Working Collaboratively to Fund Water Infrastructure Needs: State and Foundation Water Finance Partnerships

June 23, 2020

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AGENDA
June 23, 2020

1. Welcome and Agenda Overview

2. Zoom Overview

3. Speakers
   - Tara Johnson, EPA Water Finance Center
   - Jalonne White-Newsome, Kresge Foundation
   - Bret Weingart, Assistant Director Utilities Department, City of Oklahoma City
   - Joe Freeman, Chief of Financial Assistance Division, Oklahoma Water Resources Board

4. Q&A
State and Foundation Water Finance Partnerships

Tara Johnson
EPA Water Finance Center
Water Infrastructure Needs in the U.S.

- Water sector infrastructure needs are increasing across the country.
- These needs include drinking water, wastewater, stormwater, decentralized wastewater, and even septic systems.
- While EPA strives to address this need through several funding programs, we understand this need is still unmet.

According to EPA’s estimate of drinking water and wastewater needs, over $743 billion is needed over the next 20 years for water infrastructure improvements. When taking into account operation and maintenance, external estimates can be as high as $1 trillion.
The Water Finance Center is an information and assistance center, helping communities make informed decisions for drinking water, wastewater, and stormwater infrastructure to protect human health and the environment.
Meeting the Needs of Key Stakeholders

The Water Finance Clearinghouse is an easily navigable web-based portal that helps communities locate information and resources that will assist them in making informed decisions for their drinking water, wastewater, and stormwater infrastructure needs.

www.epa.gov/wfc
Keys to Successful Funding Coordination

• Meet in person with funding partners and utilities
• Foster and maintain relationships with funding partners
• Maintain marketing materials, including a user-friendly website
Interagency Funding Coordination Activities

- Joint Marketing/Outreach
- Application Assistance
- Funding Schedules
- Regular Project Review Meetings
- Shared Environmental Review & Preliminary Engineering Reports
- Common Loan Pre-Application or Application
- Coordinating Council
Role of State-Level Funders and Philanthropic Foundations

FOCUS QUESTIONS

- How do state-level funders coordinate with each other to reduce burdens for resource-constrained borrowers?
- How are foundations structured and how can foundation funds be used?
- How can state-level funders and foundations build relationships to expand funding for community water infrastructure projects?
- What opportunities are there for foundations to support water sector investments to increase community benefits and spur innovation?
How Does Foundation Funding Work?

**GRANT**
A payment to a nonprofit (“exempt”) organization for a specific project or purpose to further the organization’s goals and fulfill the foundation’s mission. A grant can include any of the following: scholarships, fellowships, internships, prizes, and awards.

**MISSION INVESTMENT**
Mission investing is the practice of foundations who invest to advance their missions and programmatic goals.

**PROGRAM-RELATED INVESTMENT (PRI)**
Provide capital at below-market terms or guarantees to non-profit or for-profit enterprises whose efforts advance the investing foundation’s mission. PRIs are counted as part of the annual distribution (at least 5% of its endowment) a private foundation is required to make.

**MISSION-RELATED INVESTMENT (MRI)**
Provide risk-adjusted, market-rate investments made from the foundation’s assets.
Advancing Water Work through Foundation Partnerships

Jalonne White-Newsome
Senior Program Officer
Environment Program at the Kresge Foundation
Advancing water work through Foundation Partnerships

Dr. Jalonne L. White-Newsome
The Kresge Foundation

June 23, 2020
• National private foundation
• Goal: Expanding opportunities in America’s cities
• Invests more than $160 million annually to foster economic and social change
• Seven program areas and a Social Investment Practice
**Vision:** Urban storm water and wastewater systems are resilient to climate change and provide reliable and equitable services to communities.

