

U.S. Environmental Protection Agency
Environmental Financial Advisory Board
Stormwater Finance Task Force Workgroup

October 16, 2019

Held at

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

The minutes that follow reflect a summary of remarks and conversation during the meeting. The Board is not responsible for any potential inaccuracies that may appear in the minutes. 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 Financial Advisory Board (“EFAB” or “Board”) held a task force meeting on October 16, 2019. EFAB is an Environmental Protection Agency (“EPA” or “the Agency”) advisory committee chartered under the Federal Advisory Committee Act (FACA) to provide advice and recommendations to EPA on creative approaches to funding environmental programs, projects, and activities. The purpose of this meeting was to bring together the Evaluating Stormwater Infrastructure Financing Task Force (“the Task Force”) to evaluate the funding opportunities and utilization of these opportunities across the country, and the impact of available funding sources on the affordability of infrastructure.

Attendees

EFAB Members

- Lori Beary, Iowa Finance Authority
- Ted Chapman, S&P Global Ratings
- Rudy Chow, Department of Public Works, City of Baltimore
- Lisa Daniel, Public Financial Management
- Yvette Downs, Sewerage & Water Board of New Orleans
- Ted Henifin, Hampton Roads Sanitation District
- Craig Holland, The Nature Conservancy
- Prabha Kumar, Black & Veatch
- Pam Lemoine, Black & Veatch
- Chris Meister, Illinois Finance Authority
- Eric Rothstein, Galardi Rothstein Group
- Angie Sanchez, FCS Group
- Bill Stannard, RAFTELIS
- Joanne Throwe, Throwe Environmental LLC

Expert Consultants

- Bethany Bezak, Tetra Tech San Diego, CA – previously DC Water
- Jerry Bradshaw, SCI Consulting Group, Fairfield, CA – previously Cities of El Cerrito and San Bruno, CA
- Janet Clements, Corona Environmental Consulting
- Carrie Evenson, City of Norman, OK
- Matthew Fabry, Redwood City, CA
- Laurie Hawks, Brown and Caldwell
- Lisa Kay, Alta Environmental
- Drew Kleis, City of San Diego
- Rebecca Losli, Metropolitan St. Louis Sewer District
- John Lundell, City of Coralville, IA
- Ewelina Mutkowska, Ventura County Public Works Agency
- Fernando Pasquel, Arcadis
- Chuck Walter, City of Sarasota FL

Expert Consultants unable to attend the meeting:

- David Bulova, Member, VA House of Delegates, 37th District
- Carol Haddock, City of Houston Public Works
- Mike Personett, City of Austin
- Andrew Reese, AMEC Earth and Environmental
- Carrie Sanneman, Willamette Partnership
- Elizabeth Treadway, Wood

Additional Attendees

- Sonia Brubaker, EPA
- Chuck Job, National Ground Water Association
- Daniel Kaplan, King County, Washington Department of Natural Resources and Parks
- Stephanie Sanzone, EPA
- Jim Schlaman, Black & Veatch
- Ellen Tarquinio, alternate EFAB Designated Federal Official, EPA
- Britney Vazquez, EPA
- Rob Willis, Ross Strategic

Introduction and Welcome

Ellen Tarquinio welcomed the Task Force to Kansas City and informed them that *Edward Chu*, the Designated Federal Official (DFO), was unable to attend so she would be serving as the alternate DFO for the Task Force meeting. Ms. Tarquinio introduced the Task Force Chairs, *Joanne Throwe* and *Rudy Chow*, who will be facilitating the discussion.

Ms. Tarquinio covered the logistics of the room and asked that attendees turn off their microphones after speaking. She explained the process for public comment, which will take place at the end of the day. She reminded the Task Force that all materials in their folders will be posted to the EFAB website.

Ms. Throwe thanked Ms. Tarquinio for her consistent support of the Task Force. Ms. Throwe also recognized EPA staff members *Britney Vasquez*, *Tara Johnson*, and *Sonia Brubaker* for their support to the Task Force.

Ms. Throwe discussed the agenda. The meeting will begin with a review of the EPA Listening Sessions that Ms. Tarquinio and her colleagues have been conducting across the country. The Task Force will then break out into their section groups to discuss their drafted materials, findings, and recommendations. Each section will provide an overview of their discussion to the Task Force. After lunch, the Task Force will talk through the recommendations of each section in greater detail. At the end of the day, they will transition to a public comment period.

Mr. Chow said this meeting is the first opportunity for the Task Force to look holistically at the report. He noted the importance of coordinating across the sections in advance of the EFAB meeting tomorrow. He also reminded the Task Force that the recommendations they develop must be actionable by EPA.

Ms. Throwe led introductions. She asked attendees to place their table tents vertically in front of them when they have a comment or question to help facilitate the discussion.

Timeline, Overview of Draft Materials, and Objectives

Mr. Chow reviewed the following materials included in attendees' folders: the meeting agenda, the charge description, the section descriptions, and a copy of the current Task Force report. The attendees were also provided a separate handout of previous EFAB recommendations to guide them during their breakout discussions.

Mr. Chow reviewed the charge of the Task Force. This charge uses language from America's Water Infrastructure Act of 2018 (AWIA) to lay out the three different sections as described here:

- **Section One** – Discuss how funding for stormwater infrastructure from various sources has been made available and utilized to address stormwater infrastructure needs.
- **Section Two** – Discuss how the source of funding affects the affordability of the infrastructure, including consideration of the costs associated with financing the infrastructure.
- **Section Three** – Discuss whether the sources of funding are sufficient to support capital expenditures and long-term operation and maintenance (O&M) costs.

From these sections, the Task Force will develop actionable recommendations for EPA to improve the availability of funding sources for the construction, rehabilitation, and O&M of stormwater infrastructure.

Mr. Chow then discussed the timeline for the Task Force. The Task Force is currently in the stage of editing and reviewing their drafted sections. By the week of November 11, 2019, the Task Force will have completed draft sections combined into a single report. Between the weeks of November 18 and December 15, 2019, the Task Force will review and revise the draft report through a series of workgroup calls. The final report will be submitted to the co-chairs the week of January 6, 2020, and the co-chairs will share the final report with the full Board for their review. At the EFAB winter/spring meeting, the Board will take a vote. Following the vote, the report will be shared with EPA to review, finalize, and send to Congress by April 2020.

Ms. Throwe asked Ms. Tarquinio to provide an overview of the outcomes of the EPA listening sessions.

Summary of EPA Regional Listening Sessions

Ms. Tarquinio provided a high-level summary of the EPA listening sessions. EPA hosted six listening sessions across the country to engage with local stakeholders about regionally specific issues related to stormwater infrastructure financing. The objective of the listening sessions was to better understand the needs of stakeholders and find opportunities where EPA could refine their policies.

These individuals did not have a space where they could share their concerns with EPA or engage with one another. The listening sessions averaged about 35 participants, with the largest being 60 in Alexandria, Virginia. EPA received a wide variety of opinions from academics, consultants, and practitioners at the utility level.

Ms. Tarquinio said notes from the first three listening sessions were sent to the members of the Task Force. She said they would resend these notes along with those from the other three listening sessions following the meeting. Listening session notes will also be included as a part of the report to Congress. She encouraged attendees to read through them, as the listening sessions provided an extensive amount of information. She also noted there is a lot of interest in the Task Force and EPA received about 100 applications to participate in the Task Force as an expert consultant.

Ms. Tarquinio began by presenting a list of funding sources that people were using for their stormwater projects. General funds were, overall, the most commonly used funding source. Some, like the City of Seattle, could rely on the user fees from stormwater utilities. EPA expected more people to be using the Clean Water State Revolving Fund (SRF); in Region 4, they used funds made available by Section 319 of the Clean Water Act (the "319 grant program"), rather than the SRFs. Other funding sources included bonds and fees from permit violations.

Summary of Challenges

Session participants voiced several challenges with the existing options for stormwater funding. Some found general funds to be unstable, and stormwater often had to compete for funding with other local priorities, like those of fire departments and schools. At every listening session, EPA heard clean water and federal funds were too competitive, monitoring and regulatory requirements were too burdensome, and priorities for funding were skewed. People said the funding for the 319 grant program was limited, and a lot of smaller utilities could not afford the required match. Additionally, the applications for funding sources and their monitoring and reporting requirements are so different that many did not have the capacity or technical expertise to apply.

Increasing contractor rates were another recurring challenge. 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 contractors. Seattle also noted a lot of their green infrastructure projects had led to unintended consequences; for example, the cost of housing had increased in those areas with green infrastructure, displacing residents.

