Community-Based Public Private Partnership (CBP3) Overview

San Mateo County Stormwater (NPDES) Committee Meeting
February 17, 2022
Center for Water, Energy and Equitable Economic Resilience
A Center of Excellence of the National Municipal Stormwater Alliance (NMSA)

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National Municipal Stormwater Alliance

CBP3 Center of Excellence

COMMUNITY BASED P3
Public Private Partnerships

Agenda

- **Introductions**
- **CBP3 Center of Excellence**
- **Bottom Line Up Front**
- Basics of CBP3 Program Approach
- How CBP3 Could Be Applied in San Mateo

Introduction

Dominique Lueckenhoff, CBP3 Center Chair

- Hugo Neu Corporation, Sr. VP of Corporate Affairs, EHS & Sustainability
- EPA Region 3 – Deputy Director, Water Protection Division
- Originator of the CBP3 Program Approach

Seth Brown, CBP3 Center Director

- Executive Director, National Municipal Stormwater Alliance
- Principal, Storm & Stream Solutions, LLC
- Supporter of CBP3 Program Approach

CBP3 Center of Excellence

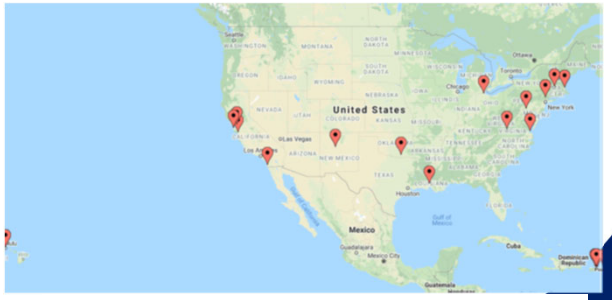
The Community-Based Public-Private Partnership (CBP3) Center for Water, Energy and Equitable Economic Resilience

- Promotes the CBP3 program approach through:
  - Direct community technical assistance
  - Development of resources and community support material
  - Administers the CBP3 Professional Certificate
  - **http://nationalstormwateralliance.org/cbp3/**

Ongoing Technical Support for Communities

- Over 100 communities across 12 regions are in current cohort
- Each region is engaging with the CBP3 Center to:
  - Learn more about CBP3 program approach
  - Understand how CBP3 program approach can be used in their community
  - Coordinate to develop procurement documents (RFI/RFQ/RFP) tailored to CBP3 program approach developed for community to use
- **Includes San Mateo County!**

NMSA, 2021



CBP3 Community Support Cohort Regions

Bottom Line Upfront

- Innovative and proven approach
- Get more done…for less (value-based)
- Scaling up stormwater investments
- Community empowerment / control
- Regional / cross-sector/department and holistic context
- Can open up funding/financing opportunities

Background and Basics of CBP3

EPA Convened a Number of Experts Roundtable Discussions – Seeking Ways to Better Assist Local Jurisdictions

Driven by the Chesapeake Bay Mandate

- Tapping National Experts in a GI Network to Define New Affordable Solutions

FINDINGS! - The current economic climate and infrastructure workload make it nearly impossible for local governments to plan, finance and manage multi-million-dollar stormwater ID/GI retrofit projects to meet the required deadlines and outcomes.

HURDLES:

- Major upfront capital investment that eliminates current backlog
- Long-term funding commitment to operation and maintenance
- Onerous public procurement rules and inefficient administration tied to public dollars
- Lack of competitive marketplace to drive innovative technologies
- Greater administrative burden

The Situation

Most governments procure design, construction and maintenance services on a piecemeal basis because of uncertainty in funding streams and limited subcontractor capacity.

BUT

GI urban retrofit programs require design, construction and maintenance services on a scale that makes individual project procurement impractical, inefficient, time-consuming, and expensive.

