

# U.S. Environmental Protection Agency Environmental Financial Advisory Board

October 17 - 18, 2019

The Fontaine Hotel  
901 W 48th Pl, Kansas City, MO 64112

## **Minutes of the Meeting**

Respectfully Submitted:      Edward H. Chu  
   EPA Designated Federal Officer

Certified as Accurate:        Joanne Throwe, Chair  
   Environmental Financial Advisory Board

NOTE AND DISCLAIMER: The minutes that follow reflect a summary of remarks and conversation during the meeting. Such ideas, suggestions and deliberations do not necessarily reflect consensus advice from the Board. Formal advice and recommendations may be found in the final advisory reports or letters prepared and transmitted to the agency following the public meetings. Moreover, the Board advises that additional information sources be consulted in cases where any concern may exist about statistics or any other information contained within the minutes.

## Meeting Purpose

The Environmental Protection Agency's (EPA) Environmental Financial Advisory Board (EFAB or Board) held a public meeting on October 17-18, 2019. EFAB is an EPA advisory committee chartered under the Federal Advisory Committee Act (FACA) to provide advice and recommendations to the agency on creative approaches to funding environmental programs, projects, and activities. The purpose of this meeting was to discuss recommendations from EFAB work products; to discuss changes to the EFAB's process of selecting new topics and developing recommendations; and to discuss stormwater funding and financing.

## Attendees

EFAB Members (for full roster, see Attachment A):

- Brent Anderson, RESIGHT
- Lori Beary, Iowa Finance Authority
- Janice Beecher, Michigan State University
- Ted Chapman, S&P Global Ratings
- Rudolph Chow, City of Baltimore, Department of Public Works
- Edwin Crooks, Greystone Infrastructure Advisors
- Yvette Downs, Sewage & Water Board of New Orleans
- Ted Henifin, Hampton Roads Sanitation District
- Craig Holland, The Nature Conservancy
- Daniel Kaplan, King County (WA) Department of Natural Resources and Parks
- Suzanne Kim, Motivate Capital
- Pam Lemoine, Black & Veatch Management Consulting
- James McGoff, Indiana Finance Authority
- Chris Meister, Illinois Finance Authority
- Eric Rothstein, Galardi Rothstein Group
- Joanne Throwe, Throwe Environmental LLC
- Angie Sanchez, FCS Group
- William Stannard, RAFTELIS
- Carl Thompson, Infiltrator Water Technologies, LLC
- Richard Weiss, Morgan Stanley
- David Zimmer, New Jersey Infrastructure Bank

EFAB Members unable to attend the meeting:

- Lisa Daniel, Public Financial Management
- Marie Roberts De La Parra, BMB Construction Properties
- James "Tony" Parrott, Metropolitan Sewer District of Louisville

Designated Federal Officer: Edward Chu, EPA Region 7

Additional Attendees (Based on Sign-in Sheets):

- Brian Bohnsack, Wichita State University Environmental Finance Center
- Sonia Brubaker, EPA Water Infrastructure and Resiliency Finance Center
- Gabriela Carvalho, EPA Region 10
- Bob Dunlevy, EPA Region 7
- Leo Gueriguan, EPA Water Infrastructure Division
- Elise Gout, The Cadmus Group
- Jim Gulliford, EPA Region 7
- Charles Job, National Ground Water Association
- Kristen K'eit, Rural Community Assistance Corporation Environmental Finance Center

- Ron Kovach, Office of Congressman Steve Watkins
- Jared Pessetto, EPA Region 7
- Stephanie Sanzone, EPA Water Infrastructure and Resiliency Finance Center
- Ellen Tarquinio, EPA Water Infrastructure and Resiliency Finance Center
- Josh Tapp, EPA Region 7
- Britney Vazquez, EPA Water Infrastructure and Resiliency Finance Center
- Sandra Williams, EPA Water Infrastructure and Resiliency Finance Center
- Rob Willis, Ross Strategic
- Helena Wooden-Aguilar, EPA Office of Policy
- Andrew Wynne, EPA Region 7

## Day 1 – October 17, 2019

### Welcome and Agenda Review

The meeting was announced in the Federal Register (see Attachment B) and proceeded according to the agenda, as revised (see Attachment C).

*Edward Chu*, the Designated Federal Officer (DFO) for the EFAB, welcomed EFAB members and public attendees. Before introducing the keynote speaker, Mr. Chu reminded those in attendance that there would be time in the afternoon for public comment, and the notes and meeting summary will be available to the public within 90 days of the meeting.

### Keynote Address

Mr. Chu introduced *Jim Gulliford*, the Regional Administrator for EPA Region 7. Mr. Chu provided biographical information on Mr. Gulliford and noted his time as Regional Administrator for Region 7 during the George W. Bush administration. During the second term of the Bush administration, Mr. Gulliford was also the Senate-confirmed appointee to the Office of Prevention, Pesticides and Toxic Substances. Mr. Chu expressed his appreciation for working with Mr. Gulliford, not only because of his experience and commitment to the environment and public health, but also because of his care for the EPA Region 7 staff.

Mr. Gulliford thanked Mr. Chu and welcomed all in attendance to Kansas City. He reflected that during his time working at EPA headquarters, they celebrated increments of progress. Since returning to Region 7, he has been reminded of the enjoyment of working with communities and state partners in Iowa, Kansas, Missouri, and Nebraska to accomplish meaningful work. Mr. Gulliford thanked the members of the Board for their participation in this meeting and recognized the expertise they provide in both public and private opportunities. He acknowledged it can be a challenge to integrate good advice and information into the development of public policy

Mr. Gulliford addressed four areas that he thinks are intriguing and challenging to the people, communities, and agencies in Region 7, namely (1) stormwater infrastructure, (2) stormwater management, (3) Opportunity Zones, and (4) waste management.

### Stormwater Infrastructure

Mr. Gulliford noted that financing water infrastructure projects continues to be one of the biggest challenges for communities. He explained that Region 7 is comprised of rather small communities like Des Moines and Kansas City and micro communities, which make up the base of the region. Mr. Gulliford said managing stormwater infrastructure is an essential effort in Region 7. Over the past couple of years, Region 7 has developed two tools aimed at better assisting communities.

- The **Small Community Asset Management Tool** helps communities understand and manage their drinking water and wastewater assets. It allows them to analyze their condition, determine any vulnerabilities, and prioritize needed upgrades for infrastructure. Mr. Gulliford explained that an asset management plan, in addition to being required by the America's Water Infrastructure Act (AWIA), is critical to optimizing community investment in water infrastructure.
- The **Small Community Sustainability Tool** was developed out of a partnership between Region 7 and the Environmental Finance Center (EFC) at Wichita State University. The tool provides an estimate on the future sustainability of water and wastewater infrastructure rates in communities across the Midwest. Mr. Gulliford noted drinking water is one of the most essential life needs and one of the least expensive essential services that residents receive. However, the process of resetting the rate structure would be a tremendous challenge, as individuals have come to expect safe drinking water and water infrastructure at low cost. The sustainability tool is community-specific and bases future predictions on elements that have been identified as predictors of future income in these communities including education, manufacturing, household income, and population. Mr. Gulliford explained this tool can help with observing rates and predicting whether they are sustainable.

Region 7 will offer a small systems tool workshop on November 13, 2019 to demonstrate both tools. The workshop will be open to both the public and private sector. Mr. Gulliford and his team are inviting the Region 7 state drinking water and wastewater staff to attend, as well as representatives from technical service providers.

Mr. Gulliford acknowledged EPA has made significant strides in increasing funding opportunities for smaller communities. Agencies have announced availability of \$43 million in grants for small and disadvantaged communities to improve and protect their drinking water under the Water Infrastructure Improvements for the Nation (WIIN) Act. While this funding is nowhere near what is required in total, the grants will fund clean drinking water projects in areas that otherwise would not have the resources to finance them, promoting environmental and public health across the nation. EPA also recently announced round three of funding through the Water Infrastructure Finance and Innovation Act (WIFIA). This funding will provide approximately \$6 billion in loan guarantees and opportunities for water infrastructure improvements to 39 projects in 20 states. Mr. Gulliford said while the WIFIA program is providing good service and support for communities, current levels only scratch the surface of what is needed.

## Stormwater Management

Mr. Gulliford then discussed stormwater management. He explained water infrastructure challenges extend far beyond drinking water and wastewater treatment; they also include stormwater management practices and the challenges of combined sewer systems. He noted consideration is rarely given for what happens to water once it disappears down the drain. The public expectation is that downstream impacts are resolved without a problem, but community water rates do not reflect the true cost to and value of these systems. Many communities across the country are faced with rising costs to minimize the threat of compromised water quality when wet weather conditions cause wastewater to bypass treatment and discharge into water bodies.

Mr. Gulliford and his team have been collaborating with two of Region 7's largest communities – St. Louis and Kansas City – to tackle this challenge. Mr. Gulliford said the issue of stormwater management has outgrown cities' capabilities. The two cities are trying to work with wastewater infrastructure to minimize the flow of untreated discharges into collection systems during wet weather events. Both St. Louis and Kansas City have long term, multiyear plans to improve and update their wastewater infrastructure to eliminate sanitary sewer overflows (SSOs) and reduce combined sewer overflows (CSOs). The types of projects the cities are implementing will take place over a 25-year period, though Mr. Gulliford noted that they will likely extend those time frames. The projects include separating miles of combined sewers, installing numerous green infrastructure projects, rehabilitating miles of crumbling sewer infrastructure, and installing hundreds of miles of new sewer lines. Mr. Gulliford specifically referenced a project in St. Louis to build a tunnel that is nine-miles long and 32 feet wide for storage and transport during heavy precipitation events. The cities will also be upgrading several wastewater treatment facilities. He has greatly enjoyed visiting the communities to discuss these projects because of their impressive efforts and innovation. Mr. Gulliford said the biggest difficulty is often establishing rates that are affordable to the most vulnerable members in the community. As populations decline in rural communities, having enough rate payers to cover the costs of stormwater management will continue to be a significant hurdle, in addition to the challenge of sourcing the needed technical and financial expertise.

Mr. Gulliford noted St. Louis is not financing these projects on their own. The city has already received a \$47 million infrastructure WIFIA loan that was matched by the state revolving loan fund (SRF) program to replace a pump station and about 1,000 miles of sanitary sewer lines. The WIFIA loans and SRF funding provide immediate capital for these projects with long-term pay back schedules. Mr. Gulliford explained communities use these funds to hold down the costs for rate increases that are necessary to make these massive projects implementable. Mr. Gulliford said the SRF program has been successful in Region 7, with EPA supplying roughly \$150 million to the four states to support programs in drinking water and wastewater treatment. Significant portions of these funds are provided to small communities in the forms of grants and loans, but it is still not enough. Mr. Gulliford hoped the Board would be able to help Region 7 consider how to incentivize states, counties, cities, and utilities to invest in small, rural communities.

## Opportunity Zones

Mr. Gulliford noted the need for investment expands beyond water infrastructure. Many communities in the Midwest still wrestle with legacy contamination as a result of their industrial history. Opportunity Zone designation is an emerging tool that could help Region 7 communities clean up and reuse sites and further encourage economic development. The intent behind the Opportunity Zone tax law is to connect investor capital with low-income areas in the country that may have the greatest need for reinvestment. There are 8,762 designated Opportunity Zones in the United States, about 40% of which are in rural communities. Mr. Gulliford explained it is likely that much of the Opportunity Zone real estate that will be developed will include brownfield sites. He said the Internal Revenue Service (IRS) has indicated that environmental site assessment and cleanup costs qualify as Opportunity Zone

investments if those costs prepare the site for vertical development and economic reuse. This decision by the IRS opens the door for brownfield sites to be targeted for redevelopment. Mr. Gulliford hopes Opportunity Zones help create a path in the Midwest for towns to consider investment in their city centers, rather than continuing to push infrastructure into the surrounding green fields. Mr. Gulliford also acknowledged rural communities are at an inherent disadvantage compared to their urban and suburban counterparts in competing for Opportunity Zone investment. He believes it is unlikely that large banks and investment firms will seek out rural projects due to limited returns on investment. As a result, small communities will likely have to rely on local developers, foundations, or other local stakeholders for capital gains to invest in Opportunity Zone projects. Mr. Gulliford asked the Board to think about how these communities can utilize the resources they have to compete with larger markets and attract diverse investments. Region 7 has hosted several Opportunity Zone information sessions, and Mr. Gulliford said he consistently hears from participants that opportunities are in large cities along the coasts, where the returns for some of the investments are going to be higher compared to smaller communities.

## Waste Management

Waste management is another significant challenge for Region 7. Mr. Gulliford explained EPA encourages communities to look at waste reduction and material reuse, including the reduction of food waste and single-use packaging, and reusing materials from construction and road projects. The overall goal is to keep these materials from escaping into the environment and/or impacting the land and water. Mr. Gulliford noted how, from the largest to the smallest communities in the country, citizens have embraced recycling. Mr. Gulliford said there has been significant progress in reducing municipal solid waste overall, and he is particularly encouraged by the progress in industrial processes where companies have been very successful in reducing waste from production. While the population in the United States has increased, the total amount of municipal solid waste that is generated has decreased over the last 20 years.

That progress could now be at risk with China's decision to limit some of the recyclables that it will purchase from the United States. Many communities are discovering they do not have the resources and facilities to process materials locally. With limited domestic facility buyers, municipalities and collection facilities are now challenged to find a buyer for some of their recyclables. As a result, some communities have begun to reduce their recycling efforts, leading to more waste being sent to the landfill. For example, a recycler in Panama, Missouri (home to 18,000 Missourians) is no longer accepting five types of plastics. The solid waste agency in Cedar Rapids, Iowa, with a population of 126,000, was not able to find a recycler who would take rigid plastics after their last contract ended. They are now sending rigid plastics to the landfill. Access to recycling is not a new challenge for small communities. Processing and transportation costs have always been a hurdle. Region 7 is working with companies to encourage manufacturers to use plastics that are more readily recycled or reused. They also are working with communities to encourage the expansion of recycling infrastructure and recycling facilities, and to reduce transport costs.

Mr. Gulliford acknowledged the possibility of short-term solutions like transporting materials to other markets. With financial assistance, these efforts may create an opportunity for more states and municipalities to explore energy production from waste. In Ames, Iowa, the Arnold O. Chantland Resource Recovery Plant incinerates eligible garbage and turns it into enough refuse-derived fuel to provide energy for 4,600 homes. The city says it has saved more than 80 acres of Iowa farmland from becoming repurposed as landfills. The facility has been in operation for over 40 years, but the technology still has not caught on. In Newton, Kansas, a local company built a small waste energy generator that could provide electricity to 5,500 homes by processing 150 tons of waste per day. Mr. Gulliford said while the technology for waste energy and for controlling the emissions from those facilities continues to improve, it is still too costly to explore as a viable opportunity for all communities. He asked for help from the Board to understand what capital is available to create opportunities for growth in this industry and take a more active role in developing long-term waste reduction solutions.

Mr. Gulliford acknowledged they do not have sufficient answers for these challenges facing Region 7 and much of the country. He hopes members of the Board will walk away with a consideration for the unique financial challenges of small, rural communities. He believes an integral part of helping these communities thrive is providing investment opportunities for even the smallest towns and finding creative solutions to ensure they are not left behind. He said, from his experiences raising his family in Iowa, it is not just the charm of these communities that is worth protecting, but also the way of life. Mr. Gulliford thanked the Board for the opportunity to

lay out some of the key challenges that Region 7 is working to address and for the attention they give to the many other challenges across the country.

## Discussion and Questions

Mr. Chu asked if any of the board members had questions or comments.

*Ted Henifin* asked if there is any coordination to encourage regionalization within Region 7.

Mr. Gulliford said regionalization focused on rural water systems has been successful in Region 7. He offered the example of southern Iowa, where one system provides water to 16 counties. Otherwise, Mr. Gulliford said many of the regionalization challenges Region 7 faces are socio-political, with some small communities reluctant to join a regional system. Mr. Gulliford also noted it is more difficult to push for the regionalization of wastewater compared to drinking water. He would like to see some more thoughts on how regionalization may apply to recycling and repurposing opportunities.

*Ted Chapman* thanked Mr. Gulliford for his remarks. He noted that in the utility industry there is generally a challenge in hiring new people as well. There are projections that in 10 years unemployment for the utility sector could be less than 0.5%. There is a mismatch between the available pool of future talent and professional opportunities. Mr. Chapman reflected on Mr. Gulliford's point that smaller and more rural communities may lack economies of scale. Mr. Chapman wondered if one of the challenges could be a competitive pay disadvantage. He asked Mr. Gulliford if he has observed any success stories in Region 7 with mentoring and/or succession planning.

Mr. Gulliford replied that there may be opportunities with a circuit-rider type of approach, where multiple communities pool resources to hire personnel. He acknowledged communities in Region 7 may be able to offer more competitive salaries if communities had more responsibilities or systems.

*Suzanne Kim* said she talked to a developer who was looking to develop solar assets within an Opportunity Zone, but he found the debt was too expensive for him to secure. She wondered if there is a way that Region 7 could source the concessionary debt for these kinds of sites. If so, she could envision things like solar projects coming to fruition.

Mr. Gulliford said he has seen solar development work for a lot of the repurposed Region 7 sites, because the projects do not require clean-up to pre-settlement conditions. While he has seen them work, he said he is not well versed in the financial side of it. He asked if reducing the property costs would help.

Ms. Kim responded that, even if the sites had reduced property costs, they would not be a least cost option.

*David Zimmer* followed up on Ms. Kim's comment with his experiences within New Jersey and the competitive process for available funds. Mr. Zimmer said there are a lot of communities in New Jersey, both rural and urban, that are similar to Region 7 in that they will be overlooked. New Jersey often has to compete against New York, Chicago, and California for funds. As a state, they must think about the kinds of funds that they can bring in from the federal government, the funds they can produce from their annual budget, and then prioritize projects. They will funnel the first dollar of those programs to bring down the cost, but by doing that, they are going to reduce the return. Mr. Zimmer said there is a way to figure out how to compete with other cities and states by lowering the cost of financing. Doing so would require utilizing the funds the state has available from both state and federal sources.

*Joanne Throwe* thanked Mr. Gulliford for joining the EFAB meeting and for his great remarks. She noted how interesting it is for EFAB to come to different parts of the country and reiterated her appreciation for his being there.

## Introductions and Agenda Review

Ms. Throwe asked each member of the Board to state their name and affiliation for the record. A record of attendance is included at the beginning of this document.

Ms. Throwe reviewed the agenda for the two-day EFAB meeting. For most of the first day, those participating in the Stormwater Finance Task Force workgroup will describe the work that has taken place over the last few months of calls, in-person meetings, and listening sessions. The Board will then go through each of the three sections within the Task Force charge and summarize where

they are, their possible recommendations, and their next steps. Public comment will follow the Task Force discussion at 2:30 pm. The Board will then spend the afternoon talking about two potential topics for new work – Opportunity Zones and a continuation of the Alaska Backhaul project. Tomorrow, *Rob Willis*, a facilitator with Ross Strategic, will go through the EFAB draft standard operating procedures (SOPs). The Board will then have an open discussion about other ideas for new work before adjourning at 12:00 pm.

## Stormwater Financing Task Force Workgroup

Ms. Throwe invited her fellow Task Force co-chair, *Rudy Chow*, to join her, as well as *Ellen Tarquinio*, the EPA technical support lead for the workgroup. Ms. Throwe explained Ms. Tarquinio would review the specific charge to the Task Force. Those EFAB members serving on the Task Force would then summarize and discuss with the Board where they are in their work. She noted revising the Task Force report will be an iterative process over the next few months.

