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The **Private** **Sector's Guide** to Infrastructure Funding

Introduction

On November 15, 2021, President Biden signed the \$1.2 Trillion Infrastructure Investment and Jobs Act (IIJA) into law. As a result, local government vendors have a huge opportunity as the \$550 billion in new spending makes its way to state and local governments for implementation.

Getting IIJA signed into law was the first step. Now there's an enormous challenge facing government leaders at all levels: funnel the money into impactful projects and do it as quickly as possible. The task is as hard as it sounds, and those who serve the state and local market are left with a lot of questions. For this reason, Steve Machesney invited Ellory Monks, Co-Founder of The Atlas, to join him for Power Almanac's "Ask the Expert" webinar series to unpack the intricacies of the new infrastructure law and provide insight so that government vendors can position themselves for impact.

We're addressing the top questions raised during the webinar and breaking down the answers, so you can walk away with the confidence and intelligence you need to leverage this unprecedented opportunity in infrastructure.

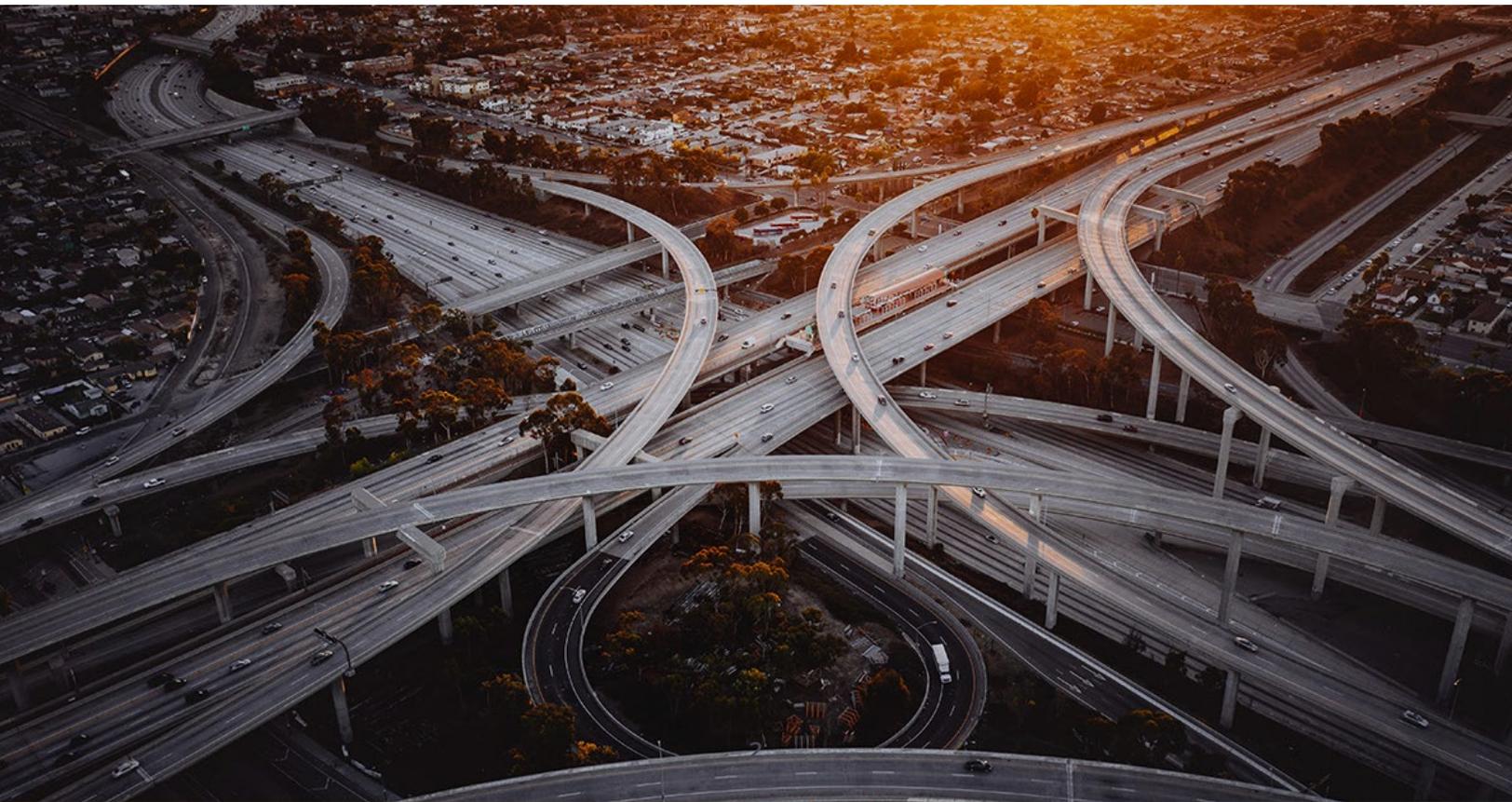


PART I: UNDERSTANDING IIJA

Who are the biggest winners in infrastructure?

Thanks to this new law, there are broad swaths of opportunities for new and existing players across a variety of industries. Some larger opportunities exist for:

- **AEC firms — architect, engineering, and construction firms**, plus the consulting firms that support them.
- **Technology firms**, specifically any company or solution that enable progress on:
 - Broadband
 - Cybersecurity
 - Resilience to extreme weather and cyber attacks
 - Energy technologies - smart grid technologies and advanced transmission
 - EV charging





PART I: UNDERSTANDING I1JA

How transformative are these projects meant to be?

The short answer: this law was deliberately designed to be transformational; however, the jury is out on just how transformational it will be, due to on-the-ground implementation challenges associated with building transformative infrastructure projects.

Still, we are talking about \$1.3 trillion total, with \$550 billion in new spending. That type of funding —the scope and scale — is a once in a generation opportunity. The last time this amount of infrastructure funding was available was when the federal highway system was built. Talk about transformative!

That said, state and local governments are traditionally risk-averse, and there's a difference between "transformative" and "impactful," or, as we say in the private sector,

