



# INFRASTRUCTURE FINANCE

## LEARNING SERIES



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# Preparing for Federal Grant Applications



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# Preparing for Federal Grant Applications



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# Preparing for federal grant applications

August 9, 2022



Building a better  
working world

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# Agenda

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1. Recap of last session
2. Grant management and considerations
3. Identifying projects
4. Funding sources, partners and leading practices
5. Next sessions
6. Q&A

# About us

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# Recap of last session





# May 31 session recap

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On November 15, 2021, President Joe Biden signed into law the **Infrastructure Investment and Jobs Act (IIJA)**, which provides \$1.2 trillion in funding for infrastructure programs that will help rebuild America's roads, bridges and rails; expand access to clean drinking water; work to provide access to high-speed internet throughout the nation; tackle the climate crisis; advance environmental justice; and invest in communities that have been left behind.

Concurrently, an executive order was issued laying out the six priorities to guide implementation of the IIJA.

## How to start preparing

- ▶ Project setup
- ▶ Partnerships
- ▶ Funding sources
- ▶ Project prioritization
- ▶ Communication and expectations
- ▶ Implementation
- ▶ Compliance

## How to prioritize projects

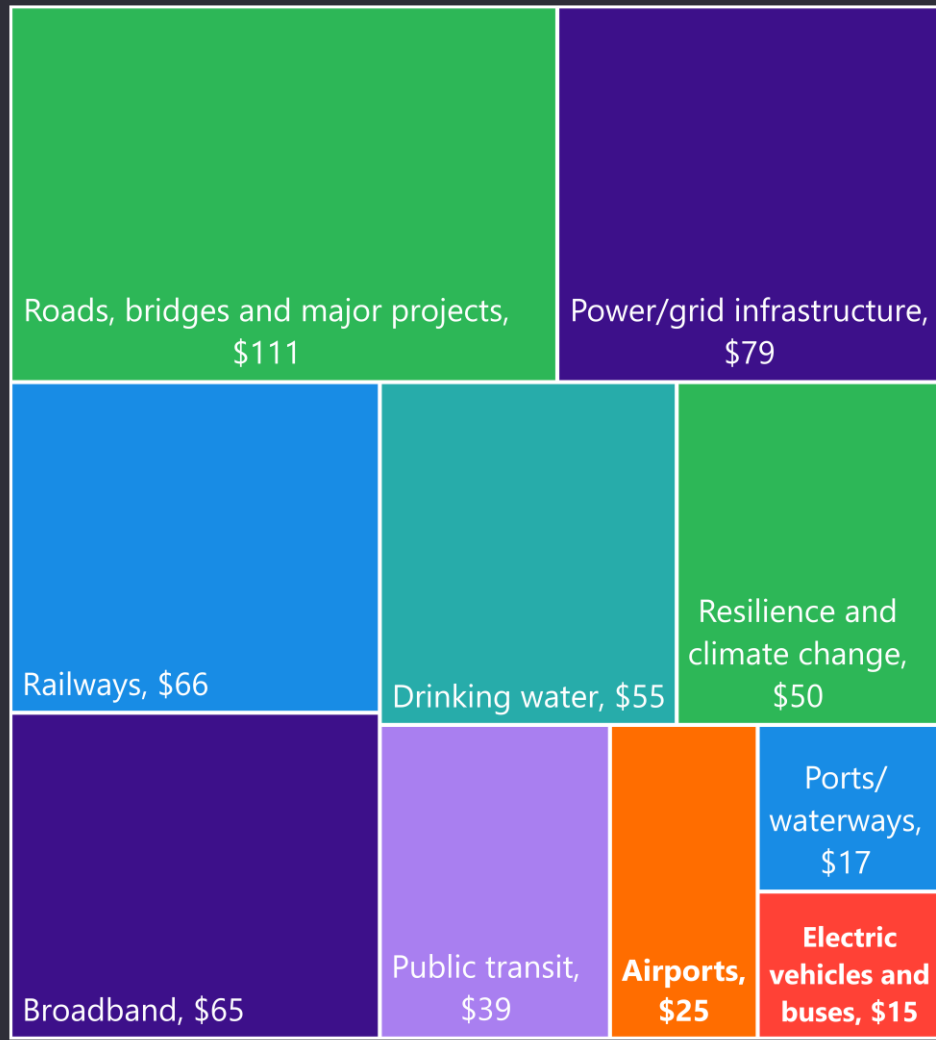
- ▶ Review local and regional plans
- ▶ Conduct a needs/gap analysis
- ▶ Develop infrastructure scorecard
- ▶ Align strategies, funding sources and partners
- ▶ Develop decision matrix for selecting projects and which grants to pursue



# Grant management and considerations



# Available grants



\* Values in billions

## Key funding opportunities

- Transportation
  - RAISE grants (\$7.5B)
  - Charging and fueling infrastructure grants (\$2.5B)
  - Rural surface transportation (\$2B)
- Clean energy
  - Resilient infrastructure (\$1B)
  - Energy efficiency and conservation block grants (\$550M)
  - Energy improvement in rural or remote areas (\$1B)
- Broadband
  - ReConnect (\$2B)
  - Middle mile grants (\$1B)
- Other opportunities
  - State and local cybersecurity (\$1B)



# Federal grant applications

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Federal grants typically require a significant amount of detail and supporting documentation.

## Pre-application

- Obtain a Unique Entity Identifier number if your organization does not already have one (or a DUNS number prior to April, 4, 2022).
- Register for Grants.gov or the appropriate application portal (DOE uses EERE Exchange).
- Register for SAM.gov.

