

# Funding Strategies for Flood Mitigation

## Where do you get the money?



### Local Revenue

Common Funding Sources	Amount	Community Examples	Benefits & Challenges
<b>Direct user charges</b>	\$--\$	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"> <li>+ Predictable revenue</li> <li>- Challenging to determine acceptable fees</li> <li>- Fees based on impervious surface have higher administrative overhead than flat fees</li> </ul>
<b>Local sales taxes</b>	\$--\$	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"> <li>+ Predictable revenue</li> <li>- Politically challenging: requires state and voter approval</li> </ul>
<b>Shared costs and joint agreements</b>	\$--\$	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"> <li>+ Spreads costs amongst partners</li> <li>+ Adding partners can increase funding and capacity</li> <li>- Collaborative processes can be time-consuming</li> </ul>
<b>Tax increment financing (TIF) and special assessment districts</b>	\$--\$	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"> <li>+ Raises revenues without adding a new tax</li> <li>- Shifts municipal finance allocations in ways that may be controversial</li> </ul>



### Private & Philanthropic

Common Funding Sources	Amount	Community Examples	Benefits & Challenges
<b>Impact investing &amp; environmental impact bonds</b>	\$\$\$	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"> <li>+ Provides upfront money</li> <li>- Hinges on investors being repaid by entities that benefit from predictable cost savings</li> <li>- Less commonly used so will need to be explained to public and decisionmakers</li> </ul>
<b>Public-private partnerships (P3s)</b>	\$\$-\$\$\$	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"> <li>+ Leverages private money for public projects</li> <li>+ Shares risks and benefits</li> <li>- Susceptible to economic downturns</li> <li>- Less commonly used so will need to be explained to public and decisionmakers</li> </ul>
<b>Community &amp; Corporate Foundations</b>	\$\$	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"> <li>+ Grants (as opposed to money that needs to be paid back)</li> <li>- Every foundation has different processes</li> <li>- Competitive</li> </ul>

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At the state level, funding opportunities can exist in unexpected places. Minnesota grants and loans that could be used for flood mitigation are provided below as examples.



### Minnesota State Grants & Loans

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

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### Federal Grants & Loans

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