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Potential Financing Options for Resiliency Projects

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Potential Financing Options for
Resiliency Projects

May 2018

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

Program	Agency Partner
Virginia Pooled Financing Program	
Clean Water Revolving Loan Fund	
Drinking Water State Revolving Fund	
Virginia Airports Revolving Fund	
Dam Safety & Flood Prevention Fund	
Virginia Transportation Infrastructure Bank	
Brownfield Remediation Fund	
Tobacco Region Revolving Fund	

Economic Sustainability

- 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

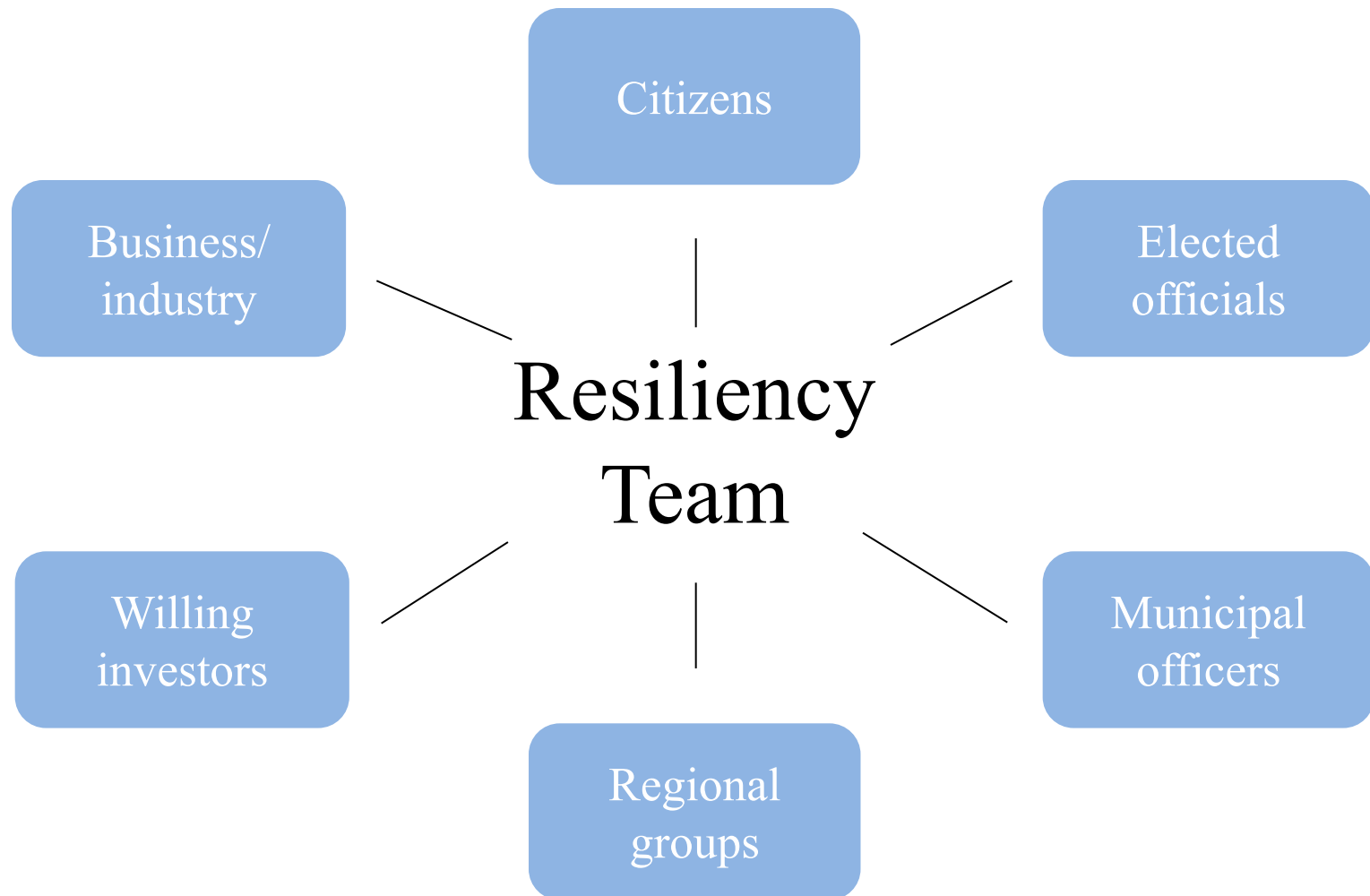
Economic Sustainability

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



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

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

* Federal requirements of Davis-Bacon and American Iron and Steel do not apply



Sources and Incentives to Finance Resiliency

Clean Water Revolving Loan Fund

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

* Federal requirements of Davis-Bacon and American Iron and Steel do not apply



Sources and Incentives to Finance Resiliency

Clean Water Revolving Loan Fund

Land Conservation Loans	
Eligible projects	Acquiring fee simple title or conservation easement to protect or prevent the pollution of state waters
Eligible borrowers	Virginia political subdivisions and non-profits with a primary purpose to protect natural or open-space
Interest rates and terms	300 bps below prime for 10 years or 3% for 20 years
May 10-year rate	1.75%



Sources and Incentives to Finance Resiliency

Virginia Pooled Financing Program

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



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