## Typical application materials and forms

- Application for Federal Assistance (SF-424)
  - Agencies may require an additional, agency-specific application form.
- Budget information (SF-424B for non-construction and SF-424C for construction)
- Budget narrative
- Technical/project narrative and supporting documentation/data
- Project abstract (abstract is often for public release)
- Letters of support and commitment letters from partners
- Supporting documentation such as environmental volume for construction projects
- Other standard federal forms such as SF-LLL (lobbying disclosure)

# Grant management considerations

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- Compliance requirements vary from program to program, and specific requirements should be taken into consideration before applying for and/or accepting an award.
- A critical step that is often missed: applicants must have a full understanding of the administrative and compliance requirements for a particular grant during the application phase.

# Identifying projects





# Identifying projects

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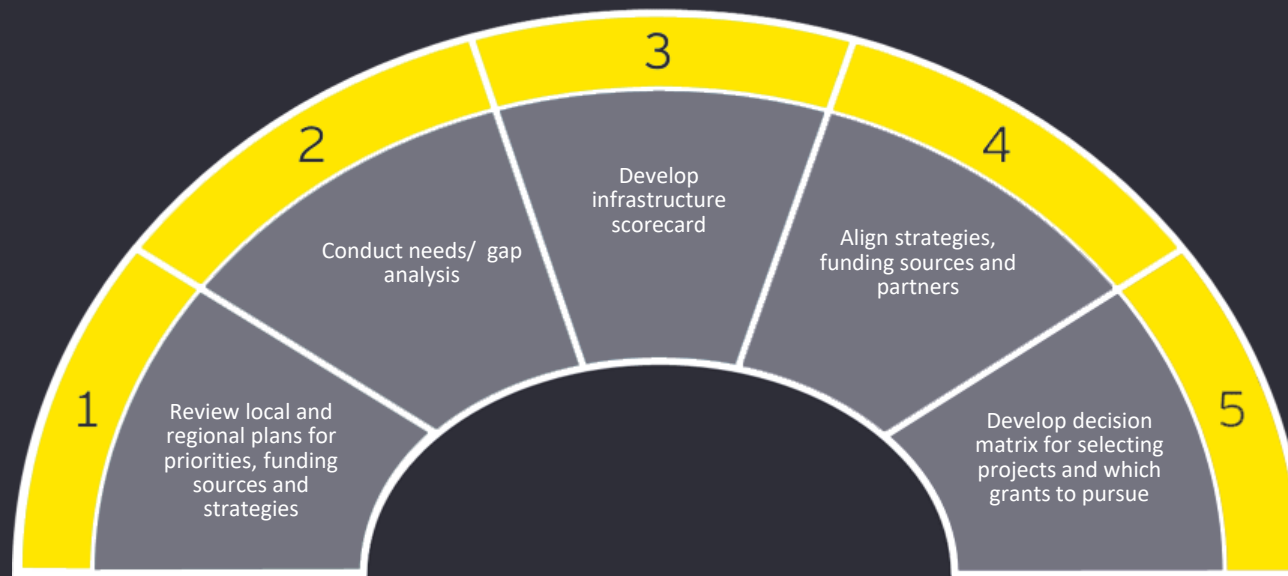
- Recap of May 31 webinar
- Start with goals
- Advance equity
- Ensure financial resiliency
- Use economic impact analysis
- Engage the community
- Build your scorecard



## Recap of May 31 webinar

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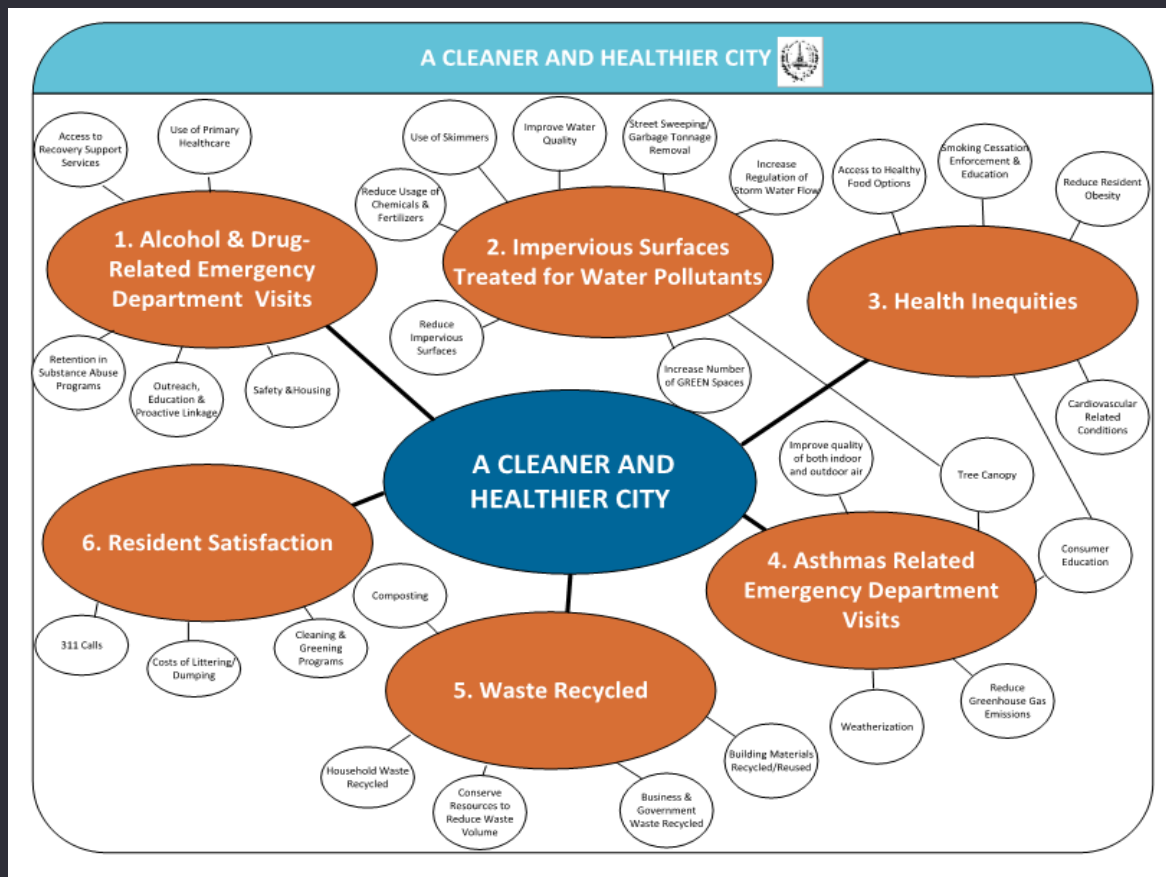
Five areas to consider in your prioritization process:



Link to May 31 webinar: [CDFA - Infrastructure Finance Learning Series \(2022\) Recordings](#)

# Start with your strategic plan, not Community Improvement Plan

- How can capital investment support community goals?
- Map not just to IJA funding categories, but also its vision and goals

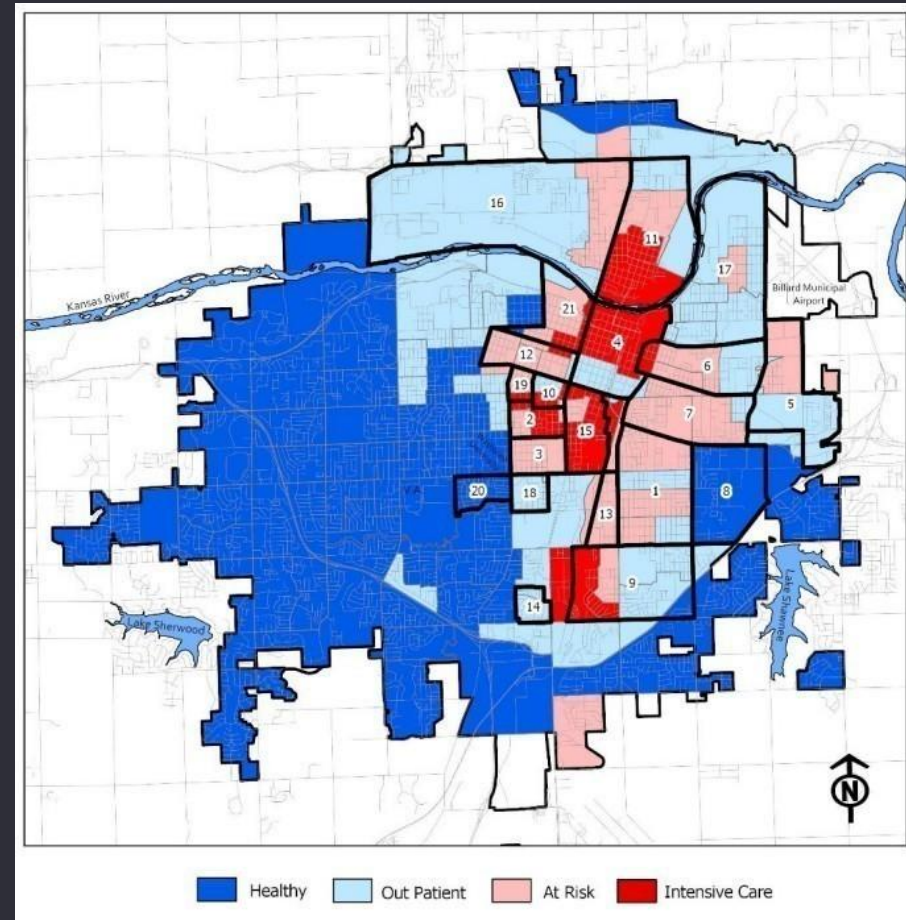


Source: City of Baltimore



# Advance equity

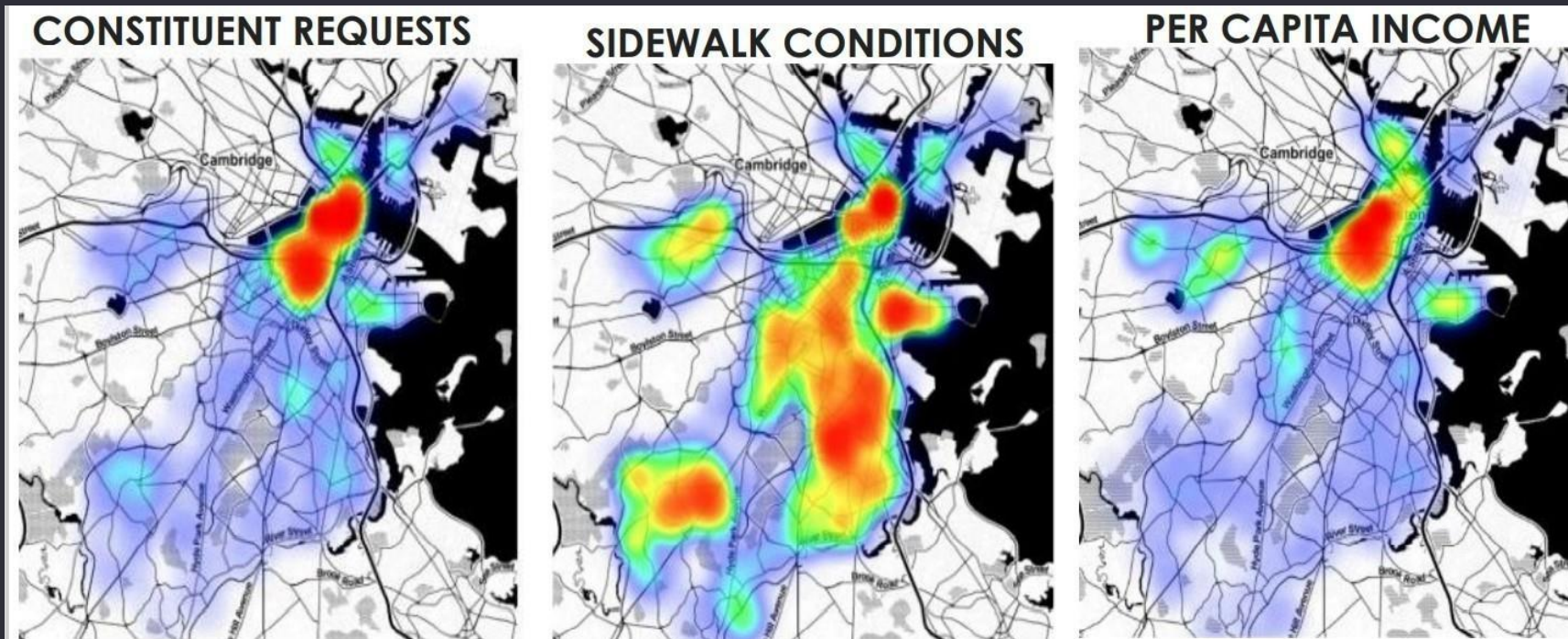
- Use data to identify and target disparities



Source: City of Topeka

# Advance equity

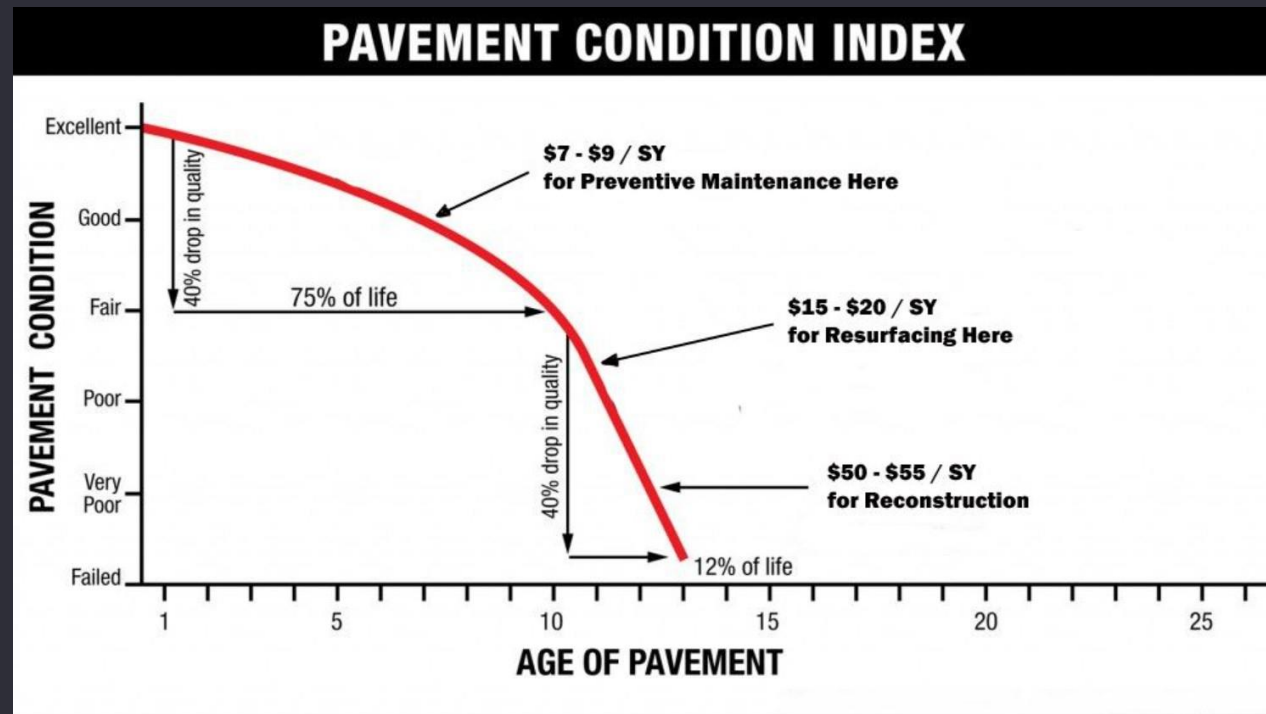
- Focus on conditions, not complaints



Source: Boston sidewalk study [boston sidewalk study.pdf](#)

# Promote financial resiliency

- Infrastructure can be an asset or liability



Source: Pavement preservation stretches ailing road budgets | Concrete Construction Magazine



# Promote financial resiliency

- Understand the operating costs of capital projects
- Replace with more sustainable technology
- Look for projects that achieve multiple goals
- Invest for efficiency and revenue



Source: Verdunity Fiscal Analysis (verdunity.com)

# Using economic impact analysis to help select projects

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## What is an economic impact analysis (EIA)?

- A new project has the potential to impact an entire community and create jobs across a range of industries.
- An economic impact assessment provides detailed estimates of your project's economic and tax contributions by quantifying the complex linkages between your project and the supporting businesses and households within a particular region using an input-output framework.
- A typical economic impact study measures the direct, indirect and induced effects of your operations and/or capital expenditures.
- Estimates are presented in terms of jobs, income, GDP, economic output and taxes.
- Impacts vary based on a project's actual or estimated purchasing relationships within the economy and the level of compensation paid to employees.