Our Strategies:

- Convening urban leaders
- Providing cities with evidence to make the case
- Invest in cities to become exemplars

Bringing together water utility leaders, municipal GSI managers, community organizers, engineers and project developers, environmentalists and others to make sure those stakeholders have the technical information they need to develop climate-informed equitable water solutions, as well as the knowledge and tools needed to address the systemic and institutional racism that pervades the water sector.
CREWS Initiative Partners (as of 6/1/2020)

**Building Urban Leadership**
- Municipal/Utility Peer Learning
  - Green Infrastructure Exchange
  - U.S. Water Alliance
  - Southeast Sustainability Directors Network

**CBO/NGO Peer Learning**
- Anthropocene Alliance
- PolicyLink
- Council of Michigan Foundations
- Groundwork USA
- River Network
- Deep South Center for Environmental Justice
- Rose Foundation for Communities and the Environment

**Build Case & the Enabling Environment**
- Applied Research
  - Fair Share Housing Center
  - The Nature Conservancy (National)
  - The New School

**Evidence Base**
- Earth Economics
- Center for Neighborhood Technology

**Policy**
- Freshwater Future
- Green Latinos
- Hip Hop Caucus
- National Wildlife Federation (Clean Water for All Coalition)

**Non-traditional Approaches**

**Financing Models**
- Chesapeake Bay Foundation
- Green Print Partners
- National Fish and Wildlife Foundation
- World Resources Institute

**Training / TA – Other Models**
- American Rivers
- The Water Center @ Penn

**Place-based Exemplars**
- Milwaukee Water Commons
- Duwamish River Valley Coalition
- National Wildlife Federation EJ & Urban Initiatives Program
- Eco Action
- The Funders Network for Smart Growth and Livable Communities
- Healthy Schools Campaign
- New Jersey Future

**Field Building/Cross Program**
- Georgetown Climate Center
- Trust for Public Land
Let's start with the basics…

What is philanthropy?

What is the role & value of a foundation?

How do you begin to work with a foundation?

Examples of Kresge supported partnerships in the water sector (there are many more!)
**Basic concepts**

**Philanthropy:**
- Means love for mankind; voluntary giving to promote common good
- Refers to grants of money given by foundations to non-profit organizations that support a variety of activities: research, health, education, arts and culture, alleviating poverty

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<tr>
<th>Types of Foundations</th>
<th>Private Foundation</th>
<th>Community Foundation</th>
<th>Corporate Foundation</th>
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<td></td>
<td>A nongovernmental, nonprofit organization with funds usually from a single source, such as an individual, family, or corporation • managed by its own trustees or directors • established to maintain or aid social, educational, religious, or other charitable activities serving the common welfare, primarily through grantmaking • tax-exempt under Section 501(c)(3) of the Internal Revenue Code • Example: The Rockefeller Foundation</td>
<td>tax-exempt, nonprofit, autonomous, publicly supported, philanthropic institution • composed primarily of permanent funds established by many separate donors of the long-term diverse, charitable benefit of the residents of a defined geographic area • typically, a community foundation serves an area no larger than a state • Examples: The Cleveland Foundation serves an area no larger than a state; the Silicon Valley Community Foundation is the largest</td>
<td>A company-sponsored foundation is a private foundation that derives its grantmaking funds primarily from the contributions of a profit-making business • maintains close ties with the donor company • more than 2,000 corporate foundations in the United States • Example: Coca-Cola Foundation</td>
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**Source:** Council of Michigan Foundations, [https://www.cof.org/content/glossary-philanthropic-terms](https://www.cof.org/content/glossary-philanthropic-terms)
### Our role…

- Stay on mission
- Adhere to a *theory of change* or a *strategy*
- Fulfill IRS reporting requirements (990-Form, give a % of what you earn)
- Payout a minimum of 5 percent of the value of its endowment
- Guidance and support of the guiding body of that organization (i.e. Trustees, the family)
- Maintain a program operations system for receiving, reviewing and deploying grant funds and program related investments
- Deploy different forms of capital (grants, Program related investments)

### Our value…

- The ability to view things whole
- The ability to deploy a wide variety of tools
- The ability to take risks
- The ability to elevate the voice and needs of marginalized people
- To convene, build a community of learning & practice
- Expand the conversation
- Use our influence for good
- Support learning and evaluation of large bodies of work
- Deploy support in times of crisis
- Address hard issues
- Support advocacy, research
- Be a good partner
How do you begin to work with a Foundation?

