

**THE RESILIENCE AUTHORITY OF CHARLES COUNTY
CONCEPT DOCUMENT AND BUSINESS PLAN
(DRAFT 10.12.2020)**

I. EXECUTIVE SUMMARY: The Resilience Authority of Charles County (The Authority) is a quasi-governmental, non-profit financing organization located in the State of Maryland that will pool, disseminate, and invest capital; link private, state, federal and philanthropic funding to public infrastructure projects by viewing them as investment opportunities; and advance economic development initiatives and other public benefits by targeting resilience investment projects. The Authority will function to address the problems identified in enabling legislation: 2020 Maryland Senate Bill 457 (Local Governments – Resilience Authorities – Authorization) which allows for local governments to create a Resilience Authority by local law to accelerate infrastructure financing, reduce the cost of implementation, and mitigate and manage the risks of climate change.

II. CONCEPT RATIONALE: The mid-Atlantic region is particularly vulnerable to the impacts of climate change in tidal-influenced areas due to the combined effect of sea level rise and land subsidence. Additionally, decades of rapid commercial and residential growth within the Washington DC Metropolitan area have resulted in a built environment characterized by aging and under-engineered infrastructure threatened by the advent of more frequent and intense storm events. With hundreds of miles of shoreline along the Potomac and Wicomico River Watersheds, and quality of life attributes stimulating significant growth pressure for the foreseeable future, Charles County, Maryland is among the more challenged jurisdictions by the impacts of climate change.

Recent training opportunities for subject matter experts in Charles County Government and efforts to educate the public have resulted in an acknowledgement that there is a need to act to insulate and protect citizens...particularly our most disadvantaged populations, as well as those physical assets that make our community unique and help us thrive in an economically competitive world. One recent study identified and prioritized sites in most need of restoration along the Charles County shoreline, in part to protect against the dangers of sea level rise and storm surge. The county's new Nuisance and Urban Flooding Plan has identified locations historically susceptible to climate change-related flooding events that need to be addressed. A recent planning effort facilitated by our University of Maryland School of Public Policy partners and created by a cross-functional team of Charles County Government employees, developed a Charles County Resilience Plan comprised of a priority listing of capital projects to protect important physical assets throughout the county.

Yet resources are limited. Charles County has done very well to maintain a AAA bond rating and provide highly acclaimed services to our citizens. But the recently identified and urgent need for improved resilience infrastructure necessitates increasingly innovative approaches to solving the problem of how best to complete necessary projects without straining residents beyond their ability to pay for them. One such approach is to take advantage of enabling legislation passed during the 2020 Maryland Legislative Session for county governments to create Resilience Authorities.

A Charles County Resilience Authority would attract private capital and additional funding to address the unmet demand. By design, this new entity would be able to bring projects online more quickly than traditional government efforts by using current market-based approaches to purchase construction services and not be burdened by the sometimes-cumbersome government procurement process. It's exclusive focus on climate-related resilience projects would attract grants and financing from lenders, both traditional and those more environmentally and socially focused. As an independent entity, the

debt service it incurs to accomplish capital projects would not necessarily be subject to the county's debt service ceiling limitation, thus potentially avoiding the difficult choice of which important projects to fund now and which to delay. Further, its nonprofit nature, coupled with the ability to efficiently utilize existing Charles County staff to perform similar roles for the Authority, minimizes overhead expenses, which allows for more affordable project management.

The initial work plan for the Authority will focus on attracting funding, loan guarantees, and other financial products from government and commercial lenders to accomplish high priority resilience projects identified in existing plans, such as the county's Nuisance and Urban Flooding Plan. It would also be a vehicle with which to undertake work identified with our partner, the Department of Defense Office of Economic Adjustment (DoD OEA), to protect Naval Support Facility Indian Head from encroaching sea levels, using federal dollars. Additionally, it would be a viable path for which existing Charles County communities could address failing storm water management systems in a cost-effective way. Eventually, as the Authority realized successes and Charles County grows, it could evolve into a more traditional Authority structure with a dedicated staff and separate office. But the structure described in detail in this document, the Bylaws, and the Standard Operating Procedure (SOP) would be a tremendous step forward for a jurisdiction the size of Charles County for the short-term future, while proving scalable over time.