Ms. Throwe thanked Ms. Tarquinio for all she has done for the Task Force and acknowledged they would not be where they are in the process without her.

## Overview of Charge and Timeline

Ms. Tarquinio thanked everyone for their attendance. She provided an overview of the charge the Board accepted to assemble the Task Force (Attachment D).

The charge came to EPA and then EFAB after AWIA was passed in October 2018. Section 4101 calls for EPA to establish a Stormwater Infrastructure Funding Task Force comprised of federal, state, local government, and private sector stakeholders, including nonprofits, to conduct a study and develop recommendations on the availability of public and private sector funding for the construction, rehabilitation, and operation and maintenance (O&M) of stormwater infrastructure. This charge uses language from AWIA and is the basis for structuring the draft workgroup report:

- **Section One** includes a compendium of current funding sources in each state, the availability of funds, how they are being utilized, and who is available to accept them.
- **Section Two** identifies how the sources of funding affect the affordability of the infrastructure and the financial capability of the utility, including the costs associated with financing that infrastructure. The group looked at grant funding, loan funding, and tax-generated funding.
- **Section Three** is the evaluation of whether funding sources are sufficient to support capital expenditures and long-term O&M costs. The group looked at what gaps exist and how to address them.

The Task Force is co-chaired by Mr. Chow and Ms. Throwe and has three section leads: *Pamela Lemoine* (Section One), Ted Chapman (Section Two), and Ted Henifin (Section Three). The Task Force includes 14 members of the Board, who are supplemented by 19 volunteer expert consultants.

Ms. Tarquinio reviewed the timeline of the Task Force charge. The Task Force held their first full group meeting on June 6, 2019 and their first in-person meeting on July 2, 2019. The second in-person Task Force meeting took place the previous day, October 16, 2019. During the October 16<sup>th</sup> meeting, the Task Force discussed the drafts produced by each section and considered how their work would come together in the final report. The sections will have three weeks to incorporate the feedback they received and send their revised drafts to the workgroup. The larger group will review the report over the course of three workgroup-wide calls. The final Task Force report is scheduled to be shared with EFAB on January 6, 2020. Members of the Board will have time to review the Task Force report prior to the winter EFAB meeting in February 2020, where EFAB will deliberate on the final report and hold a vote on whether to approve its transmittal to the agency. Following receipt of the EFAB report, EPA will take the final Task Force information and include it in a report to Congress due April 2020.

Ms. Throwe opened the floor for questions from the Board.

*Ed Crooks* asked if the congressional leadership who required the Task Force report had followed up about the inclusion of any specific topic areas.



Ms. Tarquinio responded they have received inquiries about the status of the Task Force. She said EPA informed congressional leadership of the Task Force meeting held the previous day. EPA has not received any specific requests from Congress about including topic areas in the report.

*Brent Anderson* asked how the specific statutory charge relates to the three topic areas being addressed by the Task Force. Ms. Tarquinio responded that the language for the charge and the three sections were taken directly from Title IV, Section 4101 of AWIA.

### Summary of EPA Regional Listening Sessions

Ms. Tarquinio continued by sharing a high-level summary of takeaways from the regional listening sessions that EPA had conducted on stormwater financing. EPA held six regional meetings at the local level to provide a forum in which people could share information with EPA and discuss stormwater infrastructure challenges with one another.

She said the funds and financing options that people used varied by region. Included in the challenges that attendees brought forward was the instability of general funds. Attendees explained they were unsuccessfully competing for those funds alongside public services such as fire departments and public schools. EPA was also told people are often only concerned with stormwater infrastructure when it is no longer working. EPA found some regions were not using the Clean Water SRF program, as they felt it was burdensome and/or too competitive. Others did not know how to apply or that they could apply to use the funding for stormwater projects. One of the biggest challenges across utilities was they did not feel able to develop long-term plans due to local political environments. Communities also struggled with the rising costs associated with contractor rates. EPA was told the cost of finding experts to install green infrastructure was two-to-three times more expensive than it was one or two years ago because there are not enough certified, trained professionals. EPA found utilities do have some customer assistance programs, but they are not enough to meet the needs of their areas. In particular, attendees voiced their difficulties with getting money for O&M.

Ms. Tarquinio informed the Board that the list of recommendations that arose from the listening sessions would be posted to the EPA website after the EFAB meeting (see Appendix D, Presentation Slides). Included in the recommendations were the following:

- Streamline the reporting and funding requirements, especially for small utilities
- Coordinate funding between EPA and other agencies
- Ensure federal facilities are paying their stormwater fees
- Provide funding for predevelopment and feasibility studies
- Alleviate the administrative burden for smaller utilities applying to SRF programs
- Increase education and training, both to build grant-application capacity and bring down contractor rates
- Promote greater coordination of utilities based on watershed boundaries, rather than municipal boundaries
- Provide a mechanism to help pay for O&M
- Provide guidance on how to create an equitable stormwater fee structure
- Incentivize the installation of green infrastructure on private properties
- Create a Stormwater SRF program
- Increase partnership with private foundations and nonprofits

### Discussion and Questions

Ms. Thrope asked if the board members had any comments or questions.

Mr. Crooks said he was struck by Ms. Tarquinio's comment about stormwater capital costs increasing two-to-three times in the last year. He asked Ms. Tarquinio if that was a localized response or something EPA heard broadly.

Ms. Tarquinio responded it was something EPA heard broadly. One of the reasons for this is that green infrastructure is a specialized skill, and there are not many firms that utilities can hire.

Mr. Anderson noted he has not experienced increases in stormwater capital costs on any of the projects in which he has been involved. He asked if EPA received feedback on cross-over financing.

Ms. Tarquinio confirmed they did hear about cross-over financing. She said there is a desire for people to have more information available about how they can blend some of the different programs to fund their stormwater projects.

Ms. Throwe noted she and Mr. Chow felt it was important for the Board to be reminded about the charge, the expectations of EFAB, and EPA's listening sessions. She said she facilitated two of the EPA listening sessions, one in the northeast and one in Florida, and they were incredibly different. She explained the information Ms. Tarquinio provided can serve as a snapshot to help with the Board's recommendations.

Ms. Throwe transitioned the discussion to what the Task Force workgroup accomplished in their meeting. She commended the productivity of the Task Force as they reviewed the three sections of their draft report.

Mr. Chow thanked EPA and the Task Force for their work. He acknowledged they are under an extremely tight deadline. Yesterday was the first time everyone on the Task Force was able to share their sections and come together in-person since July 2019. He said the Task Force members and expert consultants were able to gain clarity about where they are with the report and what they will need to address moving forward.

Ms. Kim asked if the role of EFAB will be to look at the sections of the Task Force's report and vote on it.

Ms. Throwe said today the Task Force will provide a summary of where they are going so the Board can weigh in. She explained this will be the Board's opportunity to respond to the work that has been done so far. The Task Force will then have a series of additional calls before developing a final draft report that the Board will receive in January.

Mr. Chow specified the Board will have the final draft report by January 6, 2020. The vote will take place during the winter EFAB meeting in February 2020.

Ms. Throwe asked the Section One Lead, Ms. Lemoine, to summarize what the Section One workgroup has accomplished, the key points of their discussion yesterday, and where they will be heading with their work.

## Section One: Current Sources of Funding and How They are Being Used

Ms. Lemoine gave an overview of Section One. The objective of Section One is to define how funding for stormwater infrastructure from various sources has been made available and utilized to address stormwater infrastructure needs.

The Task Force has discussed at length what is meant by the term funding. To guide their efforts in developing Section One, the Task Force chose to define stormwater funding as follows: one or more sources of funding utilized for funding a stormwater program, including O&M expenses, debt service, capital financing, and regulatory compliance. Funding sources can include recurring ongoing revenue sources, one-time capital financing sources, grants, and in-kind services.

The Task Force then developed a matrix to identify the different types of sources under each of those categories. The first category is recurring or intermittent revenue sources used to pay for ongoing costs, like O&M, debt service, or cash-financed capital. Within this category, the Task Force identified recurring, sustainable revenue sources like general fund taxes, other dedicated taxes such as sales taxes and gas taxes, special assessment districts, and stormwater utility user fees or enterprise funds. They also identified intermittent funding sources, including different types of fees that can be used for activities related to stormwater, as well as special charges like impact fees, development charges, and special assessments.

The Task Force then looked at the various types of one-time funding or financing sources for capital projects or initiatives. In this category, they identified grants and capital funding sources like bonds and loans, which require repayment from a revenue source. They then identified a number of different resources or approaches for funding stormwater management, including public private partnerships, private development sites, volunteer programs, coordination with other municipal departments or state agencies, and market-based solutions.

Ms. Lemoine said the Board will see in Section One that the Task Force describes each of these pieces, how they are used, their advantages and disadvantages, and any barriers to using them in different parts of the country. In addition, EPA engaged a contractor to assist the Task Force in developing a funding database. The database is a compilation of currently available funding at

the federal, state, local, and non-profit level. At this time, they have collected the program names and descriptions for about 250 different funding programs. The Task Force feels confident about the representation of funding programs at the federal level. They have had more difficulty assessing the comprehensiveness of the database with respect to state and local level opportunities. Ms. Lemoine emphasized that the database was not intended to capture every individual program or initiative. Rather, the Task Force is trying to get a sense of the kind of work that is being done.

## Discussion and Questions

Ms. Throwe asked if the Board had any questions or comments.

*Janice Beecher* urged the Task Force to clearly distinguish between funding and financing. In effect, there are only two sources of funding – the taxpayer and the ratepayer. Financing would then be the discussion of how a community pays for a project and spreads the costs over time.

*Yvette Downs* agreed with Ms. Beecher about the importance of checking their language as the Task Force moves forward. She noted the members do think it is very important to discuss financing in Section One and how one leverages their resources to deliver the services they can.

Mr. Crooks asked if the Task Force is also looking at funding sources for pre-development activity. He reminded the Task Force there had been an EFAB charge a few years ago which may be useful to the current effort.

Ms. Throwe said EPA pulled information from several past EFAB reports for the Task Force. She asked if others from the Section One workgroup had any comments.

*Craig Holland* thanked Ms. Lemoine for her summary. He said one of the areas he is most encouraged by is the compilation of information into the database. He would like to see the information in that database continue to be supported by EPA after the completion of the Task Force report so communities can access and utilize it moving forward.

Mr. Anderson said he agreed with Ms. Beecher's point about the difference between funding and financing. He pointed out the political realities of financing stormwater infrastructure, as were brought up during the listening sessions. He said it would be beneficial to understand utilities' perceptions of their realities and what drives people to use the funds they are currently using.

*Richard Weiss* asked if Section One has looked at how the funds are being delivered.

Ms. Lemoine responded the Task Force is looking at the funds currently being used, their barriers, and how EPA could facilitate changes in mindset, whether it be with citizens who do not want to pay more or with local or state governments needing to facilitate user fees.

Ms. Downs noted all the sections are reviewing where to place the discussion around barriers and challenges. The Task Force is not yet sure if that discussion belongs in Section One. In response to Mr. Weiss' question, she said different regions, states, and localities will always pursue different options. She is interested in how the Task Force can make the report global enough so the recommendations at the national level are still relevant to communities at the local level.

Ms. Kim asked how fine-scale the report would be and whether the Task Force is considering programs at the street or neighborhood level.

Ms. Throwe responded the Task Force is not able to reach that level of detail within the time constraints.

Mr. Holland said it was very difficult to quantitatively provide information on all the different fees and taxes that go into supporting a stormwater system. The Task Force tried to qualitatively describe all the different approaches that a community could use in terms of generating funding and leveraging that funding for potential financing options. He was encouraged in his research on the private grant-making side that there are several philanthropic working groups in the water space who keep a running list of grants. He said one recommendation from the Board could be for EPA to facilitate a similar database of private investments. He explained both philanthropists and private financial institutions who are looking to invest outside of the traditional municipal bond market want

that kind of information. A database allows them to demonstrate the commitments they are making to the stormwater space. These players have just not yet been asked in a formal way to compile that data.

Ms. Thrope asked and received consensus from the Board that Section One was moving in the right direction.

The Board then took a 15-minute break.

## Section Two: How Funding Source Affects Affordability

Prior to beginning Section Two, Mr. Chu reminded the Board that they would receive a set of draft sections the week of November 11, 2019 when the first integrated draft is provided to the Task Force members. On January 6, 2020 the final Task Force report will be available. When the Board receives the final report, they will have until the winter EFAB meeting to review it. He said the idea is for the Board to provide pre-meeting comments a couple of weeks before the meeting that can then be discussed in-person. The Task Force will begin posting its products so board members can stay updated on what the Task Force is doing. The Board will vote on the final report during the February 2020 meeting.

Mr. Chapman provided an overview of Section Two. The objective of Section Two is to examine affordability at the community or municipality level. The Task Force chose to do so through considering both the financial capacity of communities and the burden to the household. Mr. Chapman explained they took a narrative approach. Part of their work involved framing the scope of the report further and providing definitions, some of which may end up in another section of the final report.

The Task Force noted there may be infrastructure projects or assets that are complementary to a community but not the responsibility of the community. In other words, there may be infrastructure projects that are undertaken nearby, e.g., by the U.S. Army Corps of Engineers or a local partner. The Task Force also wanted to address that not all communities have separate stormwater systems. When considering financial capability, they considered one approach to be reducing O&M; doing so may have more direct bearing on the clean water side but can still create financial capacity for a municipality.

The Task Force broke up Section Two into five parts. The emphasis of the section is primarily on municipalities and Phase 1 and Phase 2 municipal separate storm sewer system (MS4) permit holders. The Task Force first included a series of definitions and then looked at the areas of infrastructure efficiency, which include discussions around cost containment measures and economies of scale. The Task Force wanted to recognize the differences in problems for small and large communities. There are certain disadvantages that are almost inherent for small communities, like a relatively limited staff. They wanted to explore whether a small community could benefit from a tool, replicable model, or case study to ultimately lower costs. Mr. Chapman noted infrastructure efficiency is not all about revenue enhancement; one could also limit the rate of increase in expenses.

In the next part of the section, the Task Group looks at financial capabilities. They take the different options laid out in Section One and discuss what to do with them, whether it is ongoing annual funding or long-term financing for a specific asset. The Task Force talked at length about how some communities cannot afford the local match to programs or are struggling to get their elected officials to sign on to the creation of a stormwater enterprise.

Mr. Chapman noted the financial capability discussion really focuses on the community, while the affordability discussion focuses more on the household. The Task Force identified the difficulty in being able to measure affordability. There are nearly 42,200 units of government, and for as many of those units of government there are almost as many interpretations of governmental and public sector accounting. The Task Force speaks to the challenges of these different approaches to accounting and the importance of having objective and measurable data. Most communities can do some level of capital expenditure, but some assets for stormwater may require the utilization of loan programs like the SRFs or borrowing from the bond market. In those situations, the community needs to be able to measure their financial capacity and, by extension, the cost to the household. Establishing some form of consistent data collection could be an area of opportunity.

Mr. Chapman noted the concerns raised during the EPA listening sessions are the same as those brought up by the Task Force. For example, smaller local communities may recognize the benefits of a program but be unable to access the capital. Some communities do not have the bandwidth to do so. Others do not know how to write the grant. One idea the Task Force developed is to have a common application, akin to that used for the university application process, in which the first 10 pages are the same across a set of

programs. The final two pages would then be specific to the entity with which the community would like to pursue a financing agreement. Such a common application would not present any financial burden to communities and could facilitate their ability to access capital.

Mr. Chapman stressed how appreciative he is to work with the experts and EFAB members of the Section Two group. He said he feels comfortable with their framework but welcomes any feedback from the Board.

## Discussion and Questions

Ms. Thrope asked for comments from others on the Section Two team.

Mr. Rothstein mentioned a recent report prepared for the American Water Works Association (AWWA), the National Association of Clean Water Agencies, and the Water Environment Federation<sup>1</sup> that put forward a set of recommendations. Much of the language in the Task Force report, at least for certain sections related to financial capability assessment and household affordability measures, assumes some pending modifications from EPA's guidance. Section Two also touches upon how stormwater costs could be integrated into the financial capability assessment recommendations brought forward by the AWWA report.

*William Stannard* asked if Section Two looks at the effect of disparate sources of funding and inconsistent funding on the efficiency of implementing infrastructure. He noted cost savings can be realized when projects are completed in bulk and not piecemeal.

Mr. Chapman responded it does. He said the Task Force considered including some recognition of best management practices (BMPs) that, regardless of the size or sophistication of the system, could still be utilized.

Mr. Rothstein added part of the structure of Section Two is taking the funding and financing sources identified in Section One and evaluating them across a number of different criteria. The ability to achieve stability in the funding source is one of those criteria.

*Daniel Kaplan* asked how the Task Force is addressing jurisdictional issues and the nature of the mandates being placed on communities (e.g., combined sewer overflow mandates), which can lead to increasing costs.

Mr. Chapman said the Task Force recognizes those issues in Section Two, though perhaps not to the specificity that Mr. Kaplan is referencing. Section Two also talks about the potential for multi-objective initiatives in which communities may be able to partner with others. Mr. Chapman explained, with more parameters for documenting the costs of stormwater systems, communities would have greater awareness for household affordability, their ability to raise revenues, and their ability to address mandates.

Ms. Downs asked about the structure of the final report, given the focus of Section Two on affordability. She said it may make sense to order the report with Section Three, followed by Section One and Section Two, because financing is a part of affordability. If a community has affordability issues, they would then discuss how the community can take the available funding and make the best use of it to be more affordable.

Mr. Anderson noted, in looking at the Section Two charge, the Task Force is covering how the source affects funding and, presumably, affordability. He asked if the Task Force is considered how the nature of the municipality can affect affordability. For example, a community with a relatively lower bond rating, or a community with a declining population, will receive a different financing deal or set of available sources of funding compared to a community that would be more prosperous.

Mr. Chapman responded that the Task Force did not want to advocate for one financing source over another. He does not think there is a lack of options but agreed with Mr. Anderson that not everyone has the same opportunities to access financing. He suggested the Task Force could incorporate that point into its identification of best practices.

Mr. Anderson clarified he is asking if Section Two addresses the material things that drive affordability, like the nature of the municipality and who they serve. He finds understanding the nature of the borrower and how the Task Force might assist them to be important in how they improve the availability of funds.

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<sup>1</sup> [Developing a New Framework for Household Affordability and Financial Capability Assessment in the Water Sector](#) (AWWA/NACWA/WEF April 17, 2019)

Mr. Chapman responded the Task Force is not necessarily espousing the creation of a new tool, like those which the Water Finance Center already provide. While not certain that Mr. Anderson's point is included in Section Two, he agreed that the Task Force would in the very least reference it.

Mr. Rothstein noted Mr. Anderson's point is somewhat embedded in the financial capability assessment methodologies and in the Task Force's recommendations of new methodologies. The recommendations for new methodologies refer to capturing total water costs at the community level and the household level. Mr. Rothstein acknowledged the issues with different communities' accounting methods makes capturing total water costs more complicated in the case of stormwater, but the principle of consideration across all water resource costs is incorporated. Their recommendations also speak to the need to look at burdens not just at the median household income level, but the lowest quintile income level as well. With respect to the characterization of the credit quality of the individual community, Mr. Rothstein said there is reference to a variety of financial, credit quality indicators in the existing EPA 1997 guidance<sup>2</sup>. He noted those indicators could probably be improved upon. In the Section Two recommendations for new methodologies, the Task Force also calls for a cash-flow analysis as opposed to a matrix workbook to further reach the objective described by Mr. Anderson.

Ms. Beecher suggested that the Task Force acknowledge the implications of intergenerational equity, environmental justice, and affordability.

