

Virginia Coastal Resilience Technical Advisory Committee (TAC) Funding Q4 Subcommittee Meeting Minutes

Subject	TAC Funding Subcommittee Meeting 2023-Q4	Date	11/02/23
Chair	Shawn Crumlish, VRA	Time – START/ADJOURN	10:02am/11:39am
Location	Zoom	Scribe	Sarah Jackson VCU CPP

Subcommittee Members

Last Name	First Name	Agency / Title	Virtual ✓
Crumlish	Shawn	Chair, Executive Director, VRA	✓
[D'Alema]	[Peter]	[Co-Chair] [Director of Program Management]	✓
Curtis	William	Assistant Director of DHCD	✓
Katchmark	Whitney	Principal Water Resources Engineer, Hampton Roads Planning District Commission	
[McFarlane]	[Ben]	[Chief Resilience Officer]	✓
Lawrence	Lewis	Executive Director, Middle Peninsula Planning District Commission	
[Smith]	[Curtis]	[Deputy Director]	
Burhop	Kristin	Vice President for Public Policy and Legislative Affairs, Virginia Chamber of Commerce	
[Martin]	[Keith]	[Executive Vice President, Public Policy and Government Relations]	
Wells	Matthew	Director, Virginia DCR	
[Smith]	[Andrew]	[Deputy Director]	✓
Coates	Robert	Director, Grant Management and Recovery Division, Virginia Department of Emergency Management	
[Messmer]	[Debra]	[State Hazard Mitigation Officer]	✓
Swanson	Chris	Environmental Division Director, Virginia Department of Transportation	
[Berg]	[Christopher]	[Assistant Division Director]	
Green	Jamie	Commissioner, Virginia Marine Resources Commission	
[Peabody]	[Rachael]	[Director of Coastal Policy, Restoration and Resilience]	
[Owen]	[Randy]	[Chief of Habitat Management]	
Hartley	Troy	Director, Virginia Sea Grant	

Invited Guests

Last Name	First Name	Organization	Virtual
Sanderson	Jimmy	Davenport & Company	✓

Committee Staff Support / Presenters

Last Name	First Name	Organization	Virtual
Alexander	Addie	VCU-CPP	
Dalon	Matt	DCR	√
Heaps-Pecaro	Carolyn	DCR	
Wood	Wheeler	VCU-CPP	√

Reference Links	
Item	Link
Meeting Agenda	https://www.dcr.virginia.gov/crmp/meeting/document/20231102-tac-funding-subcommittee-agenda2.pdf
Meeting Handouts/Presentation Slides	https://www.dcr.virginia.gov/crmp/meeting/document/20231102-funding-presentation-handout.pdf
Video Recording of the Meeting	To be provided in final minutes

Agenda Item	Minutes
1. Call to Order, Roll Call, Introductions	Chair Shawn Crumlish (VRA) called the meeting to order at 10:02am and Wheeler Wood (CPP) called the roll. Mr. Crumlish reviewed the agenda. A motion was made and seconded to adopt the agenda. Mr. Crumlish then reviewed the meeting minutes from the Q3 Funding subcommittee meeting on August 24th before a motion was made and seconded to adopt the minutes.
2. DCR Presentation	<p>Matt Dalon (DCR) reviewed the subcommittee charge and objectives. He presented the following information:</p> <ul style="list-style-type: none"> ● CRMP Phase II due by December 2024 and will include an updated Coastal Resilience Web Explorer and a PDF plan document. ● Key components will include a flood hazard exposure model, flood hazard risk assessment, planned resilience actions, financial needs for flood resilience, and TAC Subcommittee recommendations. ● Outreach and engagement will occur throughout the plan’s development to collect feedback. ● This subcommittee will focus on financial information to support planning and what is financially needed to implement flood resilience projects. ● Four meetings remain for this subcommittee. Today’s meeting will continue identifying financial needs. Prioritization of financial needs will occur in Q1 2024 followed by assessment, recommendations, and review.
3. Financial Tools for Flood Resilience	Mr. Crumlish introduced the guest speaker Jimmy Sanderson, Senior Vice President at Davenport focusing on Public Finance. Mr. Sanderson presented on financing tool

options to help local governments fund resilience projects. The presentation included the following highlights:

- There is no common financing tool used by local governments to support resiliency, so many use general revenues through borrowing, credit, or other funding. Yet Special Tax District, CDA, Regional Taxing Authorities, and Moral Obligation Bonds should be considered as effective tools to alleviate local government budgets.
- Special Tax/Service District – provides a certain burden by specific area requiring services (used for living shoreline projects). Can be created by ordinance of the local government at its discretion upon determination of a benefit. Funded improvements must be within the geographical boundary. Not a direct burden on the overall community. Local government is authorized to levy and collect an annual property tax in the district and can adjust the rate. Typically done in combination with other backings from local governments. Debt must be issued by the local government on behalf of the service district project and repaid through special tax collected by the local government.
- Community Development Authority (CDA) – district is defined by geographic boundary formed by state statute, used for certain infrastructure improvements within its boundary. Projects are paid for within a specific area through Ad Valorem tax. Bonds are issued by the CDA and not the local government. Landowners petition local governments to form CDAs; they're done in partnership unlike Service Districts. Paid back by Special Assessment
- Tax Increment Financing – used in combination with CDA to generate revenues, captures incremental revenue from economic impact of any improvements to specific areas. Local government uses additional revenue to pay for projects. This tool is limited – permitted by state statute but only used by a few jurisdictions. Recommend Special Tax District or CDA.
- Regional Taxing Authorities are formed to capture additional tax revenue in specific areas to pay for designated projects in those areas. Current examples include Northern Virginia Transportation Authority, Central Virginia Transportation Authority, and Hampton Roads Transportation Authority; these could be possible models for resilience funding.
- Moral Obligation bonds – can be used in combination with Special Tax District and CDA.
- Overall, CDA has an indirect impact on locality's credit whereas impact varies with Service District depending on Moral Obligation support of locality. A Service District requires local government ordinance while CDAs are established by landowners. These tools are often used for hard infrastructure, less for resiliency. But there are opportunities to move these into the resilience space.

The presentation raised the following questions:

	<ul style="list-style-type: none"> ● It was asked whether a Service District or CDA could pull from multiple localities, particularly in cases where resilience needs spread across a region. Mr. Sanderson said they would need to still be formed separately in each jurisdiction based on how state statutes work. But there could be an opportunity for the General Assembly to change the law and allow for multiple jurisdictions. ● When a service district is created after development, would a referendum be required? Mr. Sanderson doesn't think there would be a referendum requirement in this case. Geographical boundary shape doesn't have any requirements other than being continuous. Improvements have to bring benefits based on improvement analysis. ● Are the new home owners now subject to terms and conditions of the service district? Mr. Sanderson said yes. ● It was discussed that Fairfax County created a Service District for stormwater tax. The Service District included the entire county and used Ad Valorem tax. The question is whether the plan should include a description of this tool so local governments can adopt it as appropriate. While these would all be post-development, they could be agreed to by communities increasingly impacted by flooding. Mr. Sanderson said it was also possible for jurisdictions to set up separate credits that can be borrowed against special revenue. ● Mr. Sanderson mentioned the greatest challenge for local governments is identifying revenues outside of current budgets that can be attached and used for these specific projects.
<p>4. Old Business</p>	<p>Matt Dalon (DCR) presented the Funding Subcommittee's lines of effort based on previous discussions and the subcommittee scope and objectives:</p> <ul style="list-style-type: none"> ● <u>Building the Financial Baseline</u> – The value of assets exposed to flooding will need a human, built, and natural infrastructure baseline valuation. A gap analysis of the direct and indirect costs will show financial risk of exposure. These items are tied into the Project Prioritization Subcommittee (impact assessment). Lastly, need to consider what are the current financial supply and demand and do we have capacity to invest in resilience? ● Mr. Dalon then reviewed the Impact Assessment Approach on page 20 in the PowerPoint presentation. It was determined that the subcommittee wants to establish baseline values for natural infrastructure. DCR and VMRC met with VIMS who is working on Natural Infrastructure Baseline Assessment with pending funding from NOAA. This assessment will estimate ecological and social benefits of marshes and living shorelines for local communities within the Middle Peninsula Virginia region. This assessment could be scaled to understand larger baseline values for natural infrastructure across the state. FEMA's Benefit Cost Analysis (BCA) Toolkit was presented as another resource for building a baseline as it calculates annual and net present value of ecosystem services. This tool is mainly used