"innovative." While local government experts are not particularly optimistic about these projects being extremely innovative and cutting-edge, the areas of transformation will hopefully be targeted in communities and for residents that have traditionally been overlooked with this type of funding.

Yes, a large amount of the money will be spent on highway expansion projects, but a big percentage will be spent on the kinds of critical improvements our infrastructure systems desperately need. **Bottom line: The more coordinated local government leaders are as they work alongside the private sector, academia, and the nonprofit sector, the more impactful and transformational this funding will be.**

PART I: UNDERSTANDING IIJA

How are these funds filtering down to the local level?

The states will be awarded funding first. The first thing to know is that states will be awarded a huge majority of funding first.

Then, funding trickles down to local communities. States will be awarded funding on a program-by-program basis and then make awards to specific projects and organizations. Local governments will very often implement the projects.

How is this money going to be moved?

A large percentage of the money is going out through existing programs. The legislation is topping additional money on existing programs. For example, the Surface Transportation Block Grant Program, RAISE Grants and the Drinking Water and Clean Water State Revolving Funds are well-established programs that draw upon a long history of pushing large amounts of money out the door, and getting it down to the local level very quickly. All of these programs are receiving enormous influxes of funding through IIJA.

How quickly will the money arrive?

For legacy programs that already exist, money will show up quickly. In fact, some of that money is already arriving. But for some of the more complicated, newly established programs, it could be two years before funding comes down the pipeline. For instance, state and local governments will see money sooner for lead service line replacements than they will for broadband. That's because the federal government is adding more money to existing state revolving funds for service line replacement, whereas there is no existing program to funnel the money included in the law for broadband projects – the agencies are largely starting from scratch. That requires complicated and lengthy processes for rule making and developing guidance documents.



PART I: UNDERSTANDING IJJA

What are governments doing right now to prepare and prioritize?