Ms. Tarquinio said very few people had a reliable way to pay for their O&M costs. Several utilities were not pursuing infrastructure projects because they knew they would not have enough money for the required O&M. At two of the listening sessions, EPA was told by participants that if they investigated the size of their funding gap for O&M, they would be left open to litigation. As a result, a lot of utilities are not looking at what they would need for O&M because they would then have to report it, leading to lawsuits and the likely loss of more money. Participants also addressed how the local political environment can influence their funding prospects.

Recommendations

Ms. Tarquinio informed the Task Force that a comprehensive list of recommendations from the listening sessions would be posted to the EPA website after the meeting. A subset of them include:

- 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 people 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.

Ms. Thrope thanked Ms. Tarquinio and the EPA team for their work on the listening sessions. She noted the listening session notes would be extremely useful to the Task Force as they develop their report. She also said they would post the notes to the Task Force SharePoint site and resend them via email to the group.

Prabha Kumar asked Ms. Tarquinio if there was any discussion in the listening sessions about collaboration among small communities for stormwater management.

Ms. Tarquinio said EPA did hear people bring up collaboration, particularly in Region 1 where there are many small boroughs and townships. They also heard this sentiment in Region 4.

Eric Rothstein expressed concern for the precision of the language that the Task Force is using. In the listening session presentation, some of the items included in the list of funding sources were not funding sources, but institutional structures. For example, stormwater utilities are not a funding source in themselves, but stormwater utility fees are. Relatedly, he said it would be very useful for the Task Force to be precise about the differences between affordability and financial capabilities.

Matthew Fabry acknowledged there are many strong procedural recommendations that came out of the listening sessions. He said the Task Force should discuss the extent to which they want to capture these recommendations in the report and which of the recommendations they should give more weight to.

Ms. Thrope announced the Task Force would be splitting into their breakout groups to discuss the three sections of the report.

Task Force members returned from their breakout groups at 10:45 am to report out on their section group discussions.

Ms. Thrope asked each section lead to provide an overview of what the workgroup discussed and where they are with their draft.

Section Discussion Report-Out: Section One

Pam Lemoine shared the status of Section One. Section One is focused on identifying sources of funding for stormwater infrastructure and how they are utilized based on the available resources in each state. She said they first developed the following definition for stormwater funding: One or more sources of funding utilized to fund 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 Section One workgroup made a point of focusing both on one-time funding sources and recurring, ongoing sources. With Congress as their audience, the workgroup also recognized how things like the SRF program would be perceived as a funding source. To organize the different funding sources, the workgroup developed a matrix of funding categories. Within the categories, they then defined each funding source, its advantages and disadvantages, barriers to using it, and its availability. The first category of the matrix is recurring or intermittent revenue sources. The second category is intermittent funding sources, including fees and special charges. The third category is one-time funding sources, which include capital funding sources and grants. The last category is for other resources or approaches for funding stormwater management (e.g., system efficiency).

Ms. Lemoine said the EPA and their contractors have helped the workgroup develop an extensive database of available funding sources. This database, with over 250 programs and sources identified, is not comprehensive. She noted it is more complete at the federal level, but the workgroup will not be able to capture everything, particularly when looking at the state, local, and nonprofit levels.

With regards to organization, the Section One workgroup decided it would be more helpful to the reader to present information by funding source, as opposed to splitting information up by funding source use, prevalence, barriers, and so forth. They will also be developing a more comprehensive outline of the advantages and disadvantages of the funding sources that is easier for readers to understand. At the end of Section One, there are a few additional subsections, including one on the paradigm of stormwater. During their breakout discussion, the workgroup considered moving those materials to the introduction of the report.

Lastly, the workgroup has developed several case studies to highlight the implementation of user fees and innovative stormwater funding approaches. One central question the workgroup discussed was whether the Task Force should include case studies for each section, or if the Task Force should provide case studies for the report as whole, to which each section would contribute additional details.

Discussion and Questions

Ms. Lemoine asked if any of the other members of the Section One workgroup had something to add.

Jerry Bradshaw said Ms. Tarquinio's presentation on the EPA listening sessions was very valuable, and the workgroup would be going through the slides to ensure they capture the feedback to the extent they can.

Chris Meister asked if Ms. Lemoine could expand on her point about the paradigm of stormwater, as it could be a useful framework for all the sections.

Ms. Lemoine said incorporating information on the paradigm of stormwater had been the idea of Mr. Bradshaw. The workgroup wanted to ensure they addressed some of the changes in stormwater over the last few decades.

Mr. Bradshaw said two of the three short paragraphs about the topic in Section One are quoted from the 2006 Guidance from the Municipal Stormwater Funding report. He noted the theme of stormwater under a new paradigm may be something the Task Force should embrace, whether that is in Section One or elsewhere.

Ms. Lemoine said, below their discussion of the stormwater paradigm, they include a handful of qualitative recommendations. Section One members felt the recommendations should be placed at the end of the report, rather than after each section.

Ms. Kumar said she was unsure about framing the stormwater paradigm as new, given that many of the funding sources they have discussed are already in place. She suggested a better approach may be to discuss stormwater as an ongoing evolution rather than a new paradigm.

Ms. Lemoine agreed with Ms. Kumar.

Lori Hawks said Section Three, like Section One, includes case studies. She noted the value of integrating concrete examples from communities around the country throughout the body of the report. She suggested one option for incorporating them would be to include separate text boxes or paragraphs to highlight examples and then include the full case studies in an appendix at the end of the report.

Ms. Lemoine agreed. She said if they have more comprehensive case studies, they may not be fully immersed in the text. Instead, pertinent information from the cases could be included in text boxes or footnotes.

Mr. Bradshaw supported the idea of a call out box or sidebar with a 40-50-word reference to a case study.

Yvette Downs said the Task Force should agree on a format for the case studies and what information they should cover to ensure some degree of cohesion between sections.

Ms. Lemoine agreed. She said there would be a lot of value in having the case studies be comprehensive, even if each section references different ones.

Ms. Throwe reminded the Task Force about the formatting template they sent out. She said they would resend the template following the meeting.

Mr. Bradshaw said the Task Force may also want to consider selecting one or two case studies to weave through all three sections.

Ms. Lemoine said it would be helpful to have the case studies all in one place where everyone from the Task Force could look at them and ensure they are incorporating the information they need.

Ms. Throwe thanked Ms. Lemoine and those from Section One for their work.

Section Discussion Report-Out: Section Two

Ted Chapman provided an overview of Section Two. Mr. Chapman framed Section Two as a transition or bridge between the charges of the other groups. The Section Two charge addresses issues of financial capability and affordability. The workgroup noted the former applies particularly to the unit of the community and the latter to the unit of the household.

Section Two begins by defining a series of relevant terms to establish a common understanding with the reader. Mr. Chapman noted these definitions may be appropriate for another place in the report.

The section members found there are certain municipalities that fund only what they can afford, rather than what may be in the best interest of infrastructure integrity. From a municipal perspective, the workgroup considered infrastructure efficiency and the opportunities for public messaging to help reduce stormwater costs, particularly those related to O&M. The workgroup spent some time discussing the differences between fluvial and pluvial flooding, and when it would be appropriate for complementary infrastructure providers like the US Army Corps of Engineers to be involved.

The group also spoke at length about the concept of OneWater and its implications for household affordability. Mr. Chapman noted the residential indicator of household affordability has been directed towards drinking water, rather than stormwater. Affordability can also be considered from a risk management perspective; investment in the construction of resilient stormwater infrastructure can avoid significant damages and costs down the road from events like heavy rainfalls. They also identified one of the difficulties with addressing affordability is the lack of a consistent approach to measurement. There are nearly 42,200 units of government, and almost as many interpretations of public sector accounting.

At the end of Section Two, they put forward a series of recommendations for EPA to improve financial capability and affordability. Later in the meeting they will describe these recommendations in detail. He added among the most notable may be the creation of a separate Stormwater SRF.

Discussion and Questions

Ms. Throwe confirmed there were no other group members from Section Two who wanted to contribute to Mr. Chapman's overview.

Ms. Downs asked if Section Two would include discussion on the legal debt capacity limits of the municipality.

Mr. Chapman responded they do not currently reference legal debt capacity limits but should look into doing so.