Ms. Throwe asked and received approval from the Board that Section Two is moving in the right direction.

### Section Three: Whether Current Sources of Funding are Sufficient

Mr. Henifin provided an overview of Section Three. The Section Three charge is to evaluate whether the current sources of funding are sufficient to support capital expenditures and long-term O&M costs. The Task Force looked through nine different assessments of the funding gap conducted over the last four years. Each had its own limitations, and all were focused on capital. Many existing studies, like those from the Water Environment Federation (WEF), focus on MS4 obligations. Depending on the assessment, there is a \$5-10 billion deficit in funding based on capital. Mr. Henifin noted when flooding is factored in, the deficit can increase significantly. The Task Force decided it would not be feasible to conduct their own national needs assessment on stormwater in six months. They agreed current sources of funding are insufficient and directed their attention to developing a set of recommendations. Their proposed recommendations are diverse. Some suggest policy and regulatory changes to reduce the cost of compliance. Others look to enhance existing federal programs.

### Discussion and Questions

Ms. Kim asked if the Task Force has considered the potential role of insurance.

Mr. Henifin said they have not.

*Chris Meister* agreed insurance is an important piece to consider, but he is not sure how the Task Force should proceed in prioritizing it within its long list of recommendations.

Mr. Anderson asked if the Task Force looked at the availability of funds compared to the different needs of Tier 1, Tier 2, and Tier 3 cities.

Mr. Henifin responded the Task Force does not specifically break down their recommendations by city size. He noted one of the recommendations discusses grants and education directed towards small and disadvantaged communities. Education, in the context of the recommendation, could include providing a circuit rider or pursuing the Task Force's common application idea for funding. He acknowledged the political will to raise rates is a big issue, as is the rate payer's willingness and ability to pay. He said the Task Force did not generally find there is a lack of capital available. Instead, the challenge is in making that capital accessible and helping communities reach a place where they are capable of paying it back.

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<sup>2</sup> [Combined Sewer Overflows – Guidance for Financial Capability Assessment and Schedule Development](#) (EPA Office of Wastewater Management, February 1997, EPA 832-B-97-004))

Ms. Beecher asked the Board to be cognizant of the environmental and public health implications of relaxing regulations. She also encouraged the Task Force to continue exploring how to make innovation, research, and development more accessible, potentially in an interdisciplinary, cross-sector way.

Mr. Crooks returned to the idea of reducing the need for funding, in particular by thinking about risk management for public utilities across the asset lifecycle. He said there are better ways to manage risk outside of funding capital expenditures and O&M. The Task Force may want to address design build or different delivery models that could help without reducing the needs or requirements for stormwater management.

Mr. Henifin agreed strong asset management programs play a significant role in setting a level of stormwater service that the community buys into. He said the Task Force discussed the possibility of modeling recommendations after methods in the transportation sector. There may also be ways to partner with transportation projects to assist with reducing the cost of asset management.

Ms. Downs thanked Ms. Kim for bringing up the issue of insurance. She finds the availability of insurance is something the Task Force should think of as a real need for certain communities, rather than a funding source.

Ms. Kim felt that a message of the Task Force report should be that 1) there is not enough capital and 2) there is a lack of access to what capital there is.

Mr. Henifin agreed the Task Force has found accessibility to be a huge challenge, but they have not determined the amount of capital to be inadequate. Ms. Kim said she is concerned with that language because if the Task Force tells legislatures there is enough capital, they will not appropriate the capital.

Mr. Henifin returned to Ms. Kim's question about insurance. He said the Task Force did have a lot of discussion on the community rating system (CRS). Communities in Florida are leveraging the CRS and the reduction in insurance costs is being put back into stormwater programs.

Mr. Meister responded to the concerns raised by Mr. Crooks. He shared an example from Task Force member *Carrie Evenson* from Norman, Oklahoma in which the local community voted down work to address a stormwater problem twice. However, the community was able to leverage funding from the Department of Transportation (DOT) to, accomplish multiple objectives (essentially, fund a stormwater project with a road on top of it). In response to Ms. Kim's concerns, he agreed the Task Force should be more specific on what it means by there being a lack of access to capital. He noted one of the great perspectives Ms. Kim has brought to the EFAB discussions is the difference between there not being enough capital and there not being enough capital at a certain rate of return with a certain degree of security.

Mr. Zimmer agreed there is a lot of money available at a certain rate for the right amount of risk. He noted how the impacts of flooding, or not managing stormwater properly, most affect those at low to moderate income levels who are less able to move out of frequently flooded areas. He said when discussing the availability of stormwater funding, the Task Force can very easily tie in social justice. In doing so, the Task Force report might receive more attention from legislators.

*Jim McGoff* suggested one way to distinguish between funding and finance could be to clarify that there may be sufficient financial capital but insufficient affordable financing options.

Ms. Kim seconded Mr. Meister that this issue is more than just affordability. It is also about matching the risk-adjusted returns. She said there is not enough capital to address stormwater needs because of the mismatch between who is bearing the risk and who is providing the capital. If the expectation is that private capital should provide most of the capital to finance stormwater projects, then there needs to be an appropriate reward for that amount of risk. She suggested one solution may be to transfer risk or have someone intervene and take on some of the risk to justify the return.

Mr. Anderson said the Board should be careful about presuming an outcome and stating whether there is or is not enough money. Instead, they should focus on how to improve the availability of funds. He agreed with previous comments that they can fund the stormwater problem through taxpayers if a community can make their projects politically appealing. The question is what is

affordable and what is acceptable? How can they change the paradigm of people expecting water for free? How can they present stormwater management as valuable?

Ms. Beecher suggested that the Task Force acknowledge the implications of a mix of funding and financial options. On the issue of risk, she noted that risk it can be shifted between taxpayers, ratepayers, or different levels of government. The government can assume risk, diversify it, or involve the insurance industry. She said these elements are related in that the type of capital resources impacts the cost of capital and the return on equity. There is a substantial premium paid for private capital, and with utilities there is a divergence of returns and the cost of capital. She noted that the introduction of private capital can also lead to the need for economic regulation to protect the ratepayer from monopolistic market power. The mix of funding and financing can bring up a number of institutional questions.

Ms. Throwe asked the Board if Section Three was moving in the right direction.

Ms. Downs said it would be with the addition of insurance in their discussion.

Ms. Kim reiterated her concerns about there being a statement that says there is no need for intervention in providing funds or appropriations.

Mr. Henifin assured Ms. Kim she would not see that kind of statement in the report.

Ms. Throwe thanked everyone for their input, and the Board recessed for lunch.

## Stormwater Financing Task Force - Proposed Recommendations

Ms. Throwe welcomed the Board back after lunch. She transitioned the conversation into a discussion on the Task Force's high-level recommendations. The Task Force extrapolated these high-level recommendations from the ones put forward by each section.

Mr. Henifin provided a summary of six recommendations. He noted they were developed over a tight timeline and have not yet been contextualized with the notes from the EPA listening sessions.

### Recommendation #1

The first recommendation addresses affordability and the importance of ensuring that stormwater costs are included in financial capability assessments. He noted Mr. Rothstein would be able to address this recommendation to greater specificity.

Mr. Rothstein said the changes being recommended for the financial capability assessment address several different factors. These factors include the use of a full distribution of income, the use of different financial indicators that address the credit worthiness of individual creditors, the concerns surrounding approaches to measuring household affordability, and the concerns surrounding the relevance of poverty. Mr. Rothstein said the Task Force wants to stress stormwater as being an important piece of that discourse.

Mr. Henifin explained EPA is currently considering changes to the financial capability assessment. The Task Force would be weighing in to encourage that discussion and recommend stormwater be a part of it.

### Recommendation #2

The next recommendation is a compilation of suggestions around education and the dissemination of information. Communities often are not aware of the full universe of funding and financing options that are available to them. The Task Force recommends putting together a more comprehensive package of the available funding and financing sources. Paired with this is the recommendation for a more active approach to delivering information to communities (e.g., roadshows by EPA or other partnering organizations). The Task Force also recommends the implementation of a common application to make it easier for communities to access funds.

### Recommendation #3

Task Force discussed the potential in modifying the program established under Section 319 of the Clean Water Act, the 319 Grant Program, to build capacity at the local level, especially with small communities. The Task Force recognized the appropriated funding for the 319 Grant Program varies considerably from year to year; prior to modifying the 319 Grant Program, its funds would need to



be stabilized. By building local capacity, people would know how to set up a stormwater utility, look for funds, manage risk, and determine the appropriate level of stormwater service. The Task Force also noted the need for grant money to support such capacity building.

#### Recommendation #4

Another Task Force recommendation is the establishment of a Stormwater SRF. While the Clean Water SRF allows for stormwater projects, the Task Force found different states handled stormwater prioritization differently. It is often difficult for stormwater projects to receive the same level of support. There is a need for greater guidance on how the SRF framework can be used to address stormwater needs. Mr. Henifin noted another solution, proposed by a public commenter, could be the creation of a OneWater SRF.

#### Recommendation #5

Mr. Henifin said perhaps the biggest reach of the Task Force's recommendations is the creation of a stormwater construction grant program to increase stormwater investment. He noted there are lessons to be learned from the previous construction grant program. For example, a new program would have to incentivize or require localities to demonstrate built financial capacity before they received their funds. The stormwater construction grant program could also incorporate elements of the federal highway model that is used by metropolitan planning organizations. Through that model, funds would be distributed to regions or watersheds who would then determine how to spend the money and which projects to prioritize.

#### Recommendation #6

Lastly, the Task Force recommends interagency coordination to seek multiple benefits from federal agency investments. Mr. Henifin said of particular relevance would be getting federal highway projects to consider work outside of the right-of-way. Similarly, when projects like aviation facilities are being built, there is potential for pieces of those projects also to provide stormwater benefits for localities.

#### Questions and Discussion

Ms. Throwe asked for input from the other section leads before opening the floor to questions from the Board.

Ms. Lemoine thanked Mr. Henifin for his comprehensive review. She added one other Task Force recommendation related to education is to develop a toolkit that would support communities in educating elected officials about the importance of and value in funding stormwater projects. With respect to the SRF recommendation, she also shared one public commenter's point that it can be incredibly complex to receive approval for a stormwater project if it involves flooding. The Task Force would want any proposed SRF to look at all aspects of stormwater.

Mr. Chapman said Mr. Henifin's review and Ms. Lemoine's comment adequately captured what the Task Force discussed.

Ms. Throwe asked if the EFAB members on the Task Force would like to add anything.

Ms. Downs reinforced the idea of a common application to address how municipalities are utilizing different types of available federal funding, including funding that is not through EPA.

Mr. Rothstein added there is a lot of momentum behind the notion of stormwater utility fees being among the best mechanisms to provide funding. However, they are subject to a great deal of legal challenge. If EPA could do so, reinforcing the idea that stormwater utility fees are not a form of disguised property taxes could go a long way towards developing a funding source.

Mr. Holland seconded Mr. Rothstein's comment. In addition to the technical assistance and rule clarity that needs to come from EPA, he said there also needs to be a way to incorporate Mr. Rothstein's point into the conversation as people develop their permit applications. He noted stormwater utilities are the most secure source of financing, and they provide ways to drive affordability that other sources like general funds do not. Anything the federal government can do to ease the pathway towards having stormwater utilities in all 50 states would be critically important in solving this problem. He also asked the board members who work with SRFs if there is any evidence that people cannot borrow through SRFs for stormwater projects if they have identified a stable revenue source by which to borrow against. He noted if one has a stable revenue source that can be leveraged for financing, then they are

likely to be able to convince their SRF administrator to fund a project. He asked if the inability of people to receive SRF funds is a function of them not having a stable enough revenue source or some other barrier.

Ms. Beecher noted there is little reason to withhold funding if one has a stable revenue source and many states fund stormwater projects with their Clean Water SRF.

Mr. Stannard found Mr. Henifin successfully captured the salient issues that the Task Force discussed. He supported Mr. Rothstein's comment about supporting the way in which communities, cities, and states frame stormwater utilities. He said providing more information and recognition at the federal level could assist them. He also noted one of the Task Force's challenges will be consolidating the 20 or so recommendations that they developed into a meaningful number that will achieve their objectives.

Mr. Meister thanked the other Task Force members for their comments yesterday and today. He reminded the Board of the importance of creating a direct and concrete executive summary with a set of clear recommendations. He advised they limit the number of their recommendations to two-to-five. He noted, as EPA cannot actively lobby Congress, this report is an extraordinary opportunity to help constructively inform policy. The Task Force should tailor their recommendations to the bandwidth and time limitations of the congressional staffers and policy makers with whom this report will be shared.

Ms. Throwe thanked Mr. Meister for his comment and said Mr. Chow would be walking the Board through the structure of the report later.

Ms. Throwe opened the discussion to questions from the Board.

Mr. Zimmer addressed Mr. Holland's question on SRF funding. From his perspective within an SRF financing agency, a state like New Jersey does not have the type of agriculture runoff that a state like Iowa has. He sees far less Nonpoint Source Management Projects under Section 319 in New Jersey compared to Construction of Publicly Owned Treatment works (Section 212) projects. He attributed this to the fact that executive directors of municipal or regional utility authorities are not paid to stop water from flooding basements. Their concerns have to do with maintaining permit compliance and keeping the system in working order. He said he could see Task Force recommendations on the regulatory side but asked the Task Force to understand the motives of the utility spending the money.

In response to Mr. Henifin's comments, Mr. Zimmer said he is fully committed to the idea of OneWater, rather than running a third water SRF program. He explained New Jersey does not currently have any stormwater utilities but is looking into creating some. Their recommendation has always been to give stormwater authority to existing water utilities, as they are already billing people and are knowledgeable on the issue. Doing so also reduces the internal costs of producing twice as many reports with twice as many people. He said if the Task Force recommendation is to put in a program specifically for stormwater, it should continue to run through the Clean Water SRF but with some portion of funds earmarked for Section 319 projects. He acknowledged there would need to be some flexibility in allowing states to use funds for clean water in years they do not have many Section 319 projects and vice versa.

Ms. Beecher added a caveat to the comments of Mr. Rothstein and Mr. Holland. She encouraged the Task Force to parse the difference between the structural and institutional character of a public utility from funding and financing. She does not want utilities to only be equated with user fees. She noted the definition of the utility under the Federal Highway Act emphasizes the service of the utility, rather than how it is funded. She appreciated Mr. Holland's point about the ability of a utility to provide revenue support. However, full-cost recovery and full-cost pricing are not the same thing. She asked the Task Force to stay open and neutral to other models that could achieve that goal.

Mr. Henifin clarified a point regarding the OneWater concept. The public commenter who suggested it had the idea of also including drinking water into a single SRF. He noted Mr. Zimmer is referring to OneWater in terms of clean water and stormwater coming together, rather than a OneWater SRF for all three water programs.

Mr. Zimmer responded he would love for that to be the case. He said the people who he reports to do not care about the distinction between clean water and drinking water within the SRF. They merge the two programs together when they report out to the state. However, he said it would be incredibly difficult to convince EPA to merge their clean water group with their drinking water group.

Mr. McGoff said the Clean Water SRF program currently allows for stormwater projects, and all states are given the permission to develop their own project priority list. He said if there was a request from EPA that told states to incorporate stormwater into their ranking systems, that could place the burden at the local level where it belongs. Each state could then determine what preference stormwater should receive.

Mr. Meister added the other element the Task Force considered with respect to the OneWater concept was flood water. He noted they may want to consider the pros and cons of including it within an SRF program.

Mr. Anderson observed the Task Force is building a lot of recommendations around public money and suggested they may want to consider encouraging a mix of public and private money. He also asked if there are ways to recruit other funding sources, like insurance companies. While he agreed with Mr. Meister that the Task Force does not want to list a litany of recommendations, he finds there may be others out there that could offer a significant impact.

Mr. Chow clarified the analysis of the report is about the funding gap. He said the Task Force recognizes there are avenues that increase the bandwidth and ability to complete stormwater projects. Those avenues are embedded in the Task Force's holistic recommendation list.

Mr. Chu commented on Mr. Zimmer's earlier point that EPA would not likely combine their clean water and drinking water groups. He noted EFAB has the opportunity to weigh in on that. If the Board determines that combining the two SRF programs is one way to help stormwater financing, then he believes they should make that recommendation. He noted there may be statutory reasons as to why EPA cannot do things, but the Board should still make those recommendations as a public advisory committee.

Ms. Downs noted the information gathered in the Section One database includes various funding sources, some of which are private. She said when the Task Force thinks about the database as a policymaking tool, they should also consider how government can help influence private investment. One recommendation from the public policy standpoint could be to establish credit incentives in the stormwater area. She said those programs are being implemented at the regional level and asked if they could be implemented at the federal level as well.

Mr. Rothstein said he is somewhat troubled by the focus on public funding for stormwater infrastructure, given how most property is owned by the private sector. He noted the market place is not there now for private property owners to invest in and install stormwater management features. He suggested a recommendation centered around studying how to monetize the benefits of stormwater management.

Mr. Holland responded his work is focused on how to incentivize private property investment in stormwater assets. He said he would be happy to spend time with the Board discussing the various incentive models that have worked in different places. He noted one of the areas that has been overlooked is the role of postconstruction stormwater ordinances that require the development and management of stormwater assets as a form of compliance. They are private assets that apply the same kind of polluter pays principle that underpins a lot of EPA's environmental regulations. He said, if implemented correctly, these approaches will stop the proliferation of impervious surfaces within the jurisdictional boundary of the policy. These ordinances allow the funds from a stormwater utility or other funding source to be focused on the existing impervious areas that are not getting developed. They also set the foundation for trading markets and other forms of incentive programs. Mr. Holland suggested the Task Force look at Washington D.C. and their stormwater retention credit trading market as an example. The city has implemented this kind of program by first creating a very stringent ordinance as a result of a requirement from the regulator during the permit renewal process. Once that ordinance came into place, the city created an offset market to avoid a price shock in the development market. Mr. Holland noted a city council can vote down an ordinance, but the political argument is that the federal government would be requiring it, smoothing the way at the local level to put in policies that create a revenue stream. He said the revenue stream itself is hard to quantify, as it is based on the development rate of that city and the investment that goes into the assets as a result of that development.

Mr. McGoff noted one example of a funding source that is available to all three water programs could be WIFIA. Following up on Mr. Holland's comment, he agreed it is regulation that motivates and incentivizes private landowners to address stormwater. In his experience with the Indiana SRF, they do not have enough federal funding in their programs right now. They are fully subscribed and

always have community projects that cannot be funded. Even if their funding was doubled, though, he said it would not change how communities come to their program. Communities would still ask for a grant first, then a low-interest loan, and then, eventually, would raise their rates. He said no one would go to a private financing mechanism without first trying to get free or cheap funding.

Mr. Zimmer said, in his experience, the private market responds much better to incentives. He noted Mr. Rothstein's comment segues into the topic of Opportunity Zones and how to incentivize private money to help finance infrastructure. He explained he would not want private capital involved in his infrastructure projects because of the returns on equity that they require. He noted infrastructure is generally one piece of an entire project, and the project is done faster and with more certainty if the infrastructure is financed with cheap federal or state funds. He said he is more interested in what is associated with the infrastructure, as there is a price to pay for getting access to cheap funds for the redeveloper.

Mr. Anderson said he finds Mr. Rothstein's comments very exciting. He stressed the Task Force is not limited in finding money from within EPA. They could consider federal tax credits, required ordinances, or other out-of-the-box ideas.

Mr. Meister said one idea that has not been brought up yet would be to apply private property assessed clean energy financing at the state level and then put out some form of policy statement. He also emphasized Mr. Zimmer's comment and said, through a bond issue, there is private capital money in properly leveraged SRFs.

