



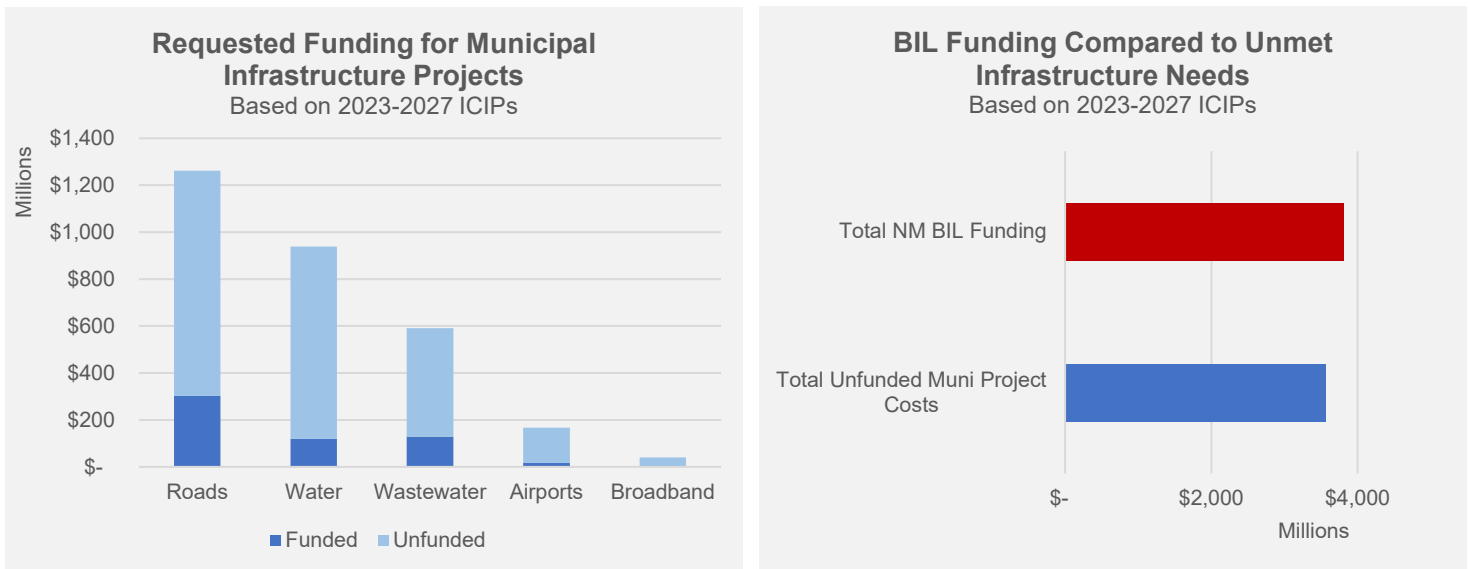
# Municipal Infrastructure Funding and Projects: Challenges and Opportunities

Presentation to the Legislative Finance Committee

May 20, 2022

## Municipalities Face Significant Funding Gaps in Completing Infrastructure Projects

- Piecemeal funding makes it difficult for cities to fully fund projects, especially large, critical projects
  - For example, water projects identified as priorities on most recent ICIP were only 12 percent funded, on average; majority of airport projects had not received any funding.
- Funding gap is especially critical for large projects with health and safety implications (see below for examples).
- Smaller municipalities have limited revenue sources to fund major projects – limited debt capacity, limited GRT revenues.
- Bipartisan Infrastructure Law (BIL) funding represents significant opportunity for “catch up” funding for already-prioritized local projects.



### Opportunities

- Consider targeting some share of state capital outlay monies to fully funding projects.
- Ensure prioritization of critical health and safety projects.
- Consider a regional funding approach for large, costly projects with implications for multiple communities/entities.
- Consider prioritizing BIL monies to fully fund existing, partially-funded projects.

## Successfully Accessing BIL Funding Will Require Significant Local Resources and Capacity

- BIL funding has the potential to provide significant, game changing funding for many communities – if they can access it.
- Forty percent of BIL funding is via competitive grant opportunities.
- Municipalities – especially smaller ones – often struggle to successfully apply for competitive grants.
  - Grant writing is time consuming and often requires specialized skills and knowledge; most communities do not have dedicated grant writers.
  - Grant programs often prioritize “shovel ready” projects – getting projects to this stage can be costly and difficult (for example, paying for preliminary engineering reports, completing project design; many municipalities do not have engineers on staff).
  - Municipalities also have trouble securing matching funds.
    - Federal funds typically can't be used to match other federal funds.
    - Providing matching funds represents a high return-on-investment; match requirements typically range from 10-25%.

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Opportunities

### Opportunities

- Support additional grant writing capacity.
  - Continue to build on new DFA grant office; can be a great resource for local governments.
  - Municipal League has one contract grant writer teaching webinars on grant writing skills; will focus on identifying BIL grant opportunities for member cities.
  - Consider building “surge” grant support for local governments/other entities; e.g. engaging team of graduate/undergraduate students (public policy, law, finance, business) to support communities in identifying opportunities and preparing grant applications.
  - Leverage grant writing support/technical expertise within agencies.
- Ensure coordination between local, state, federal, other entities to share resources and avoid redundancies.
  - Municipal League is coordinating with Local Government Division, Governor's infrastructure team, COGs to coordinate and share resources.
- Continue to build new matching grant fund to ensure that cities don't lose out on grant funding because they lack relatively small amounts to secure a match.

### **Gallup: Regional Water System Cast Iron Pipe Removal & Replacement**

**Critical Need:** Required to ensure compliance with the EPA Lead & Copper Rule and to transition from a groundwater system to a surface water system

**Cost:** \$29 million

**Funded:** \$0

**Muni. Avg. Monthly GRT Revenue:** \$2.5 million



### **Raton: Lake Maloya Dam Safety Improvement**

**Critical Need:** Spillway has structural issues and is only 16% of needed capacity. Construction is required to correct multiple deficiencies

**Cost:** \$30.3 million

**Funded:** \$300 thousand

**Muni. Avg. Monthly GRT Revenue:** \$400 thousand

