

City of Steamboat Springs Water Resiliency and Infrastructure Funding Strategy



Project at-a-Glance

Community Overview

- Utility/Community: City of Steamboat Springs, CO
- Location: Steamboat Springs, CO
- Population served: 13,390
- Service area: 9.9 square miles

Project Partners

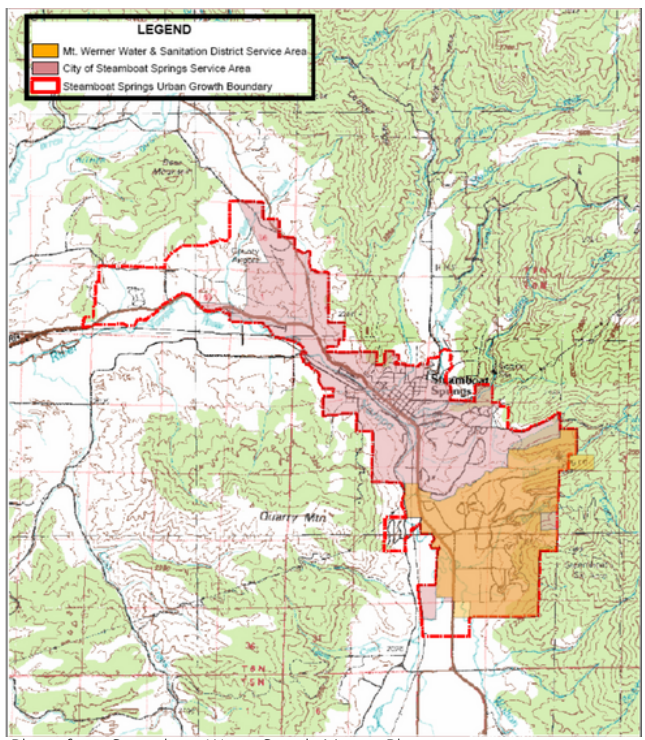








Photo from Steamboat Water Supply Master Plan

Project Benefits

- Enhance Steamboat Springs' resiliency by providing a detailed framework to pursue the best-fit federal funding opportunities for their priority water projects, staff capacity, and state and local tax and labor rules.
- Builds replicable strategies and tools Colorado communities can use as robust guidance on navigating new federal support for current and emerging water project needs.

Project Challenges

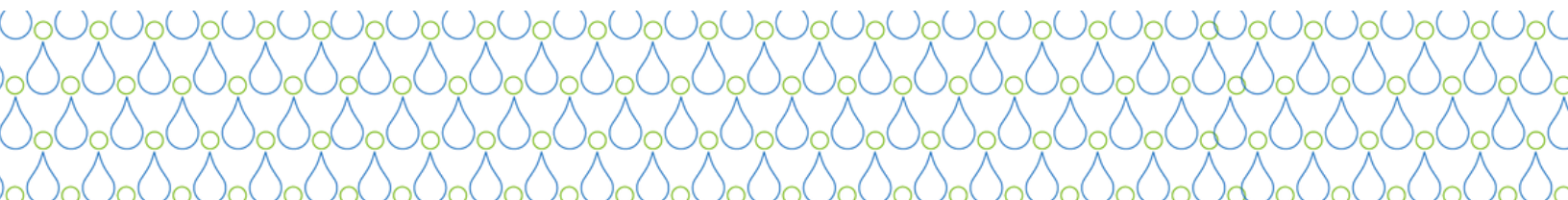
 Changing Population	 Lack of Reliable Water Supply	 Drought
 Aging and Damaged Infrastructure	 Equity and Affordability	 Climate Change

Overall Challenges

The recently passed federal Bipartisan Infrastructure Law, as well as other recent federal appropriations, present an immense opportunity to address current and emerging needs around watershed health, infrastructure improvements, and conservation programming. Yet, cities and local communities face barriers to maximizing these funds. Prioritizing water projects, matching priorities to specific federal funding and financing opportunities, and accessing these funds can be a complex and daunting undertaking, especially for communities with limited staff capacity and resources to research, apply for, and administer federal grant programs.

Strategies for Success

WaterNow Alliance (WaterNow) partnered with City of Steamboat Springs (City, or Steamboat Springs) to strategize how the City can maximize new federal funding opportunities for priority water infrastructure and resiliency projects. The strategic process included researching, scoping, and ranking the City's priority projects; researching Infrastructure and Jobs Act (IIJA)/Bipartisan Infrastructure Law (BIL) and American Rescue Act Plan (ARPA) funding and financing opportunities; aligning federal support with priority projects; developing detailed roadmaps for pursuing the identified federal dollars; and sharing the resulting framework and guidance with the broader Colorado community.