## How do EIAs help the selection process?

- Understanding the return on investment per dollar of government support
- Evaluating the economic footprint of a new project or activity
- Quantifying the impact on suppliers and employees in a particular region
- Demonstrating the impact on local communities
- Evaluating broader impacts on macro economy
- Informing policy and other decision-making as one input
- Building community support for new facilities

# What are the inputs for EIA and what metrics are produced?

	Term	Definition
<b>Project inputs</b>	<b>Project details</b>	Project details include timeline, location, type of project, etc.
	<b>Expenditures</b>	Planned capital investment or annual operational expenditures on people, goods and services
	<b>Anticipated employment</b>	Estimate of direct hires associated with the project
<b>Economic impact outputs</b>	<b>Jobs</b>	Full- and part-time jobs. During investment periods, jobs are worker years.
	<b>Labor income</b>	Labor income includes total employee compensation (value of wages and benefits for both part and full-time employees) and proprietor income.
	<b>Economic output</b>	The broadest measure of economic activity; includes gross domestic product and intermediate input purchases
	<b>GDP</b>	GDP, or value added, is a component of economic output and includes labor income, payments to capital and indirect taxes.
	<b>Taxes</b>	Estimated tax impacts include individual and corporate income taxes, sales and excise taxes, and local property taxes.
	<b>Employment multiplier</b>	Ratio of total jobs per direct job
	<b>Return on investment</b>	Personal income or GDP generated by the project divided by public sector funding during a period of time

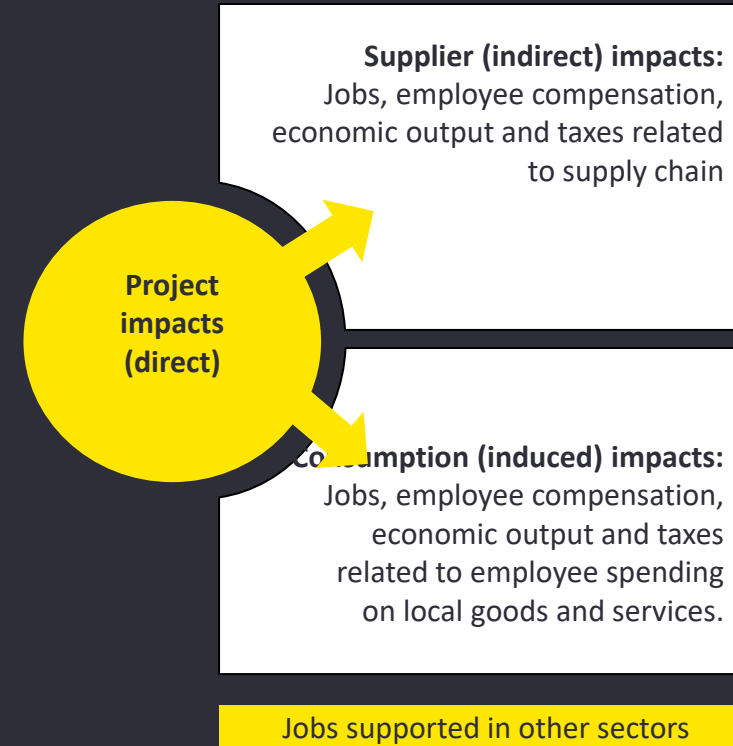


# EIA approach considers 3 types of impacts and the impact on other industries

- **Project (direct) impacts** come from the project's operations and capital investments.
- **Supplier (indirect) impacts** reflect the economic contributions of suppliers in the region.
- **Consumption (induced) impacts** are due to the re-spending of incomes earned by direct and supplier employees. This is a consumption-related impact.

Direct economic contributions start with project details provided by the regions.

Indirect and induced economic contributions will be modeled using the IMPLAN input-output modeling system for each region.