Ms. Thrope thanked the Board for their lively conversation.

## Public Comment

Ms. Thrope announced it was time for public comment. The following members of the public provided oral comments to the Board:

*Kristin K'eit* introduced herself as the Environmental Finance Program Manager for the EFC at the Rural Community Assistance Corporation (RCAC) in EPA Region 10. She is also an Alaska employee for RCAC, bringing work back into the state with rural Alaskan communities. She thanked EFAB for its previous involvement with the Alaska Backhaul project and encouraged the Board to continue their work there. She informed the Board that there are Alaska experts to help understand the similarities in the issues faced by the state relative to other rural communities. She said stormwater issues also apply to Alaskan rural villages. Stormwater affects airports, runways, and navigable and unnavigable waters, which are impacted by the discharge from unlined landfills. Ms. K'eit thanked the Board for their time and said she is available should anyone have further questions.

*Brian Bohnsack* introduced himself as a member of the Wichita State University EFC, the EFC supporting EPA Region 7. Mr. Bohnsack said it is a privilege to attend the EFAB meeting. Mr. Bohnsack noted that he is a former DFO for a similar FACA group under the U.S. Fish and Wildlife Service and he understands the importance of EFAB and the work they are doing. He acknowledged that under current EPA policy EFCs are not permitted to serve on the Board but reminded members that the EFCs are still a potential resource for the Board. There is one EFC in each region. EFCs are mainly associated with universities and are used by EPA proactively on many of the same issues that the Board is discussing. Mr. Bohnsack noted there are four EFC representatives at the meeting today. They are often on the ground working with the constituents, trying to bring their voices forward to Board members. Mr. Bohnsack also shared that during his time at the U.S. Fish and Wildlife Service, a lot of their funding for fisheries came from the Highway Bill. He encouraged EFAB to look into the Highway Bill as a potential source of funding.

*Charles Job*, with the National Ground Water Association, thanked the Board for the opportunity to address them once more. He expressed his appreciation for the Board's discussions and efforts. Specifically, he complimented EFAB's work on addressing the stormwater needs of small communities, which he finds to be widely important. Mr. Job was struck, in hearing the Board's discussions, by the issue of affordability and one board member's comment about defining the facilities that may need to be financed upfront. Mr. Job said defining those facilities is important because individuals need to know the cost of the different sizes and kinds of facilities. Mr. Job also said the OneWater approach, ideally, should include groundwater. Small water systems are mainly groundwater systems. He has found the focus of much of the stormwater management discussion has been on volume of water to be handled, recognizing that it is for the benefit of reducing contaminant loads to streams. Mr. Job said if stormwater management focuses primarily on volume, there could be a transfer of stormwater contaminants to the subsurface. If stormwater infiltration facilities do not address water treatment, there are potential impacts to groundwater quality. Mr. Job continued, because of the slow progression of things in the ground, there is potential for intergenerational equity issues and environmental justice

issues. Mr. Job said infiltration options that address the quality of the stormwater infiltrating the ground may cost more and noted that the Underground Injection Control program does address placing water in the ground for quality reasons. He also recognized increasing local facility costs could affect affordability. He said it is not just access to funds, or where the sources of money are, but the cost of the project that affects affordability. Mr. Job stressed training, education, and toolkits for the public and for contractors are important to address these quality effects and the design, costs, and affordability of source water infiltration options.

Mr. Chu confirmed there were no other public commenters.

## Stormwater Financing Task Force - Proposed Recommendations (Continued)

Ms. Throwe returned to the previous EFAB discussion on recommendations from the Task Force.

Ms. Kim reiterated and supported the previous points made by Mr. Holland and Mr. Rothstein on the importance of incentivizing investment in stormwater infrastructure on private property. She said it is important to create value for these environmental ecosystems in the private market, and strong local ordinances are one way to accomplish that goal.

Mr. Henifin agreed this is an important discussion and suggested that the final report recommend a new charge to EFAB to dig further into the topic, as it requires more attention than the Task Force can provide in the next three weeks.

Ms. Downs agreed with Mr. Henifin's suggestion. In this report, the Board does touch upon the concept of credit trading markets and includes a case study of Washington D.C. Ms. Downs asked for the board members to let the Task Force know if they have an additional case study that may be worth including. She reiterated her agreement with many on the Board about a recommendation to Congress that explains how these types of financial tools are available as policy choices.

Mr. Rothstein clarified his point that the Board include a recommendation for a study or a charge to further discuss this complicated and particularly fruitful set of issues.

## Task Force Report Structure

Ms. Throwe asked Mr. Chow to review the structure of the report.

Mr. Chow acknowledged the report is going to receive a lot of attention. The Board also recognizes the importance of making sure it is presented and packaged in a manner that will create discussions. Mr. Chow said, even though EFAB makes the recommendations, there are many recommendations that will require additional detail work. The Task Force has talked about how to best structure the report. He asked if the three sections should be presented in the current order, or if they should consider arranging it differently. Mr. Chow also emphasized the importance of a one-page summary of key points that will resonate with those who read the report. Mr. Chow does not expect elected officials to digest the report word-for-word, but the one-pager will set the stage for the conversation that EFAB wants to encourage. Mr. Chow asked board members for feedback on how to best structure the report.

Ms. Kim emphasized the importance of the one-pager. During her time working in the Senate she learned that concise issue reports, such as those prepared by the Congressional Research Service (CRS), are extremely vital. Based on her experience, she recommended that the one-pager be easily digestible with clear, concise language and avoiding the use of jargon. Ms. Kim reminded the Board the audience is comprised of laymen who have to know a little about a lot of topics. As such, they will not necessarily know all the acronyms. As CRS reports tend to be 10-20 pages, Ms. Kim advised the Task Force to limit the length of the report. It should be something that a staffer could read in an hour.

Ms. Beecher seconded Ms. Kim's point. She also suggested the use of a summary table or diagram. She stressed the conclusions should be presented first, followed by an elaboration.

Ms. Kim agreed with Ms. Beecher about presenting the conclusions first.

Mr. Chu informed the Board that during the July 2019 in-person Task Force meeting, the workgroup discussed having Section Three in the beginning of the report. This organization would identify the gaps or the issues up front, then detail what the funding sources are and discuss issues like affordability.

Ms. Downs agreed with this approach. After the one-pager, she advised including a general overview of the problem, where the funding is coming from now, what is or is not affordable, and how people are leveraging what they can to make it more affordable.

Ms. Kim seconded Ms. Beecher's point that diagrams are crucial. They are often more memorable for a reader and can help capture what the Board is trying to say.

Mr. Crooks recommended turning complicated concepts into infographics. When infographics are executed well, they can be glanced at and passed around without need for extensive commentary.

Mr. McGoff asked what the Board should anticipate in addition to providing the written report, given this is the first report being produced at the request of Congress.

Ms. Tarquinio responded the language in AWIA requires that EPA set up the Task Force to conduct the study and develop recommendations and that the report to Congress describing the outcome of the study will come from EPA. She said if Congress does request more information or for a representative to testify about the findings of the Task Force, EPA will reach out first to the Task Force co-chairs. If a co-chair was available and interested, EPA would then have a staff member accompany them to provide additional support. She said EPA will have a roll out plan for the report and a set of communication materials going forward, so they are not continuously returning to the co-chairs for additional information. She noted those communication materials would be vetted before the report is released in April 2020.

Ms. Kim recommended the Board spend ample time thinking about the main message of the one-pager. She said the material that follows, while important and supportive, is ultimately just a research report. The final recommendations are the one thing they should make sure they come together as a group to stand behind.

Ms. Tarquinio confirmed that EPA will provide editorial support to the Board, via EFAB staff or a contractor, so the burden on members is minimized.

Ms. Throwe said the Task Force will need assistance from board members when crafting the core message or elevator pitch of the report and it will be very helpful in the future to receive feedback on that aspect of the report.

Ms. Throwe announced the Board would be taking a 15-minute break.

### Proposed Topic – Opportunity Zones

Mr. Chu addressed a couple of matters before transitioning into the next agenda item. He reminded the board members they are prohibited from lobbying on behalf of EFAB. He also commented on the policy referred to by Mr. Bohnsack during the public comment period. The policy was instituted in fall of 2017 and stated that people receiving grant funding from EPA could not participate as a member on an EPA advisory board. For EFAB, this policy affected two members. Mr. Chu emphasized that he, as well as previous DFO *Andrew Sawyers*, are tremendous supporters of the EFCs. Mr. Chu said he was assured over the weekend that EPA would continue to work closely with the EFCs, and he wanted to ensure that the board members heard from him as well that they would continue to do so. He said even though EFC representatives cannot serve on the Board, it does not mean the work they are doing is irrelevant or their assistance to the Board will not be leveraged. Mr. Chu hopes EFC representatives will be able to join as members of the public during EFAB's winter meeting as well.

Mr. Meister asked for confirmation that the current members on the Board who are involved in SRFs and funded by EPA capitalization grants are not restricted from serving EFAB due to this policy.

Mr. Chu responded, to his understanding, they are not restricted from serving based on a determination from EPA's Office of General Counsel.

Mr. Chu introduced *Helena Wooden-Aguilar* and *Andrew Wynne*, to discuss Opportunity Zones. Ms. Wooden-Aguilar has been with EPA for 15 years. She is a Pennsylvania native, who studied at Harvard University and Vermont Law School. She first came to EPA to work within a civil rights program. Mr. Chu commended Ms. Wooden-Aguilar for her deep care for the communities that EPA serves. He is grateful that she is now working in the EPA Office of Policy, supporting Administrator Andrew Wheeler. Mr. Chu informed the

Board that Opportunity Zones are a White House initiative; although the U.S. Department of Housing and Urban Development (HUD) has the lead EPA has a large role to play. When Mr. Chu told Ms. Wooden-Aguilar about EFAB, she was quick to commit to attending this meeting and starting a discussion about the topic. In Region 7, there is a significant and growing partnership between HUD and EPA to around the Opportunity Zone initiative. *Andrew Wynne*, also from Philadelphia, will share some of the Region 7 Opportunity Zone activities.

Ms. Wooden-Aguilar thanked Mr. Chu for the introduction and the invitation to discuss Opportunity Zones. She explained when the Opportunity Zone initiative came to EPA, they agreed partnering with HUD and others could help create real outcomes in the spirit of investment and community revitalization. Ms. Wooden-Aguilar said she was eager to hear that board members were already using these buzzwords at the meeting. She is specifically working on Opportunity Zones because of the excitement of EPA Administrator Andrew Wheeler about the initiative. She explained Mr. Wheeler is interested in how EPA can continue to work on efforts like brownfields, while incorporating advice from experts on the ground. Ms. Wooden-Aguilar said she would present a few high-level slides (Attachment E) and then open the conversation to any questions.

Ms. Wooden-Aguilar opened by defining Opportunity Zones as economically distressed areas designated by the states. There are 8,700 areas in the United States, both urban and rural, in which 35 million people live. Opportunity Zones are designed to provide incentives for long-term private sector investment. The executive order, signed December 12, 2018, established the White House Opportunity and Revitalization Council, which is chaired by HUD secretary Dr. Ben Carson. The Council aims to spur revitalization in distressed communities across the nation. More specifically, its objectives are to stimulate economic development, encourage entrepreneurship in communities, expand educational and workforce development opportunities, and promote safe neighborhoods. Mr. Wheeler is a member of the Council and EPA is a part of two of the workstreams pursuant to the executive order. The first workstream pertains to safe neighborhoods. More specifically, the EPA is looking at how investment in environmental protection will lead to safe and healthy communities. The second workstream is economic development. Ms. Wooden-Aguilar acknowledged that, from the EPA perspective, healthy communities are more attractive to investors.

Ms. Wooden-Aguilar then provided a few examples of the ways in which EPA is currently supporting community revitalization. EPA recently added Opportunity Zones as a part of their brownfield solicitation for grants. Ms. Wooden-Aguilar noted EPA also has a space for infrastructure investment through WIFIA and SRFs. EPA has spent a lot of time thinking about technical assistance as well. In the Office of Policy, EPA has an office that focuses specifically on community revitalization. They host technical assistance workshops and provide communities with training to help them best position themselves for potential investors. Ms. Wooden-Aguilar recognized many of these economically distressed communities are also environmental justice communities. EPA meets with communities across the country to try and educate them about what an Opportunity Zone is and what the executive order asks. Often, when she is talking to senior leadership who have been around for a while, she will present a graphic to them to help explain the distinction between the private investor, the fund, the Opportunity Zone, and the project. Ms. Wooden-Aguilar stressed each of those elements must be in play. When her team was in Aliquippa, Pennsylvania, they were able to speak with the mayor and the local community, explaining these elements of the Opportunity Zone initiative. With an investor and a representative from HUD in the room, she found the presentation became an organic conversation. Ms. Wooden-Aguilar then turned to her colleague to discuss Region 7's involvement with Opportunity Zones.

Mr. Wynne introduced himself and his work in Region 7 with the Brownfields and Land Revitalization Program. Mr. Wynne has familiarity working with Opportunity Zones in Region 3 as well. Mr. Wynne noted community-based work is not new to EPA or to Region 7, but Opportunity Zones are another tool that communities can use. Of the 8,700 Opportunity Zones across the country, the four states of Region 7 have 341 Opportunity Zones within 218 communities. At a national level, about 40% of Opportunity Zones are rural, 37-38% are urban, and 22% are suburban. In Region 7, about 55-60% of the Opportunity Zones are rural communities. Mr. Wynne said, as they try to engage with communities in Region 7, they are encountering a number of challenges. The first is a lack of reporting requirements. In the Tax Cuts and Jobs Act, there is no requirement for investors or funds to report where they are investing. Regionally, this makes it extremely difficult for communities and states to understand if projects are occurring, where they are occurring, and if they are occurring through the qualified opportunity fund. One of the greatest challenges that they are seeing regionally is that projects in rural communities do not offer as great a return on investment. Communities also have limited accessibility and connections to resources, and EPA resources are often competitive. For example, EPA received about 500

applications last year for brownfield grants, but only awarded 150. The timelines are also very different. Communities may be ready for support at a particular time, but EPA may not have access to a grant or assistance program to assist them at that time. Communities also struggle with having the capacity to market themselves to investors, impacting their ability to engage in the Opportunity Zone conversation. In Region 7, with 60% of the communities being rural, there may only be one or two people on the municipality staff with the time or appropriate skillset to pursue Opportunity Zone investment. Community prospectuses, which communities can pass out to investors and developers to indicate their willingness to engage, are time-intensive and difficult to develop. Smaller communities often struggle with being able to put together packages that can compete with larger communities.

Mr. Wynne then described what EPA is currently able to offer communities. EPA has great resource diversity, resource applicability, and a wide range of programmatic resources. EPA also offers convening and facilitation experience. In Region 7, EPA held a state workshop led by HUD and other partners in each of the four states as a way to explain Opportunity Zones and learn from communities about their challenges. Region 7 also has the capability to facilitate discussion through the technical assistance programs that Ms. Wooden-Aguilar described. Mr. Wynne stressed that he and his colleagues are trying to meet the communities where they are, understand their needs, and determine how they can apply their diverse set of resources. Additionally, Region 7 has a redevelopment navigation tool that helps bring together people from a variety of the Region 7 clean-up programs – Superfund, Brownfields, the Resource Conservation and Recovery Act (RCRA) – to offer a suite of resources to communities. Mr. Wynne and his colleagues want to ensure they have the knowledge of those resources as well to best leverage them within the agency. Lastly, EPA offers online data accessibility to resources. The EPA website for Opportunity Zones went live last week. In Region 7, they are trying to merge all the available resources into a database that is accessible for communities. Mr. Wynne asked EFAB, with so many Opportunity Zones and communities in Region 7 located in rural areas, if there are financial opportunities or market forces that communities can use to offset the challenges that he and his colleagues are seeing.

Ms. Wooden-Aguilar reiterated their intent and purpose for the meeting was to present Opportunity Zones at a very high level. She said EPA is in need of guidance and thoughtfulness around how to advance not only what EPA can and is currently doing, but also EPA's connections to communities, investors, and other government agencies participating through the White House Opportunity and Revitalization Council. The Council meets quarterly, and she and Mr. Wheeler meet with the Council's Executive Director Scott Turner.

Mr. Chu added the Opportunity Zone topic presents an opportunity for the Board to pilot its SOPs and charge development process. Mr. Chu said the Opportunity Zone presentation was a background primer to peak interest among the Board; if there is interest, the Board will want to work on how to transfer that into a specific charge. Mr. Chu asked Mr. Willis to facilitate the discussion around how the Board could engage on this issue after the board members ask their questions.

## Questions and Discussion

Ms. Kim introduced herself and noted her perspective as one of the few investors on the Board. She explained the most important aspect of this initiative is interviewing the people who are investing, rather than going out and marketing the initiative to communities. She explained investors want double-digit returns, which in this context would be an extreme expectation. There are national players who have built complicated GIS programs to find projects that have been in development for years and just need capital to move forward. Ms. Kim noted there are hundreds of billions of dollars chasing those projects, and those investors are not likely prospects for investing in Opportunity Zone projects. She advised EPA instead to find the targeted group of investors who are looking for social impact with a modest market return. She said EPA needs someone who is going to take the time to do project development. She noted there are patient people willing to do that work, and EPA should interview them to understand how to best cater to that group. She believes that if EPA is able to find the right group of investors, this initiative would be a great opportunity. She said she would also like the EFAB to get involved in one project and see it all the way through, even though doing so would take time and hard work.

Mr. Anderson said for the last 25 years he has bought these types of properties. He has already sold an opportunity site, currently owns one, and is looking at others. He agreed with Ms. Kim that Opportunity Zones were set up to recruit private investors. He explained that there are a large number of deals that get done that are not in Opportunity Zones because they hit a financial threshold for a certain group of investors. Mr. Anderson said he is not convinced of the staying power of the Opportunity Zone



program, as it will need the continued support and will of Congress. He suggested that the question for EFAB and EPA may be as follows: What is EPA going to do to attract money or an investment audience to less financially attractive neighborhoods? He emphasized that investors are EPA's desired audience, rather than communities. He explained that the first money in is what will make an unattractive financial site attractive. From there, the opportunity for investment can grow throughout the community. As private money likes certainty, he asked what EPA was going to do to increase certainty and reduce risk. He wondered if EPA could streamline processes or clarify regulations. He also noted that, in his experience, EPA-funded programs have not been particularly helpful and the Board will have to help determine how the agency can meaningfully participate. Mr. Anderson thanked Ms. Wooden-Aguilar and Mr. Wynne for their efforts and presentation.

Ms. Kim clarified when Mr. Anderson referred to first money, he was referring to below-market debt.

Mr. Chapman noted economic development is incredibly competitive and typically led by the states using significant financial incentives. He asked to what extent the Council is partnering with or involving the states.

Ms. Wooden-Aguilar responded, to her understanding, there is not a specific seat at the table for states. She noted that EPA works frequently with the Environmental Council of the States (ECOS) on a number of different topics. She noted ECOS is particularly interested in this topic, as governors are the ones who make some of the initial designations for Opportunity Zones.

Ms. Downs said she is greatly interested in the concept of Opportunity Zones. She noted that she was a part of a similar conversation at a Government Finance Officers Association (GFOA) meeting in the spring in which Los Angeles was actively and aggressively trying to market the Opportunity Zone initiative in some of their neighborhoods. She asked why it wouldn't be the states and/or localities who are working with the Council to market themselves, rather than the Council trying to market Opportunity Zones to developers.