Mr. Rothstein added the Task Force had a discussion on recommending EPA establish some form of reliable dedicated funding source as a best management practice (BMP). A dedicated funding source could help to shape the legal landscape and ease the challenges associated with implementing a stormwater utility fee. He noted the benefit in making determinations around whether a stormwater utility fee is really a property tax in disguise.

Ms. Kumar added that the Task Force also discussed the limitations for smaller communities without the capability of dedicated user-fee funding. For these communities, the Task Force could recommend enhancing grant funding or trying to have zero-interest SRF loans.

Ms. Lemoine said she agreed with the importance of providing definitions for stormwater and related concepts within the report. She suggested they may be best placed in the beginning, rather than in Section Two.

Ted Henifin noted the distinction between pluvial and fluvial flooding will be a challenge for communities where flooding is a serious problem. Those communities will not be able to wait for support from the US Army Corps of Engineers. He wondered if the Task Force should be thinking about increasing federal funding to address fluvial flooding and take the burden off the household.

Mr. Chapman agreed there are costs outside the bounds of household bills and issues that transcend the purview of local leadership. He also noted the substantial backlog of projects within the Army Corps of Engineers.

Mr. Henifin suggested, if the Task Force chooses to recognize a greater role for the Army Corps of Engineers to control flood waters, that they also acknowledge how controlling flood waters helps stormwater programs in general. He said such a discussion circles back to proposing an integrated federal response to stormwater.

Mr. Meister said they have heard a lot about the challenges of paying for O&M under existing grant programs. He proposed that Section Two consider opportunities for a capital market solution. He also said stormwater is one of the unique sectors that, if measured and labelled properly, will sustain continued interest in the debt markets.

Ms. Downs returned to Mr. Henifin's comment about the Army Corps of Engineers. She said flooding is a significant issue for New Orleans, but there is an unaffordable match requirement for the work that the Army Corps of Engineers is doing.

Ms. Throwe asked Ms. Downs if she knew the required match percentage.

Ms. Downs said she did not know the general percentage. For New Orleans, the required match averages about 20%.

Drew Kleis echoed Mr. Chapman's point that the Army Corps of Engineers is oversubscribed. In San Diego, the City not only has to cover their side of the match, but because the Army Corps of Engineers does not have enough funding, they must also cover their side.

Section Discussion Report-Out: Section Three

Ms. Throwe asked Mr. Henifin to provide an overview of Section Three before the Task Force breaks for lunch.

Mr. Henifin explained the charge of Section Three is to identify whether the sources of available funding are sufficient to cover stormwater needs. He noted there are no comprehensive, nationally representative analyses of what the need is for stormwater funding. The Section Three workgroup determined, given the short timeframe, that they would not have the ability to create their own nation-wide survey. Instead, they identified nine existing assessments conducted over the last four years that investigated the issue. While each assessment came with its own limitations, they generally indicated there is a \$5-10 billion deficit in funding based on capital. Mr. Henifin noted if they were to include the costs of localized flooding, the deficit would likely be much larger. The group concluded there is significant need for stormwater funding.

The workgroup then devoted most of their time to considering potential solutions to the funding gap. Mr. Henifin referenced a few of their recommendations, noting they would have the opportunity to discuss them at greater length in the afternoon. One of their primary recommendations was to identify and compile a list of available stormwater funding programs to disseminate to communities. Mr. Henifin emphasized the need for an easier, more concise way to educate communities, particularly those that are smaller or economically disadvantaged, about existing resources and how they can be accessed. He noted the utilities and communities that attend state meetings are usually the higher performing organizations.

They also talked about the opportunity to repackage the 319 grant program to make it more robust in helping communities with capacity building and master planning. Grants could also help communities understand their standards of practice for O&M management of stormwater infrastructure. Another recommendation echoed that proposed by the Section Two workgroup to establish a Stormwater SRF. Mr. Henifin acknowledged some states do not prioritize stormwater projects within their SRF program and changing the federal framework around SRFs could help to encourage that. The workgroup discussed the idea of a stormwater construction grant as well, noting they would have to build in controls to prevent the problems that resulted from the drinking water construction grant program. Lastly, to improve efficiency and reduce stormwater costs, the workgroup considered ideas related to integrated planning, the use attainability analysis (UAA), and incorporating water resource management into the National Environmental Policy Act (NEPA). He said there may also be opportunities to better align water priorities across federal agencies.

Mr. Henifin welcomed any comments from the Section Three workgroup or others on the Task Force.

Discussion and Questions

Ms. Kumar noted Section Three does not currently explain what they mean by capital expenditure or by O&M for municipal separate storm sewer system (MS4) Phase 1 and Phase 2 permits. She said Section Three discusses funding without first defining some of its core pieces and asked if such an overview should be included in the introduction to the report.

Fernando Pasquel agreed with Ms. Kumar. He also informed the Task Force that a manual of practice for stormwater is in the process of being developed. It has gone through all the approvals, and the authors have been identified. There are also efforts underway to include stormwater in the national storm card.

Mr. Henifin confirmed Mr. Pasquel's comment that stormwater will be included in the storm card starting in 2020.

Mr. Pasquel asked if one of the recommendations should be that EPA conduct a needs assessment for stormwater, as is currently done for drinking water and wastewater.

Bethany Bezak said she appreciated the workgroup's recognition of integrated planning. She noted the Task Force does not necessarily need to lead with stormwater-specific funding. They should consider the existing funding sources that could support stormwater by offering multi-benefit approaches.

Mr. Henifin responded they are very focused on the idea of multi-benefits. He said the view of the Task Force has been that these Section Three recommendations may identify opportunities, but they would not be able to flesh them all out under the current timeframe.

Ms. Hawks returned to the idea of providing public education on the financial stormwater resources available. She said education should also encompass the provision of more general information about stormwater and technical assistance in areas like O&M, asset management, and utility development. In doing so, they can help communities determine what their total project and financial needs are.

Ms. Downs said, for some communities, stormwater management cannot be separated from flood management. She advised the Task Force to include a discussion and potentially a couple of case studies to demonstrate how stormwater improvements can result in multiple benefits.

Chuck Walter said the Task Force has not yet brought up the topic of regulatory risk. He acknowledged the potential for stormwater to manage additional requirements for water quality, like those addressing the issues of plastics or nutrient loading. He said the issues the Task Force is discussing will become more expensive over time, and it would be appropriate for them to recognize that in the report.

Mr. Meister seconded Ms. Kumar's comment about including a definition section on the broad financial terminology used in Section Three. He said he is unsure of where to place these definitions, but they would help clarify the report for the audience. He also agreed with Ms. Downs' suggestion. He said the Task Force is limited by the statutory charge, but it is important to include some encouragement of partnerships with other entities (e.g., parks, schools, transportation departments) in the framework of the report.

Mr. Bradshaw said he interpreted Ms. Kumar's comment to mean less of a set of definitions and more a series of descriptions. For example, the Task Force could include a half-page in the front of the document on what an MS4 does and some of its different elements.

Ms. Kumar confirmed with Mr. Bradshaw that his interpretation is in line with what she meant.

Mr. Rothstein returned to Ms. Downs' comment about acknowledging multiple benefits. He agreed and stressed that the Task Force should also address how to monetize those benefits.

Ms. Throwe thanked the section leads and Task Force members. The Task Force broke for lunch.

Section One Workgroup Recommendations

Mr. Throwe welcomed the Task Force back and invited Ms. Lemoine to present the recommendations that arose from the Section One workgroup discussion.

Ms. Lemoine shared the Section One recommendation to develop a study for municipalities to consider the feasibility of implementing user fees as a sustainable funding source. She said this recommendation could be supplemented by the creation of a funding source to help with the high costs of such feasibility studies.

Ms. Kumar explained there is a one-time cost to implementing a user fee, which can be too expensive for many communities. She said the Section One workgroup talked about potentially borrowing from general funds to support communities in this endeavor.

Ms. Throwe said feasibility studies can range anywhere from \$50,000 to over \$200,000, excluding the cost of implementation.

Mr. Bradshaw said what the Section One workgroup is proposing sounds like a master planning effort. He suggested an element of the recommendation may be an organizational analysis to help small communities not only with the financial aspects of user fees but also with the first steps of the process.

Ms. Kumar clarified she and Ms. Lemoine are referring to a feasibility study, not specifically a stormwater master planning effort. It would be a stormwater user feasibility study for a municipality to decide if a user fee is a viable funding option for them. As part of the feasibility study, the municipality would consider different programs, rate structures, and so forth. She acknowledged municipalities usually rely on external expertise to do this work, which can result in the \$50,000-200,000 cost range to which Ms. Throwe referred. Depending on the size and complexity of the user fee program, there could be another \$100,000-200,000 in implementation costs. A grant funding the support of such a study would be a big driver in encouraging sustainable user fees.