- Develop a concept, problem, or project of interest
- What are your needs?
  - Grant funds: flexible project support
  - Program Related Investments (PRIs): loans, guarantees, equity investments
- Explore your internal infrastructure: can you receive funds from foundations?
- Research foundations that are deploying funds in your area of interest
- Begin a conversation, with that foundation, which could lead to:
  - More conversation...
  - A letter of intent
  - Request for a proposal
  - Advice
  - Introductions to another funder
Where to begin?

• Research

• Talking with colleagues that might have more experience with foundations

• Partnering with other non-profits (community based organizations, NGOs, etc.)

https://fconline.foundationcenter.org/
Funder Publications

Funder Affinity Groups

- Council on Foundations
- Exponent Philanthropy
- Health and Environmental Funders Network
- Foundation Center
- GEO
- PEAK Grantmaking
- Technology Affinity Group
- United Philanthropy Forum
- The Water Research Foundation
- The Funder’s Network for Smart Growth and Liveable Communities
  - Urban Water Funders Group
Examples of partnerships
Matching grant program that enhances local capacity to build equitable and sustainable communities in the United States and Canada. The fund incentivizes local government water departments/utilities and foundation partnerships by pairing national and local philanthropic funding sources. These one-to-one matching awards support the planning and implementing of green stormwater infrastructure (GSI).

https://www.fundersnetwork.org/partners-for-places/
• GIX is a national network of over 90 municipal leaders working to advance GSI

• Since 2015, we have supported GIX in the following activities:
  – Networking and solution-sharing
  – Technical workgroups
  – Shared learning platforms
  – Collaborative grant program
  – Equity Training for members
  – Support with operationalizing racial equity
  – International Learning Exchanges
  – Research into critical issues
Supporting the investigation of innovative financing

Exploring Environmental Impact Bonds

• Supported Chesapeake Bay Foundation (CBF) to explore how innovative financing can be used to advance GSI
• CBF reached out to 45 municipalities to explain the ‘pay for success’ concept
• The cities of Baltimore, MD & Hampton, VA are in process
• Funded work discovered critical lessons for the field
• EIBs therefore allow local governments to share project risks with investors who care about environmental and social outcomes
St. Louis is a mid-sized city of 311,000 people on the banks of the Mississippi River. St. Louis Metropolitan Sewer District is one of a handful of forward-thinking water authorities offering private landowners grants to install green infrastructure. However, mission-driven organizations often miss the chance to participate because they lack the staff capacity and upfront capital needed to complete these projects.
A Joint Benefits Authority (JBA) is a mechanism that allows multiple government agencies or departments to jointly plan, implement, and fund projects that produce a range of co-benefits.

A JBA can unite multiple agencies behind the project by allowing each to pay for specific outcomes relevant to its mission.

The goal is to advance social equity through inclusive and integrated implementation, focusing on GSI projects with multiple co-benefits such as clean air and water, flood resilience, ecological health, urban greening, and neighborhood beautification.

The World Resources Institute, Encourage Capital, Liquid Assets Project and the San Francisco Public Utility Commission are partnering to pilot this model.
US Water Alliance: national organization that supports a range of water leaders - water providers, business leaders, environmental organizations, the agricultural sector, community stewards – to accelerate water investments, management and education.

Some of the efforts to build partnerships include:
- The Water Equity Taskforce
- Climate Resilience Bootcamp
- Water utility leaders roundtable
- Water Equity Framing Paper

Cohort style learning has advanced understanding of the challenges, opportunities, and promising interventions to promote equitable water management.
Supporting a range of NGOS – environmental, community-based, environmental justice, social justice organizations - to work in collaboration with municipal and water leaders.
Thank you!

Dr. Jalonne L. White-Newsome

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State Funding Agency Coordination
Example: Oklahoma

Bret Weingart
Assistant Director Utilities Department
City of Oklahoma City

Joe Freeman
Chief of Financial Assistance Division, Oklahoma Water Resources Board
State Funding Agency Coordination
Example: Oklahoma

June 23, 2020

Presented by
Joe Freeman
Oklahoma Water Resources Board
Financial Assistance Division Chief
IN WHAT WAYS CAN OWRB HELP?