# Example EIA results for a multi-family housing project

## Example project – multi-family housing

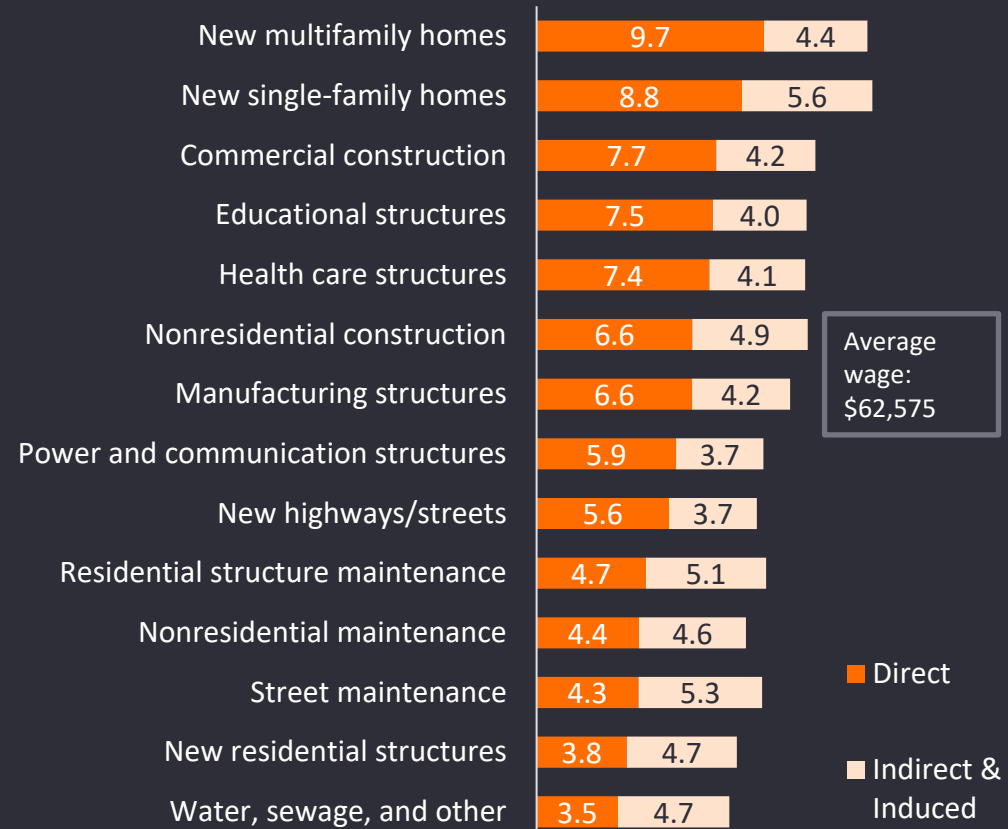
### Inputs

- New multi-family construction
- \$50M in capital spend
- 3-year development period

### Outputs

- 485 construction worker years (~162 workers supported per year since it is a 3-year period)
- Average construction wage is \$62,575 for the workers
- Indirect and induced jobs supported is 220 during 3-year period

## Jobs supported in the state per \$1 million of capital spend



# Example results of the impact of permanent operations for an educational program

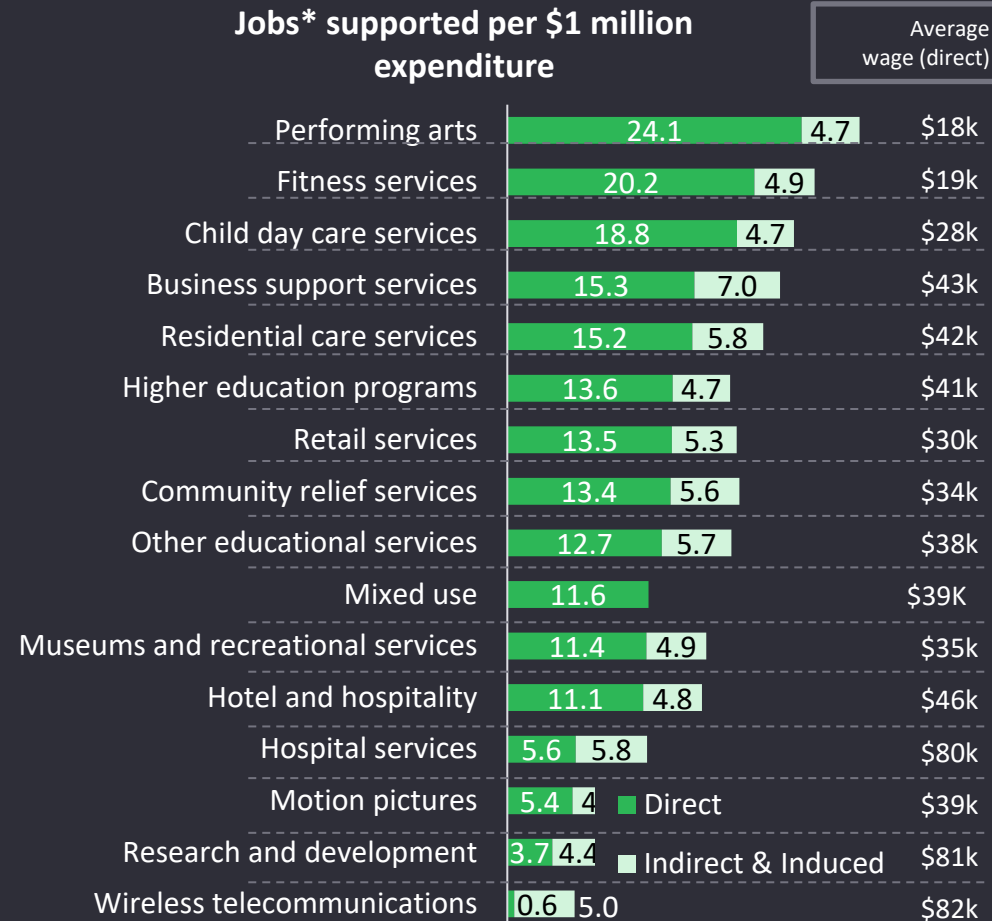
## Example project – workforce development program

### Inputs

- Workforce development program to increase tech talent
- \$2M total funding
- Program runs for 4 years (~\$500K per year in funding support)

### Outputs

- ~7 jobs each year supported in running the program
- Indirect and induced jobs supported are ~2.5 per year
- You might expect to pay \$41K in wages on average to those running a program.
- Note: This analysis does not capture jobs or earning benefits for program participants.



\*Jobs include full- and part-time employment



# Return on investment example - incubator

Example project – renovation of an existing building for use as an incubator and accelerator  
(University of Illinois Springfield)

## Inputs

- \$15M in initial expenditures
- \$5.1M investment by the state
- 35,000 square feet for businesses
- 2 cohorts per year; 10 companies each from the accelerator
- 74 companies in incubator each year

## Outputs

- Incubator companies create employment, income and revenue for the area.
- Generates state tax revenue due to these businesses.
- State's investment is repaid in 4.5 years from this incremental tax revenue.