Ms. Hawks said framing the recommendation in terms of an investment in infrastructure and infrastructure management will be important. She stressed the value in having a starting point of knowledge as to what infrastructure one has and what it will cost to maintain its funding sources.

Craig Holland noted when the Task Force describes the need for a sustainable funding source, they are implying the current sources are unsustainable. He said he was struck by what Ms. Tarquinio said earlier during her overview of the EPA listening sessions. Many communities are very reluctant to talk about how much money they have dedicated to O&M for fear of litigation, which implies their funds are unsustainable to meet their obligations. He noted he is not a legal expert but asked if there would be any way to set up a

program where, if a community receives a grant to study this issue, they could also receive immunity from litigation should it come out that their dedicated funding sources for O&M are unsustainable.

Ms. Throwe said this recommendation also brings up the question of what is sustainable. She noted what qualifies as sustainable funding can be very subjective depending on the municipality. She finds the idea of “safe harbor” while they are exposing their financials to be very important. In her experience in Region 3, she has found EPA to be understanding as a municipality tries to sort through these kinds of issues.

Mr. Pasquel recognized Ms. Tarquinio’s comments from the EPA listening sessions that there are political barriers to stormwater funding. He asked if the Task Force could focus on educational programs for elected officials. The program would not be technical but would rather focus on the importance of stormwater. He said if those messages can be effectively shared, elected officials may be more willing and able to help.

Ms. Throwe added such educational programs could also encourage the prioritization of stormwater and Mr. Pasquel agreed.

Mr. Rothstein said EPA voicing its support for the stormwater utility could also help insulate communities from the legal challenges that arise around user fees. He noted a large barrier for a lot of utilities is the fear of going to court. He said if EPA could offer positive language, rather than some sort of legal declaration, courts would have the opportunity to help utilities and communities navigate the potential legal challenge of a more sustainable funding source.

Ms. Throwe asked if there are any lawyers on the Task Force who could weigh in.

Mr. Meister noted he has a legal background and agreed with Mr. Rothstein’s suggestion. He said it would be beneficial, to the extent possible, to anchor this concept with a specific reference to first principles like the Clean Water Act. He said they must be mindful of the boundaries of EPA’s scope of authority when developing their recommendations.

Ms. Throwe checked with Ms. Lemoine to see if this line of discussion was helpful to her and the Section One workgroup. Ms. Lemoine confirmed it was.

Mr. Holland asked if there would be a way to force the issue for municipalities to consider sustainable user fees by requiring a study for stormwater utilities. He noted there may be circumstances where it is not possible to do so; however, if EPA could implement some sort of grant program to aid in the cost of the study, then putting it into an MS4 program would require people to look at the problem without the imposition of an additional cost.

Ms. Hawks said she agrees with the idea of an optional grant-funded feasibility study. She said to make it a requirement, however, would put an undue burden on a municipality.

Mr. Holland asked if she would still think that if the study was cost-neutral

Ms. Hawks responded there is no guarantee that it would be cost-neutral. She said it is hard enough for utilities to meet their MS4 requirements as is. She would support the idea if there were incentives and funding for certain water utilities.

Mr. Holland suggested one approach could be to use the permit renewal process to introduce the idea of this hypothetical grant program and the support that might be provided for a feasibility study. He said the point is not to force municipalities to do something they cannot afford, but to use a system like permits and renewals to introduce a process that might be advantageous to those without a sustainable funding source. He noted just putting a grant out there may not be the best way to get people to apply for it.

Mr. Bradshaw said there is a similar model in the transportation sector, where federal funds for projects flow through the states. He explained, with federal transportation funds, every agency likely receives funding within five years. Some cities receive funding every cycle. In California, municipalities are required to assess their street conditions to qualify for federal funds. As a result, there is a constant reminder to assess street conditions, given the money that is usually at the end of the process. He acknowledged the analogy breaks down because stormwater does not have those types of federal funds. He said if there was a way to provide federal funding, Mr. Holland’s idea would have interesting merit.

Ms. Kumar said one of the reasons she seconds Mr. Holland’s idea is that municipalities often do need coverage. She believes providing this coverage starts with elected officials. If there is something required as part of an immediate permit renewal, utility

managers have another avenue through which they can go to the elected officials and say, “This is something we are required to examine.” She said it would, at the very least, start the process in many communities.

Mr. Chow agreed it is a very interesting idea. From the utility perspective, he said the grant would go a long way and placing a requirement on the feasibility study would provide some coverage. He noted there is a down side, however, when considering small municipalities who may not have the resources or the local expertise to complete the grant package. He said EPA would not only need to provide money through the grant, but also technical support and assistance for those who would need it.

Ms. Throwe asked if Mr. Chow is referring to a Phase 1 or Phase 2 MS4.

Mr. Chow said he was referring to a Phase 1 MS4. He said they already have a stormwater fee in Baltimore, but most municipalities are not so fortunate.

Lori Beary said the MS4 program from the beginning has been an unfunded mandate. She noted EPA never said they would provide a source of revenue for stormwater. To provide such a revenue source for the communities that have had to comply with MS4 regulations would improve the current situation.

Mr. Henifin said he has a strong, dissenting opinion, though not necessarily on the matter of tying something to a permit. He finds the idea of conducting a study to show a municipality how to implement a stormwater fee to be a misuse of money. He noted how difficult it already is for many to convince communities to introduce a user fee. Rather than a study, he argued they need to provide enabling protection. He would be in favor of the idea if the study was broader than how to set up a stormwater utility, and they provided grant funding for other things.

Carrie Evenson said she comes from a Phase 2 MS4. She said, to Mr. Henifin’s point, when they conducted a feasibility study in Norman, Oklahoma they had to take the matter to a vote of the people. The people of Norman have voted down the prospect of a stormwater user fee twice. She asked what would happen in that situation. Would she be out of compliance with her permit? Would she still receive the funding because she conducted the study?

Ms. Lemoine asked a general question about how the Task Force should be processing the feedback on section recommendations. The Task Force has discussed a grant program to help provide upfront funding for communities for feasibility studies. They have discussed potentially requiring a feasibility study through the permitting process. Some have expressed their disagreement. She asked how they should proceed with sorting these different opinions.

Ms. Throwe suggested they have someone record the recommendations as they are brought up. Ms. Tarquinio volunteered.

Ms. Throwe confirmed there were no Task Force members outside of Section One with additional recommendations before moving on to Section Two.

Section Two Workgroup Recommendations

Mr. Chapman said most of the recommendations from the Section Two workgroup fell into three, broad categories.

1. Public education and messaging. There are several easy, cost-neutral best practices that can result in potential O&M benefits through cost reduction or cost avoidance. For example, some communities rely on messaging to prevent residents from sending grass clippings down the gutter.
2. Grants for technical services. These grants would be geared towards the relatively smaller Phase 2 communities, which may be at a disadvantage in maintaining compliance due to limited financial, human, or technical resources.
3. Cost-benefit tools. Cost-benefit tools could provide political cover for utilities and communities to review risk management scales and the costs associated with them.

Mr. Chapman said they also identified recommendations that may be out of scope for the report. These recommendations included recognizing the responsibility and complementary roles of other infrastructure providers like the Army Corps of Engineers and the creation of a Stormwater SRF.

Ms. Kumar added the Section Two workgroup briefly touched upon providing some kind of grant incentive for municipalities to come together and collaborate on solving a stormwater management problem together.

Rebecca Losli noted the Task Force will want to ensure stormwater is a part of the EPA integrated planning framework.

Mr. Rothstein brought up an idea from Mr. Holland to have EPA structure and encourage lending and grant programs to provide preference for stormwater projects. For example, there could be a lower interest rate for funding stormwater programs. He said some potentially EPA-sponsored efforts towards catalyzing the impact investment market could help financial capability.

Ms. Evenson commented on the idea of grants for technical services and suggested the Task Force draw a connection with public education. She said, for stormwater municipality staff, it would be important to have a technical support program to help them complete the grant applications themselves. She noted a previous Task Force discussion about how the complexity of applying for FEMA money limits those who are able compete for support. Navigating the system is often so complicated that many people will give up.

Ms. Throwe added, on the topic of technical capacity, small municipalities will not be able to dedicate someone to this work. She asked Ms. Tarquinio if the idea of a circuit rider came up during the EPA listening sessions.

