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Water Infrastructure Funding: Helping PA Boroughs Apply

New Water Infrastructure Environmental Finance Center

Avondale is a small borough in Chester County, half a sq. mi. in size and home to about 1,300 residents. Situated at the bottom of a basin in the White Clay Creek watershed, the borough struggles with recurrent flooding. During heavy rainstorms, water from the creek frequently overtops its banks and floods Avondale's low-lying areas, forcing residents to evacuate. In 2021, Tropical Storm Ida displaced more than 80 people, many of whom lived in affordable housing buildings that had flooded before.

"The folks that get flooded the most can afford it the least," Avondale Mayor Susan Rzucidlo said. A longtime resident of the area and one year into her first term as mayor, Rzucidlo is committed to finding solutions. "We've been told this is just the way it is, but I know we can do better," she said. "I'm not an expert in water management, but there are people out there who can help us figure this out."

Flooding is not the only water challenge the borough faces. Despite its small size, Avondale provides all the drinking water to its residents, and it also manages the town's wastewater treatment plant. While the community's drinking water quality is good, water pressure in some parts of the borough has been chronically low. The sewer plant has seen deferred preventive maintenance and is nearing capacity, with a new 180-home development expected to add further strain.

Funding and Guidance Needed

"We want to do a good job managing these systems," Mayor Rzucidlo said, "and maintaining them at a level that's affordable to our residents." But to do that, she says, the borough needs funding – and guidance. On the flooding side, it's hard to know where to start. Even to do a study of flood prevention options seems prohibitively expensive, Mayor Rzucidlo said.

These issues are not unique to Avondale. Across the state, small and lower-income communities are disproportionately bearing the impacts of inadequate and aging water infrastructure as well as environmental challenges related to flooding and water pollution. These water management challenges include replacing lead service lines, remediating the emerging contaminant per-and-polyfluoroalkyl substances (PFAS), upgrading failing wastewater treatment systems, and meeting stormwater runoff increases from larger storm events. Statewide, 120 communities – many of them boroughs – have combined sewer systems that need to be addressed, with a large price tag.

There's Good News

The good news is there is now an unprecedented level of federal funding available to help address these challenges, thanks to the Bipartisan Infrastructure Law. Much of this new funding will flow through state revolving fund programs under the Safe Drinking Water Act and the Clean Water Act. In Pennsylvania, that means PEN-VEST. The agency offers a range of funding programs

(<https://www.pennvest.pa.gov/Information/Funding-Programs>), primarily low-interest loans mixed with some grants and principal forgiveness; to reimbursement for costs related to the design, engineering, and construction of drinking water, nonpoint source pollution mitigation, sewer and wastewater, stormwater, and green infrastructure projects.

Several new programs at PENNVEST aim to improve the accessibility of the agency's funding programs to smaller communities. PENNVEST's Small Project Initiative targets lower-cost projects (up to \$500,000) and allows expedited project review, reducing the time delay between application and funding, which can often be a barrier for boroughs. The agency's Sublevel Revolving Loan Program (SLRLP) brings funding to projects focused on local water quality priorities, by allowing loan recipients to make sub-loans to partners and thereby implement bundled projects and achieve greater community benefit. The programmatic financing program allows applicants to submit several related projects that may be implemented over a 3-year period to achieve water quality improvements.

Even with these innovative and targeted funding programs, it's not always easy for boroughs to access funding for infrastructure projects. Many underserved and overburdened communities – the target audience for the new federal funds – lack the capacity to plan fundable projects, complete loan applications, leverage federal dollars with other resources, and implement necessary pre- and post-award activities like preparing engineering reports and managing construction contracts.

"Whether it's grant funding or loan funding, it can feel like a game of inside baseball," said Mayor Rzucidlo. "We're tiny, we don't have a grant-writer. Knowing how to even access the grants and loans is really difficult."



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Partnering With Providers

To help address this gap, the Environmental Protection Agency recently designated Water Infrastructure Environmental Finance Centers across the country, to help underserved communities access federal water infrastructure financing. In the Mid-Atlantic region, this center is the University of Maryland Environmental Finance Center (EFC), (<https://arch.umd.edu/research-creative-practice/centers/environmental-finance-center>), and a team of partners including the Water Center at the University of Pennsylvania, (<https://watercenter.sas.upenn.edu>). Over the next five years, this coalition of assistance providers will partner with under-resourced communities throughout the region to help identify their water infrastructure needs and apply for federal and state funding to implement projects.

Assistance is available to help at any stage in the process – from assessing needs and developing projects to applying for funding and managing project implementation. In a community like Avondale, this assistance might take the form of coming in at step zero, to help the borough determine which water infrastructure needs to prioritize and develop a fundable project. Other communities may be further along in the funding application process and may need assistance in a targeted area, such as reviewing a preliminary engineering report or conducting a rates assessment to determine the long-term affordability of a potential project.

Building Long-term Capacity

This assistance program is primarily aimed to help communities access state and federal water infrastructure funding in the near term, but it also seeks to build long-term capacity in the communities served. Participants will leave with a better understanding of the SRF process, as well as the partners and programs available to help with water infrastructure needs moving forward. These might include PENNVEST's Center for Water Quality Excellence (<https://www.cwqe.org>), which helps finance and implement stormwater solutions, as well as assistance-providers focused on smaller communities, such as Rural Water and the Rural Community Assistance Partnership.

Understanding how to get the right support at the right time can make all the difference for many boroughs in their effort to advance water infrastructure priorities.

While boroughs face some significant challenges, nothing is more powerful than a positive attitude and a willingness to make progress, as Mayor Rzucidlo exemplifies. "I'm confident we can find solutions in Avondale," she said. "We're already a great community and we're going to get better." **B**

For more information on how the Water Infrastructure Environmental Finance Center can help your community, contact Kristel Sheesley at sheesley@umd.edu.