Mr. Chu responded EPA and the federal government have taken incremental approaches to address this problem over time. He said EPA cares deeply about this initiative because a lot of the communities that have environmental health needs reside in Opportunity Zones. He noted there is an overlap between Opportunity Zones and issues like brownfields and environmental justice. He acknowledged, as Mr. Anderson did, there is still work to do, given that Opportunity Zones are a new tool.

Mr. Chu asked Mr. Willis if he could walk EFAB through the next step in the EFAB project selection process. Mr. Chu reiterated there is not currently a charge on the table, but he would like to gauge the interest of the board members. Mr. Chu said one of Mr. Willis' ideas as part of the Board's SOP development would be to engage on a new topic like Opportunity Zones and, if there is Board interest, have a couple of board members work with the potential client to develop a specific charge.

Mr. Willis said the SOP outlines the characteristics of a good opportunity, which include the following: the topic aligns with EFAB's objective to lower the cost of environmental protection; there is a client at EPA; there are one or two willing EFAB members who would work with the EPA client to draft the specific charge; there is a clear mode of interaction with EFAB; and there is some idea as to what the product of EFAB's engagement would look like. Mr. Willis asked the Board if this topic is a sufficiently interesting opportunity that should be developed into a charge, which EFAB would then choose to accept or not.

Mr. Holland responded he finds Opportunity Zones to be an incredibly interesting topic and one that has garnered a lot of interest in his world. He said he is on the investment side at The Nature Conservancy, and all their donors are asking about Opportunity Zones. He asked who the regulator of the funds is and how the funds are qualified to be Opportunity Zone funds.

Ms. Kim responded from her experience it was a self-selection process.

Mr. Holland asked if there is any mechanism for those funds to stay qualified relative to their activities. He also asked if EPA is prepared to bet on a single fund, even if it is able to facilitate a group of projects.

Mr. Chu agreed betting on a single fund would be the challenge.

Ms. Wooden-Aguilar responded, in terms of timing, the biggest return is in 2019. Following that, there is some return, but less.

Mr. Wynne added the key dates are December 31, 2019 and December 31, 2021, when the first two deferment periods lapse. He said the primary benefit in a lot of cases is the 10-year hold for any additional capital gains on the initial investment. He acknowledged EPA is running out of time for the end of 2019 and said the focus would be on 2021.

Ms. Wooden-Aguilar confirmed EPA is looking at 2021.

Mr. Zimmer noted, when reflecting on the purpose of EFAB, the charge has to be something in EPA's purview that the Board can give to the Administrator as an actionable recommendation. He feels the timeline is very short. He explained he is involved in his state's implementation of Opportunity Zones, and he is not clear on what kind of assistance EFAB could give to EPA.

Mr. Chu responded that Mr. Zimmer's question is what he would envision as the next step in this process. He suggested one path could be alter the point grading system for SRF grants based on whether there are Opportunity Zones in a region.

Mr. Zimmer said states, as much as they want to like Opportunity Zones, would likely have some pushback to Mr. Chu's suggestion about potentially modifying the SRF program or dictating to states how they should prioritize.

Mr. Anderson responded to Ms. Down's earlier point that EPA, as an agency, wants to support its governmental peers, both at the state and local level. He explained the larger question is about figuring out how they can help attract private investment. He said the board members should recognize the market is not likely to change and, as Mr. Holland pointed out, the economic development business is incredibly competitive. He said EFAB may not be able to change that, but they can try to simplify the business by, for example, reducing risk or costs to open more sites. He added he is not convinced that Opportunity Zones are the ultimate way to encourage private investment.

Ms. Kim clarified that when she referred to having EFAB get involved at the project level, she was not suggesting the Board select a project. Rather, she was thinking about selecting a potential client, like a small city or town, to understand their perspective and how they are navigating through the system. She said, when EFAB asks EPA about these questions, it is great to see things from the ground up. From there, Ms. Kim said there is potential to see what would be most beneficial for EPA to do.

Mr. Willis asked Mr. Chu if he is seeing an opportunity to explore the development of a charge around the topic of Opportunity Zones. If so, Mr. Willis asked if there would be volunteers from the board who would commit to a call or two with Ms. Wooden-Aguilar and Mr. Wynne to develop the charge language upon which EFAB would later base their decision to engage.

Ms. Throwe said, based on the discussion, she believes there is a reason to explore a charge.

Mr. Chu agreed and asked if Ms. Kim, Mr. Holland, Mr. Zimmer, and Mr. Anderson would work with EPA to explore if there is a potential charge within the topic.

Ms. Throwe said several people developing a charge could be difficult. She asked for Mr. Willis' input.

Mr. Willis agreed with Ms. Throwe. He suggested an initial brainstorm with the board members followed by one or two individuals writing the charge.

Mr. Chu noted an initial brainstorm would be beneficial to capture the different perspectives on this topic.

Ms. Kim, Mr. Holland, Mr. Zimmer and Mr. Anderson agreed to participate in a call with EPA about potentially developing a charge on the topic of Opportunity Zones.

Ms. Throwe said if, during the first call, the Board decides to pursue the topic, they could decide who would be the representative to work with Ms. Wooden-Aguilar and Mr. Wynne on the language of a charge. Ms. Throwe also welcomed feedback from other board members if they would like to join the call.

## Proposed Topic – Alaska Backhaul Project: Part 2

Mr. Chu transitioned to the next proposed topic. He acknowledged the work that EFAB did during Phase 1 of the Alaska Backhaul project and all that the Board learned both in terms of substance and process. He said *Gabriela Carvalho* will discuss where the project is now and what she hopes the Board can help her with during the winter EFAB meeting. He said while the Alaska Backhaul

issue presents some unique challenges, the Board can learn a number of broader lessons transferrable to other small and/or rural communities.

Ms. Throwe echoed the sentiments of Mr. Chu that the board members on Phase 1 of the project learned a tremendous amount. She thanked the co-chairs of the project, previous EFAB members *Heather Himmelberger* and *Hope Hewitt*, as well as the other board members who were a part of that process. Ms. Throwe said Ms. Carvalho is available to provide any support, background, and additional resources that the Board may need. Ms. Throwe commended Ms. Carvalho for thinking about ways in which EFAB can follow up on the work that has been done.

Mr. Willis said the question for the Board will be if they want to take on the work that Ms. Carvalho is describing. Mr. Willis explained Ms. Carvalho has formulated a charge, and EFAB will need to decide if they want to pursue it.

Ms. Carvalho thanked the Board for the opportunity to return. She described her work with EPA Region 10 in the Tribal Solid and Hazardous Waste Program. She explained she is here to refine the charge that she presented in April 2019 after receiving feedback that the Alaska Backhaul project is something EFAB may want to continue working on. Her goal, if the Board is amenable to it, is to spend a half-day during EFAB's February 2020 meeting discussing Alaska Backhaul further.

Ms. Carvalho provided a summary of the Alaska Backhaul project for those who were not familiar. About 180 Alaskan Native Villages have unlined landfills. These unlined landfills are not designed for hazardous waste disposal, yet communities continue to generate hazardous waste. They practice waste burning and have very limited capacity to manage their landfill sites. Ms. Carvalho said there are a lot of challenges associated with water pollution in Alaska and lack of implemented best management practices (BMPs). The BMP in this situation would be to package and ship the hazardous waste out to recycling/disposal facilities. The issue is that shipping is very expensive. Ms. Carvalho noted these communities have very low cash economies and very high shipping costs. As a result, the most efficient way to ship waste out is to capitalize on the delivery of cargo and the return back to port. Ms. Carvalho said the communities would take advantage of that cargo delivery process to backhaul waste. EPA has been working with a set of partners in Alaska to develop a coordinated backhaul waste program to provide a way for communities to transport their waste and dispose of it properly.

Ms. Carvalho said the project is in a three-year pilot phase, spanning 2018-2021. EPA is planning for the program to go live in 2021. The pilot phase of the project is being funded by government grants, and the hope is that the program will later reach a point at which it can sustain itself. Ms. Carvalho noted there are two separate pilot projects happening right now. EPA just finished Pilot 1, and the last shipments of waste are on barges that will arrive in the port of Seattle during the first week of December 2019. Ms. Carvalho said when the barges arrive, they will have pilot data on how much waste was shipped, what it cost to ship, and what the impacts were. Ms. Carvalho noted the timing of EFAB's winter meeting is good because EPA will have some of the data then to refine financial projections for the program. She framed the key question as the following: how will the Alaska Backhaul Program be financed over the long-term, and who is going to run it?

Ms. Carvalho then reviewed the impacts of Phase 1 of the project. Phase 1 was centered around collecting community feedback and support. It sought to identify the different financing and funding options for the program, as well as the ways in which EPA could involve outside entities to support it. Ms. Carvalho noted the EFAB report generated a large set of recommendations and highlighted three that are now being implemented with EPA's partners in Alaska.

She said one recommendation was to look at developing a cooperative governance structure and to consider whether the Backhaul Alaska Program should be run under a proper business model. Ms. Carvalho informed the Board they are working with the University of Alaska Anchorage Cooperative Development Center, who were able to incorporate consulting with the Alaska Backhaul Program into their United States Department of Agriculture (USDA) grant workplan. Together, they are engaging in an iterative process to work with a wide set of stakeholders in assessing whether a cooperative business model, and if so which model, might be a good fit for the program. Ms. Carvalho expects, by the EFAB winter meeting, they will have models for the Board to look at.

The second recommendation from EFAB was for the state to explore a type of extended producer responsibility program. Ms. Carvalho said these types of programs work by making producers responsible for the end of life of their products and are likened to electronics take-back programs. She informed the Board there is a group in Alaska that has, over the last year, convened a product

stewardship workgroup meeting with a wide range of recyclers, transporters, regional entities, and leaders in the state. These stakeholders developed a program framework for what a producer stewardship or producer responsibility program might look like. Ms. Carvalho said these types of programs generally require state legislation. If something like this were to pass in Alaska, she said it would be instrumental in financing the Alaska Backhaul Program.

Ms. Carvalho told the Board the cash flow projection model that EFAB developed is currently being refined with the pilot data that they are receiving. Lastly, she highlighted the Board's recommendation on developing community fee-based programs. She said they are working with two communities to pilot new or different fee program initiatives.

Ms. Carvalho thanked the Board for their work and reiterated how much it has helped the program advance. Beyond the report that EFAB provided, Ms. Carvalho also acknowledged several of the questions that she is thinking about from conversations with the EFAB workgroup and board members.

- Is this an example of classic market failure and what should be the role of the government in solving those problems?
- Should there be a deposit or refund system in which those purchasing the materials that the program is focusing on pay a deposit that gets refunded once the materials are disposed of appropriately?
- Should there be some sort of advanced disposal recycling fee associated with these products in the state?
- What could this project learn from the recent work of the Board on regionalization or consolidation in service delivery, and what are the models that might be applied in this case?
- What is the role for the state of Alaska in being the permitting authority with unique financing and funding programs, and what is the role of the federal government in having federal tribal trust responsibility?

Ms. Carvalho proposed for the Board's consideration a half-day facilitated session at the winter/spring 2020 EFAB meeting in which the members would address the following three areas as they relate to the Alaska Backhaul Program:

- **Financing Strategy:** Given the suite of financing and funding options available and to be developed, how should the Alaska Backhaul Program balance funding over a 10-year horizon? Ms. Carvalho noted that they would provide preparatory materials in advance, including refined finance projections from the pilot data, potential federal funding contributions, and the remaining gap in what is needed to finance the program.
- **Program Structure:** How should the Alaska Backhaul Program be organized and governed? What type of entity should administer the program? Preparatory materials would include options for governance and program administrators.
- **Role for Government:** What is the role that federal, state, and local governments should play to support the program's fiscal strength? Preparatory materials would include background material on the regulatory framework and federal tribal trust responsibility, as well as a map of local government jurisdictions.

Ms. Carvalho said the requested product of EFAB's engagement would be a meeting summary, rather than a full report.

## Questions and Discussion

Ms. Throwe thanked Ms. Carvalho for sharing how the work of the Board has impacted the ways in which the Alaska Backhaul Program is moving forward.

Ms. Downs echoed Ms. Throwe and said she really appreciated seeing Ms. Carvalho's feedback. Ms. Downs said she is excited by the prospect of a discussion that does not need to be followed by a second report. She asked if there are legal challenges in any governance options for the program and, if so, asked Ms. Carvalho to provide that information with the preparatory materials.

Ms. Carvalho confirmed she would do so.

Mr. Kaplan asked what feedback Ms. Carvalho has received from the state and University about their interest and involvement, in light of the current political climate in Alaska.

Ms. Carvalho responded their stakeholders at the University and from social programs across the state continue to be engaged. She acknowledged it is not the ideal time to be trying to create a new social program in Alaska; there are real political challenges and the preservation of the Alaska Permanent Fund is cited as causing 30% cuts in every social service area in the state. The current governor

of Alaska ran on the protection of that fund, and they are currently cutting things like school resources and area services. Ms. Carvalho noted some of the latest information on the Permanent Fund may have evolved since she last looked.

Mr. Chu said EFAB has not been clear with Ms. Carvalho about whether there is a market solution to this issue. He suggested it could be useful to Ms. Carvalho and the Alaska Backhaul Program if the Board reaches a conclusion about the relative role of socially responsible investors versus government funding. Mr. Chu asked the Board if the existence of a market solution is something that board members are thinking about with respect to this project. Mr. Chu also noted that Ms. Carvalho's approach (i.e., a consultation at a meeting) is intended to generate group discussion at the meeting, but not a formal EFAB report with recommendations that all board members have voted and agreed upon.

Mr. Rothstein said he would be happy to participate in Phase 2 of the Alaska Backhaul Program. He noted he would be interested in information on the cost structure of the waste haulers to see if there are some ways to address the problem through that avenue.

Ms. Beecher seconded Mr. Rothstein's comment. She said there are times to recognize the limitations of markets. She also stressed the importance of this work for its potential to be transferable and generalizable. This project is an opportunity for the Board to study something that is very challenging but also not necessarily unique. She described her experience writing a report on what to do with very poor, isolated water systems and the difficult choice of abandoning or subsidizing them. She acknowledged the desire to take the most efficient approach and that, in the future, market solutions might develop with changing technologies. She said, for the good of public health and the environment, however, something must be done now.

Mr. Anderson said it is rewarding to see recommendations being implemented so quickly. He noted Phase 2 of the Alaska Backhaul Program would in some ways be a unique experiment for EFAB, as the Board is moving into questions around implementation. Mr. Anderson said, in Alaska, there are groups of people in places where they can't afford to live; to some degree, that is the market. If these people could completely internalize their costs, and pay for a fee-based program, there would not be a problem. He suggested the Board come prepared to share ideas on how Ms. Carvalho and her colleagues could obtain necessary funding and convince people who do not necessarily share their values to come to a solution. He said it is one thing to say there is money available, but another thing to receive it.

Mr. Chu noted Mr. Anderson's comment applies to other rural communities as well. He said one perspective would be that people should not live where they do if they cannot afford it, but it is not realistic to fully abandon Alaskan villages or other rural areas. He reiterated that the board members, as experts in market mechanisms associated with financing environmental protection, can say that there may not be a market solution to this problem. He recognized if the Board does not agree on that, there will be a lot of misdirected energy trying to find solutions in an area where some may have decided there are none. He also said this project may be representative of others at EPA in that there will not always be a definitive market-based answer to the problem. He recommended the Board be very clear in their position, as it would help Ms. Carvalho and her team to go to the state legislature and relay that market experts think there are very limited options.

Ms. Throwe asked Mr. Willis to walk the group through the next steps in the process.

Mr. Willis reminded the Board of the last meeting in which they discussed how to best utilize the time of EFAB. He commended Ms. Carvalho's framing of the project and charge. He said the outcome of the conversation during the EFAB winter/spring meeting would help the Alaska Backhaul Program through providing real-time feedback but may also generate an idea for a supplementary charge that the Board would pursue themselves. He informed the Board, if members feel this is a valuable line of work, the SOPs call for Ms. Throwe and Mr. Chu to call for a motion to vote on the charge.

Mr. Chu said this request may not be a charge, but a proposal to set aside a half-day in the next EFAB meeting to discuss the topic. From that meeting, there may then be a specific charge that the Board would want to take up. He asked Ms. Carvalho if she is asking for a specific set of recommendation from the half-way discussion.

Ms. Carvalho responded she is looking for a discussion but would also take any specific recommendations that result from it. She said she would like for the process to result in a meeting summary that then would be reviewed and issued.

Mr. Chu confirmed there would be a ratification of the meeting summary.

Mr. Chapman made a motion to accept the Alaska Backhaul Phase 2 project as an agenda item for the next EFAB meeting.

Ms. Downs and Ms. Kim seconded Mr. Chapman's motion.

Mr. Holland asked if the half-day would involve the full board or a subset of the board.

Ms. Throwe responded the full board would participate. She noted that they would have to work out the logistics as to how the half-day would fit into the overall EFAB meeting.

Mr. Meister added it is important for EFAB to recognize how this specific project has more national and global implications with respect to small rural areas. He recognized it often does result in the dichotomy that Ms. Beecher presented of subsidizing or leaving, and he believes EFAB can play an important role in that discussion.

Ms. Throwe recognized the motion by Mr. Chapman and asked if any member of the Board was opposed to moving forward with the Alaska Backhaul half-day meeting.

Hearing no opposition, Ms. Throwe announced they would move forward with the Alaska Backhaul Phase 2 meeting. She said she would appreciate guidance from board members as to how to best structure that half-day. She also asked Ms. Carvalho to join the Board in providing input on how the half-day would look to ensure they use the time efficiently and effectively.

Ms. Throwe thanked the board members from their continuous participation and engagement throughout the first day of the EFAB meeting.

Mr. Chu echoed her thanks and adjourned the meeting at 5:00 pm.

## EFAB Meeting Day 2 – October 18, 2019

### Opening Remarks

Mr. Chu welcomed the Board to the second day of the fall EFAB meeting. He thanked those who have facilitated and contributed to its success. He thanked the EPA staff for their efforts in planning the meeting, Ms. Tarquinio for being a tremendous asset to the Task Force, and *Leo Gueriguian, Raffael Stein, and Andrew Sawyers* in the Office of Water for their support. Mr. Chu recognized Mr. Willis for his help in ensuring the EFAB meetings are run efficiently and effectively. Mr. Chu also noted they will encourage the EFC directors to attend the winter EFAB meeting. He thanked those EFC directors who were able to attend this meeting and offer public comment. Lastly, he expressed deep gratitude for the work and productivity of the board members thus far.

Ms. Thrope seconded Mr. Chu's remarks and asked Mr. Willis to begin reviewing the EFAB SOPs.

### Review of EFAB Standard Operating Procedures

Mr. Willis said Mr. Chu and Ms. Thrope took a manual approach to developing the SOPs. Over their tenure, Mr. Chu and Ms. Thrope want to document best practices of EFAB operations for future chairs and members. The current draft of the operating manual seeks to codify the types of work and engagement that are most productive for EFAB and the agency. It also details the time commitments for board members. The objective of the SOPs is to ensure that board members' time is used efficiently. Mr. Willis noted the operating manual is a working document, divided into two SOPs, that will continue to be revised as the Board shapes its processes.

The first SOP addresses charge development and acceptance. It defines appropriate EFAB work as that which fits the mission of EFAB, has an EPA client, aligns with board members' interest and expertise, and is likely to generate something actionable by EPA. The SOP also describes the process by which topics are identified and charges are developed.

The second SOP addresses recommendation development, concurrence, and transmittal. Mr. Willis explained the purpose of the SOP was to do two things.

1. The SOP establishes expectations and a description for how EFAB engages between meetings. That process of engagement has implications for both those participating in subgroups and the EFAB members expected to weigh in on the content of their work.
2. The SOP aims to lower the likelihood of a last-minute show stopper by calling for the quarterly engagement of the EFAB members.