Project Spotlight

The Project Accelerator program supported the City of Steamboat Springs in developing a strategy to navigate new federal funding and financing opportunities for water projects. Steamboat Springs is a rapidly growing community of approximately 13,000 people in Northern Colorado's Yampa Valley. The City has invested significant resources into developing and updating water resource plans and studies to address climate change, drought, wildfires, over-use of resources, and an affordable housing crisis.

The City has multiple water management goals, including:

- forest and watershed restoration to protect drinking water sources;
- improving the efficiency of park irrigation systems;
- establishing a stormwater utility to help fund the stormwater management program;
- addressing water quality and temperature regulations through nature-based solutions;
- implementing multi-objective river restoration projects; and
- developing new efficient water infrastructure for low-income and affordable housing communities.

Working with Steamboat Springs, WaterNow created a framework to help the City, as well as other Colorado communities, overcome the barriers associated with prioritizing water infrastructure and resiliency projects and maximizing the benefits of federal grant and financing programs.

As a first step, WaterNow worked with the City to understand and identify key water management priorities. The process of identifying priority projects was streamlined thanks to the City's active collaboration between departments. Steamboat Springs holds regular Water Team meetings, which occur every other week and include City Water Utility, Public Works Department, City Attorney, City Manager, and City Council participants. The City's Water Team identified and ranked 16 high priority projects, included in Table 1 below.

Table 1. Priority and smaller secondary projects considered in the development of the funding and financing roadmap.

Primary Projects	Secondary Projects
Construct Large-scale Long-term Fish Creek Water Treatment Plant Facility Improvements for Wildfire Resiliency	Develop an Outdoor Water Conservation Rebate Program
Complete Ecological Restoration at River Creek Park/ Rotary Complex/Williams Preserve	Establish Water Utility Customer Portal to Review Use and Receive Alerts
Complete Preliminary Steps for the Construction of the Elk River Water Treatment Plant	Construct Drainage Improvements at US40 and Fox Creek to Reduce Seasonal Flooding Associated with Undersized Draining
Update Community Development Code to Integrate Water Management with Land Use Planning and Development	Implement Recommendations of the USGS Nutrient Study for the Upper Yampa River Basin
Convert Wastewater Treatment Plant Outflow from Ditch to Treatment Wetland (Green Infrastructure)	Update Drought and Emergency Plan
Implement Highest Priority, Capital Stormwater System Improvements for Flood Mitigation	Sediment Basins at Inflows to Long Lake and Fish Creek Reservoirs
Improve Water Efficiency at City Parks, Including Irrigation Systems and Landscaping Materials	Oak Creek Parcel Wetlands Restoration

Next, WaterNow and the City developed a research template that tracked key project elements, including:

- timelines and project readiness;
- key stakeholders and partners;
- anticipated costs;
- environmental, social, economic, and equity-related benefits;
- level of staff oversight required, and whether outside support staff could be hired to implement the project; and
- project complexity.

This template drew on existing resources and plans, including the:

- Steamboat Springs Water Supply Master Plan;
- Fish Creek Critical Community Watershed Wildfire Protection Plan;
- Steamboat Springs Water Conservation Plan;
- Steamboat Springs Wetlands Restoration Feasibility Study, and;
- Routt County's Hazard Mitigation Plan and Climate Action Plan.

An additional, and critical, element of the research phase was a meeting between WaterNow and the City staff to discuss relevant past grant application and administrative experiences, along with key considerations around staff capacity to implement the identified funding and financing opportunities.

To pair the City's high priority water projects with federal support, WaterNow identified 39 water-related funding and financing opportunities created or expanded by recent federal legislation and chose 24 to review in greater detail. Criteria for assessing these opportunities included eligibility requirements, anticipated timelines, application process and requirements, reporting process and requirements, and financial details. WaterNow cross-referenced these opportunities with City priority projects and staff capacity to determine best-fit matches and presented the findings in a robust, combined template.

Defining Funding and Financing

Funding describes who pays for infrastructure, while financing refers to how infrastructure is paid for over time. Fiscal resources raised through financing, i.e., borrowing, must ultimately be repaid by funding that comes from ratepayers.