SO

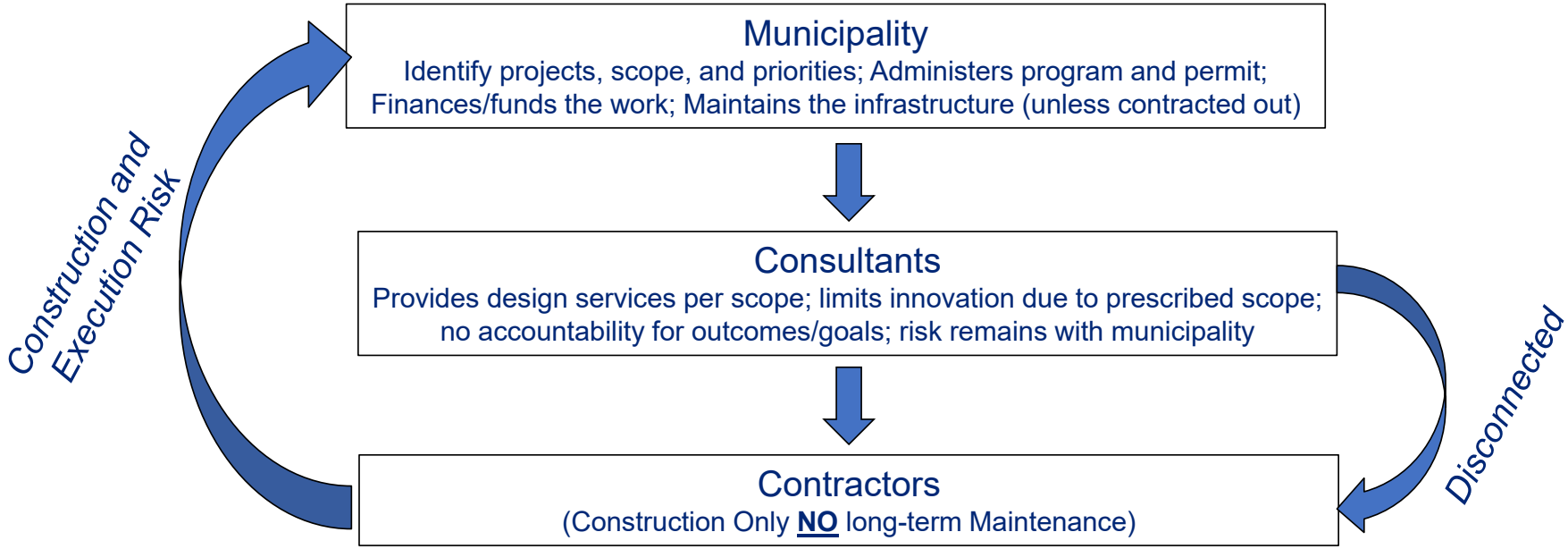
The current approach used by most municipalities is not sustainable or practical to meet the pressures to expand and operate an increasingly complex stormwater infrastructure.

Current Government Practices Won't Get It Done!

Areas for Cost Savings

- **Procurement**
  - Example: Reduce frictional costs
- **Permitting**
  - Example: Streamlining permitting process
- **Design, Construction, and Maintenance**
  - Example: Aligning design with construction and O&M reduces costly change orders

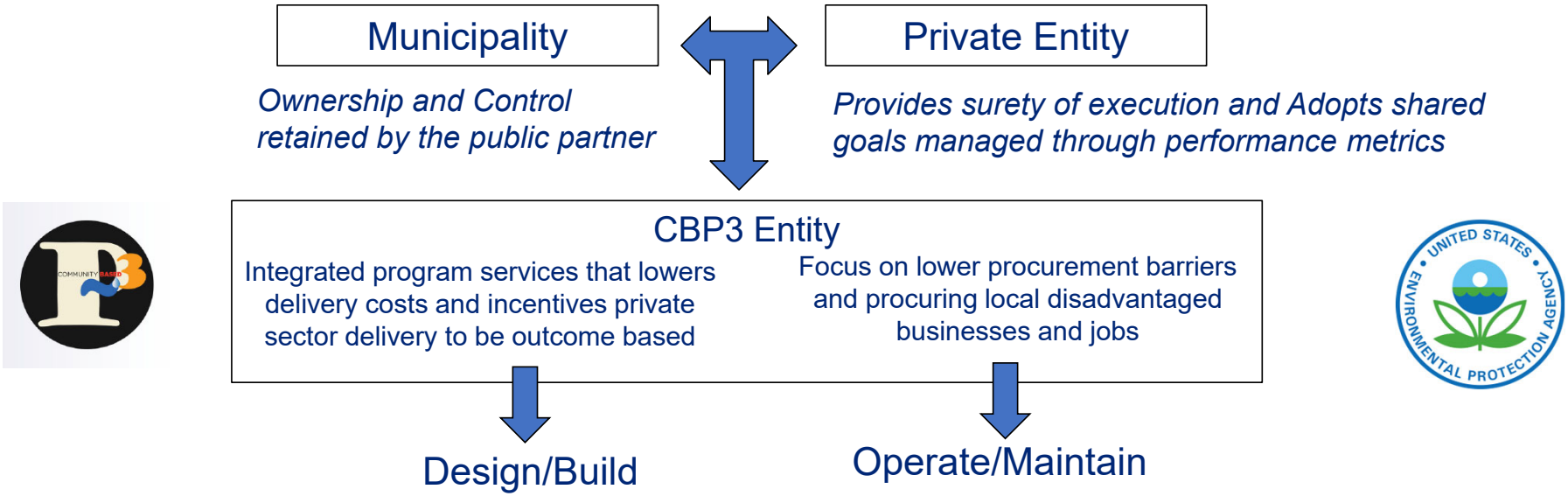
Standard Design-Bid-Build Approach



Price Increases Due To

- **Low volume of work / inefficient**
- **Misaligned interests / priorities**
- **Frictional costs**
- **Field conditions**
- **Sub-par design work**
- **Change orders**