Mr. Willis asked the board members to provide feedback to help EPA continue to improve EFAB meetings moving forward. Mr. Willis also proposed that the Board critique the SOPs as they experience them throughout the day.

### Questions and Discussion

Ms. Sanzone clarified that concurrence on workgroup products requires the Board to publicly deliberate and make a definitive decision as a chartered group on how to proceed with what the subgroups have developed. She explained the subgroups are not chartered under FACA and only the Board can determine what recommendations are transmitted to the agency. Board discussions of subgroup reports cannot be merely a rubberstamp of whatever is presented to them.

Mr. Meister asked Ms. Sanzone if she knew of a better word to use instead of concurrence.

Ms. Sanzone responded that, in her past work with advisory committees, they would normally describe it as an official public meeting wherein the committee is deliberating and disposing. She noted how disposition can include a lot of different alternatives. For example, the Board might deliberate and decide that the product of the subgroup is not ready or needs a set of changes. She said concurrence might be considered "final concurrence" after the deliberation, when the draft of the product reflects what the board members have agreed to in the public meeting. She reiterated the legal issue is that the Board cannot receive something from a subgroup and say, without deliberation, that it is ready to move forward.

Mr. Chu acknowledged the importance of Ms. Sanzone's point. He returned to Mr. Meister's question and asked if there is a better or more appropriate word.

Mr. Anderson asked for clarification about whether the second step in the SOP is an intermediate step in which the Board weighs in on a subject or the final step in which the Board determines final approval.

Mr. Willis clarified the second step in the SOP is analogous to what the Board did on October 16, 2019 with the Task Force. The whole Board will have the chance to substantively engage in the subgroup work prior to the release of the final recommendations. Mr. Willis also recognized the shortcomings of the word concurrence and said the written SOP is in the spirit of what Ms. Sanzone described.

Mr. Chu added in response to Mr. Anderson's question that the Board was not presented with enough details to make any kind of final decision about the Stormwater Task Force. He said that is why Ms. Throwe asked if the Board was comfortable with the direction in which the Task Force was heading, as they are not ready for an official vote. He noted the SOPs will need to be clear in recognizing the different stages the Board goes through in approaching a final decision. He suggested the second SOP refer to recommendation development, decision, and transmittal. The Board is making a decision based on all of the previous deliberations about which recommendations to transmit, if any.

Mr. Meister suggested using final action to describe the ending phase of the SOP. He also said, in the Illinois general assembly, they use the descriptors of first reading, second reading, and third reading. He agreed with Ms. Sanzone's point and noted it is important to use very brief, bold, and active words in the SOPs to avoid misunderstanding.

Ms. Beecher said she found the language that Ms. Throwe used to ask if the Task Force is going in the right direction to be very helpful. With respect to the SOPs, she wondered if the term nonconcurrence would be a more active alternative.

Mr. Willis said the instructions in the final action section of the SOP refer to concurrence, concurrence with comment, and nonconcurrence.

Mr. Anderson summarized what he has heard from others. He said there is an important intermediate step that everyone on the Board agrees is useful, and that intermediate step must be called something that indicates it is not a final action. The step that does indicate final action then needs to be described with a better, more active word.

Mr. Willis said he will work with Ms. Throwe and Mr. Chu to find a word that may be more appropriate than concurrence.

Mr. Chu noted, as EFAB is a public committee, all workgroup products will be posted online with disclaimers on what phase of the project they are from. There will be a set of public records that will be in parallel with the SOPs.

Ms. Downs asked for Mr. Willis to confirm that, within the process, there would be a first reading among the workgroup, then the Board would have the chance to deliberate, and then the Board would move to final action.

Mr. Willis said Ms. Downs was correct. He suggested rewording Step 2 of the SOP to reflect the pre-decision first reading of the Task Force draft that the Board did yesterday. He said Step 3 would then be reflective of the Board's final deliberation before voting.

Mr. Crooks inquired about Step 4 of the SOP in which EFAB can request a briefing. He said some board members would find it helpful to hear how their recommendations are being received and the impacts they are having. He acknowledged how gratifying it was for the Board to hear about the ways in which the Alaska Backhaul Program has moved forward with their recommendations. He asked if it would make sense to incorporate a similar process into the SOPs to inform and educate EFAB's process.

Mr. Chu agreed and said he had found it odd, when he joined the Board, that there was not a formal response process. He said EPA should respond in one way or another to what the Board has recommended. He shared, in the last three meetings, he has not had anyone come to him and discuss the implementation of recommendations outside of Gabriella Carvalho with the Alaska Backhaul Program. Mr. Chu committed, as DFO, to implementing some kind of formalized response process. He told the Board they would receive a letter response from EPA thanking them for their recommendations. He acknowledged the Board would rather receive feedback on their recommendations and on where EFAB could provide additional support.



Mr. Crooks suggested the response process should be obligatory, not optional.

Mr. Chu responded EFAB can ask, but there is no way to require a response process. He reiterated he considers it his responsibility to try and make the response process happen every time.

Ms. Throwe said, over her years in EFAB, EPA will usually come back with a response on a report by the next meeting. She noted Ms. Carvalho's response yesterday far exceeded any response that EFAB has been given after one of their projects. She also said the difference with the Alaska Backhaul project was that EPA was actively engaged from the beginning through the charge. EPA had someone who was on the calls and someone who was helping to bring other expert guidance to EFAB. Ms. Throwe acknowledged there may be a lesson moving forward that, if EFAB does not receive full commitment by EPA on the work, the Board may be putting in a lot of effort towards something that proves less useful.

Mr. Stannard agreed with Ms. Throwe. He said one of the values he sees in receiving feedback is its ability to inform areas of future work, where the Board can refine elements of what was included in their original recommendations. He asked if the Board could carve out time to receive a briefing on their key, recent reports and whatever progress has been made on the implementation of their recommendations.

Ms. Kim asked about how this response system would fit in with the work that she and Mr. Holland produced, as it was less of a recommendation and more of a tool.

Mr. Chu said the reason he and Ms. Throwe started to develop SOPs was to ensure that the charges developed fit the Board's criteria of leading to actionable and relevant products. Mr. Chu noted the Board is likely to find many opportunities for further engagement in reviewing their previous charges, as some issues cannot be resolved after one report. Mr. Chu asked Ms. Kim to consider what she and Mr. Holland would evaluate as an effective outcome of their work. He could not say now how the Board and EPA should be reengaging with respect to past projects.

Ms. Kim said her work with Mr. Holland included more of an underlying recommendation to consider using outside capital. She recognized they may have needed to be more explicit in presenting their recommendation or consideration.

Mr. Weiss reiterated Mr. Stannard's comments. He said he finds it important to have some feedback on a set of recommendations or, if there are no recommendations, feedback on the steps taken by EPA that describe how the information was or will be used.

Ms. Throwe said the results of the EFAB charges could also look very different, like the tool that Ms. Kim and Mr. Holland developed or the half-day workshop for Phase 2 of the Alaska Backhaul project. She noted EFAB must be open to what the need of the client is, and that need will not always be a traditional, long report.

Mr. Willis moved forward with the discussion and invited board members to share their ideas about new work for EFAB. He said the SOP calls for members to spend a few moments before each meeting to document and frame their thoughts around the following five questions:

1. What kind of work are you proposing?
2. What is the problem or question?
3. How does it fit the mission of EFAB?
4. Is there an EPA client, and would it produce something actionable?
5. What would EFAB engagement look like?

Mr. Willis asked the board members to present their ideas with the five questions in mind. He explained members will have up to five minutes to describe their idea. The Board will then discuss the idea, and if there is interest, members will have the opportunity to call for a motion to develop a charge. If the motion is seconded and passes, the chair will ask for a volunteer to begin writing a draft charge.

## EFAB Member-Driven Topics: Ideas for New EFAB Work

### Idea #1: Water Affordability

Mr. Rothstein proposed an idea related to the issue of affordability. Though there are some efforts around financial capability and household affordability metrics, he said there is still confusion about what people mean by affordability. He suggested affordability needs to deal more fundamentally with issues of poverty and the ability to afford water services. Additionally, there remains a lack of clarity around solutions that could be both viable for a utility's financial stability and address the fundamental issues of water affordability. Mr. Rothstein recognized EFAB would have to narrow in on the specifics of the problem. Because there are several EPA policy measures that directly relate to and impact water affordability, like incentive reinforcement and determinations about drinking water regulations, he believes there is an opportunity for EFAB to provide guidance. The Board may consider things like whether there should be shut-off moratoriums, which are pushed a lot in a number of communities, or whether there should be circumstances in which utilities are required to adopt rate designs that address water affordability, despite compromising their own fiscal health.

Ms. Throwe noted she was looking to see if any EFAB reports in the past addressed issues of water affordability.

Mr. Chu said EFAB has, at this point, produced over one-hundred reports. There is a library of the EFAB work that has been compiled. He suggested part of the SOPs may be to determine whether the Board is starting a new project or building off previous work.

Mr. Henifin responded to Mr. Rothstein that he thinks it is a great idea. He noted, even if there was a previous report, the nation would not be wrestling with this issue if someone had landed on it correctly. He said whatever EFAB did before could likely be built upon.

Mr. Chow added, from a utility perspective, whatever work that was done previously is likely to be outdated. He said the value of water is now much more focused. Some sort of framework or guidelines around how utilities operate at a local level would be very helpful, rather than each utility setting their own, individual standard for their locality.

Mr. Chu noted EFAB produced recommendations in 2016 addressing household affordability challenges in the water sector.<sup>3</sup> He said that report could serve as a foundation for the Board's future work on the issue.

### Idea #2: Wastewater Sanitation in Rural Communities

*Carl Thompson* acknowledged, as he is new to the Board, his proposal may be somewhat off base. He said he came from another conference in which he learned about the *Flushed and Forgotten*<sup>4</sup> report published this summer. The report presents the problems around the sanitation of wastewater in rural communities in states across the country. Mr. Thompson said there is a request related to this issue in Section 4107 of AWIA. A report is due from the EPA Administrator two years after the 2018 passing of the legislation. He is unsure what the involvement of EFAB could be on this issue but felt there might be a set of financial approaches they could explore.

Mr. Chu thanked Mr. Thompson for introducing himself and explained to the Board that Mr. Thompson was unable to make the last couple of meetings. Mr. Chu asked Mr. Thompson to officially introduce himself.

Mr. Thompson said he works for a company called Infiltrator Water Technologies that makes plastic parts mostly used for decentralized wastewater and stormwater filtration applications. Mr. Thompson is also President of the National Onsite Wastewater and Recycling Association (NOWRA), an industry group of over 5,000 members. He recently came from a NOWRA conference where the issue of wastewater sanitation was discussed.

Mr. Chu thanked Mr. Thompson and welcomed him to EFAB.

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<sup>3</sup> [EFAB Report: Household Affordability Challenges in the Water Sector](#) (February 26, 2016)

<sup>4</sup> [Flushed and Forgotten: Sanitation and Wastewater in Rural Communities in the United States](#) (Alabama Center for Rural Enterprise, the Columbia Law School Human Rights Clinic, and the Institute for the Study of Human Rights at Columbia University, May 2019)

Ms. Downs noted EFAB developed a report one or two years ago on decentralized sanitation. She asked if there would be an opportunity to follow up with EPA on their work to understand if it was useful and if it could be built upon or used for further areas of inquiry.

Mr. Chu recognized ideas for EFAB work will recirculate not only because there are new board members, but also because those issues continue to exist. Mr. Chu asked Mr. Willis to note the ideas that require EPA follow-up. Mr. Chu also said the Board may need to explore whether what EPA is doing with their previous products is adequate.

Ms. Downs stressed the Board crystallize what they mean by producing something that is actionable by EPA. She said what it means to be actionable by EPA may be different from what it means to be actionable by others.

Ms. Throwe said there was also a potentially relevant report from EFAB from 1991, so the Board will have to look at old reports to see what issues are new and where a problem still exists.

### Idea #3: Review of Recent EFAB Work and EPA Responses

Mr. Rothstein pointed out that the Board is two for two in proposing ideas that have been previously addressed in some capacity. He wondered if there is a charge for having EFAB review their library and determine what is or is not useful, what studies should be regenerated, and where the Board could return to issues in which EPA was not able to make an impact. He acknowledged EFAB has generated a lot of material but is worried that material is now gathering dust.

Mr. Chu agreed following through on projects would be valuable both to keep track of what issues have been addressed and to understand the impacts of EFAB's work. He said there was an EFAB report that provided a compendium of all the actions and impacts of the Board from 2001-2010.<sup>5</sup> There has not been a review of EPA responses since then. Mr. Chu asked board members to look at the compendium report on the EFAB website and let him know if it is in line with what they would like to see. He also committed, as DFO, to assess the impacts of the Board's recommendations as soon as possible.

Mr. Rothstein said the Board should not be too harsh about reviewing the impacts of their previous recommendations. He noted the landscape itself is changing, and what was current three or four years ago, at least with water affordability, has since changed considerably.

Ms. Throwe said, when the Board was working on recommendations for the Task Force report, there were a lot of ideas thrown out that they would not have been able to address in six weeks. Ms. Throwe asked the section leads if there was something mentioned during that discussion that the Board could consider as a separate charge.

Mr. Chu responded that reviewing previous EFAB work is important in the context of determining the product the Board would want to produce. For example, if there was a lot of work done on affordability in 2016, the Board may want to offer a set of recommendations building on that, as opposed to another report. Mr. Chu also emphasized Ms. Throwe's previous comment that the products do not always have to be reports that require six months or a year to develop, particularly if there is already a foundation of information.

### Idea #4: Pinpointing the "Why" of EFAB

Mr. Anderson thanked the Board for their discussion on SOPs and acknowledged the power of their efforts to determine how they want to function. In his time with the Board, Mr. Anderson said he has seen it start to find its footing and purpose. He said, while they have discussed the "how" of EFAB, they have not explored the "why." He acknowledged there is an explanation of the why in the charter, but the board members do not attend meetings because of the charter. He asked the board members to think about why they are here to do this work, about the kind of difference they want to make, and then figure out how to codify that. He suggested setting up a separate discussion or charge around these questions.

Ms. Downs thanked Mr. Anderson for his comment. She added, as the Board asks itself the question of why, they must also be honest that EPA is more than water; there is a wide range of relevant questions related to the larger environmental world.

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<sup>5</sup> [Providing Advice and Recommendations to EPA: A Compendium of Reports 2001-2010](#) (EPA 190-S-11-004, October 2011)

Mr. Willis proposed Mr. Chu and Ms. Throwe take on the question of “why” raised by Mr. Anderson and determine how to best engage the Board on it in the future.

#### Idea #5: Recruiting Private Funds for Brownfields/Opportunity Zones

Mr. Anderson reminded the Board of the topic they discussed yesterday with Ms. Wooden-Aguilar about the recruitment of private funds for brownfields. He noted he, Mr. Holland, Ms. Kim, and Mr. Zimmer had already agreed to joining an initial call.

Mr. Holland asked the Board if, per their previous conversation on the use of Opportunity Zones, they would want to narrow the scope of the work.

Mr. Anderson responded he also thought the EPA was looking to focus on Opportunity Zones specifically. He said he thinks Opportunity Zones are the trend of the moment, and to offer recommendations that have an enduring effect, the Board will need to broaden the conversation.

Mr. Holland asked if that means the Board would be looking at recommendations around tax credit strategies to drive private funds.

Mr. Anderson said he thinks the Board should look into that topic, particularly given how many states are doing so.

Mr. Zimmer commented he does not think the Board should be limited to tax incentives. He suggested the charge include everything the federal and state government can do to incentivize private sector investors.

Mr. Kaplan agreed with Mr. Zimmer and added there is also an SRF role in development projects. He noted, for many states, tax increment financing is not a viable vehicle for implementing development projects. He suggested clarifying the ability of the SRFs to provide that type of financing, given EPA’s recognition of economic development as an important part of helping communities.

Mr. Willis said the Board will want to include in its conversation with EPA their priority to develop enduring recommendations. He noted the Board would then be able to identify other mechanisms they could discuss with EPA as they scope the draft charge.

Ms. Downs agreed with Mr. Willis about listing the types of mechanisms that are available. She stressed the importance of determining what EFAB would be asking EPA to do and noted the differences between providing a best practices document and asking the federal government to amend something. She also suggested the Board look across all the agencies participating in the Opportunity and Revitalization Council when determining ways to make it easier to source private investment. She said this project could be a good example of how to bring multiple groups together to help communities.

Ms. Kim said there have been a lot of studies and reports on the topic of brownfields. She suggested the Board take the angle of the developer’s perspective. In doing so, the Board may be able to better identify roadblocks. She noted the Board should also be very descriptive and deliberative in articulating the possible financial remedies and tools that are out there.

Mr. Meister responded to Ms. Kim’s concern by suggesting they model the structure of the project off what Mr. Weiss and *Lisa Daniel* did in their previous EFAB work on public private partnerships. He added he is often struck by the recurring message from Ms. Kim, Mr. Anderson, and Mr. Holland that expectations of private capital are generally nonnegotiable. He suggested the Board could be a voice for every level of government about what the expectations are around transparency, predictability, and accountability. He said the public sector cannot hear those words enough, especially since there are not enough public resources to solve these problems.

Mr. Crooks wondered if the transatlantic development work that first drew Ms. Kim and him into EFAB would be an appropriate model for the brownfield discussion. He said the Board could gather a group of developers, investors, lawyers, and so forth to talk about what it takes to make a brownfield redevelopment project work and what would attract capital. The Board would then hear directly from the industry and the market and could synthesize their feedback into a set of findings.

Mr. Chu seconded Mr. Crooks’ idea. He noted it is perfectly within the scope of EFAB to have experts come in and discuss issues with the Board. Mr. Chu also addressed Ms. Downs’ point that the Opportunity Zone initiative extends beyond EPA. Ms. Wooden-Aguilar talked about EPA being a part of the Council led by HUD. He said, in this case, what EPA could do may involve a conversation with

the federal government about its role within the context of what the other agencies and departments are doing. It may be the case that Ms. Wooden-Aguilar is looking for help with interactions within the federal family.

Ms. Thrope asked for a reminder of who was going to join the initial call with Ms. Wooden-Aguilar about the Opportunity Zone project.

Mr. Chu responded Mr. Anderson, Ms. Kim, Mr. Holland, and Mr. Zimmer had volunteered.

Mr. Crooks volunteered to join the call as well, if they would like further input.

#### Idea #6: Rural Community Environmental Service Resiliency

Mr. Stannard proposed the topic of rural community environmental service resiliency. He said, living in Kansas his entire life, he has seen a lot of focus on urbanization. However, aging infrastructure and the quality of the environmental services provided, as well as the impact both have on reducing quality of life over the long term, have resulted in young people leaving rural communities. He noted part of what the Opportunity Zones can accomplish is fostering young people to stay in those communities and maintain their culture and quality of life. He asked if there are things EPA can do to help facilitate rural community environmental service resiliency beyond reducing regulation. If so, he wondered if there would be a role for EFAB to work with a client in EPA, like Region 7, who might have interest given their number of rural communities.

Mr. Anderson responded he finds the topic interesting and noted that it will be a matter of framing it. The Board has been asked many times about how to deal with a typically rural situation where, for various reasons, people cannot afford the services they historically had or cannot replace their infrastructure. He suggested this may be an example of producing a set of best practices, given how the Board continues to be asked about this topic. He recognized the problem is not going away, and he was not certain that the Board had done anything to provide relatively definitive answers.

