

## The Funding Navigator Model

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**The Setting:** Imagine looking at a list of 8 to 10 different funding agencies and 25 to 30 different funding programs and trying to figure out which to use to fund your next water or wastewater project. <https://efcnetwork.org/wp-content/uploads/2020/01/AL-Water-Wastewater-Funds-2019.pdf> Which one offers the best terms financially? Which one is the easiest to apply for? Which ones are your project or system eligible for? What is the funding cycle, when are applications due? What are the application requirements? What financial information do you need to provide? How do you hire professionals (engineers, environmental scientists, architects) to complete the planning or design process? Should you use some funds from your reserve accounts or only outside funding? How do you tap multiple funding sources to pay for a complete project? WHERE DO YOU EVEN START???

Much of the burden of identifying and securing needed financial resources water, wastewater, and stormwater (hereafter referred to collectively as “water”) falls on the systems themselves. They must determine which funding source(s) fit their proposed project and which one(s) would be the most financially advantageous. Then system staff need to complete the application with all required documentation, which is likely to include a Preliminary Engineering Report, environmental assessment, and financial reports. If systems lack the resources (personnel and time) or the required expertise within their own staff to complete these reports, they may need to develop a request for proposals (RFP) and select outside professionals to conduct the work. Systems often rely on the outside experts to identify and select the best potential solutions to the problems they face. However, when these decisions are outsourced with little system involvement, the solution that is best for the system overall may not be the one that is selected. Sometimes experts advocate for a project that is more complex than required or involves new facilities when repair/rehabilitation might be a better alternative. The overall difficulty of navigating the process may mean that projects are not funded or that are not funded in the way that is most advantageous to the utility.

Accessing funding is complicated. This process is more difficult for smaller systems, particularly those in remote areas, who have limited staff, small service populations, little financial capacity, and fewer overall resources. In cases where the system is structured as a homeowners’ association, or similar, the leadership is likely to include volunteers who may have little to no background in water and no experience navigating government funding. Beyond limited expertise, the funding process is time consuming and often requires much of the volunteers who likely have many competing priorities for their attentions including their jobs and family obligations. Even with municipalities, the governing body may not be knowledgeable regarding water projects and may have considerable difficulty with the process, especially those municipalities with limited financial resources or other financial strains.

**The Funder's Side:** Based on reports such as the American Society of Civil Engineers Infrastructure Report Card as well as many others, there is a large gap (many billions of dollars) between the amount of capital that is needed to replace and repair water systems and is the amount available from funding sources. Given this gap, one would expect that all the funding available would be rapidly moving to projects, but this is not necessarily the case. Discussions with individuals associated with state revolving loan fund programs reveals that many of these programs are demand limited not dollar limited. The extent of this experience varies from state to state with some more demand limited than others. Part of this situation may be directly related to the setting described above. If it is hard to access funding, fewer systems will access it or systems will choose to limp along with the inadequate, existing facilities rather than going through replacement.

**The Concept:** Both the systems' and funders' issues may be helped by the use of a "funding navigator" model. The intent is to move much of the burden and intimidation of the funding process to an entity more capable of handling it so that the system can make it through the funding process and the funding agency can have a pipeline of fundable projects. There are two analogies that are instructive to understand the concept the realtor model and the patient navigator model.

- **the realtor model**

In the case of real estate, consider a first-time home buyer who has to navigate the complexities of finding a home, getting a mortgage, having an appraisal done, getting a home inspection, and many other activities. A new home buyer would have difficulty successfully navigating this system without the help of a realtor. Similar to small water systems, the home buyer has many competing priorities for his/her time and would struggle to complete all the requirements without help. The purpose of the realtor is to assist the home buyer with all aspects of the process. The realtor moves much of the burden of home buying off the purchaser onto the realtor. While it requires some time on the part of the home buyer, the process itself is explained every step of the way to ease the burden.

- **the patient navigator model**

Similarly, in health care, navigating all the aspects of care can be overwhelming for a patient. Some health care facilities will offer a patient navigator to assist the patient as he/she is trying to decide what treatment to undergo, which doctors to use, what insurance will cover, which doctors and facilities take the insurance, and how to understand the medical terminology. This navigator is similar to a realtor in that they are meant to help the patient and remove some of the complexity and burden of a health care system for which a person may be completely unfamiliar.