Ms. Tarquinio responded she has seen circuit riders on the drinking water side, but the use of a circuit rider did not come up with regards to stormwater.

Ms. Throwe asked Ms. Evenson if a circuit rider would have been useful to her when applying.

Ms. Evenson responded it would have been useful to have a local resource who she could call to explain her situation with her application and confirm it is complete and competitive.

Ms. Bezak suggested combining Ms. Evenson's and Mr. Holland's ideas. She noted Mr. Holland's idea results in more communities thinking about stormwater, and Ms. Evenson's idea would encourage the productive sharing of resources.

Ms. Lemoine agreed it would be beneficial to have resources that communities could use to navigate existing funding sources and create packages of funding for their projects.

Mr. Walter said the Task Force could explore models that enable communities to work together. He explained money in the transportation sector is distributed through that kind of a collaborative structure. In Florida, the state controls the whole watershed, so they can have watershed-based water management districts. Within these districts, they have a significant inventory of watershed-based estuary programs. One of the typical management structures of these programs is to have a citizens advisory group, a technical advisory group, a management advisory group, and a policy board with elected officials. He said this structure is a great vehicle for bringing together local governments to arrive at collaborative outcomes; if a few municipalities came together with a common problem, they could petition EPA to develop a similar watershed-based program.

Ms. Throwe asked Mr. Walter if he was suggesting that EPA use parts of the framework from the estuary program, or that EPA strengthen and/or expand the existing estuary program.

Mr. Walter clarified he is suggesting EPA develop a different program, as the estuary program is limited to coastal areas.

Ms. Tarquinio added the estuary program has geographically based funding. This funding is a separate line item, which helps support a lot of the work being done.

Mr. Fabry offered an idea in response to Ms. Kumar's comment about the need to define their interpretation of capital expenditures and O&M efforts. He suggested there are five different areas of activities in stormwater. One area is programmatic activities like education and outreach. Another area relates to existing stormwater infrastructure. Then he finds there are three scales of intervention. The personal scale is mostly new redevelopment, which includes the integration of green infrastructure. The community scale includes more public efforts like green streets, and the regional scale encompasses larger, stormwater projects. Mr. Fabry said breaking down stormwater activity in this way may help the Task Force better address when and where certain funding sources are appropriate. He noted this concept came up during the Section Two workgroup discussion on fluvial flooding and whose responsibility it should be to address larger flooding issues.

Ms. Downs asked how the Task Force can incentivize regionalization where it makes sense, given how situations will vary in complexity from city to city and state to state. For example, she currently has MS4 permit requirements for her parish in New Orleans, and the adjacent parish wants their requirements to be separate.

Ms. Throwe reminded the Task Force of the recent EFAB project on regionalization. The Task Force had considered bringing some of the recommendations of that report into this one, and she asked if someone from that project could chime in.

Mr. Rothstein said there are some recommendations from the regionalization and consolidation report that may be helpful. For example, there is a notion of not giving preferential loan treatment to those pursuing anti-regionalization activities.

Ms. Thrope asked Mr. Chapman if he was getting what he needed from the discussion.

Mr. Chapman asked the practitioners on the Task Force about the processes for applying to multiple grants. He explained there is a common application for high school students where, if they are applying to universities, they can fill out the bulk of one universal application and then complete the final two pages specific to the college. He asked if there was something analogous to that common application in the grant application process where the first ten pages are the same and then those at the end are unique to the funding source.

Ms. Tarquinio said the state of Washington informed EPA they had integrated all their state grants. She said she could send Mr. Chapman information about their common application for stormwater grants.

Ms. Thrope added Maryland was also able to create a common application this year, and the process runs much more smoothly.

Mr. Henifin asked if the common application in Maryland is for all grant programs or just water-based grant programs.

Ms. Thrope responded it is for all of Maryland's internal programs related to water restoration.

Mr. Henifin agreed that it would be incredibly helpful to have a common source of information about all the existing grant funds and their eligibility requirements. He noted, right now, there is no universal knowledge on what grants are available.

Mr. Holland returned to the issue of affordability. He said a lot of utilities struggle to set up affordability programs for rate payers who have fallen behind on their bills. Is there a way for the SRFs to create some sort of 0% interest loan program or affordability program to help people get back on their feet and pay their bills?

Ms. Lemoine clarified if the program to which Mr. Holland refers would be for individuals.

Mr. Holland responded that the program would be capitalized into the utility. The utility would borrow the money from the SRF to stand up the affordability program and then make loans to the rate payer to help them pay their bills. He said it could be a kind of short-term, bridge-loan program run on a no-interest basis.

Mr. Rothstein told Mr. Holland he does not find the idea to be feasible. First, he noted it is not a stormwater-specific issue, so the Task Force may want to table it for the purposes of this discussion. Second, he said the SRF programs are one of the last places that he would go for administering that type of an effort. He agreed there is a lot of potential for enhancing communities' ability to raise funds for customer assistance programs, but he does not think it should happen through the SRF program or that stormwater is where the issue mainly presides.

Ms. Downs said she is a strong proponent of affordability programs, but she does not think such a program should come out of the SRFs. She suggested the Community Development Block Grant (CDBG) program may be a better fit. She also noted affordability programs are great areas for partnering and wondered how they could encourage the conversation across agencies. To Mr. Rothstein's comment, she said whether it affects the Task Force depends on the person, where they are located, and how their system is structured. In New Orleans, it is a really important issue.

Mr. Holland asked if one recommendation from Section Two could be to further study the issue of affordability and the appropriate agencies that might be able to help administer affordability programs.

Ms. Downs noted part of the report will contain recommendations to Congress. She said EPA could recommend that the issue of affordability serve as a bridge between agencies.

Ms. Kumar agreed with Mr. Holland and Ms. Downs. She said a grant will be necessary for such a program. Otherwise, there are stakes where, even if a utility makes a loan, that money would have to come from their other rate payers, which is not allowed. She said the federal government needs to do something to assist with affordability, as leaving it to the states is not working. She added the Task Force has an opportunity to recommend a grant for all three water spaces, a OneWater grant.

Janet Clements asked if it would be possible with a common application to organize the funding they are applying for in such a way as to present opportunities for collaboration across groups or projects.

Ms. Throwe said, in Maryland, the State Highway Administration worked out an agreement with the state to put in stormwater BMPs, so long as the state helped maintain them. She said, while the partnership worked well, they did not build on those additional benefits as much as they should have.

Ms. Tarquinio responded to the discussion around an SRF loaning money to utilities to then loan money to customers. She said Delaware does have a similar program in place that may be of interest to the Task Force. She also said Kentucky has a common application that goes into all three water spaces. She said representatives from each water space will sit at a table and review the funding applications together. Montana does the same, having modeled themselves after Kentucky.

Ewelina Mutkowska reiterated the previous comments on partnership and collaboration. She said the Ventura County Public Works Agency is very spread out, and the discharge from other properties will enter their MS4. Any form of incentives or grants to encourage collaboration with them would be very helpful.

Section Three Workgroup Recommendations

Mr. Henifin provided an overview of the recommendations from the Section Three workgroup. He asked the Task Force members to offer feedback as he went through them.

Mr. Henifin said one approach they considered was a program to identify and disseminate information about the sources of stormwater funding. The Section Three workgroup stressed the need to be active in information dissemination to ensure it reaches smaller communities.

Mr. Holland said Western Kentucky University has the infrastructure to do a lot of research on the stormwater utility side. He asked if it would be possible for them to expand their research with some federal backing.

Mr. Henifin responded he was not sure what level of detail the Task Force needs to include in its recommendations. They could cite the fact that Western Kentucky University is doing some of that work, though.

Mr. Bradshaw said the Task Force should add curation and recurrence to this recommendation, so it is not a one-time effort.

Mr. Rothstein said his concern is all the members of the Task Force work in a well-understood network or infrastructure of connections. He acknowledged those being affected by affordability and environmental justice impacts are not necessarily members of that network. He said special efforts should be made for economically disadvantaged communities that may not have adequate resources to even learn about this information, let alone apply it.

Ms. Hawks agreed with Mr. Bradshaw and Mr. Rothstein. She explained she works with stormwater programs set up in public utility organizations, and from her point of view as a practitioner, outreach cannot be one-size-fits-all. She said the recommendation is more than compiling a list and posting it somewhere; it is reach out through multiple avenues. She also noted dissemination is made more difficult by the fact that stormwater does not have a single association or industry group in which it resides.

