

How Municipalities are Modernizing and Funding Critical Infrastructure

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Key Takeaways

- Municipalities can modernize infrastructure without upfront capital using ESPCs and grants.
- Energy projects do more than reduce costs. They unlock new revenue, improve service delivery, and fund community priorities.
- Bundled projects deliver greater financial and operational impact than single-scope upgrades.
- Energy upgrades can help municipalities address deferred maintenance while modernizing aging systems, improving reliability, and reducing long-term operating costs.
- Early project success helps cities secure funding and scale investment.
- Experienced partners help municipalities move faster with less risk.

What challenges are municipalities facing today?

Municipalities across the country are under pressure to modernize aging infrastructure while managing limited budgets. Many cities are dealing with:

- Outdated buildings, lighting systems, and water infrastructure
- Rising operational costs
- Deferred maintenance backlogs that strain operating budgets, increase risk, and become more expensive the longer they are delayed
- Increasing expectations for public services

For many communities, deferred maintenance is no longer just a facilities issue; it is a financial, operational, and service-delivery challenge that requires a more strategic approach. Limited budgets and competing priorities are forcing leaders to make tough calls about where to invest first. The American Society of Civil Engineers' 2025 Infrastructure Report Card estimates a \$3.7 trillion national infrastructure funding gap over the next decade, while a National League of Cities analysis found that 90 percent of cities reporting increased infrastructure needs also reported a negative impact on their budgets.

With the right strategy and financing approach, however, municipalities can modernize critical systems in ways that reduce operating costs, improve service delivery, and often require little to no upfront capital. Ameresco has worked with municipalities across the country to make that possible, supporting projects ranging from historic city halls and public streetlighting to advanced metering infrastructure and on-site solar. Here is a look at how communities can turn infrastructure challenges into long-term opportunities.

What's changing: Municipalities are beginning to recognize that energy projects are not just upgrades. They are pathways to unlocking financial, operational, and community value.

How can municipalities define success and unlock hidden revenue?

Before launching any infrastructure project, municipalities should first define what success looks like and quantify the opportunity.

Example: City of Hurst, Texas

After years of deliberation, a single insight changed the conversation.

- An audit revealed outdated water meters were underreporting usage
- The city was losing \$250,000–\$300,000 annually

- The finding enabled a full transition to Advanced Metering Infrastructure (AMI)

Defining the problem clearly unlocks financial justification and forward momentum.

How can cities unlock funding without upfront capital?

Upfront capital stops a lot of infrastructure projects before they start. It doesn't have to.

Municipalities are using alternative financing models, including:

- Energy Savings Performance Contracts (ESPCs)
- Federal, state, and utility incentives
- Financing strategies that use projected savings to help address deferred maintenance and modernize critical systems
- Funding sources like ARPA

For instance, Brockton, Massachusetts put its ARPA funds toward long-term infrastructure rather than plugging short-term gaps. An existing relationship with Ameresco meant the city could move fast. Brockton updated City Hall, the War Memorial Building, and the Shaw Center through an ESPC while other cities were still deciding how to spend their funds.

Pendleton, Oregon built a different stack for its solar canopy: state grants, the federal Investment Tax Credit, utility incentives, and local resources. Its LED streetlight upgrade where Ameresco owns and maintains the fixtures and costs are offset by savings.

Flexible financing models unlock the ability to act now without waiting for capital budgets.

Why should municipalities prioritize projects that solve more than one problem?

An improvement project focused on a single objective leaves broader value untapped. Brockton City Hall hadn't experienced a major renovation in more than 100 years. Some rooms ran so hot in winter that workers kept windows open to cool them down, while others were cold enough that people wore jackets at their desks. Air quality and circulation were also issues. The renovation brought several systems together at once: HVAC upgrades, a Direct Outdoor Air System, energy management systems, and lighting improvements. The result was about \$1 million in annual savings, but just as importantly, the building became a more usable space for staff.

Pendleton's solar canopy is another example of purposeful bundling. Shading the wastewater treatment contact chamber addressed a standing permit compliance requirement around effluent temperatures, while solar panels on top of the canopy generated renewable energy for the facility. The project also reduced chemical treatment inputs and gave operators a safe elevated walkway, replacing a task that had previously required entering a confined space. One structure, four outcomes.

Bundled projects unlock multi-dimensional value from a single investment.

Why does the right implementation partner matter?

City staff are already running full programs. Asking them to also manage design, bidding, and construction on a major infrastructure project is a lot, and it's where timelines slip and costs creep. The implementation structure matters, and it's worth thinking through before a project gets moving.

Working with an experienced partner can unlock:

- Faster project timelines
- Streamlined procurement and implementation
- Reduced administrative burden
- Lower project risk

In many cases:

- A single partner manages design, construction, and performance
- Lessons learned from previous projects reduce inefficiencies

In Pendleton, that meant staff could stay focused on daily operations while Ameresco managed procurement, project management, and construction against state requirements. In Hurst, experience mattered in a different way. Large AMI deployments come with a lot of technical decisions, and having a team that had already worked through those challenges elsewhere helped avoid trial-and-error. Even something like choosing a city-owned network over cellular infrastructure came out of lessons learned in other communities.

The right partner helps municipalities unlock speed, scale, and execution certainty.

How do early wins help cities scale future projects?

Brockton's outcomes gave leadership something concrete to point to. Annual energy savings of approximately \$1 million is a number that holds up in a budget meeting. The Shaw Center reopening as a COVID-19 testing and vaccination site was visible to the whole community. The War Memorial auditorium, never before air-conditioned, now hosts events year-round.

Pendleton's program has grown in phases. LED streetlight modernization reduced energy consumption by more than 50 percent, delivering approximately 500,000 kWh in annual savings and cutting carbon emissions by 310 metric tons per year. Those results supported the case for the solar canopy, which has been outperforming projections since coming online. Next in the pipeline is a potential 500 kW battery energy storage system that would create a site-wide microgrid at the wastewater facility, storing excess solar and biogas energy.

Hurst built transparency directly into its project. A web-based customer portal gives residents real-time visibility into water usage, so leaks get caught in days rather than showing up on a bill 30 days later. City staff and residents working from the same information shifts interactions from reactive to collaborative. Brockton is actively exploring additional investments using the same financing approach. Each finished project made the next one easier to fund and easier to approve.

Early success unlocks the ability to scale impact across systems and communities.

What is the biggest takeaway for municipalities?

Municipalities are no longer limited by traditional funding or infrastructure constraints.

Energy projects are enabling cities to:

- Reduce costs
- Generate new revenue
- Improve public services
- Build long-term resilience
- Address deferred maintenance

Final Unlocked Benefits:

- Financial flexibility

- Operational efficiency
- Community impact
- Sustainable growth

Across the country, municipalities are discovering that energy projects do more than solve infrastructure challenges. They unlock new possibilities for funding, service delivery, and the communities they serve.

Bottom line: With the right strategy, infrastructure modernization becomes more than an upgrade. It becomes a platform for unlocking long-term value.