Ms. Kim reflected on how Mr. Stannard's idea relates to Ms. Beecher's earlier dichotomy of abandon or subsidize. She said it is difficult in that dichotomy to create any kind of decision criteria to determine how to proceed. She is worried about what the solution would be if a community has a declining population, no economic base, nothing in the future, and there is another community right next door.

Mr. Stannard said the challenge is there are not just a few communities in this position. He recognized how this issue relates to challenges with affordability and Opportunity Zones. He asked if there are things that can be done to help facilitate the resiliency of these communities, so they are not caught in a downward spiral of declining services such that people are forced to move into higher density areas. He acknowledged the difficulty of the question and wondered if EFAB is a body that could synthesize some of these issues from the environmental perspective.

Mr. Meister said there is an opportunity to have discussions on distributed energy and distributed water quality strategies and technologies. He agreed with the concept of "subsidize or abandon" but noted it is not the place or authority of the Board to tell people in a free country what to do. He wondered if EFAB's contribution could be the development of strategies that do not presume the type of large-scale public infrastructure that has become standard. He views this issue as a subset of a much larger national problem. With the knowledge and diversity of backgrounds on the Board, they may be able to suggest something useful to EPA.

Mr. Stannard thanked Mr. Meister for his comment. He added the Board's regionalization work from last year may suggest some potential solutions, as it pulls from the operational and governance level. He said there are compelling examples in Florida and Illinois of rural electric cooperative frameworks constructed a long time ago to ensure electrification of rural areas. There are lessons to be learned from those frameworks that could then be applied in today's environments.

Ms. Downs agreed with Mr. Stannard. She noted if the Board is going to pursue this topic, they will have to think about all the things that protect quality of life and enable people to stay in their communities. She said, from an environmental standpoint, that would include ensuring the community does not become a dumping ground for new waste. It would also include the provision of sustainable, reliable electricity.

*Lori Beary* said she would be happy to contribute to this topic and that there may be a significant role for alternative technology. In her state of Iowa, they struggle with getting new technology approved. She believes this technology could be made more affordable. She also said regionalization works on the clean water side but often not on the wastewater side. She added the matter is of interest to Congress because they continue to require SRFs to provide more and more forgivable loans to small communities.

Ms. Beecher said there is interesting research going on in the energy sector around islanded electricity systems. Some communities are transitioning to being leaders in terms of the development of microgrids and alternative technologies.

Mr. Chu noted that EPA programs often have to consider how to address the needs of both small and large systems or communities. The Board itself has discussed the distinction within the context of Opportunity Zones and the Alaska Backhaul Program. He suggested a first step may be to convene an expert panel to talk about how EPA deals with small communities, small scale issues, and federal regulations. He suggested that the Board frame the discussion not as a rural issue but as a scale issue, in which market mechanisms could potentially be implemented. He reminded the board members that their objective is not just to look at market mechanisms but to lower the cost of environmental protection. The initial fact-finding by the Board may be the first step to grapple with the concept of scale and how it affects not just small communities in rural areas, but also disadvantaged communities in urban areas. He said there is a host of activity in every program at EPA about this topic, so it may be worthwhile to hear how they are dealing with it and how the Board could be of help.

Ms. Kim said the EFCs and former EFAB member Ms. Himmelberger have consulted to small communities about this topic, and there may be a catalogue of their work.

Mr. Chu noted that the work of the EFCs is an example of EPA's ongoing efforts to address this topic. To determine if the Board should or could engage in this work, he suggested they first invite EPA experts to share the constraints they are facing.

Mr. Zimmer commented he has been considering this conversation from an expenses and revenue perspective. The Board could focus on the expenses side and find ways for small systems to become as efficient and optimal as possible. Ways to become efficient may include bringing in new technologies or garnering support from local communities. The cost of those efforts would then play into the decision to abandon or subsidize. The Board could also choose to focus on the revenue side and consider this a rate issue. To address the rate issue, the community may have to bring in more business or incentivize economic development. Mr. Zimmer said he is wary of how this topic could quickly lead down an overwhelming number of paths. He recommended the Board find a way to limit the charge if they choose to move forward with it.

### **Idea #7: Stormwater Credit Trading**

Mr. Holland presented the topic of stormwater credit trading. The problem the Board would try to answer relates to how a lot of state and regional regulators are now requiring post-construction stormwater ordinances as part of National Pollutant Discharge Elimination System (NPDES) permit renewals. Mr. Holland noted the program in Washington D.C. is one of the best examples, though Chattanooga, Tennessee also has a trading program. In Washington D.C., they worked with their regulator, EPA Region 3, to build a credit trading program into their permit renewal process. Mr. Holland said there are a few ways for this example to be replicated across the country, and there are a series of best practices for how regulators can interact with their permittees to explore issues within the permit writing process. The mission for EFAB would be to determine if there is a financial value to communities in these programs and whether integrating post-construction stormwater ordinances into a regulatory process is a benefit to them. Mr. Holland said EPA's role could be to provide regulatory guidance to permit writers on this issue and give them the tools, data, and information that they need to engage with communities. EFAB's engagement would be to develop a set of best practices. He noted he is personally very active in the Washington D.C. market and knows the people who are administering it. The Board could host an expert panel to understand their process from start to finish and figure out ways to document and communicate it out to the broader EPA community. The Board could also look at what has happened since the Washington D.C. market has come into play and consider the lessons learned around how policy and regulation interact alongside an actual market mechanism. He recognized there are a lot of different ways that the Board could pursue this topic, and he said he is open to other members' suggested approaches.

Ms. Kim asked if part of the charge would be to present best practices related to environmental markets in general, like that of carbon-trading.

Mr. Holland responded there is already a lot of information out there on environmental markets broadly and how they relate to stormwater credit trading. He explained he is not thinking about this topic as a question of whether environmental markets can solve an environmental challenge. Rather, he is interested in what the process was for permit writing and what the political considerations were on the local policy side that enabled Washington D.C. to implement a program that serves two masters. He said one piece of the program depends on writing good local policy that enables economic development and results in positive environmental outcomes. The other piece depends on regulation that ensures, in this case, an MS4-compliant effect within the context of a market.

Ms. Downs added, from a policy standpoint, they would want to consider the potential motivations for and unintended consequences of such a program.

Mr. Henifin said he is strongly in favor of Mr. Holland's idea. He noted the project would tie into a previous question raised within the Task Force about how to bring in private capital and monetize the investment into stormwater management. He agreed the Washington D.C. program would be a good place to start, as they seem to be having some success with private capital investment. He also recognized there are nuances in how the program in Washington D.C. can translate to a real estate market that is less popular or desirable.

Ms. Downs commented the Board should not lose track of environmental justice within this discussion. There may be implications for environmental gentrification, and the report would likely speak to a broader audience.

Mr. Holland said the basis for these markets is the postconstruction stormwater ordinance paired with some sort of alternative compliance language that allows for offsite compliance. He asked if there have been any documents or reports that provide technical guidance on alternative compliance language within ordinances.

Ms. Thrope responded she does not remember there being any such reports.

#### Idea #8: Risk and the Cost of Capital

Ms. Beecher proposed EFAB explore the topic of risk. She noted, for an environmental finance group, there has been surprisingly little work done on the topic outside of a report on lead risk. She suggested EFAB consider risk and the cost of capital, debt, and equity capital structures as they relate to the poverty and affordability, population migration, and climate change. She said the credit markets, insurance markets, and other regulators are already recognizing these forces as changing risk. She added the Board could also look holistically at water, wastewater, stormwater, and flood risk to understand how they combine to affect communities and the cost of capital. She said she is not sure about who the EPA client would be, but the topic of changing risk is very pertinent.

Mr. Holland said it would be useful to have some sort of research around how insurance companies and rating agencies view federal regulation on environmental issues relative to how they insure and rate communities.

Ms. Beecher responded there is an increasing amount of research available on that topic.

Mr. Holland suggested a slight amendment to Ms. Beecher's idea to look at how regulation and the execution of regulation at the local level affects the pricing for debt and insurance products. He noted it would be very valuable to begin quantifying that information.

Ms. Beecher responded they should look not only at insurance products, but credit products across the spectrum as well, both public and private. She noted there are specific metric formulas used to begin quantifying information.

Mr. Anderson said he thinks this would be a good topic for EFAB and suggested refining it slightly to ensure they are all referring to risk in the same way. He noted, in the United States, people throw around risk without understanding it. He defined risk as probability times consequences priced in dollars over the sum of a series of events. In the environmental world, however, he said

risk is defined differently than in the financial world, where it is expressed as an interest rate or capitalization rate. He stressed the importance of giving clarity to the environmental world about how financial risk works.

Mr. Weiss agreed with Mr. Anderson's comment. He is invested in seeing increasing focus on the topic of risk in terms of diligence, disclosure, and the ratings that are incorporated into criteria for utility scorecards. He also noted he recently participated in discussions on the risks around water supply pricing, its use as a litigation tool, and what role, if any, EPA could play in that process.

Mr. Crooks seconded Mr. Anderson's point that the Board should focus the topic further. He said, while he too likes the idea, he is not sure who the EPA audience would be and what the EFAB product would look like. He noted if the Board is going to invest time and effort into this topic, they should ensure there are actionable outcomes that can impact how things are done.

Mr. Chu responded the EPA client would depend on the type of risk the Board wants to consider. He said there would not necessarily be an audience if the Board is talking about capital market risk or interest rates. There are people in EPA who have been looking at risk, carbon pricing issues, and so forth that would be very specific to what the agency does.

Ms. Kim said one way to find an EPA client would be to specify the media. For example, the Board could look at stormwater and how its pricing could impact insurance.

Ms. Beecher agreed with Ms. Kim and acknowledged there is likely more than one viable topic related to risk. She also wondered about the SRFs and those who are concerned about the cost of financing. She noted this discussion raises another interesting question about EFAB's role in providing educational resources that states and communities can then use to initiate their own conversations. She suggested defining EFAB's work in terms of an educational purpose could give the Board a fair amount of latitude for all of the proposed topics.

Mr. Anderson emphasized Ms. Beecher's comment about EFAB's educational role. He wondered how the Board could bring new ideas and thoughts not only to EPA but also to regulated communities and stakeholders.

Mr. Chu added one of the challenges for EPA is that they are connected with older, existing statutes and at the national level. Those who work in water, for example, work exclusively on water issues. It is at the regional, state, and community level that they see issues converging within a location. Mr. Chu reminded the Board that national policies are set by statute, regulation, and environmental media. He asked board members to consider the constraints when talking about certain agency issues or impacts. He also noted almost all of EPA's programs are delegated, and there has been a lot of discussion around how EPA at the federal government level interacts with those delegated programs. He said, with ideas like Mr. Holland's, the question will become whether there is something that EPA should or could do as opposed to the state.

Ms. Throwe thanked the Board for their productive conversation on new work topics and reiterated how important it was to her and Mr. Chu to have the board members inform that aspect of the EFAB process. She said the Board may not be able to take on all the ideas voiced today, but the ideas will be recorded in the meeting notes for future reference. She proposed the Board take a break and next review which ideas rise to the top.

The Board took for a 15-minute break.

## Discussion of EFAB Member-Driven Topics

Mr. Willis announced the Board would now discuss next steps for the eight proposed ideas.

**Water Affordability:** Mr. Willis began with the topic of water affordability. He explained Ms. Throwe and Mr. Chu thought it would be appropriate to have a volunteer write a one-page document that frames the problem, EPA client, and potential for EFAB involvement. Mr. Willis noted with this topic there was a previous EFAB report that the Board would want to reference. He asked if a board member would be interested in developing the one-pager.

**Mr. Rothstein** volunteered to help write the document and asked if anyone would be interested in working with him. Mr. Henifin volunteered to assist Mr. Rothstein.



Mr. Chu recognized EFAB will have to prioritize its workload. He recommended, by the EFAB meeting in February 2020, the Board commit to developing one-page documents on a handful of the proposed topics. If there is a possibility to start a discussion on a topic before the next meeting, they could do so. He said they would send the board members some form of a timeline, but the one-pagers would not need to be completed earlier than the end of the year.

Mr. Willis said the SOP calls for the board members to receive materials one month before an EFAB meeting, so they can review the information to be discussed. For the next meeting, the materials will include the Stormwater Task Force report.

**Wastewater Sanitation in Rural Communities/Regionalization:** Mr. Willis proceeded to address the regionalization topic proposed by Mr. Thompson. He asked if Mr. Thompson would be interested in developing a one-page document for EFAB to review.

Mr. Thompson agreed to writing a one-pager.

Mr. Chu noted he would speak separately with Mr. Rothstein and Mr. Thompson to ensure they are provided any previous EFAB reports that are of relevance to their respective topics.

**Review of Recent EFAB Work and EPA Responses:** Mr. Willis moved on to the topic of conducting a review of previous EFAB work. He informed the Board that Mr. Chu will be pursuing this endeavor. He also said, during the break, *Sonia Brubaker* from EPA emailed the board members the compendium report that covers EFAB recommendations and EPA responses from 2001-2010. Mr. Willis asked the Board to provide Mr. Chu feedback about whether something akin to the compendium report would be useful in documenting EFAB work since 2011.

**Recruiting Private Funds for Brownfields/Opportunity Zones:** Mr. Willis addressed the fourth proposed topic about the use of private funds for brownfields, which would be incorporated into Ms. Wooden-Aguilar's presentation on Opportunity Zones. Mr. Willis noted the Board has already identified the individuals who would be participating in the first phone call.

Mr. Zimmer asked who would be setting up the phone call.

Mr. Chu said he and his staff would coordinate the call. Ms. Wooden-Aguilar had previously asked for Region 7's assistance as well, so he will be personally involved.

**Pinpointing the "Why" of EFAB:** Mr. Willis said Ms. Throwe, Mr. Chu, and Mr. Anderson would be discussing the question of EFAB's "why" and determining how to best bring that topic back to the Board.

**Rural Community Environmental Service Resiliency:** Mr. Willis moved on to the proposed topic of rural community environmental service resiliency and the suggestion to have a panel of EPA experts at a future meeting to discuss access points for EFAB in addressing issues of scale. Mr. Willis noted this topic may be well-timed with Phase 2 of the Alaska Backhaul project, as the Alaska Backhaul Program is grappling with some of these same problems.

Mr. Anderson asked if Mr. Willis could further explain what a panel would entail.

Mr. Willis responded the panel would be a group of people coming to talk to EFAB about how issues of scale play out in their programs. EFAB would then have a conversation about whether there is a place for them to engage.

Mr. Anderson clarified it would be a form of issue framing.

Mr. Willis confirmed Mr. Anderson's comment and explained the panel would be helpful given the history and expansiveness the issue.

**Stormwater Credit Trading:** Mr. Willis proceeded to address the proposed topic of stormwater credit trading. He said Mr. Chu and Ms. Throwe thought that Mr. Holland could also put together a one-page document on the issue for subsequent discussion with the Board.

Mr. Holland agreed and asked if Mr. Henifin would support him in writing the one-pager to provide the view point of a local community. Mr. Henifin agreed to assist Mr. Holland.

**Risk and Cost of Capital:** Mr. Willis continued with the final proposed topic on risk and the cost of capital. He asked if Ms. Beecher would be interested in writing a one-page document on the issue and if there were others on the Board who would be willing to provide support. Ms. Beecher agreed to write a one-pager. Mr. Weiss and Mr. Crooks volunteered to support the one-pager development.

Mr. Crooks asked if the board members would receive a summary of action items soon to ensure they do not lose track of who is providing support to each topic.

Mr. Chow responded they would try to provide that as soon as possible. He noted, in the past, they have sent out a meeting summary.

## Public Comment

Mr. Chu transitioned to the public comment section of the agenda. He invited the first member of the public to come forward.

Mr. Job complimented the Board on their discussions this morning and offered a topic for their consideration. Mr. Job suggested a project related to the costs and financing options for small-scale water quality treatment and wastewater treatment technology for a range of small community sizes. Mr. Job thanked the Board for their time.

Mr. Chu thanked Mr. Job and asked the next public commenter to introduce themselves.

Ms. K'ait thanked the Board for the opportunity to attend the EFAB meeting. She is with RCAC and is the Program Director for the Region 10 EFC. She expressed how much she enjoyed watching the board members deliberate and draw upon their respective experiences and knowledge. She acknowledged federal and local government is often not able to invest the time or money to produce the kinds of innovative solutions that the Board has discussed. Ms. K'ait said the EFC Program Directors would be meeting next week to review what those attending the EFAB meeting have heard and observed. She also shared she is an Alaska native, a lifelong Alaska resident, and has been working on environmental issues for the last 20 years, particularly in rural and tribal communities. She said the issues presented regarding the Alaska Backhaul project have long been challenges for local communities. She also said the dichotomy of abandon or subsidize is not really a true choice for those who have lived in a place for hundreds of years. She stressed it is not just about a location, but also about a culture, a way of life, and the ancestry attached to a place. She thanked the Board for their work on the Alaska Backhaul project and their interest in volunteering their time and expertise.

Ms. Throwe thanked Ms. K'ait for her comment and asked on behalf of the Board that she send her EFC colleagues their best.

Mr. Chu asked the final public commenter to come forward.

*Bob Dunlevy* introduced himself and expressed that he has enjoyed listening to the Board over the past couple of days. Mr. Dunlevy works under the Drinking Water Program at EPA Region 7 and is the Capacity Development Regional Coordinator of Region 7. He wanted to offer his view on rural communities. He said he regularly hears from his states that, in many cases, they do not know whether certain rural communities are going to be around in the next 10, 20, or 30 years because of their declining populations. He explained these communities cannot pay for operators or regular maintenance, and the boards and councils often change month to month; it becomes difficult to manage a water system in that culture. Mr. Dunlevy referred to information he has seen from Wichita State University showing that roughly 90% of the communities in Region 7 with less than 10,000 people were declining in population. He also noted some information he has read attributes the exacerbation of population declines to the recession. Mr. Dunlevy wants to understand how one works with declining populations, especially in these regional communities. He shared he is particularly interested in the role that asset management could play. While he supports regionalization, he wonders about the implications of spending, for example, \$1 million on water infrastructure that would stretch miles to reach a community that soon may not be there.

Ms. Throwe thanked Mr. Dunlevy for his comments and dedication to public service and the mission of EPA.

Ms. Throwe commended the board members for their engagement over the last few days and thanked them for all their guidance. She said they would be hearing from her and Mr. Chu soon about some of the issues related to the Stormwater Task Force and the other items that came out of the meeting.

Mr. Chu told the Board they would try to expedite their action items and meeting summary as quickly as possible. He wished everyone safe travels home and adjourned the meeting at 11:35 am.