Some local leaders are still paralyzed by indecision and uncertainty, while some have moved into more of a strategic planning phase. Remember that for many years, they have been cash-strapped and not able to take on some of these bigger, more transformative infrastructure projects that the communities desperately need. Now, they're going to get their shot. The pressure is therefore very high — especially for elected leaders. This is the process we're typically seeing:

1. **Staffers go through strategic plans and consulting reports** that have been sitting on shelves, and revisiting sales proposals and capital improvement plans
2. **Then, they shortlist the projects that they think are most impactful and most needed** in their communities
3. **Finally, they identify which ideas are most consistent and aligned** with the kind of political and policy goals of IJJA



PART I: UNDERSTANDING IIJA

Are ARPA (American Rescue Plan Act) and IIJA the same bucket of money, or two separate funding sources?

These are two separate buckets of money; however, there is a specific subset of ARPA money that can be used on certain infrastructure upgrades. For instance, sewer expansion and broadband can be funded by both ARPA money and IIJA money.

It's imperative to make distinctions between these two sources of funding when communicating with your prospects. You don't want to sour your sales and marketing conversations with vague or incorrect determinations on the appropriate use of funds.



PART II: POSITIONING YOUR
BUSINESS FOR MAXIMUM BENEFIT

How can the private sector stay on top of announcements as they are happening?

The biggest recommendation would be to take a step back and take a look at our [IJA Handbook for State and Local Government Leaders](#)

1. **Identify the programs that you think are going to be most relevant** for your company and the solutions or the services that you are providing specifically.
2. **Narrow your focus** down to 3-5 areas.
3. **Research those programs** and their current statuses.
4. **Set Google alerts for those specific programs.** You can then track federal agencies that are doing webinars about the specific program, releasing notices of funding opportunities or putting out one-pagers for funding guidance.





PART II: POSITIONING YOUR BUSINESS FOR MAXIMUM BENEFIT

How can the private sector help their future customers prepare for this?

1. **Become fluent** in the programs that are most relevant to your sector and in the solutions and technologies that you are providing. This process puts you in a position to increase the capacity of your customers. Your customers, at the end of the day, are completely underwater right now. They're very overwhelmed. They have a million open positions that they can't fill because of workforce issues, and it's the same group of decision-makers. Understand that there is a huge capacity gap that historically has been beautifully filled by the private sector.
2. **Help your customers connect the dots on how the money can be used.** Whether it's technology purchases, community engagement projects or software, do the upfront work for them. For example, share model RFPs with your prospects. Say, "Here is a sample scope of work, and here is how you can write these services into this project scope that you are already submitting for a given program."
3. **Focus on what your solution or services can achieve for residents.** You have to be able to tell that narrative very clearly, and ideally, those outcomes are tied directly to the big political and policy goals of IJJA.



Final Thoughts

In every situation, exercise supreme empathy for your prospects, empathy for your customers and an understanding of what they're going through. Think about the decisions they are making, the trade-offs they are considering and how they are prioritizing all of these complicated components on a daily, weekly and monthly basis. Take advantage of your personal relationships with your customers and prospects, and do whatever you can to help make their lives easier. That will truly set you apart from the competition.



Ellory Monks

Executive Vice President, GovExec and
Co-Founder, [The Atlas](#)

Ellory Monks is the co-founder of The Atlas, a free online community for state & local government leaders to browse case studies, follow trending topics and crowdsource ideas. Prior to founding The Atlas she was a consultant working directly with local government officials to identify and implement strategies that solve complex infrastructure problems. Ellory also served in the Obama Administration, where she provided analytical and technical support to the White House Office of Science and Technology Policy (OSTP) on a wide range of infrastructure, energy and environment issues. She is the author of the IJJA Handbook for State and Local Government Leaders and frequently contributes to the ongoing conversation about cities, infrastructure and innovation in outlets like the Brookings Institution and The New York Times.

Ellory has a B.A. in Civil & Environmental Engineering and Public Policy with a minor in Water and Energy Sustainability from Rice University.



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