Mr. Henifin said another recommendation from the Section Three workgroup was to increase and stabilize the funds for the grant program in Section 319 of the Clean Water Act and then enhance the role of 319 grants in stormwater financing. Mr. Henifin acknowledged there are a lot of restrictions in the 319 grant program, and it would take a lot to modify it. However, it is an existing program that is relatively well-accepted in its current format.

Mr. Walter said in the legislation for the 319 grant program, the EPA Director of the program must meet with each of the state Directors to discuss what should be done with the money. The basic governance of the 319 grant program is relatively open about how the money can be used. Mr. Walter asked if that meeting is held on an annual basis.

Ms. Tarquinio said there is an annual 319 grant program meeting, and the states will often send several people to attend. The meeting is not usually more local than that state-level representation. Ms. Tarquinio also noted the 319 grant program in its existing form cannot be used for any regulatory programs.

Mr. Henifin responded they should not be boxed in by the existing form of the 319 program, or what it can and cannot do.

Ms. Tarquinio said to change the 319 grant program would require legislative action.

Mr. Holland asked the Task Force, presuming they collect a comprehensive set of survey data on stormwater funding need, if the Governmental Accounting Standards Board (GASB) or any other accounting board has a standardized format for that data. He noted

part of Section Three's recommendations may be to create such a standardized format. He said the Task Force should not just be concerned about the revenue coming in to a utility. The more consequential information is how they are spending the money and what they are spending it on.

Mr. Henifin said he did not follow Mr. Holland's point. He said the bigger question is whether there should be a national survey in the first place to identify the stormwater funding needs. He said he does not see the value in doing a national call for granular data. The Accountability Scorecard for major infrastructure projects will include stormwater infrastructure in 2021. There are already many surveys out there that all agree on the gap in stormwater funding. Mr. Henifin asked the Task Force – is there a desire to have a national, central reporting model? Would the Task Force want to direct EPA to better nail down the size of the funding gap? Mr. Henifin said, if the Task Force does want to, then they could develop a recommendation accordingly, and Mr. Holland's question about data collection would apply. He said he personally does not find it necessary.

Ms. Lemoine said, in reference to the discussion of the 319 grant program, she is in favor of using existing funding sources. She noted the more they can work with what they have, the more efficient they will be. With regards to data collection, she asked if the Accountability Scorecard could go beyond stormwater infrastructure to include things like O&M.

Mr. Kleis seconded Mr. Henifin's point and said, for this project, he does not think the Task Force has the time to develop a well-constructed national survey. He said data collection and standardization should be a recommendation they consider providing EPA. He added that, with a uniform application for grants, it would be beneficial to have clearly defined categories for what qualifies and what does not. For example, in San Diego, the Water Board does not want to consider flooding as a part of their costs.

Mr. Meister emphasized Congress has handed the opportunity to EPA to ask for actionable recommendations. He said they already know the problem is large, unfunded, and likely to get worse. He believes it is a better use of everyone's resources, including those of Congress, for the Task Force to focus their efforts on erecting implementable frameworks.

Ms. Bezak said they have been talking a lot about how to fund stormwater infrastructure, but part of why green infrastructure is so expensive is because of the limited knowledge of how to design or construct it in the field. She suggested the Task Force focus on reducing the challenges and associated costs of implementation by, for example, training contractors. She said DC Water has joined the National Green Infrastructure Certification Program (NGICP) to try to establish a consistent expectation of how to install green infrastructure; the idea is that, in the long term, the costs for stormwater infrastructure will be driven down. She noted EPA endorsement for a program like NGICP could make a big impact.

Mr. Chow said the City of Baltimore is also a part of NGICP.

Ms. Downs said she would go further and encourage a recommendation about making education and training eligible funding activities. Teaching people to enter the green infrastructure business would create more competition and drive down costs.

Mr. Chow said what Ms. Downs' described is a part of the intent with the NGICP certifications to make sure the contractors know how to perform the installation.

Ms. Losli said she is very drawn to the idea of encouraging programs like NGICP. She said, as a utility, they are not a training organization or a business development organization, and there is a need for an investment in those types of training organizations.

Ms. Downs agreed and said, right now, people are training others ad hoc.

Ms. Mutkowska added they need to be aware, when developing standards, that green infrastructure is a cutting-edge technology. They would need to think about how to make guidelines that keep up with new solutions and technologies.

The Task Force took a 15-minute break before resuming the Section Three recommendations.

Section Three Workgroup Recommendations Continued

After the break, Mr. Henifin continued with the recommendation to create an SRF specifically for stormwater.

Ms. Beary said she is not in favor of creating another SRF. Instead, she would be in favor of encouraging states to use the existing SRFs and increasing capitalization grants. She fears if stormwater is eligible for both the Stormwater SRF and the Clean Water SRF, they will become competing funds and Congress will not increase the funding for both.

Mr. Bradshaw noted stormwater and clean water are already competing because they are in the same SRF. He said by carving out a separate Stormwater SRF, competition may be eliminated, at least at the local level.

Ms. Beary asked if they would anticipate taking stormwater out of the Clean Water SRF and putting it in a separate SRF. In her state of Iowa, they fund both wastewater and stormwater together, so she worries about how that approach would impact eligibility.

Mr. Henifin said they recognize in the Section Three draft that stormwater is eligible in the existing SRF. One of the comments from the Section Three breakout group, however, was Congress might not have required the Task Force if the existing SRF was functioning well for stormwater. He explained the idea would be to carve out stormwater, so it is not competing against clean water. Then they would push for revenue on top of what is being allocated for the existing SRF program. He noted the creation of a Stormwater SRF may even provide the impetus for additional funding. The recommendation would be about trying to position for additional resources devoted to stormwater. Mr. Henifin agreed eligibility would have to be worked out for projects like those related to combined sewage overflows (CSOs) or green infrastructure that deal with stormwater and clean water.

Ms. Beary said they combine wastewater and nonpoint source water, so it would not just affect CSOs or green infrastructure projects. She also noted the idea of carving the SRF into more silos is the antithesis of OneWater.

Mr. Chow said his experience with the Maryland SRF is that they do fund both stormwater and wastewater programs.

Ms. Hawks agreed with Mr. Henifin that a separate stormwater program might be a good idea. She said, at the very least, having some guidance from EPA on why certain regions are having great success in accessing stormwater funding from SRFs while others, particularly across the Southeast, are not would be helpful. She noted there needs to be further investigation into the barriers of using SRFs for stormwater funding. Does the SRF guidance need to be clearer? Are state policies blocking access?

Mr. Henifin said another advantage to the Stormwater SRF concept is that it would bring visibility to stormwater. Dividing out a piece of the Clean Water SRF for stormwater would support the narrative that this infrastructure needs investment.

Ms. Downs agreed with Mr. Henifin's comment about highlighting stormwater, but she would not like to see it as an entirely separate Stormwater SRF. Rather, she supports the concept of the common application. She stressed the potential impact in bringing the common application to the federal level for direct grants and requiring states to have a common application for the funding sources they administer. She recently completed an application for wastewater and another for clean water; they were two totally different processes. She said to add a third application to her load would be difficult, and she is a part of a decent-sized utility.

Ms. Mutkowska reminded the Task Force of the results of the EPA listening sessions. The number one funding source for stormwater was general funds, rather than SRFs.

Lisa Kay said implementing a common application is also important because of the potential for multiple benefits. With multiple benefits, there are multiple lines of funding. She suggested they also consider recommending common reporting to further reduce the burden.

Ms. Kumar seconded Ms. Beary's comment that a separate SRF for stormwater is a double-edged sword. She noted it can incorrectly come across like stormwater is not a type of wastewater. She also said the problem is not just the lack of availability of a Stormwater SRF; many utilities are shying away from SRFs because they do not have repayment capability. They are relying on general tax revenue and have no confidence that they can take on an SRF loan, even if the funds are available.

Mr. Henifin shared their next recommendation would be a construction grant program focused on stormwater. He noted the construction grant program jumpstarted the wastewater sector after the passage of the Clean Water Act. While the program had and continues to have difficulties, Mr. Henifin said they have not seen any analogous investment in stormwater infrastructure. Mr. Henifin also suggested there is an opportunity to create a program modeled around the transportation concept of a Regional Transportation Planning Organization (RTPO). Those within the RTPOs work to prioritize transportation needs within their regions and find functional approaches to federal funding. Mr. Henifin said a similar model may work for stormwater, wherein a source of funding would bring people together to cooperate on a regional watershed basis. He stressed the recommendation would entail structuring a stormwater construction grant program very differently from its predecessor.

