & Facilitation
- Designing outreach campaigns
- Facilitating stakeholder engagement
- Conducting focus groups
- Managing community surveys and interviews
<table>
<thead>
<tr>
<th>Source</th>
<th>Cost Coverage</th>
<th>Strengths</th>
<th>Weakness</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>Yes</td>
<td>Can be used to support all program costs</td>
<td>Competes with other community priorities, changes from year-to-year, less equitably spreads costs across payers</td>
</tr>
<tr>
<td>Grants</td>
<td>Yes</td>
<td>Good source for “shovel ready” project implementation, demonstration projects and initial program staff</td>
<td>Not guaranteed, highly competitive, suitable for demonstration projects, not sustainable in the long-term</td>
</tr>
<tr>
<td>SRF &amp; Loan Programs</td>
<td>Yes</td>
<td>Can offer up-front capital for larger projects</td>
<td>Not guaranteed fund source, highly competitive, must repay often with interest</td>
</tr>
<tr>
<td>Bond Financing</td>
<td>Yes</td>
<td>Can be used for large, long-term expenditures</td>
<td>Dependent on fiscal capacity, must repay with interest, cost of securing bond may be high</td>
</tr>
<tr>
<td>Permit, Development &amp; Inspection Fees</td>
<td>Yes</td>
<td>Offers nexus to system and program expansion needs</td>
<td>May not sufficiently cover program costs, may deter development</td>
</tr>
<tr>
<td>Stormwater Utility Fee</td>
<td>Yes</td>
<td>Can generate sufficient revenue, sustainable, dependable, equitable depending on design, support all program costs</td>
<td>Requires significant public dialogue, can create administrative challenges</td>
</tr>
<tr>
<td>Tax Districts</td>
<td>Yes</td>
<td>Can generate sufficient revenue, sustainable, dependable</td>
<td>Necessitates enabling statute, can have equity problems due to property value basis</td>
</tr>
</tbody>
</table>
Funding Stormwater Maintenance
Climate Change and Equity

- Has the impacted community been consulted in identifying the problem and the solution?
- Is the solution designed so that the maximum benefit is being realized where the problem is located both in terms of project outcome and in terms of financing?
- What are the best financing mechanisms for this community – debt, rate increases, grants?

Federal Sources to Leverage/Stack

Building Resilient Infrastructure and Communities (BRIC)

Building Resilient Infrastructure and Communities (BRIC) will support states, local communities, tribes and territories as they undertake hazard mitigation projects, reducing the risks they face from disasters and natural hazards. BRIC is a new FEMA pre-disaster hazard mitigation program that replaces the existing Pre-Disaster Mitigation (PDM) program.

The BRIC program guiding principles are supporting communities through capability- and capacity-building; encouraging and enabling innovation; promoting partnerships; enabling large projects; maintaining flexibility; and providing consistency.

On September 30, 2020, FEMA opened the application period for the FY20 Hazard Mitigation Assistance (HMA) Notices of Funding Opportunities (NOFOs) for the new BRIC pre-disaster mitigation grant program and the Flood Mitigation Assistance (FMA) grant program. Visit the FY20 HMA NOFO w​ebpage for detailed information about applying for funding.

Urban and Community Forestry Program

2021 National Urban and Community Forestry Challenge Cost Share Grant Program

The USDA Forest Service Announces its 2021 National Urban and Community Forestry Challenge Cost Share Grant Program. Proposals are to be received by April 16, 2021, 11:59 PM Eastern.

Applicants are required to contact their Forest Service Regional Program Managers prior to applying so they may provide program guidance and address application questions.

An estimated one million of grant funds are available to address two grant categories. All grant awards are based on the availability of funding. Download a PDF copy of the Request For Proposals (RFP) and apply on-line. Grant proposals must have national application and demonstrate on the ground application.

Grant Program Contact: Nancy Strumble
**State Grant Programs: Pennsylvania Examples**

**CFA H20 PA program**: Funded through state gaming and tourism revenues.
- **Water and Sewer** funding is for stormwater, drinking water and sanitary sewer projects with a minimum grant amount of $500,000 and a maximum of $20 million for any one project. Timeline cannot exceed 6 years.
- **Flood Control** funding is available to the state, independent agencies, municipalities, and municipal authorities for grant projects ranging from $500,000 to $20 million for construction or rehabilitation of a flood control system.

**CFA PA Small Water and Sewer**: Funded through the state’s fiscal code and provides grants to municipalities and municipal authorities for a minimum of $30,000 and a maximum of $500,000. Funds can be used to build, expand or rehabilitate drinking water, stormwater, flood control or sewer systems.

**CFA Act 13**: Funded through Marcellus Shale gas impact fees.
- **Watershed Restoration and Protection** helps restore and maintain streams impaired by uncontrolled non-point source pollution and remove these streams from the state’s impaired waters list. A broad set of entities are eligible to apply for these funds, including watershed organizations and land trusts.
- **Flood Mitigation** funding supports projects identified by a flood protection authority, the Pennsylvania Department of Environmental Protection, the US Army Corps of Engineers (USACE) or the Natural Resources Conservation Service. A variety of public and private entities are eligible to apply. Funding will not exceed $500,000 and the applicant must provide 15% match.

**Dirt and Gravel/Low Volume Road Program**: Funded through the Motor Vehicle License Fund; managed by Conservation Districts; support environmental sensitive management practices for road runoff and road stream crossings; 50/50 match.
ESMC is a non-profit dedicated to scaling sustainable ecosystem services from agriculture. It is a public private partnership of the agricultural supply chain and value chain—including producer groups and co-ops, corporate food and beverage companies, agribusiness, conservation NGO’s, ag tech companies, land grant universities and others.

The FAMILY FOREST CARBON PROGRAM offers companies:

- **VERIFIED CARBON CREDITS** generated by the actions of family forest owners, then measured through Verra’s Verified Carbon Standard (VCS), and third-party verified.
- **SUPPORT FOR RURAL AMERICAN FAMILIES** by investing in a program that economically supports rural landowners and communities.
- **IMPROVED FOREST HEALTH** as well as better wildlife habitat, protected water resources and more resilient forests for the future.

Opportunity Finance Network (OFN) is the national association of community development financial institutions (CDFIs). CDFIs are community development loan funds, banks, venture capital funds, and credit unions that help people realize their full potential and create thriving communities.
Conclusions

• Generally, SRF funds are the most affordable source of debt financing
• Are the existing programs addressing biggest water issues and getting to communities in most need?
• Do the SRF programs support investments in natural infrastructure (rain gardens, stormwater basins, riparian buffers, tree canopy cover) as part of communities’ water infrastructure?
• How much funding is available to communities that don’t have ability to support more debt (which probably also means can’t afford higher rates)?
• State programs fill important funding gap but more needed; PENNVEST used for larger projects; hard for munis in DE to access WIAC for variety of reasons
• Hard to get in the funding door without planning support
• Huge backlog of maintenance challenges without funding strategy to address