III. MISSION: The mission of the Authority is to provide resources, construction management services, and financing for infrastructure projects that will make Charles County, Maryland increasingly resilient to the risks and impacts of climate change.

IV. VISION: The vision for a successful Authority includes one that does the following:

- Finances, funds, and invests in resilience infrastructure primarily within Charles County;
- Reduces costs and creates efficiencies through the use of innovative procurement systems;
- Develops and deploys an array of financing and funding options such as senior loans, subordinate loans, credit enhancements, guarantees, securitization, and other techniques that can both lower the cost of financing and increase public and private investment in infrastructure;
- Accept capital from CCG, Charles County municipalities, other counties in Maryland, the state, the federal government, non-profits, foundations, and any other capital sources deemed to be attractive and useful;
- Has the capability and capacity to pool, leverage, and allocate a variety of capital and revenue streams;
- Ensures that resilience financing positively impacts the health and welfare of the citizens of Charles County, particularly those most impacted by climate change and least able to react to its negative consequences, including via the issuance of grants to incentivize homeowner and business investment;
- Increases the understanding of climate change, its challenges and opportunities, and creates a strong demand signal amongst Charles County citizens and businesses for capital projects with resilience outcomes.

V. CORE VALUES: The following values are foundational to the operations of the Authority:

- Transparency. Transparency is fundamental, as maximum public benefit is only achievable when expectations, disclosures, and measurement metrics are clear, equitable, and readily available to the public. The Authority will operate as a partner to, yet independent of, the Charles County government, and will provide well-defined standards for performance so that public and private entities have clear expectations for participation and results.
- Collaboration. Partnership, collaboration, and cooperation are essential in mitigating and adapting to the impacts of climate change. The Authority will foster a close relationship with Charles County

Government and the state of Maryland to ensure productive cooperation on financing and project implementation.

- Effectiveness. By prioritizing effectiveness, the Authority will finance projects that aim to adapt to the impacts of climate change and promote resilience by producing positive outcomes and results locally. A focus on efficacy ensures that funding will be invested in productive outcomes.
- Efficiency. Efficiency is critical for the Authority's success, as funding must be invested wisely to produce the greatest return on investment and provide a competitive cost advantage.
- Innovation. Whereas traditional financing methods may not be sufficient to promote and complete resilience projects locally, innovation will be instrumental to the unique approach of the Authority.
- Integration and Co-benefits. Integration of benefits in addition to climate change resilience (such as public health, local jobs, improved water quality, etc.) will be an instrumental part of Authority projects.

VI. TARGET AUDIENCE AND CUSTOMERS: The primary customer for services will be the Charles County Government, local businesses, and county residents. This includes the incorporated municipalities of La Plata, Indian Head, and Port Tobacco. Other Maryland counties, states, businesses, and citizens are eligible for services of the Authority, but with the priority being first and foremost on Charles County-related projects. Entities outside of Charles County will be required to purchase the services of the Authority through payment of an administrative fee to be negotiated by the Board. The County reserves the right to partner with other entities such as states or federal governments; non-profit organizations; community-based or county affiliated organizations; other Authorities; institutions of higher education; public and private water system suppliers; and private businesses and homeowners.

VII. POWERS OF THE AUTHORITY: The Authority shall have powers that include the following:

- To make and enter into contracts;
- To employ agents, consultants, attorneys, and employees;
- To acquire real and personal property and any interest therein by purchase, gift, lease, option, grant, bequest, devise, or otherwise to hold and dispose of such property;
- To sue and be sued in its own name;
- To be an applicant, make applications for, and receive grants from governmental and private entities;
- To borrow or receive advances of funds from the federal government; the state of Maryland or other states; Charles County Government; the municipalities of La Plata, Indian Head and Port Tobacco; and other Maryland counties and towns as permitted by law;
- To execute leases and installment sale or installment purchase contract.