Mr. Rothstein acknowledged construction grant programs have been a great jumpstart, but he also argued the gift of money to local governments has encouraged people to ignore ongoing renewal and replacement needs.

Mr. Henifin agreed with Mr. Rothstein. He said the first point in the drafted recommendation addresses the same concern. A utility or government would have to demonstrate the capacity or secure financial assurances necessary to fund renewal and replacement needs.

Ms. Evenson asked if the construction grant program would require any type of match. If so, she asked how communities without a utility would be able to finance the match. Would they receive 100% of the fund up front and have to pay the match over time? She said smaller communities will struggle to come up with that money.

Mr. Henifin said, as currently outlined in the draft, small or economically disadvantaged communities could waive the match. The idea would be to tailor the program.

Ms. Lemoine returned to the discussion on the need for recurring, sustainable revenue sources. She described one case of a wastewater project years ago in which a state gave a small village grant money for a wastewater treatment plant with the condition that the village set up rates that would provide them with the ability to operate and maintain the plant over time. The state provided the village money for the rate study as well. She wondered if this construction grant program could take a similar approach and provide funding contingent on the recipient's implementation of a sustainable user fee revenue source.

Mr. Pasquel noted the Virginia Stormwater Local Assistance Fund may be an example the Task Force could look into, as it is in some ways like a construction grant program.

Mr. Bradshaw said this recommendation echoes his earlier comment about there being a model for requiring asset management in the transportation sector. He agreed with Ms. Lemoine that such a program could be a way to require a variety of different things, like rate studies. He also said, according to Western Kentucky University, a significant percentage of stormwater agencies, upwards of 80%, do not have a sustainable dedicated funding source to pay matching funds or maintenance obligations.

Mr. Henifin asked the Task Force if the Section Three workgroup should continue to develop this recommendation for the report. The Task Force agreed.

Mr. Henifin said the next group of recommendations from the Section Three workgroup are oriented around regulatory policy intended to reduce the costs of compliance. He noted by reducing those costs, funds can be reallocated, and municipalities can avoid raising rates. The first recommendation would broaden the definition of integrated planning to specifically include flood management, flood protection, and flood mitigation projects. He explained AWIA added projects including innovative projects to reclaim, recycle, or reuse water and green infrastructure. Mr. Henifin said the Act does not explicitly state flood-related projects are ineligible, but by addressing specific projects that are eligible, there is the impression that the scope has narrowed. Mr. Henifin said flooding is a big cost for a lot of communities and a high priority for citizens, so it would make sense to open the definition of integrated planning. He acknowledged this recommendation is not necessarily for EPA; rather, it would be for Congress to slightly change the language of the Act.

Mr. Rothstein noted EPA cannot lobby legislative initiatives. He asked what the mechanism would be to have EPA more broadly define what they mean by integrated planning.

Ms. Tarquinio said a revision of the language by Congress could be a mechanism to broaden the definition of integrated planning. She also said the Task Force could incorporate a findings section in the Task Force report that explains why integrated planning should include flood projects.

Mr. Chow said there would be options in how the Task Force chooses to put the recommendation together.

Mr. Kleis supported the need for this shift in the meaning of integrated planning. In San Diego, he said they are trying to integrate flood mitigation projects, but flood control costs are not officially a part of the ledger. He added they would also benefit from the EPA shifting the language of the Infrastructure Protection Fund (IPF), so it is not portrayed as something they could possibly do, but rather like something they have the right to do under a set of parameters.

Mr. Henifin introduced the next recommendation which suggests EPA evaluate and revise the UAA process to make it faster and less costly to pursue, and to include prioritization as an additional factor within the context of regional water quality protection. Mr. Henifin said he thinks many shy away from the UAA process because of how challenging it is, potentially resulting in excessive money being spent on stormwater management and treatment. He noted they may be treating waters to unnecessary levels.

Ms. Mutkowska seconded the complexity and expensiveness of the UAA process. She said going through UAA to prove that a channel or water body should be exempt costs too much money and takes too much time. She cited an example in Santa Ana, in which the UAA process took five years and cost \$2 million. She also said there needs to be some degree of prioritizing where the resources should go for the bodies of water that fall within the Section 303(d) list of the Clean Water Act.

Ms. Tarquinio asked where the Task Force recommendation would be different from EPA's issuances in variances in UAA approvals to what the states do. She explained states have the authority in the UAA approval process.

Ms. Mutkowska said the recommendation would be about streamlining the UAA process.

Ms. Tarquinio asked where EPA would be streamlining the UAA compared to where the individual states would be changing the applicability of their own thresholds or acute and chronic levels in their priority settings.

Mr. Henifin responded they would have to look at how to integrate that distinction into their recommendation. He said EPA has some role in guiding states with the UAA process. He argued it is not just a state primacy issue in terms of whether they are applying UAA in the way EPA intended. He said there needs to be some direction to the states to inform them of the issues raised by stakeholders and how they might reduce their costs of compliance while still meeting environmental goals. He said the Task Force will have to determine how to frame the recommendation around EPA providing guidance to ensure their tools are being used appropriately.

Ms. Hawks said in Georgia they have wildlife refuges without any development that are on the 303(d) list; however, there is no action they can take to correct the water impairment without harming wildlife. She noted sometimes there are limits to what the local government or state can do.

Mr. Chow confirmed there were no further comments and then asked Mr. Henifin to continue.

Mr. Henifin proposed another recommendation around modifying the National Environmental Policy Act (NEPA) process to include water resource management and water quality objectives. He asked if Mr. Walter would like to expand on the idea.

Mr. Walter explained the Department of Transportation (DOT) is the largest developer in any municipality, and NEPA could be a vehicle to facilitate stormwater-DOT partnerships. He noted there are other federal land purchases that would also be appropriate as well. He said often one of the biggest challenges for DOT in building a road is finding the sites for stormwater ponds. The ambiguity of where a stormwater pond can be located can significantly prolong the DOT eminent domain process. Mr. Walter noted DOT is a willing partner on stormwater projects in Florida, but he is not sure that the model can be extrapolated out to the rest of the country.

Mr. Chu confirmed there were no further comments.

Mr. Henifin moved forward in proposing a related recommendation to address the Federal Highway Administration (FHWA) about policies that allow for joint use inside and outside of the limited access right-of-way. He referred to the example where work is being done within the right-of-way, as opposed to spending some of that money outside of the right-of-way to build a BMP. Mr. Henifin noted any exploration into the FHWA regulations and policies around these issues is likely beyond EPA's authority.

Ms. Kay asked if the same concept applies when there is a military base or a federal facility.

Mr. Henifin responded they could and should expand the recommendation to deal with any kind of federal construction site partner adjacent to local lands. He said, in his area, the Department of Defense (DoD) facilities recently received approval to spend money outside of their fence to address local flooding. They are now able to spend money elevating local roads so employees can always access DoD facilities.

Ms. Kay noted anything that helps to build operational resiliency should be positive.

Mr. Chu confirmed there were no further comments.

Mr. Henifin presented another recommendation about controlling the sources of contaminants like pesticides and herbicides that are registered and reregistered when setting air quality standards. He said a lot of those contaminants end up on the ground and ultimately in the water, increasing the costs of meeting water quality standards. He said they are not looking closely enough at the clean water impacts of those registrations.

Mr. Kleis said pesticides in San Diego are evaluated for registration against human health standards. Water quality standards, however, are held against more stringent environmental standards. He explained pesticides are being approved according to one standard, but then must be treated in the water under a much more stringent standard. He said the recommendation would pertain to regulating these contaminants at the front end and refraining from approving them if they will be harmful at the back end. He acknowledged the large scale of this issue for EPA.

Ms. Tarquinio asked if there are revisions to the Toxic Substances Control Act (TSCA) that could influence the problem.

Mr. Kleis said he would have to get back to Ms. Tarquinio. He noted some of the detail is in the Section Three draft, but the workgroup could provide more specifics as to what would need to be adjusted.

Mr. Henifin concluded by briefly mentioning a handful of recommendations that he prefaced as being considerably less realistic. These recommendations would be geared towards increasing the overall amount of money available for stormwater infrastructure.