## One-time economic benefits of construction

	Direct contribution	Indirect and induced contribution	Total contribution
<b>Scenario 1 (35,000 square feet):</b>			
Employment	70	75	146
Labor income	\$5.3	\$4.6	\$9.8
Value added	\$7.5	\$8.2	\$15.7
Gross economic output	\$15.4	\$14.1	\$29.4
State tax revenue	\$0.3	\$0.3	\$0.6

## Businesses graduating from the incubator

Actual number employment and companies; 2020 dollars in millions for income and revenue

	2023	2024	2025	2026	2027	2028
Number of companies	79	89	99	183	193	203
Employment	84	191	282	562	762	915
Income (\$m)	\$2.5	\$5.4	\$10.8	\$21.8	\$34.1	\$44.4
Business revenue (\$m)	\$0.0	\$11.1	\$33.2	\$44.5	\$79.7	\$146.5

## ROI for state investment

	Scenario 1: \$15m
Initial investment (construction costs)	\$5.1
State tax revenue due to project:	
Labor income due to incubator/accelerator programs (2023–2026)	\$113.5
State tax ratio (states taxes/labor income)	5.7%
<b>Estimated state tax revenue</b>	<b>\$6.5</b>
Period for repayment	4.5 years

Source: EY Quantitative Economics and Statistics, "UIS Innovation Impact Assessment," prepared for the University of Illinois System, October 2020.

# Strengths and weaknesses

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## Strengths and weaknesses of using the economic impact model to select projects

### Strengths

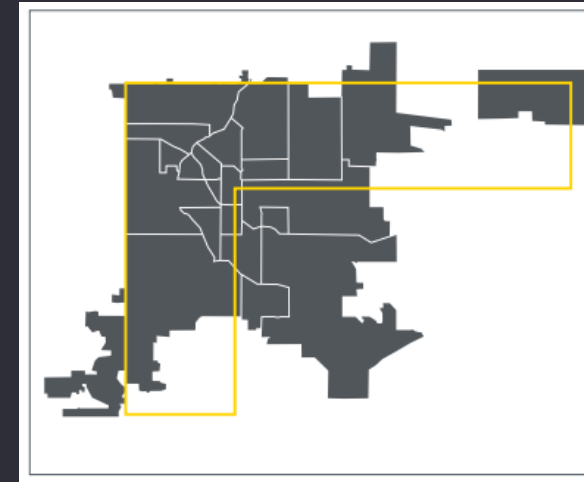
- Helpful for evaluating the economic benefits of construction projects
- Standardized approach that allows for a comparison of job, income and tax impacts across different projects across a wide variety of industries
- Allows for a return on investment (ROI) calculation that compares public support for a project versus expected tax revenue in the future

### Weaknesses

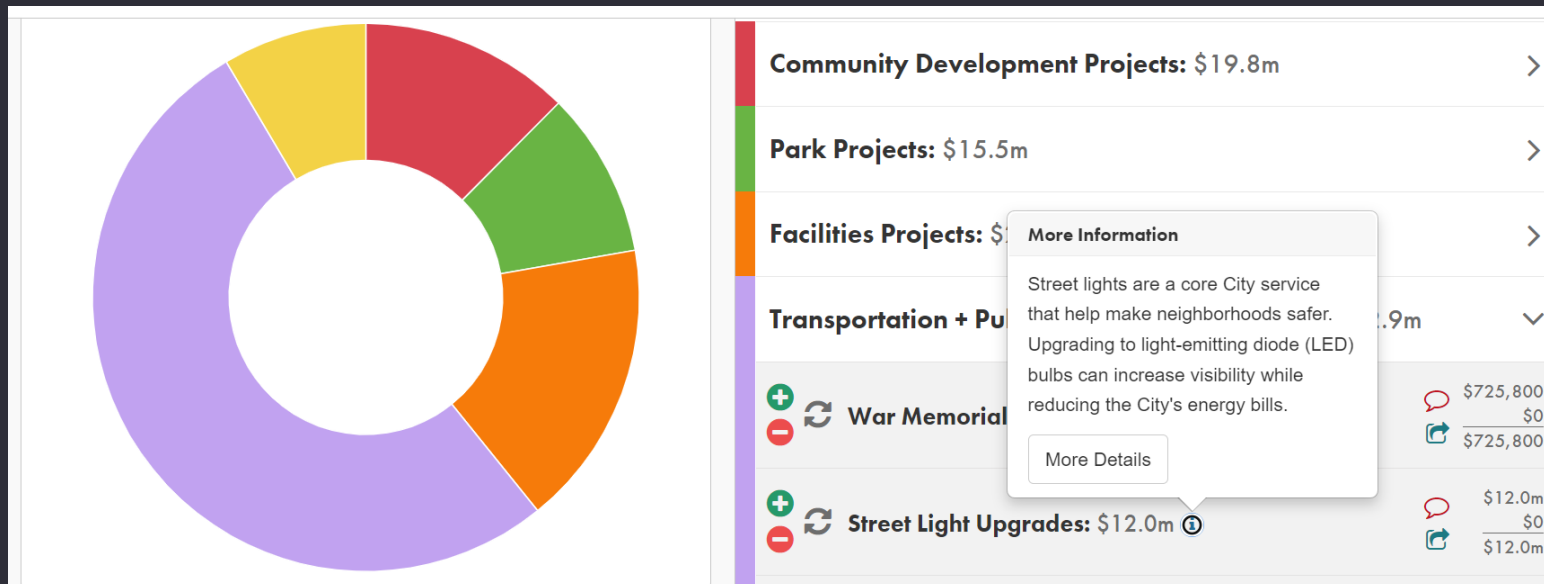
- Is not comprehensive in evaluating the merits of a project
- Benefits that will occur well into the future (more than 5-10 years later) are difficult to capture
- Imperfect tool for evaluating workforce development programs where the goal is to promote future earnings gains or eventual job placements
- Equity considerations

# Engage the community in a meaningful way

- Include the most marginalized communities
- Seek to understand priorities by introducing constraints



