



## Stormwater Funding Task Force

### SEC. 4101. STORMWATER INFRASTRUCTURE FUNDING TASK FORCE

- America's Water Infrastructure Act (AWIA) was signed into law on October 2018.
- Section 4101 calls for EPA to establish a Stormwater Infrastructure Funding Task Force, composed of representatives of Federal, state, and local governments, and private (including nonprofit) entities.

## Stormwater Funding Task Force

### SEC. 4101. STORMWATER INFRASTRUCTURE FUNDING TASK FORCE

- Objective is to conduct a study on, and **develop recommendations to improve**, the availability of public and private sources of funding for the construction, rehabilitation, and operation and maintenance of stormwater infrastructure to meet the requirements of the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.).

## The Charge

### 1. Compendium of current funding sources in each state

- a) Federal funding sources
  - What federal agencies are funding stormwater activities? (*Discussion of qualified recipients; funding amounts; coordination between agencies; funding partnerships between federal and non-federal organizations*)
  - How are the funds issued? (*Discussion of application process and fund allocation to states and localities; competitive and non-competitive process; long-term programs versus one-time allocation; grant versus loan programs*)
  - How are these funds used?
- b) State and local funding sources
  - What state and local government generated resources are being used to fund stormwater activities? (*Discussion of tax programs; funding amounts; eligible recipients*)
  - How are the funds being issued? (*Discussion of application process; competitive and non-competitive programs; grant versus loan programs; etc*)
  - How are these funds used?
- c) Private sector (including non-profit) funding sources
  - What private sectors funds are available for stormwater activities? (*Discussion of what activities they fund; funding levels; long-term programs versus one-time allocations*)
  - How are funds coordinated with other sources of funding?
  - How are these funds used?

## The Charge

### 2. Identify how the source of funding affects the affordability of the infrastructure, including consideration of the costs associated with financing the infrastructure

- a) Grant funding for stormwater
  - What is the impact on customer affordability from this funding mechanism (from all funding entities)?  
*(Discussion on rate impacts; ability to pay; impact to CAPs, etc)*
  - What is the impact on infrastructure affordability from this funding mechanism (from all funding entities)?  
*(Discussion on the impact on ability to fund design and implementation of stormwater infrastructure from the funding mechanism; impact on the utilities existing resources; impact on total cost and timeline for stormwater activities)*
- b) Loan funding for stormwater
  - What is the impact on customer affordability from this funding mechanism (from all funding entities)?  
*(Discussion on rate impacts; ability to pay; impact to CAPs, etc)*
  - What is the impact on infrastructure affordability from this funding mechanism (from all funding entities)?  
*(Discussion on the impact on ability to fund design and implementation of stormwater infrastructure from the funding mechanism; impact on the utilities existing resources; impact on total cost and timeline for stormwater activities)*
- c) Tax Generated funding for stormwater
  - What is the impact on customer affordability from this funding mechanism (from all funding entities)?  
*(Discussion on rate impacts; ability to pay; impact to CAPs, etc)*
  - What is the impact on infrastructure affordability from this funding mechanism (from all funding entities)?  
*(Discussion on the impact on ability to fund design and implementation of stormwater infrastructure from the funding mechanism; impact on the utilities existing resources; impact on total cost and timeline for stormwater activities)*

## The Charge

### 3. Evaluate whether such sources of funding are sufficient to support capital expenditures and long-term operation and maintenance costs.

- a) Evaluation of capital expenditure needs
  - What is the extent of capital expenditure needs for stormwater?
  - What are the gaps in capital expenditure compared to available funding sources?
  - How can gaps be addressed if they are identified?
  - What are the best mechanisms to address any shortfalls, keeping in mind findings from other sections of the charge?
- b) Evaluation of funding for long-term operation and maintenance
  - What funding sources can be used for long-term operation and maintenance infrastructure for stormwater? How are these activities currently funded?
  - What are the gaps, if any, in funding long-term operation and maintenance infrastructure for stormwater?
  - How can gaps in funding be addressed? What are the best mechanisms to address these gaps, keeping in mind the findings from other sections of the charge?

## Stormwater Funding Task Force

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- Objective is to conduct a study on, and ***develop recommendations to improve***, the availability of public and private sources of funding for the construction, rehabilitation, and operation and maintenance of stormwater infrastructure to meet the requirements of the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.).