## Attachments

Attachment A. EFAB Roster, October 2019

Attachment B. Federal Register Notice Announcing the Meeting (84 FR 46522, September 4, 2019)

Attachment C. Meeting Agenda, EFAB October 17-18, 2019

Attachment D. Stormwater Infrastructure Finance Workgroup Overview (Presentation Slides)

Attachment E. Opportunity Zones: Presentation to EFAB by Helena Wooden-Aguilar, October 17, 2019 (Presentation Slides)

**U.S. ENVIRONMENTAL PROTECTION AGENCY**  
**ENVIRONMENTAL FINANCIAL ADVISORY BOARD**

**Joanne Throwe, Chair**  
**Ed Chu, Designated Federal Officer**

**MEMBERS (October 2019)**

<b>NAME</b>	<b>AFFILIATION</b>	<b>REPRESENTED GROUP</b>
<b>Joanne Throwe, EFAB Chairperson</b>	President, Throwe Environmental LLC, Bristol, RI	State/Local Government
<b>Brent Anderson</b>	Chief Executive Officer, RESIGHT, Littleton, CO	Business – Industry
<b>Lori Beary</b>	Community Development Director, Iowa Finance Authority, Des Moines, IA	State/Local Government
<b>Janice Beecher</b>	Director, Institute of Public Utilities, Michigan State University, East Lansing, MI	Academic Expert (Special Gov't Employee)
<b>Ted Chapman</b>	Senior Director, U.S. Public Finance Department, S&P Global Ratings, Dallas, TX	Business - Financial Services
<b>Rudy Chow</b>	Director, Department of Public Works, City of Baltimore, Baltimore, MD	State/Local Government
<b>Ed Crooks</b>	Founder and Principal, Greystone Infrastructure Advisors, Great Falls, VA	Business – Industry
<b>Lisa Daniel</b>	Managing Director, Public Financial Management, Memphis, TN	Business - Financial Services
<b>Marie Roberts De La Parra</b>	Chief Executive Officer, BMB Construction Properties, Alameda, CA	Business – Industry
<b>Yvette Downs</b>	Chief Financial Officer, Sewerage & Water Board of New Orleans, New Orleans, LA	State/Local Government
<b>Ted Henifin</b>	General Manager, Hampton Roads Sanitation District, Virginia Beach, VA	State/Local Government

<b>Craig Holland</b>	Senior Director, The Nature Conservancy, Arlington, VA	Environmental/Non-governmental Organization
<b>Dan Kaplan</b>	Financial Services Administrator, King County Department of Natural Resources and Parks, Seattle, WA	State/Local Government
<b>Suzanne Kim</b>	Founder/Managing Partner, Motivate Capital, Tiburon, CA	Business – Industry
<b>Pam Lemoine</b>	Principal Consultant, Black & Veatch Management Consulting, LLC, Chesterfield, MO	Business – Industry
<b>Jim McGoff</b>	Chief Operating Officer & Director of Environmental Programs, Indiana Finance Authority, Indianapolis, IN	State/Local Government
<b>Chris Meister</b>	Executive Director, Illinois Finance Authority, Chicago, IL	State/Local Government
<b>Tony Parrott</b>	Executive Director, Metropolitan Sewer District of Louisville, Louisville, KY	State/Local Government
<b>Eric Rothstein</b>	Principal, Galardi Rothstein Group, Chicago, IL	Business - Financial Services
<b>Angie Sanchez</b>	Vice President/Principal, FCS Group, Redmond, WA	Business - Financial Services
<b>Bill Stannard</b>	Chairman of the Board, RAFTELIS, Kansas City, MO	Business - Financial Services
<b>Carl Thompson</b>	Vice President, Sales and Marketing, Infiltrator Water Technologies, Old Saybrook, CT	Business – Industry
<b>Richard Weiss</b>	Executive Director, Morgan Stanley, New York, NY	Business - Financial Services
<b>David Zimmer</b>	Executive Director, New Jersey Infrastructure Bank, Lawrenceville, NJ	State/Local Government

*B. How can I get copies of this document and other related information?*

The docket for this action, identified by docket identification (ID) number EPA-HQ-OPP-2009-0879, is available at <http://www.regulations.gov> or at the Office of Pesticide Programs Regulatory Public Docket (OPP Docket) in the Environmental Protection Agency Docket Center (EPA/DC), West William Jefferson Clinton Bldg., Rm. 3334, 1301 Constitution Ave. NW, Washington, DC 20460-0001. The Public Reading Room is open from 8:30 a.m. to 4:30 p.m., Monday through Friday, excluding legal holidays. The telephone number for the Public Reading Room is (202) 566-1744, and the telephone number for the OPP Docket is (703) 305-5805. Please review the visitor instructions and additional information about the docket available at <http://www.epa.gov/dockets>.

**II. Background**

On a biannual interval, an EMPM is held for presentation and discussion of current issues related to modeling pesticide fate, transport, and exposure for risk assessment in a regulatory context. Meeting dates and abstract requests are announced through the “empmlist” forum on the LYRIS list server at [https://lists.epa.gov/read/all\\_forums/](https://lists.epa.gov/read/all_forums/).

**III. How can I request to participate in this meeting?**

You may submit a request to participate in this meeting to the person listed under **FOR FURTHER INFORMATION CONTACT** by the deadline identified in the **DATES** section. Do not submit any information in your request that is considered CBI.

**IV. Tentative Theme for the Meeting**

The 2019 Fall EMPM will provide a forum for presentations on incorporation of pesticide usage data into environmental exposure and ecological risk assessments. Potential topics include sources of usage data (relating to the actual application of pesticides, in terms of the quantity applied or units treated), spatial applications of usage data, model parameterization, extrapolation of available usage data to fill gaps, and temporal variability of usage. Updates on ongoing topics will also be provided.

**Authority:** 7 U.S.C. 136 *et seq.*

Dated: August 22, 2019.

**Marietta Echeverria,**

*Director, Environmental Fate and Effects Division, Office of Pesticide Programs.*

[FR Doc. 2019-19067 Filed 9-3-19; 8:45 am]

**BILLING CODE 6560-50-P**

**ENVIRONMENTAL PROTECTION AGENCY**

[FRL 9999-10-OW]

**Open Meeting of the Environmental Financial Advisory Board**

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Notice of open meeting.

**SUMMARY:** The Environmental Protection Agency’s (EPA) Environmental Financial Advisory Board (EFAB) will hold a public meeting on October 16–18, 2019 in the Kansas City, Missouri metropolitan area. The EFAB is an EPA advisory committee chartered under the Federal Advisory Committee Act to provide advice and recommendations to EPA on creative approaches to funding environmental programs, projects, and activities.

The purpose of this meeting is to discuss recommendations from EFAB work products; to discuss changes to the EFAB’s process of selecting new topics and developing recommendations; and to discuss stormwater funding and financing. The meeting is open to the public; however, seating is limited. All members of the public who wish to attend the meeting must register in advance, no later than Monday, September 30, 2019 at <https://epaefaboctober2019.eventbrite.com>.

**DATES:** A workgroup of the board, the Stormwater Infrastructure Taskforce/Workgroup will meet on Wednesday, October 16, 2019 from 9 a.m.–5 p.m. The full board meeting will be held Thursday, October 17, 2019 from 9 a.m.–5 p.m. and Friday, October 18, 2019 from 9 a.m.–12 p.m.

**ADDRESSES:** The Fontaine—A Kansas City Hotel, 901 W. 48th Place, Kansas City, MO 64112.

**FOR FURTHER INFORMATION CONTACT:** For information on access or services for individuals with disabilities, or to request accommodations for a disability, please contact Tara Johnson at (202) 564-6186 or [johnson.tara@epa.gov](mailto:johnson.tara@epa.gov) at least 10 business days prior to the meeting to allow as much time as possible to process your request.

Dated: August 21, 2019.

**Andrew Sawyers,**

*Director, Office of Wastewater Management, Office of Water.*

[FR Doc. 2019-19093 Filed 9-3-19; 8:45 am]

**BILLING CODE 6560-50-P**

**FEDERAL COMMUNICATIONS COMMISSION**

[OMB 3060-1227]

**Information Collection Being Reviewed by the Federal Communications Commission Under Delegated Authority**

**AGENCY:** Federal Communications Commission.

**ACTION:** Notice and request for comments.

**SUMMARY:** As part of its continuing effort to reduce paperwork burdens, and as required by the Paperwork Reduction Act (PRA) of 1995, the Federal Communications Commission (FCC or Commission) invites the general public and other Federal agencies to take this opportunity to comment on the following information collections. Comments are requested concerning: Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; the accuracy of the Commission’s burden estimate; ways to enhance the quality, utility, and clarity of the information collected; ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology; and ways to further reduce the information collection burden on small business concerns with fewer than 25 employees.

The FCC may not conduct or sponsor a collection of information unless it displays a currently valid OMB control number. No person shall be subject to any penalty for failing to comply with a collection of information subject to the PRA that does not display a valid OMB control number.

**DATES:** Written PRA comments should be submitted on or before November 4, 2019. If you anticipate that you will be submitting comments but find it difficult to do so within the period of time allowed by this notice, you should advise the contact listed below as soon as possible.

**ADDRESSES:** Direct all PRA comments to Cathy Williams, FCC, via email [PRA@fcc.gov](mailto:PRA@fcc.gov) and to [Cathy.Williams@fcc.gov](mailto:Cathy.Williams@fcc.gov).

**FOR FURTHER INFORMATION CONTACT:** For additional information about the information collection, contact Cathy Williams at (202) 418-2918.

**SUPPLEMENTARY INFORMATION:**

*OMB Control Number:* 3060-1227.

*Title:* Sections 80.233, Technical requirements for Automatic

# Environmental Financial Advisory Board

October 17-18, 2019  
THE FONTAINE HOTEL  
901 W. 48th Place, Kansas City, MO 64112  
Room: McCoy Ballroom

## October 17, 2019

9:00 am **WELCOME AND AGENDA REVIEW**

- Ed Chu, EFAB Designated Federal Officer
- Joanne Throwe, EFAB Chair

9:10 am **KEYNOTE AND DISCUSSION**

- Jim Gulliford, Regional Administrator for EPA's Region 7

9:30 am **STORMWATER FINANCING TASK FORCE WORKGROUP**

- Joanne Throwe and Rudy Chow, Co-chairs
- Ellen Tarquinio, EPA's Water Infrastructure and Resiliency Finance Center

Overview of Charge and Timeline

Summary of Section One: *Identify how funding for stormwater infrastructure from such sources has been made available, and utilized, in each state to address stormwater infrastructure needs*

10:30 am **BREAK**

10:45 am **STORMWATER FINANCING TASK FORCE WORKGROUP (continued)**

- Joanne Throwe and Rudy Chow, Co-chairs
- Ellen Tarquinio, EPA's Water Infrastructure and Resiliency Finance Center

Summary of Section Two: *Identify how the source of funding affects the affordability of the infrastructure*

Summary of Section Three: *Evaluate whether such sources of funding are sufficient to support capital expenditures and long-term operation and maintenance costs*

12:00 pm **LUNCH ON YOUR OWN**

1:30 pm **STORMWATER FINANCING TASK FORCE/WORKGROUP (continued)**

- Joanne Throwe and Rudy Chow, Co-chairs
- Ellen Tarquinio, EPA's Water Infrastructure and Resiliency Finance Center

Summary of Section Three (continued)

Discussion of Potential Draft Recommendations

2:30 pm **PUBLIC COMMENT**

3:00 pm **BREAK**



- 
- 3:15 pm **STORMWATER FINANCING TASK FORCE/WORKGROUP (continued)**
- Joanne Throwe and Rudy Chow, Co-chairs
  - Ellen Tarquinio, EPA's Water Infrastructure and Resiliency Finance Center
- Summary of Discussion and Anticipated Next Steps
- 
- 3:30 pm **PROPOSED TOPIC – OPPORTUNITY ZONES**
- Helena Wooden-Aguilar, Acting Deputy Associate Administrator for EPA's Office of Policy
- 
- 4:00 pm **PROPOSED TOPIC – ALASKA BACKHAUL: PART 2**
- Gabriela Carvalho, Tribal Coordinator in the Tribal Solid and Hazardous Waste Program for EPA's Region 10
- 
- 4:30 pm **SUMMARY OF DAY ONE**
- Ed Chu, EFAB Designated Federal Officer
  - Joanne Throwe, EFAB Chair
- 
- 5:00 pm **ADJOURN**
- 

## October 18, 2019

- 9:00 am **OPENING REMARKS**
- Ed Chu, EFAB Designated Federal Officer
  - Joanne Throwe, EFAB Chair
- 
- 9:15 am **REVIEW AND DISCUSSION OF EFAB STANDARD OPERATING PROCEDURES**
- Ed Chu, EFAB Designated Federal Officer
  - Joanne Throwe, EFAB Chair
  - Rob Willis, Ross Strategic
- 
- 10:15 am **EFAB MEMBER-DRIVEN TOPICS: IDEAS FOR NEW EFAB WORK**
- 
- 11:15 am **BREAK**
- 
- 11:30 am **PUBLIC COMMENT**
- 
- 11:45 am **NEXT STEPS AND MEETING WRAP-UP**
- Ed Chu, EFAB Designated Federal Officer
  - Joanne Throwe, EFAB Chair
- 
- 12:00 pm **ADJOURN**
- Ed Chu, EFAB Designated Federal Officer

## Attachment D.



## 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

- 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?
- 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?
- 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

### 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.).

## 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

## 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

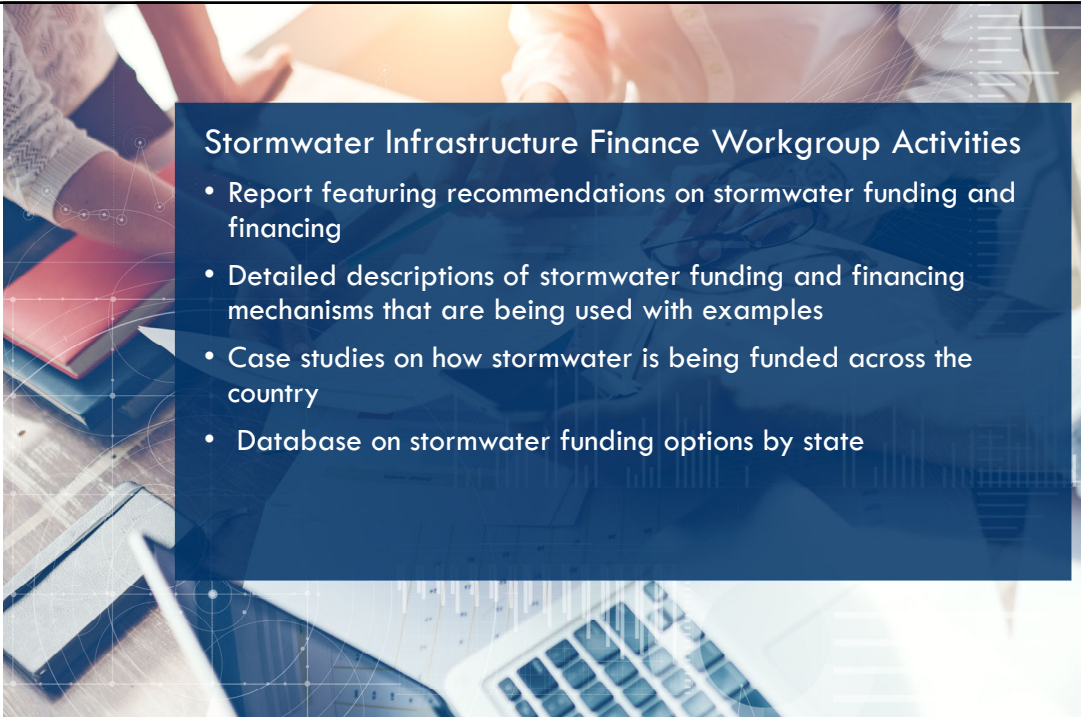
### Expert Consultants to supplement the EFAB were requested by EPA

- 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





Attachment E.

# OPPORTUNITY ZONES

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Helena Wooden-Aguilar, Deputy Associate Administrator for Policy

EFAB Presentation

October 17, 2019

# What Are Opportunity Zones?

- ▶ Economically-distressed areas designated by the states and territories
  - Nearly 35 million people live in the more than 8,700 areas identified
- ▶ OZs provide incentives for long-term private sector investment in economically-distressed communities



# Executive Order 13853

- ▶ Signed on December 12, 2018
- ▶ Established the White House Opportunity and Revitalization Council
  - Chaired by HUD; EPA is a member
  - Aims to spur revitalization in distressed communities across the nation



# White House Opportunity and Revitalization Council

- ▶ Implement administrative reforms and initiatives to target, streamline, and coordinate Federal resources in economically distressed communities to:
  - Stimulate economic development;
  - Encourage entrepreneurship;
  - Expand educational and workforce development opportunities; and
  - Promote safe neighborhoods
- ▶ Identified five work streams in implementation plan



# EPA's Role in Opportunity Zones

EPA is involved in two work streams identified by the WH Council:

## ▶ Safe Neighborhoods

- Investments in environmental protection lead to healthy neighborhoods

## ▶ Economic Development

- Healthy communities are more attractive to investors





# EPA Programs Supporting Community Revitalization in Opportunity Zones



## Land Cleanup

- Brownfields
- Superfund
- Resource Conservation and Recovery Act
- Leaking Underground Storage Tanks



## Infrastructure Investment

- WIFIA
- State Revolving Funds - Drinking Water and Clean Water
- Urban Waters
- Sustainable Water Infrastructure



## Technical Assistance

- Community Revitalization Workshops (OCR)
- Environmental Justice
- Land Revitalization
- Superfund Redevelopment Initiative



## Geographic Initiatives

- **Community-Driven Solutions**
- Great Lakes Restoration Initiative (R5)
- Chesapeake Bay (R3)
- Puget Sound (R10)



## Air Quality & Energy

- Tools for Nonattainment Areas (Redesignation / “Advance”)
- Energy Star
- Green Power Partnership

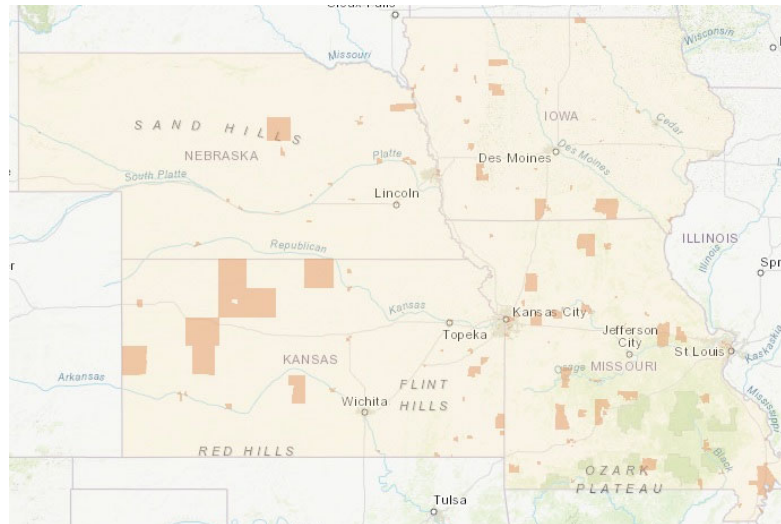
# Opportunity Zones Key Terms





# Opportunity Zones in EPA's Midwest Region 7

- ▶ *341 Opportunity Zones in 218 communities in IA, KS, MO, & NE.*
- ▶ *Nationally - 40% rural  
Regionally - 55% rural*
- ▶ *Rural communities are at an inherent disadvantage compared to their urban and suburban counterparts in having the resources to create redevelopment plans and market them to attract OZ investments.*



Source: EPA GeoPlatform, October 11, 2019



# Key Challenges: Region 7



Lack of reporting requirements



Market-based vs. community-based development



Accessibility and connection to EPA resources



Community capacity



Marketing

# Discussion Questions

## *Question - What can EPA offer?*

- ▶ *Resource diversity and applicability*
- ▶ *Convening and facilitation*
- ▶ *Redevelopment expertise*
- ▶ *Online data accessibility*



*Question - Are there financing opportunities or market forces that communities (e.g. Rural and Urban) can take advantage of to offset these challenges?*



# Opportunity Zone Websites

- ▶ White House

- <https://opportunityzones.hud.gov/>

- ▶ EPA

- <https://www.epa.gov/opportunity-zones>



# EPA Headquarters Contacts

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  - [wooden-aguilar.helena@epa.gov](mailto:wooden-aguilar.helena@epa.gov) or 202.564.0792
- ▶ Matt Dalbey  
*Director, Office of Community Revitalization*
  - [dalbey.matthew@epa.gov](mailto:dalbey.matthew@epa.gov) or 202.566.2860

