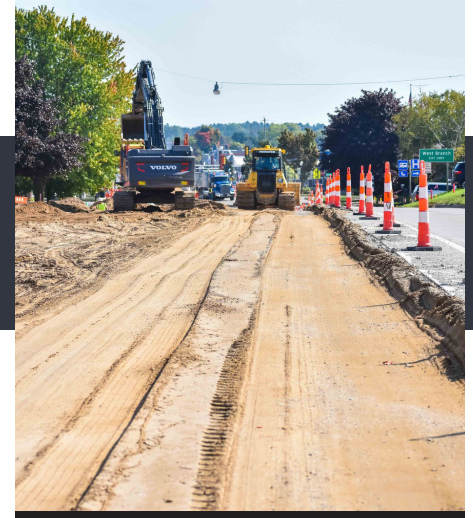




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DESIGN. BUILD. OPERATE.

## FISCAL RESPONSIBILITY IS KEY TO INFRASTRUCTURE IMPROVEMENTS



Community leaders in Michigan face an unprecedented challenge: securing funding for infrastructure improvements that align with fiscal responsibility and community objectives. Thoughtful management of capital assets is crucial for successful planning.

Establishing an Asset Management Plan (AMP) and implementing a Capital Improvement Plan (CIP) allows municipal leaders to proactively plan for any necessary projects. This also gives municipalities the opportunity to plan their finances in advance or seek out available grants and loans to fund essential projects.

“Financially strapped communities like ours depend on grants and low-interest loans to get improvement projects done,” said Chuck Bennett, Brown City’s manager.

The roadmap for infrastructure development and fiscal responsibility starts by taking stock of the community’s current assets and their conditions. It often begins with an AMP, which includes the name, description, location, age, condition (and service history), criticality, and expected useful life of each asset.

With this inventory in hand, communities can create a CIP of forthcoming projects and strategize funding options. A CIP is a formal, multi-year plan outlining capital projects, funding sources, and implementation schedules. Capital projects include road improvements, sidewalk repairs, accessibility ramps, water service lines, wastewater management systems, and improvements to community parks and other public spaces.

A CIP provides a list of prioritized needs to determine which project should be completed first and what it will cost. This should have an annual review and regular updates to incorporate finished projects, identify new needs, and reflect the community’s expectations.

### HOW TO FUND CIP PROJECTS

Municipal leaders are constantly seeking ways to pay for their infrastructure needs before they have failures. Typically, they have two choices to fund any improvements:

**Pay as you go.** Communities must ensure their water and sewer rates are sufficient to fund projects as they arise. Rather than consolidating into a single large project, they undertake smaller, individual projects annually, although at higher costs per project, necessitating annual rate increases. This approach spreads costs across current

customers who will predominantly bear expenses that benefit the community in the long term.

**Finance the larger components of the CIP, use grants where possible.** Payments for the improvements are distributed across the life of the bond and carried by future beneficiaries of the project. A larger project is usually cheaper than multiple smaller projects. Many communities qualify for grants and low-interest loans to support these efforts.

### CONSULTANTS CAN ASSIST WITH FUNDING OPTIONS

There are several options for financing the improvements needed for aging infrastructure. Many communities have been able to fund their project with conventional financing.

The main agency supported programs for loans and grants are USDA Rural Development Program (RD), Michigan’s State Revolving Loan Program (SRF) for both water and wastewater, and Michigan Economic Development Corporation (MEDC).

Brown City has relied on Fleis & VandenBrink (F&V) to help them continue working on their CIP projects. “Thanks to F&V’s assistance, our city secured a low-interest loan for our new lift station,” Bennett said. “Additionally, they’ve assisted us in exploring a Category B grant.”

“If awarded, we could not only replace the lift station but also repave the entire road. Given our limited available funds, this would greatly benefit our community.”

Over the years, F&V has helped clients secure more than \$1 billion in grants and low-interest funding programs. We regularly collaborate with accredited Michigan financial advisors to help communities tailor a blend of funding options and suitable rate policies necessary to finance infrastructure projects identified in their CIP.

Call us today and we’ll help your community develop an AMP, a comprehensive CIP and funding opportunities for each project. Contact F&V’s funding experts Chris Hennessy at 989.284.3649 or Matt Biolette at 616.422.5234 or via email [chennessy@fveng.com](mailto:chennessy@fveng.com) or [mbiolette@fveng.com](mailto:mbiolette@fveng.com).

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*Thoughtful management of capital assets is more crucial than ever. "Financially strapped communities like ours depend on grants and low-interest loans to get improvement projects done."*

*- Chuck Bennett, Manager, City of Brown City*

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