## Environmental Financial Advisory Board (EFAB)

### STORMWATER INFRASTRUCTURE FINANCE WORKGROUP



The Stormwater Infrastructure Finance Workgroup will provide recommendations to the EPA in the following areas:

- 1) Identify how funding for stormwater infrastructure from such sources has been made available, and utilized, in each state to address stormwater infrastructure needs;
  - 2) Identify how the source of funding affects the affordability of the infrastructure, including consideration of the costs associated with financing the infrastructure;
  - 3) Evaluate whether such sources of funding are sufficient to support capital expenditures and long-term operation and maintenance costs
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## Stormwater Funding Task Force

### SEC. 4101. STORMWATER INFRASTRUCTURE FUNDING TASK FORCE

- The Task Force was convened through a Federal Advisory Committee – **the *Environmental Financial Advisory Board (EFAB)***
- ***EFAB accepted the Charge on March 20, 2019***
- To address the Charge, a workgroup was formed within EFAB, the ***Stormwater Infrastructure Finance Workgroup***
  - This workgroup is responsive to the America's Water Infrastructure Act of 2018, Section 4101.

## Stormwater Infrastructure Financing Workgroup

### Leadership

#### Co-Chairs

- Rudy Chow
- Joanne Throwe

#### Section Leads

- Pam Lemoine
- Ted Chapman
- Ted Henifin

The Workgroup is made up of 14 EFAB members and supplemented by 19 Expert Consultants

## Expert Consultants to the EFAB

### **Expert Consultants to supplement the EFAB were requested by EPA**

- Nominations were due on April 19, 2019
- 19 Expert Consultants were selected
- Expert Consultants were selected to fill gaps within the EFAB members and to help provide recommendations by the deadline



### **Stormwater Infrastructure Finance Workgroup Activities**

- Report featuring recommendations on stormwater funding and financing
- Detailed descriptions of stormwater funding and financing mechanisms that are being used with examples
- Case studies on how stormwater is being funded across the country
- Database on stormwater funding options by state







- First workgroup meeting was held on June 6, 2019.
- The first in-person meeting was held in Washington, D.C. on July 2<sup>nd</sup>.
  - The second workgroup meeting is Oct. 16<sup>th</sup>.
- The Recommendations Report from the workgroup will be provided to EPA by January 6, 2020.
- EPA will then prepare and submit a Report to Congress in April 2020.

## STORMWATER INFRASTRUCTURE FINANCE WORKGROUP: GETTING TO THE APPROVED REPORT

### Editing

- **Oct 17-Nov 8:** Revisions based on in-person meeting discussion and feedback ( three weeks)
- **Week of Nov 11:** Completed draft sections combined and sent to entire workgroup

### Review

- **Week of Nov 18:** Entire workgroup call to walk through draft report
- **Week of Dec 1:** Second workgroup call to walk through draft report and revisions from first call
- **Week of Dec 15:** Final workgroup call to walk through revisions and identify final steps to complete report

### Approval

- **Jan 6:** Final Report submitted to Co-Chairs to send to full EFAB Board
- **Jan 7-EFAB Meeting:** Review by EFAB Board
- **Late Jan/ Feb:** Vote by EFAB Board at Winter Meeting



## Regional Engagement on Stormwater Financing

- Six Regional Meetings to engage at the local level
- Find out about regional specific issues to help EPA create policy and support regional needs
- Engage with colleagues facing similar challenges and brainstorm on solutions
- Provide additional information to the Task Force
- Included in a section of the Report to Congress



## STORMWATER INFRASTRUCTURE FINANCE REGIONAL MEETINGS

- WEF Stormwater and Green Infrastructure Symposium - Ft. Lauderdale, FL
- EPA Region 1 Engagement Session - Boston, MA
- WEFTEC Workshop – Chicago, IL
- Innovative Financing Strategies Workshop – Washington, D.C.
- Mid-Atlantic Engagement Session – AlexRenew in Alexandria, VA
- EPA Region 4 Engagement Session – Atlanta, GA
- Region 10 Engagement Session– Seattle Public Utilities in Seattle, WA



### Regional Engagement Sessions: Use of Funds/Financing for Stormwater

- General Funds
- Fees/ Rates
- Stormwater Utility fees/rates
- Bonds ( GO, Municipal, EIB)
- CWSRF
- Private Sector Sources
- State Grants
- Permit violations
- 319h
- In-lieu fees/ offsets
- Non-profit

### Regional Engagement Sessions: Funding Sources Challenges

- General Funds are unstable; compete with other local priorities
- Fees are hard to raise and don't meet the demands
- Stormwater utilities have regionally specific challenges
- CWSRF/ Federal Funds requirements are burdensome, competitive, some states are not using them for SW projects
- 319 funding is limited ( non-regulatory, small amounts, more paperwork than they are worth)
- Limited staff to apply for grants
- Reporting requirements vary so widely across federal funding sources that applying multiple types of funds to the same project takes too much staff time and expertise

### Regional Engagement Sessions: Affordability/ Financial Capability

- Biggest challenge to sustainable funding is the local political environment.
- Using general funds creates short-term vision and project become more expensive.
- Rising cost of contractor rates is one of the biggest challenges ( projects are 2-3 times more expensive than a year ago).
- Utilities have customer assistance programs, but they are not enough
- Stormwater utilities are not part of the 4.5% MHI calculation
- GA has an affordability score for each utility and will be using giving priority points based on the score
- Seattle increased GI projects lead to unintended consequences.

