Potential Financing Options for Resiliency Projects

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VRA – Who We Are

- Created by Virginia General Assembly in 1984
- Market access and cost effective financing for municipal facilities, equipment & infrastructure
- Invested over $8.5 billion in Virginia’s communities, funding over 1,800 projects since 1984
- 18 authorized project areas
  - Water, Wastewater, Energy, Conservation, Dredging, Public Safety…
VRA Management

Overview

- VRA performs loan underwriting for all programs
- Governor-appointed Executive Director
- 11-Member Governor-appointed Board of Directors, serving staggered terms provides continuity in oversight
  - Ex-officio members: State Treasurer, Director of Environmental Quality, Health Commissioner, and Director of Aviation
- VRA Board approved underwriting guidelines
- Loans must demonstrate revenue adequacy
- Comprehensive loan monitoring and compliance procedures
## Primary Programs and Partnerships

<table>
<thead>
<tr>
<th>Program</th>
<th>Agency Partner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virginia Pooled Financing Program</td>
<td>VRA</td>
</tr>
<tr>
<td>Clean Water Revolving Loan Fund</td>
<td>DEQ</td>
</tr>
<tr>
<td>Drinking Water State Revolving Fund</td>
<td>VDH</td>
</tr>
<tr>
<td>Virginia Airports Revolving Fund</td>
<td>DCR</td>
</tr>
<tr>
<td>Dam Safety &amp; Flood Prevention Fund</td>
<td>VDOT</td>
</tr>
<tr>
<td>Virginia Transportation Infrastructure Bank</td>
<td></td>
</tr>
<tr>
<td>Brownfield Remediation Fund</td>
<td></td>
</tr>
<tr>
<td>Tobacco Region Revolving Fund</td>
<td></td>
</tr>
</tbody>
</table>
Economic sustainability is an important part of funding and financing resiliency.

Ecological call for future generations works in tandem with economic stability.

Localities must have resilient economies and that requires infrastructure to support sustainability.
Economic Sustainability

Observed Fundamentals

- Comprehensive Financial Policies
  - Institutionalizes good financial management practices
  - Creates parameters for decision making and removes emotions
  - Manage risks

- Long-term Financial Planning and Capital Budgeting
  - Commits to a long-term approach
  - Opportunity to prioritize identified resiliency projects or build resiliency into the process
  - Communicates plan to all stakeholders

- Appropriate unassigned fund balances and reserves
  - Dependent on each government’s situation
  - Defined conditions for use and replenishment
Building Support

- Establish a network of relationships

Resiliency Team

- Citizens
- Elected officials
- Business/industry
- Willing investors
- Municipal officers
- Regional groups
Sources and Incentives to Fund Resiliency

Tax incentives can be motivation for citizen/taxpayer involvement

- Localities have the statutory authority to provide partial exemptions or sometimes full exemptions to taxation in order to incentivize resiliency projects
  - Certified Storm Management Development §58.1-3660.1
  - Erosion Control Improvements §58.1-3665
  - Wetlands and Riparian Buffers subject to Perpetual Easement Permitting Inundation by Water §58.1-3666
  - Living Shorelines §58.1-3666
Sources and Incentives to Fund Resiliency

- In some instances a subgroup of citizens may have more interest in certain services, based on their geographic location, than the local government entity as a whole.

- Statutory authority exists to create service districts for dams, dredging creeks and rivers, beaches and shorelines as well as others.

- Taxes are imposed in the district (but not the entire city or county) to fund these services.

- Taxes may provide a revenue stream to finance a capital project §15.2-2403.
Sources and Incentives to Finance Resiliency

Clean Water Revolving Loan Fund

- Since 1987, Virginia and other states have received EPA capitalization grants to for a state revolving fund for water quality improvement projects
  - Initial focus on wastewater treatment plant upgrades
  - Expanded eligibilities include:
    - Brownfield
    - Land Conservation
    - Stormwater
    - Living Shorelines
- While water quality is the primary focus, project types have Resilience attributes
- Recent capitalization grants mandate a portion for a Green Project Reserve
Sources and Incentives to Finance Resiliency

## Clean Water Revolving Loan Fund

<table>
<thead>
<tr>
<th>Stormwater Loans *</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible projects</td>
<td>Facilities or structures or best management practice that reduces runoff</td>
</tr>
<tr>
<td>Eligible borrowers</td>
<td>Virginia political subdivisions</td>
</tr>
<tr>
<td>Interest rates and terms</td>
<td>0% or 100 bps below market and an additional 100 bps for local governments with a stormwater utility fee; up to 20 years</td>
</tr>
<tr>
<td>May 20-year rates</td>
<td>0%, 2.50% or 1.50% with an established stormwater fee</td>
</tr>
</tbody>
</table>

* Federal requirements of Davis-Bacon and American Iron and Steel do not apply
Sources and Incentives to Finance Resiliency

### Clean Water Revolving Loan Fund

<table>
<thead>
<tr>
<th>Living Shorelines Loans</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible projects</td>
<td>Living shorelines or a local government funding program to individual citizens to establish living shorelines</td>
</tr>
<tr>
<td>Eligible borrowers</td>
<td>Virginia political subdivisions</td>
</tr>
<tr>
<td>Interest rates and terms</td>
<td>0% or 150 bps below market and an additional 100 bps for local governments with a stormwater utility fee; 20 years</td>
</tr>
<tr>
<td>May 20-year rates</td>
<td>0%, 2.00% or 1.00% with an established stormwater fee</td>
</tr>
</tbody>
</table>

* Federal requirements of Davis-Bacon and American Iron and Steel do not apply
### Sources and Incentives to Finance Resiliency

#### Clean Water Revolving Loan Fund

<table>
<thead>
<tr>
<th>Land Conservation Loans</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible projects</td>
<td>Acquiring fee simple title or conservation easement to protect or prevent the pollution of state waters</td>
</tr>
<tr>
<td>Eligible borrowers</td>
<td>Virginia political subdivisions and non-profits with a primary purpose to protect natural or open-space</td>
</tr>
<tr>
<td>Interest rates and terms</td>
<td>300 bps below prime for 10 years or 3% for 20 years</td>
</tr>
<tr>
<td>May 10-year rate</td>
<td>1.75%</td>
</tr>
</tbody>
</table>
Sources and Incentives to Finance Resiliency

Virginia Pooled Financing Program

<table>
<thead>
<tr>
<th>Resiliency Loans</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible projects</td>
<td>land acquisition, conservation, flood prevention, dam safety, water, wastewater, stormwater, energy efficiency, transportation, local government buildings</td>
</tr>
<tr>
<td>Eligible borrowers</td>
<td>Virginia political subdivisions</td>
</tr>
<tr>
<td>Interest rates and terms</td>
<td>“AAA/AA” interest rates</td>
</tr>
<tr>
<td>Program benefits</td>
<td>Shared costs of issuance, loan terms up to 30 years, technical financial assistance, no application fee</td>
</tr>
</tbody>
</table>
Contact Information

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