The funding navigator in this concept is meant to fulfill the same function as a realtor or a patient navigator but for water systems, particularly for small and/or resource-constrained water systems. The funding navigator can move some of the burden from water systems to the navigator to aid in getting through the funding process. This navigator could also help build the pipeline of funding requests for the various funding agencies.

**Role of the Funder Navigator:** There are several potential roles for the funding navigator. The navigator can fulfill roles before and after funding, which may require different navigators – one for pre-funding and one for post funding. Alternatively, navigators could work with a system all the way through the process (pre and post). There are advantages and disadvantages of the two approaches and either could potentially work. The funding navigator is envisioned as a person not a technology, but technology could also be part of the solution.

The intent is that the funding navigator would be a knowledgeable source of information, assistance, guidance, and internal capacity building but would not take the place of existing professional resources (engineers, environmental scientists, architects, or non-profit technical assistance providers.) *Rather the navigator would help the system connect with these resources.* It is assumed that not all entities would need to use a navigator or that systems may only need the navigator for specific pieces of the process, but it could be a service available to those who need it. Additionally, the navigator can help ensure that the information provided to the funding agency is filled out correctly to reduce the funding agency time needed to process applications, awards, and expenditures.

The types of activities that the navigator could undertake are listed below. This is not an exhaustive list of potential activities but highlights the most important roles. The specific list would vary by system based on system needs. However, the number one role of the funding navigator would be to serve as a single point of contact for a system. The navigator could then connect the system with other needed resources, including the eventual funding source.

- Single point of contact for a system seeking funding.
- Help build pipeline of eligible projects for funding agencies.
- Basic education on the funding process.
- Examine all water/wastewater funding sources in the state to determine which are applicable for the given system and project.
- Determine the payment provisions of the different funding sources (e.g., 20-year payback at 2% or 40 year payback at 2.5%)
- Present the short- and long-term cost implications for each funding source. What are the payment requirements annually? What is the total payment when all years and all payments are considered?
- Match the the payment plan time frames to the life cycle of the proposed assets. Will the assets last longer than the funding payment cycle or not?
- Connect the system to an assistance provider who can adjust the rate, if necessary.
- Assist in the RFP process for planners, engineers, or other environmental professionals to help plan/scope the project, develop a Preliminary Engineering Report (PER) or environmental documentation.
- Complete paperwork for submittal to funding agency.
- Assist with co-funding projects when necessary by determining which agencies can provide the additional funding.

- Review alternatives to ensure that the analysis is neutral and that a reasonable and complete set of alternatives were included. The review should also ensure that the community was thoroughly involved in the decision-making around the selected alternative.
- Engage technical assistance providers to help build internal capacity when that capacity is lacking.
- Engage outside professionals or technical assistance providers to help the system develop an asset management program in cases when it is required for funding or otherwise by state regulation or in cases where the system is willing to voluntarily undertake this process.
- Provide basic education on loan/grants management.
- Assist in the completion of required paperwork following receipt of funding.
- Assist in understanding federal cross-cutter requirements.
- Provide guidance to systems to encourage them to include operations personnel in the design and construction process.
- Assist in setting milestones and schedule for completion.
- Assist reviewing change orders.

#### Additional Potential Roles

- Facilitate multiple communities being able to contract with a single environmental specialist to complete all the systems' documentation. If efficiencies could be gained in this way, all of the entities could essentially receive a discount on services.
- Similarly, there may be ways to facilitate a similar process for PERs.
- Connect to resources to assist in water system partnering/regionalization. The navigator would not fulfill this role themselves but would connect the system to others (e.g., technical assistance providers) who would help in this regard.

**Who Would the Navigator Be:** The navigator needs to be a neutral, independent entity and preferably not located within any particular funding or regulatory agency. Similarly, the navigator should not be part of a consulting firm or technical assistance provider organization. Based on funding and other issues, these other entities are not necessarily neutral when it comes to funding, and it would be better to have this be an independent entity – perhaps a non-governmental entity or a quasi-governmental entity. Over time, the navigator may be a self-sustaining role that is paid for out of the 4 percent administrative fee (if allowable) or through some cost mechanism such as percentage of the overall project.

**Potential Pilot Project:** The Southwest EFC would like to pilot this idea in a region or a few states. This would be the next step to determine if this model is one that could help solve current funding issues.