

Funding Strategies for Flood Mitigation

Where do you get the money?



Local Revenue

Common Funding Sources	Amount	Community Examples	Benefits & Challenges
Direct user charges	\$--\$	Tulsa, OK collects a \$8.35 monthly stormwater utility fee from city residents to fund its stormwater operations and maintenance program.	<ul style="list-style-type: none"> + Predictable revenue - Challenging to determine acceptable fees - Fees based on impervious surface have higher administrative overhead than flat fees
Local sales taxes	\$--\$	Austin, MN residents passed a 20-year, 1/2-cent local option sales tax in 2007 to fund mitigation projects and property buyouts. It generates ~\$1.4 million each year.	<ul style="list-style-type: none"> + Predictable revenue - Politically challenging: requires state and voter approval
Shared costs and joint agreements	\$--\$	In Lincoln, NE, the city government, the Univ. of Nebraska-Lincoln, and a watershed district signed a joint agreement and shared costs to implement a major flood control project.	<ul style="list-style-type: none"> + Spreads costs amongst partners + Adding partners can increase funding and capacity - Collaborative processes can be time-consuming
Tax increment financing (TIF) and special assessment districts	\$--\$	Property revenue increases from within the district are earmarked for specific projects, such as flood control. Aurora, IL used a TIF district to raise upfront money to address long-term flooding issues while implementing a commercial redevelopment project.	<ul style="list-style-type: none"> + Raises revenues without adding a new tax - Shifts municipal finance allocations in ways that may be controversial



Private & Philanthropic

Common Funding Sources	Amount	Community Examples	Benefits & Challenges
Impact investing & environmental impact bonds	\$\$\$	Impact investors provide upfront money for projects and are repaid with interest, often based on the project's success. Atlanta, GA issued a \$14 million environmental impact bond to fund six stormwater projects in economically distressed neighborhoods.	<ul style="list-style-type: none"> + Provides upfront money - Hinges on investors being repaid by entities that benefit from predictable cost savings - Less commonly used so will need to be explained to public and decisionmakers
Public-private partnerships (P3s)	\$\$-\$\$\$	Private entities share risks and benefits on public projects. When Fargo, ND's project had a low benefit-cost ratio and did not qualify for FEMA funding, it created a P3 to fund its diversion channel construction. Private partners will be repaid via sales tax revenues.	<ul style="list-style-type: none"> + Leverages private money for public projects + Shares risks and benefits - Susceptible to economic downturns - Less commonly used so will need to be explained to public and decisionmakers
Community & Corporate Foundations	\$\$	Community foundations that cover southern MN include the Southern Minnesota Initiative, McKnight Foundation, Mankato Area Foundation, and the Center for Disaster Philanthropy, amongst others.	<ul style="list-style-type: none"> + Grants (as opposed to money that needs to be paid back) - Every foundation has different processes - Competitive

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Minnesota State Grants & Loans

Common Funding Sources	Amount	Grant Program (*local match required)	Benefits & Challenges
MN Dept. of Natural Resources	\$\$	<ul style="list-style-type: none"> Flood Hazard Mitigation Grant* Conservation Partners Legacy Grant Program* 	<ul style="list-style-type: none"> + Significant sources of revenue + Include some low-interest loans and grants (money that does not need to be paid back) - Competitive - Local match sometimes required - Time consuming applications and reporting requirements
MN Pollution Control Agency	\$\$-\$\$\$	<ul style="list-style-type: none"> Clean Water Partnership Grants/Loans 319(h) Grants* Environmental Assistance Grant/Loan Programs 	
MN Homeland Security & Emergency Management	\$\$-\$\$\$	<ul style="list-style-type: none"> Emergency Management Performance Grant* 	
MN Board of Water & Soil Resources	\$\$-\$\$\$	<ul style="list-style-type: none"> One Watershed, One Plan Accelerated Implementation Grant* 	
MN Dept. of Employment & Economic Development	\$\$	<ul style="list-style-type: none"> Flood Recovery Financing 	
MN Department of Transportation	\$\$-\$\$\$	<ul style="list-style-type: none"> State Aid for Local Transportation* 	
MN Public Facilities Authority	\$\$\$	<ul style="list-style-type: none"> Clean Water and Drinking Water Revolving Funds 	
MN Dept. of Agriculture	\$-\$\$	<ul style="list-style-type: none"> AGRI Sustainable Agriculture Demonstration Grant Program* 	