Project Impacts

The project team developed a Roadmap for Pursuing Funding Opportunities, which includes step-by-step advice for navigating the “best-fit” federal funding and financing opportunities for the City's highest priority projects. Taking eligibilities, timelines, staff capacity, and experience into consideration, Steamboat Springs identified three projects as especially urgent and timely:



- **Constructing large-scale, long-term facility improvements at the Fish Creek Water Treatment Plant:** Over 90 percent of Steamboat Springs' water is sourced from the Fish Creek basin, a heavily forested watershed vulnerable to wildfire. The Fish Creek Critical Community Watershed Wildfire Protection Plan has identified a range of small- to large-scale improvements to enhance the plant's resiliency to source water quality changes associated with watershed fires, which could be implemented individually or in combination.
- **Completing ecological restoration at the Williams Preserve and/or the adjacent River Creek Park/Rotary Park Complex:** The Williams Preserve and the adjacent River Creek and Rotary Park parcels represent the most expansive river/riparian/wetlands restoration opportunity in the City (on City-owned land), and possibly in the larger river basin. A revitalized Preserve could be a nature park and a draw for eco-tourism, a habitat oasis, and/or a demonstration of the ways agricultural and natural habitat management practices can work together.
- **Improving water efficiency at City parks:** The City aims to perform irrigation audits at and upgrade irrigation systems at City parks, to improve water efficiency. This work would also identify and implement opportunities to replace high water use plants and turf grass with lower water use landscaping alternatives.

Given the objectives and timelines of these priority projects, WaterNow identified WaterSMART and FEMA grants as the most promising opportunities. These options also rose to the top of the list given the City's previous experience applying for these grants and preference for grants over financing.

WaterNow drafted a near-term roadmap for pursuing WaterSMART and FEMA grant opportunities over the next five years to fund Steamboat Springs' highest priority projects. This roadmap provides an at-a-glance summary of the participating City stakeholders in each project, to enable the City to consider the interactions between these projects and to plan accordingly (for instance, by following an application for a project that would heavily engage the Department of Parks and Recreation with an application for a project that would focus more on the Public Works Department). The roadmap also calculates both the total potential revenue from grants and potential match requirements for these grants in any given year. In both pursuing individual opportunities and planning its broader funding strategy, key considerations include:

- The City's ability to meet any cost matching requirements; and
- Its requirement, as a TABOR community, to not accept more than 10 percent of revenues in grants from all Colorado state and local governments combined to their Utility Fund on an annual basis.

In addition to this roadmap, WaterNow created detailed descriptions of the multiple federal funding and financing options for each of the City's eight high-priority water projects. The roadmap may be updated, swapping in any of these additional projects, or new funding opportunities, as it is implemented over time.

The next steps for Steamboat Springs will be to pursue the new federal funding opportunities outlined in the roadmaps to implement their high-priority water projects. Receiving new federal dollars for their water projects would accelerate the City's work to mitigate the effects of population growth and climate change in their community by protecting water supplies, water quality, and watershed health.

Resources for Colorado Communities:

WaterNow also produced **public facing materials** which **summarize the researched federal support opportunities for Colorado communities** and **share the key learnings and tools created in this project**, including a stepwise process for identifying and prioritizing projects, developing a matrix of funding and financing options, and pairing priority projects with available federal dollars.



Lessons Learned

The project team identified several key factors for communities to consider when identifying and prioritizing water projects and pairing priority projects with available funding opportunities:

- To identify priority projects most effectively, it is important to include stakeholder input from groups involved across different elements of obtaining funding for and implementing the potential project. Important stakeholders could include those involved with the application process, project implementation, reporting processes, and project operation and maintenance. A single project might require collaboration across a community's finance, grants, human resources, public works, and parks and recreation teams, in addition to coordination with external stakeholders, such as community groups or partner agencies. Engaging these participants early on can build buy-in and ensure that funding and financing roadmaps, which may include multiple applications and projects, avoid overwhelming any one staff member or department.
- Holding regular meetings to discuss water project priorities generates an up-to-date list of key projects that can be quickly compared to upcoming funding and financing opportunities. These meetings also offer opportunities to understand the perspectives, bandwidth, and needs across different departments and stakeholders, creating a strong foundation for administering projects collaboratively.



- The process of scoping and ranking priority projects provides an important opportunity to apply an equity lens and identify projects that can bring benefits to communities disproportionately affected or susceptible to environmental and health impacts.
- When developing a short-term roadmap for the priority projects and opportunities to pursue, it may be especially important to consider:
 - staff bandwidth;
 - administrative overhead;
 - administrative processes;
 - matching funds;
 - regulatory context, and;
 - program competitiveness.

It is also helpful to reflect on relevant past grant applications and administration experiences of city staff, along with relevant capital improvement plans and budgets and debt issuances.

- Thinking broadly about opportunities and what counts as infrastructure can identify additional opportunities to access federal dollars. For instance, Colorado's Clean Water State Revolving Fund not only supports but offers additional incentives for green infrastructure, water and energy efficiency, or other environmentally innovative activities through its [Green Project Reserve](#).
- There are many new resources to help communities pursue the influx of new federal funding and financing opportunities, from searchable databases of grant programs to direct technical assistance. Visit the [Project Accelerator Library](#) and Tap into Resilience Resource [Library](#) and [Toolkit](#) to find additional resources and strategies related to funding and financing sustainable, distributed infrastructure.