Community-Based P3 Model



Traditional P3 Advantages

- Reduced project costs
- Project delivery time
- Transfer of risk
- Long term O&M
- Shared economic and social goals
- Alternative financing

Additional CBP3 Advantages

- Community is priority
- Mixed public/private financing can reduce financing costs
- Municipality has high degree of control/input
- Reinvestment into project
- Aligned interests
- Fixed-fee; Performance goals

CBP3 is Customizable…

CBP3 Center of Excellence

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P3 Public Private Partnerships

✓ Drivers

- ✓ MS4
- ☐ CSO / SSO
- ✓ TMDL
- ✓ Non-Regulatory
  - ✓ Flooding/Resilience/Climate Change
  - ✓ Local Economic and Social Needs
  - ✓ Beneficial Uses of Stormwater

✓ Infrastructure Goals

- ✓ Expand the scale of infrastructure investment
- ☐ Increase pace of project delivery
- ✓ Reduce capital and O&M costs
- ☐ Expand investment in high-performance and high-value infrastructure
- ✓ Reduce risks

✓ Community Goals

- ✓ Workforce development
- ✓ Job/small business creation
- ☐ Economic revitalization
- ✓ Sustainability metrics/goals
- ✓ Enhanced resiliency
- ☐ Affordable housing stock

✓ Funding/Financing

- ✓ Public sources
- ☐ Private sources
- ✓ “Blended” mix of both
- ☐ Innovative

How CBP3 Could Be Applied in San Mateo

San Mateo Drivers

From “Advancing Regional-Scale Stormwater Management in San Mateo County”

Drivers:

- Limited resources
- Existing stormwater infrastructure deficiencies
- Water quality regulations/protection
- Climate resiliency
- Beneficial use of stormwater
- Equity and community engagement

San Mateo Context

- Anticipated permit will include focus on “greened acres”
- Regulatory compliance requires between $760M and $1.14B over next several decades
  - Projection for compliance needs is equivalent to **4,500 impervious acres** addressed by green stormwater infrastructure
- Solutions envisioned include:
  - Green Streets
  - Parcel-Based Stormwater Capture Projects
  - Regional Stormwater Capture Projects

Good Fit for San Mateo

- Favorable permit conditions
  - “Greened acres” as currency is simple to track, quantify and offset
- Approach is built to scale
  - Working regionally is inherent to this approach
- Can integrate the “MOU” and/or the “market-based” frameworks into CBP3 program
  - CBP3 program is flexible and seeks a variety of efficiency-generating opportunities
- Can open up funding/financing opportunities
  - Drives a value-based argument for stormwater utility

Good Fit for San Mateo

Objectives:

• More efficiently use limited resources	Reduces costs by 30-40%
• Address existing stormwater infrastructure deficiencies	Integrate drainage improvements into CBP3 (Chester, PA)
• Cost-effectively comply with water quality regulations	Permit conditions are favorable for CBP3
• Plan for climate resiliency	CBP3 can seek innovative ways to address physical and economic resiliency
• Drive investments in beneficial use of stormwater	Nature-based solutions are valued in CBP3 program context
• Consider community benefits and equitably serve/protect entire community	Maximizes local workforce/employment opportunities and supports local/small/MBE firms

Good Fit for San Mateo

Solutions:

- Green Streets → Perfect types of projects for CBP3
- Parcel-Based Stormwater Capture Projects → Use of private properties for public good is fundamental to CBP3
- Regional Stormwater Capture Projects → CBP3s are regionally-based

How to Move Ahead

- Set program goals
  - Be simple and output-based
    - How many greened acres do you need?
    - What is the schedule?
    - What price point do you demand?
    - What level of local worker and small/MBE firms should be generated/supported by program?
- Engage with the private sector
  - Develop an RFP based upon best qualifications, not low bid

Community-Based P3 Program Approach (System) Utilizing "High Performance Private Assets" to Expedite Large Scale GSI

Key Stakeholders

Regulator for Credit Generation Requirements & Approval

Independent 3rd Party Certifier for Compliance Validation

Mandatory Monitoring Requirements

Municipality or Public Entity – Purchaser and/or Issuer of Credits

Ownership and control retained by the public partner

Private Entity – Generator/Seller or Buyer of Credits (on behalf of Public Entity)

Provides surety of execution and adopts shared goals managed through performance metrics

Key Stakeholders

Asset Holder / Private / NGO Landowners

Impacted Community

Use procurement contract to purchase credits and create CBP3 (SPE) for operation, maintenance, risk sharing, reporting and accountability

CBP3 Entity

Integrated program services that lowers delivery costs and incentives private sector delivery to be outcome based

Focus on lower procurement barriers and procuring local disadvantaged businesses and jobs

Design/Build

Operate/Maintain

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