2 Grant Programs
- Rural Economic Action Plan Grant (REAP)
- Emergency Grant

3 Loan Programs
- Clean Water State Revolving Fund (CWSRF)
- Drinking Water State Revolving Fund (DWSRF) co-administered with ODEQ
- Financial Assistance Loan Program (FAP)

OTHER SPECIAL FUNDING, WHEN APPROPRIATED, HAS INCLUDED: DROUGHT GRANTS, WATER FOR 2060 DROUGHT GRANTS, AND EMERGENCY DROUGHT RELIEF GRANTS
A group of federal & state organizations that offer a cooperative process to Oklahoma’s public entities – targeting a simplification of procedures and community outreach for water & wastewater projects.

Includes potential funding sources for water and wastewater projects.

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<th>Funding Agency Coordinating Team (FACT)</th>
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<tbody>
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<td>Oklahoma Water Resources Board</td>
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<td>Oklahoma Department of Environmental Quality</td>
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<td>Oklahoma Department of Commerce</td>
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<tr>
<td>U.S. Bureau of Reclamation</td>
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<tr>
<td>U.S. Department of Agriculture</td>
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<td>U.S. Environmental Protection Agency</td>
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<td>Indian Health Service</td>
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<tr>
<td>Oklahoma Councils of Government</td>
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<tr>
<td>Communities Unlimited</td>
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<td>Oklahoma Rural Water Association</td>
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OWRB Partnering and Co-Funding Opportunities

**Oklahoma City WUT**
Master Meter servicing and Dam Rehab – Borrowing entity partnered with OWRB to fund projects which benefit neighboring communities and systems to include: Atoka County RWD #4, City of Atoka, Bethany PWA, Bethany - Warr Acres PWA, and several others.

**Tribal Co-Funding**
South Delaware County Regional WA – Regionalization through construction of a new treatment plant. Partnered with Indian Health Services and the Cherokee Nation.

**Inola PWA**
- Wastewater system improvements. Partnered with the Cherokee Nation.

**Lake Eufaula**
- Constructed Wetland - Pass through project with Oklahoma Conservation Commission. Partnered with City of Eufaula and Team Up to Clean Up.

**Atoka County RWD #4,**
City of Atoka, Bethany PWA, Bethany - Warr Acres PWA, and several others.
OWRB Partnering and Co-Funding Opportunities

Grand River Dam Authority (GRDA) Low Impact Development Project - Pass through project with Oklahoma Conservation Commission. Educational purpose for community through rain garden design.

Grand River Dam Authority (GRDA) Low Impact Development Project - Pass through project with Oklahoma Conservation Commission. Educational purpose for community through bio-retention design.

Lake McMurtry Pervious Paver Parking Area - Pass through project with Oklahoma Conservation Commission. Partnered with Lake McMurtry Friends and City of Stillwater.
SYSTEM SUSTAINABILITY PLANNING EFFORTS

OWRB and ORWA
A partnership that provides assistance to water and wastewater systems through:
- Board Member Training Sessions
- Water & Wastewater Operator License Renewal Education Sessions
- Water & Wastewater Operator Certification Workshops
- Water & Wastewater Laboratory Certification Workshops
- Technical Assistance Contacts
- Long-Term Planning Assistance

Water & Wastewater Planning Guides

www.owrb.ok.gov/guides
On August 22, 2019, Oklahoma’s first Strategic Alliance Agreement was formally signed between ODEQ, OWRB, and ORWA, and was ratified by the Governor of Oklahoma. No ONE organization or agency has all the resources to address water & wastewater system sustainability planning vital to the success of meeting and exceeding the state’s water needs into the next century. By working together as a team all the members of this strategic alliance have the resources required to complete the task.
Questions & Answers
Thank you!

For any additional questions, please email the EPA Water Finance Center:
waterfinancecenter@epa.gov