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Federal Grants & Loans

Common Funding Sources	Amount	Grant Program (*local match required)	Benefits & Challenges
Federal Emergency Management Agency (FEMA)	\$\$\$	<ul style="list-style-type: none"> • Hazard Mitigation Grant Program* • Flood Mitigation Assistance Program* • Building Resilient Infrastructure and Communities Program* 	<ul style="list-style-type: none"> + May be necessary for larger-scale projects + Include some low-interest loans and grants (money that does not need to be paid back) - Very competitive - Local match sometimes required - Time consuming applications and reporting requirements
US Dept. of Housing and Urban Development (HUD)		<ul style="list-style-type: none"> • Community Development Block Grants 	
National Park Service	\$\$	<ul style="list-style-type: none"> • LWCF Outdoor Recreation Legacy Partnership* • Rivers, Trails and Conservation Assistance 	
US Dept. of Agriculture	\$\$\$	<ul style="list-style-type: none"> • Community Facilities Direct Loans and Grants* • Water and Waste Disposal Loan and Grant Program • Conservation Innovation Grants* • Special Evaluation Assistance for Rural Communities • Small Business Innovation Research 	
US Environmental Protection Agency (EPA)	\$\$\$	<ul style="list-style-type: none"> • Recreation Economy for Rural Communities • Urban Waters Small Grants • Greening America's Communities • Environmental Justice Collaborative Problem-Solving • Source Reduction Assistance Program* 	
US Economic Development Administration (EDA)	\$\$\$	<ul style="list-style-type: none"> • Public Works and Economic Adjustment Assistance* 	
US Fish & Wildlife Service	\$\$\$	<ul style="list-style-type: none"> • North American Wetlands Conservation Small Grant* • North American Wetlands Conservation Standard Grant* • National Urban and Community Forestry Challenge* 	

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Who do you need to convince?	What matters to these folks? Example pitches.	What evidence can you use? \$ (least expensive) – \$\$\$ (most expensive)
 Local elected officials	<p>Community health, safety, and welfare; budgets; competing demands and priorities; electability</p> <ul style="list-style-type: none"> • Project creates jobs and brings new funding to the area • Protecting our community is worth the cost • Project is a win-win; • Project complements other municipal plans and departmental strategies • Project reduces impacts of climate change on underserved neighborhoods 	<ul style="list-style-type: none"> \$ Show impact on city department budgets and planning processes. \$\$\$ Use neighborhood-level data and data from familiar peer municipalities. \$\$\$ Estimate money saved from having project in place (cost avoidance study).
 Local taxpayers	<p>Fees; taxes; quality of life; community stability</p> <ul style="list-style-type: none"> • A small investment now will avoid tragedies with enormous future costs • Your neighbors are participating • Project will provide safe and reliable infrastructure • Project will improve neighborhood safety 	<ul style="list-style-type: none"> \$ Show that similar projects have increased property values in other communities. \$\$\$ Point out savings from decreased flood risk and lowered insurance premiums. \$\$\$-\$\$\$ Share data from questionnaires, surveys, and comments from public meetings.
 Local business owners	<p>Regulatory predictability; economic impacts and efficiency; debt avoidance</p> <ul style="list-style-type: none"> • Project creates jobs • Good return on investment • Local economic drivers will be sustained • Project will bring new people to the area 	<ul style="list-style-type: none"> \$ Get data showing trends in population and employment so that you can explain how your project can contribute to economic development. For growing communities, your project can help sustain growth. Otherwise, your project can help retain and attract residents. \$\$\$ Estimate jobs and income that can be protected or created as a result of the project (economic income analysis).
 State and federal agency partners	<p>Quantifiable costs and benefits; reliable data; logical procedures</p> <ul style="list-style-type: none"> • Protecting our community is worth the cost • Doing Y will most likely result in Z • Avoidance of damage and expenses from natural hazards • Project increases safety of people and infrastructure 	<ul style="list-style-type: none"> \$ Get letters of support to demonstrate community buy-in. \$\$ Compare costs of different actions to achieve a specific goal. \$\$\$-\$\$\$ Estimate cost-effectiveness through a benefit cost analysis by comparing project costs (construction, administration, etc.) and project benefits (avoided costs, community improvements, etc.). \$\$\$-\$\$\$ Estimate positive impacts on amenities that people value even though they do not pay for them, such as health, clean air, and recreational opportunities.
 Foundations, philanthropists, impact investors	<p>Climate change impacts on people and the environment; obligations to future generations; equitable outcomes; environmental stewardship</p> <ul style="list-style-type: none"> • Climate change is threatening the world as we know it – we must act • Project improves racial and environmental justice • Project improves clean air and water, abundant wildlife • Project provides green infrastructure, alternative energy • Project is the right thing to do for future generations • Project supports neighborhood decision-making 	<ul style="list-style-type: none"> \$ Show how the project will benefit underserved individuals and neighborhoods. \$ Take compelling photos, organize site visits, get quotes from community members who will benefit from the project. \$ Show how the philanthropic investment will serve as a catalyst and be leveraged to secure additional funding. \$\$ Explain who will bear the costs and who will receive the benefits.