	<p>for areas out West with large differences in precipitation. But could be used in Virginia to provide an estimate.</p> <ul style="list-style-type: none">● Any assessment results would be considered alongside other economic indicators shown on pages 29 and 30 in the PowerPoint presentation. Mr. Dalon asked the group to reach out with suggestions for additional metrics as well as whether DCR should develop metrics to baseline and monitor readiness. These options will be discussed more at the next subcommittee meeting.● <u>Making the Financial Case</u> – Feedback from first meeting included the need to tailor messaging to primary audience/end users (PDCs, Localities, State Agencies). Mr. Dalon shared Organizational Survey Results from CRMP Phase I sent to communities involved in flood resilience. While there was a low participation rate, most respondents were moderately to significantly aware of flood risk. Some participants indicated that they understood their flood adaptation options. Understanding dropped off when asked about funding capacity and options.● CRMP Phase II information gathering methods will include workshops, surveys, and phone interviews. Mr. Dalon then shared draft financial questions for the next survey. This will be sent to floodplain administrators and PDCs on the TAC. If there are other avenues, please let DCR know. Questions will be presented to the Outreach & Community Engagement Subcommittee on November 8th. Mr. Dalon also discussed the importance of public-private coordination to ensure investments and benefits are shared. He cited findings from the Resilience Incentivization Roadmap 2.0 report conducted by the National Institute of Building Sciences (link is available on slide 42 of the DCR PowerPoint presentation)● <u>Document Opportunities for State Support</u> – important questions include where is state leadership and support needed and what does it look like? Mr. Dalon asked for group input in identifying existing opportunities, gaps, and examples of local-led efforts with state support as well as state-led efforts with local support.● <u>Financial Tool Sheets</u> will expand on information provided in Phase I and will be relevant to Virginia and resilience. Must also consider whether the state needs to provide additional support to address challenges. If multiple localities lack capacity, need to consider how should the state be distributing or acquiring necessary resources. Mr. Dalon presented a list of available financial tools developed by NOAA and asked what was missing and how they could be paired together. Tax Increment Financing is not currently included, but could be added. Financial Adjacent Tools were also explored. These included purchase/transfer of development rights, land use value assessments, easements, etc. Financial Process Mapping was also brought forth as a way to provide more education and outreach around available financing tools. A feasibility study for installing tide and stream gauge networks for Parametric Insurance was also suggested as a
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	<p>recommendation for this subcommittee to consider. The Middle Peninsula Planning District Commission was connected with VDEM’s flood intel unit that is installing some new tide gauges. Yet the equipment being used does not meet Parametric Insurance requirements. Private vs. Public Lands datasets are not available statewide as each locality maps these differently. DCR does have a Managed Conservation Lands Map that includes federal local lands that are managed for conservation. Training and technical support was also noted as important considerations for the future.</p> <p>The following questions were raised:</p> <ul style="list-style-type: none"> ● In relation to the locality readiness discussion, it was shared that FEMA recently released community disaster resilience zones. 13 jurisdictions in Virginia met their criteria; these are mostly along the eastern shore and middle peninsula. ● VDEM offered to be a resource for DCR if they have specific asks for FEMA regarding the BCA tool. ● It was mentioned that the technical assistance piece is an important component of how the state will provide guidance and support. ● It was noted that RISE is also experiencing insurance challenges and are asking similar questions to fund independent incubators and accelerators. It was suggested that they give a presentation to the subcommittee on ongoing insurance challenges.
5. New Business	No new business was brought forward.
6. Action Items	<p>Prior to the next meeting, subcommittee members should submit any additional financial needs across lines of effort. At the next meeting, subcommittee members will prioritize financial needs. DCR will provide an overview of other state and regional plan financial sections. The next Q1 2024 meeting will be in-person. Data/Time, location and agenda items will be determined. DCR action items before the Q1 2024 meeting include:</p> <ul style="list-style-type: none"> ● Contact Bill Curtis (DHCD) to invite RISE as potential presenter. ● Contact Robbie Coates (VDEM) for any questions related to FEMA’s ecosystem services BCA tool.
5. Public Comment	No Public Comment was offered.
7. Adjourn	The meeting was adjourned at 11:39am.

The purpose of these minutes is to record and preserve, to the best of our ability, the major contributors and general topics covered during this meeting. Verbatim transcription is not the intent of this document. If you have any questions, please contact flood.resilience@dcr.virginia.gov