### Regional Engagement Sessions: Operation and Maintenance/ CapEx

- Operation and maintenance is like flossing
- CapEx is easier to get funding for, O&M was very challenging
- Several utilities stated that they were not applying for funding for projects since they knew they could not fund O&M
- Cities were taking over private facilities that had failed, adding to their cost burden
- Stormwater utilities are the most common/sustainable approach for O&M
- Defining the O&M gap leaves utilities open to litigation

### Regional Engagement Sessions: Funding Recommendations

- EPA should streamline funding and reporting requirements, particularly for smaller utilities
- EPA should coordinate with other federal agencies for long-term funding ( including maximizing flood and sw related funds for multiple outcomes)
- EPA should increase 319 amounts that are allocated to make them worth it; earmark some for smaller utilities
- EPA should reduce administrative burdens for small municipalities to apply for SRF funds

### Regional Engagement Sessions: Funding Recommendations

- EPA should help increase education/ training for green infrastructure specialist to reduce costs of installing features
- EPA should work with communities more on integrated plans to look across watersheds for more efficient planning and “bulk” project design and build
- EPA should allow/create funding for pre-development to plan stormwater projects
- EPA should create federal funding program for operation and maintenance
- EPA should provide information/ tool to help cities plan for O& M costs they can continue to collect from private developers
- When EPA evaluates the affordability rates for utilities, they should include stormwater as well as drinking water and wastewater.

### Regional Engagement Sessions: Funding Recommendations

- EPA should guidance on creating an equitable stormwater fee structure
- EPA should compile pricing info for stormwater projects
- EPA should produce a clearinghouse of best-management practices, costs, and financing information for stormwater
- EPA should have more consistent approaches that could incentivize land-based stormwater management like a trading program that gets at stormwater on private properties
- EPA should create a stormwater revolving fund
- EPA should educate states and communities on the importance of stormwater fees separate from general funds

### Regional Engagement Sessions: Funding Recommendations

- Federal facilities are required to pay fees for water/stormwater. EPA should work with Federal Agencies to help communicate the need to pay stormwater fees.
- Homeowners are taxed on stormwater features installed on their property by the utility. EPA should work with IRS for an exemption similar to the energy exemption.
- EPA should provide more guidance and direction to enable stormwater credit trading to occur across watersheds.
- EPA should issue public information that utilities can use to help with raising fees/ setting up utilities ( justification for meeting requirements).
- Work with private foundations and non-profits to set-up an O&M trust

## Stormwater Infrastructure Financing Workgroup

Section One: Pam Lemoine

Identify how funding for stormwater infrastructure from such sources ( *public and private sources of funding*) has been made available, and utilized, in each state to address stormwater infrastructure needs

## Stormwater Infrastructure Financing Workgroup

Section One: Pam Lemoine

- Status
  - Draft of Section One completed and being revised based on discussion from in-person meeting Oct 16
- Work Product Summary
  - Database of funding sources across the country
  - Case studies of standard and innovative funding approaches being used by communities
  - Detailed narrative of funding and financing approaches being used for stormwater infrastructure

## Stormwater Infrastructure Financing Workgroup

Section Two: Ted Chapman

Identify how the source of funding affects the affordability of the infrastructure, including consideration of the costs associated with financing the infrastructure

## Stormwater Infrastructure Financing Workgroup

Section Two: Ted Chapman

- Status
  - Draft of Section Two completed and being revised based on discussion from in-person meeting Oct 16
- Work Product Summary
  - Detailed narrative of the affordability of the infrastructure and the impact of funding sources to the overall costs
  - Case studies of the impact of funding sources on the affordability of the infrastructure



## Stormwater Infrastructure Financing Workgroup

Section Three: Ted Henifin

Evaluate whether such sources of funding are sufficient to support capital expenditures and long-term operation and maintenance costs

## Stormwater Infrastructure Financing Workgroup

Section Three: Ted Henifin

- Status
  - Draft of Section Three completed and being revised based on discussion from in-person meeting Oct 16
- Work Product Summary
  - Detailed narrative of surveys and reports that have been produced over the last ten years that identify funding gaps in either capital expenditures or long-term operations and maintenance