- A federal excise tax on impervious roofing and pavement. Mr. Henifin explained that, typically, the money generated by federal excise taxes goes back to programs, and individuals would be incentivized to install more innovative materials. He said when looking at the roofing and paving market, a 5% excise tax would generate \$2 billion a year for stormwater infrastructure.
- Utilizing the existing revenue stream of federal farm subsidies. Mr. Henifin said agricultural property contributes to a significant number of stormwater problems. Within this recommendation, if there was a farm located in a watershed receiving federal subsidies, some percentage of those subsidies would go to stormwater management in that watershed. He said federal subsidies for farmland total approximately \$20 billion, and a 10% cut from them would provide another \$2 billion.
- Reallocating money from DoD. Mr. Henifin noted the DoD budget is upwards of \$680 billion. To protect communities from the ongoing threat of flooding, they could direct 1% of the Defense budget to stormwater management, resulting in another \$6.8 billion.

Mr. Rothstein supported Mr. Henifin's inclusion of unrestricted, creative ideas. He said they are worth discussing in an open session like the Task Force meeting. He also noted many of the Task Force's regulatory suggestions are not simply a blind cutting of regulations, but more so a targeted look at aligning specific policies with regulations.

Organization of Report

Ms. Kumar noted the proposed recommendations for the Task Force report seem section agnostic and suggested moving them to the end of the report. She also came up with seven classes of recommendations while listening to the discussion. The classes are as follows:

1. Process
2. Practices
3. Policies
4. Information repository – need for compilation of information
5. Financial
6. Technical, capacity building/training programs
7. Communication/education

Ms. Kumar said one option would be to take the recommendations upon which the Task Force decides, organize them by these seven classes, and then describe what concerns they would resolve. She noted the issues that could be resolved by the recommendations fall into six general themes:

1. Interpretive efficiency
2. Financial capabilities
3. Customer affordability
4. Funding gap
5. Political constraint
6. Policy constraint

Ms. Kumar said by classifying the recommendations and pairing them with the issues they solve, the Task Force could make the findings and impacts of the report clearer for the audience to understand.

Ms. Thrope thanked Ms. Kumar for her thoughtful approach to the recommendations.

Mr. Henifin commended Ms. Kumar's organizational construct and agreed with her framework. He said he is concerned, though, about having too much material in the report. He wondered if it would be better to narrow the list down to two to four short, specific, and actionable recommendations. Otherwise, he fears their main points will be lost.

Ms. Thrope recognized the amount of information there was for the Task Force to process. She also noted they had 35 minutes to narrow in on their recommendations, as Mr. Henifin said, and consider Ms. Kumar's idea of organization. She asked if the attendees could raise their hands if they approved of Ms. Kumar's suggestion for organization the report.

Ms. Hawks said she thought Ms. Kumar was making two separate suggestions. The first was to place recommendations at the end of the report, and the second was to use a matrix for the recommendations.

Ms. Kumar clarified she was suggesting they organize the recommendations into categories and connect them to the issues addressed in the previous sections. She added the group should determine which recommendations are a priority.

Ms. Thrope asked for input from the section leads.

Mr. Chapman agreed with Ms. Kumar about moving the recommendations to the end. He noted a "less is more" approach would be more meaningful and suggested they narrow down the recommendations once they have access to a master list.

Ms. Lemoine agreed to placing the recommendations at the end, as well as to categorizing them so they tie into the rest of the report. She said she is also envisioning graphic illustrations, considering how everyone processes information differently. She suggested some type of graphic representation could help in tying things together and would be helpful for those driven towards developing policy recommendations.

Mr. Henifin agreed to having some sort of conclusion in the end, but he did not agree with placing the recommendations there. He argued the recommendations should be close to the front to ensure they are seen.

Ms. Lemoine proposed a two to three-page executive summary, followed by Sections One, Two, and Three with the recommendations at the end.

Mr. Chow asked about the status of the executive summary.

Ms. Tarquinio responded there are couple of Task Force members who have volunteered to help support and/or write the introduction. She said they have not determined who would work on the executive summary.

Ms. Thrope noted the need for the Task Force to be organized and succinct in how they manage the next few weeks, particularly given the difficulty of working over the phone. She asked if Ms. Kumar could write her framework on the board.

Mr. Bradshaw said there are a couple of motions on the floor. He said if they were to pare the recommendations down to the top two to four, the matrix Ms. Kumar proposed may be less appropriate. He added Mr. Henifin's last few recommendations were covered quickly because the Task Force did not fully understand where they came from within the report or what agencies they would affect. He suggested, if those recommendations are not the focal point of the report, they should still include them in the findings.

Ms. Hawks agreed that less is more. She said, over the course of the discussion, she has recorded about 19 recommendations between the three sections. She noted the report audience will have limited time and attention, so the Task Force should focus on their top two or three. She also said they could consider including a full list of the recommendations elsewhere in the report.

Ms. Lemoine seconded Ms. Hawks' idea. She said if they narrow in on their priority recommendations, they could then have an appendix for future considerations or a longer study to ensure the other recommendations are still captured.

Ms. Thrope noted Ms. Kumar had finished writing the proposed matrix for structuring the recommendations. She asked the Task Force if they would want to go through the categories of the matrix, or if they would rather decide which recommendations to prioritize.

The Task Force decided on the latter.

Ms. Throwe asked the section leads to take a photo of the matrix and consider it individually within their workgroups. She asked what the best approach would be to select their top recommendations as a full group (e.g., vote by section, organize a Doodle poll).

Ms. Lemoine said she would prefer to look at all the recommendations together, rather than go through them section by section.

Ms. Kay asked if it would make sense for EPA to send out a list of recommendations to attendees and give them the opportunity to cast three votes for those they support.

Ms. Throwe asked if Ms. Hawks would be able to provide EPA with a copy of the recommendations that she noted.

Ms. Tarquinio said, if she could get a copy of Ms. Hawks' and Ms. Kumar's notes, EPA could compare them to the notes taken by the notetaker and then email out a list of the recommendations to attendees.

Ms. Throwe thanked Ms. Tarquinio and reminded the Task Force that the timeline for reviewing the report is very tight.

Public Comments

Ms. Tarquinio opened the floor to public comment. She informed the public they would have five minutes to speak and asked them to share their name and affiliation prior to speaking.

Jim Schlaman of Black and Veatch introduced himself and thanked the Task Force for their conversation. He noted the bottled water industry is valued at about \$18 billion dollars and growing by about 8 or 9% a year. He said the money is there, but the priority for stormwater is not. He said water continues to be undervalued by stakeholders as a critical resource within communities. If there was a way to change the public opinion on the value of water, the overall amount of stormwater funding might increase. He also offered an observation about the SRFs. He and his team tried to promote an integrated project in Missouri with water quality, flood control, and transportation components, but upon taking it to the SRF program, they were told the program did not fund flood-related projects. They had to slice the project into pieces to receive funding, which required tremendous administrative effort. He suggested instituting a OneWater SRF that supports all water issues and initiatives. His last comment was to emphasize the previous suggestion of placing the Task Force recommendations in the front of the report.

Daniel Kaplan introduced himself as an EFAB board member and thanked the Task Force for the work they have done. He noted there seem to be two definitions for stormwater – stormwater as it is defined within MS4 permits and under the Clean Water Act, and stormwater as is defined as a policy issue. He encouraged the Task Force to acknowledge within the report the broader legal, policy, and equity issues that surround funding for stormwater.

Chuck Job introduced himself to the Board and said how much he enjoyed their discussion. He encouraged the Board to recognize the concerns of contaminants moving from surface water to groundwater, particularly given their conversation around the concept of OneWater. He referenced the Underground Injection Control (UIC) program, which includes processes for dealing with stormwater. He suggested the Board acknowledge or formally look at the UIC program within the report. Mr. Job said the EPA research program on this topic is being cut back and now only has enough money to monitor the three projects they previously had underway. He said the EPA State of the Science report on stormwater impacts to groundwater quality clearly documents the issues involved in stormwater infiltrating groundwater. He encouraged the Board to consider the importance of monitoring groundwater when looking at what should be financed. Mr. Job thanked the Board for their time.

Next Steps and Adjourn

Mr. Chow thanked the Board for their active participation throughout the day. He agreed the Task Force will want to organize the sections, narrow in on their recommendations, and place them in the front of the report. He echoed Ms. Throwe's comment that there is a significant amount of work to be done in the next few weeks.

Ms. Throwe thanked the section leads, EPA, and the Task Force members for their hard work. She said they would all receive a follow-up email about the meeting that will include the dates of the upcoming Task Force calls.

Ms. Tarquinio noted the Task Force workgroup calls would be public. She thanked everyone for their attendance and adjourned the meeting at 5:25pm.