Source: City leaders share how they will make ARPA funding decisions | EY - US



Source: Charlotte, NC Charlotte, NC: City of Charlotte - FY 2022 General Fund Adopted and General Capital Investment Plan - Balancing Act (abalancingact.com)



# Build a project selection scorecard

Project Portfolio Prioritization								
Project / Criteria	Scoring	Criteria 1	Criteria 2	Criteria 3	Criteria 4	Criteria 5	Total Project Score	Priority
		25%	15%	20%	10%	30%		
Project A	Rating	2	3	5	1	3	2.95	2
	Score	0.5	0.45	1	0.1	0.9		
Project B	Rating	2	4	3	2	2	2.5	3
	Score	0.5	0.6	0.6	0.2	0.6		
Project C	Rating	4	3	3	5	5	4.05	1
	Score	1	0.45	0.6	0.5	1.5		

Source: Project Prioritization Matrix Excel Template (techno-pm.com)

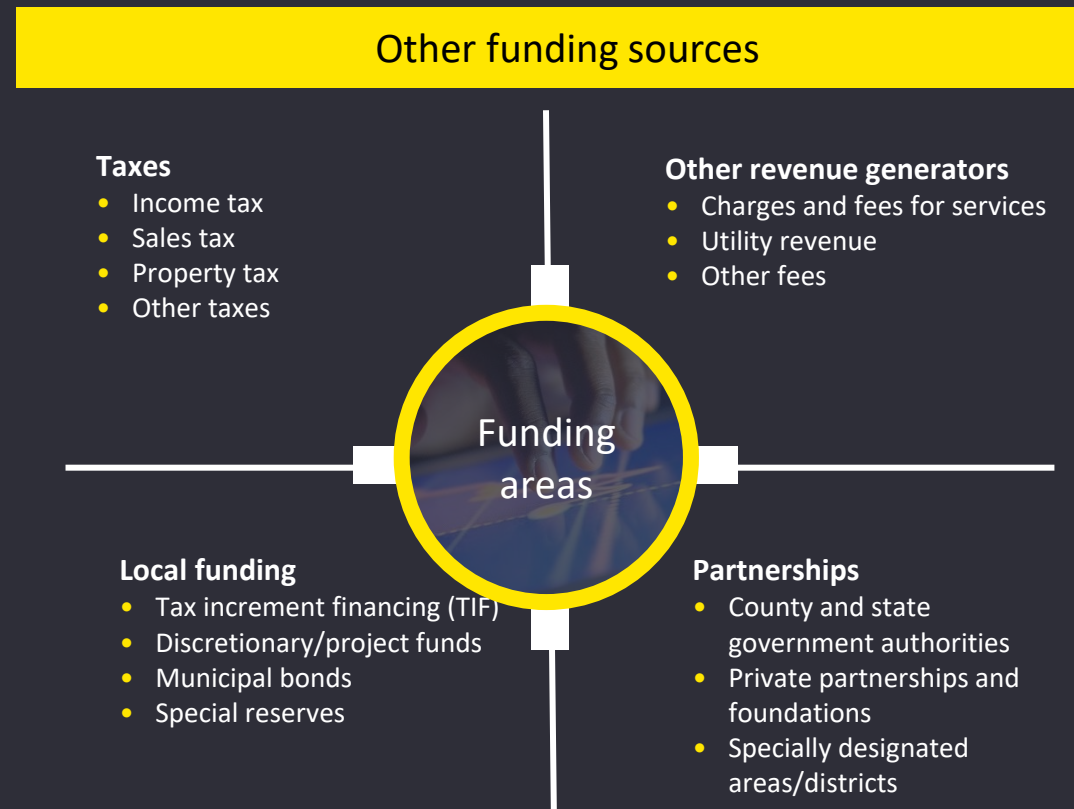
# Funding sources, partners and leading practices



# Other funding sources

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Federal grant funding often covers only a percentage of the project costs. While cost share requirements and eligible costs vary from program to program, it's important to identify and secure additional funding to encourage the project's success.





# Developing budgets

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- Leverage American Rescue Plan Act funds if possible for capital planning and budgeting
- Incorporate projects into a multi-year Capital Improvement Plan
- Establish project outcomes, scope and timing early on
- Understand lifecycle costs and benefits of candidate projects
- Tie budget estimates to activities, milestones and deliverables
- Include adequate funding for inflation and contingencies
- Consider operating cost impacts of projects
- Identify all lifecycle funding sources, including program income
- Make sure the budget is consistent with the project narrative
- Be clear on indirect cost and matching requirements
- Be prepared to explain your budget estimates
- Know the NOFA!



# Involving partners

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- Who will I be partnering with throughout this process?
- Do I want to form a task force or steering committee?
- Identify resources for the various roles in the project lifecycle.
- Identify key stakeholders to engage and provide support.

# Leading practices

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- Make your grant application stand out
  - Clear and concise language
  - Graphics, legible font
  - Follow all application rules
- Managing stakeholder expectations
  - Consistent communication throughout application, implementation and compliance period

# Next sessions



# Our next sessions

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- October 4: Reviewing the guidance
  - 1:00 p.m.–4:00 p.m. ET
- December 6: How different communities can benefit from IIJA
  - 1:00 p.m.–4:00 p.m. ET



Questions?





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## CDFA Infrastructure Finance Learning Series: Reviewing the Guidance

Tuesday, October 4, 2022 // 1:00 PM - 4:00 PM Eastern

## CDFA Ohio Financing Roundtable

Wednesday, September 14, 2022 // Columbus, OH

## CDFA National Development Finance Summit

November 2-4, 2022 // Denver, CO

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# Office Hour with EY



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