

stimulating DISCUSSION

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 FUNDS REACHING STATE AND LOCAL LEVELS

Federal, state, and local governments are devoting massive resources toward job creation through public works projects to fight the current recession. The American Recovery and Reinvestment Act of 2009 (Recovery Act) continues to receive extensive news coverage. Estimated by the US Government Accountability Office (GAO) to cost \$787 billion over the next several years, approximately 90% of the estimated \$49 billion to be distributed in FY2009 will be through state and local health, transportation, and education programs. No new bureaucracies have been established to handle Recovery Act funds. Rather, funding is coming through existing, typical channels.

Like many communities, yours may have an essential need that, with the proper funding, could be constructed right now, improving your community while at the same time saving or creating jobs. There are many details and requirements that go with each funding source. Following is information on the newly available funds, the agencies through which they may be obtained, and some insight into how to pursue them.

Minnesota's Public Facilities Authority (PFA) has nearly \$110 million available from the Recovery Act for wastewater and drinking water construction projects. Every funded infrastructure project will receive a 20% base grant and a secondary affordability grant to further reduce the loan portion. Interest on the remaining loan-funded portion may be as low as 1% to 2.5%.

Local USDA Rural Development (RD) offices in North Dakota, South Dakota, and Minnesota are asking for similar water and wastewater project applications, with grants that can reach 30% to 45% of the total cost. Interest rates from RD often are in the range of 3% to 4% over 40 years.

North Dakota Department of Transportation (NDDOT) officials have earmarked Recovery Act funds through its established project-selection process. So-called "shovel-ready" projects originally programmed for later years are being moved up for immediate bidding and construction starts this year and next. In South Dakota, Department of Transportation representatives have identified 45 state highway improvement projects for the first phase of allocating Recovery Act funds. Sixty new construction, paving, bridge, and safety projects will begin in Minnesota over the next 12 months.

Some initiatives are national in scope. A program of the Department of Homeland Security and administered under the Federal Emergency Management Agency (FEMA) Grant Programs Directorate, the Assistance to Firefighters Grant (AFG) program has been available for many years for firefighting equipment and vehicles. Now, \$210 million of Recovery Act funds will be available to modify, upgrade, or construct non-federal fire stations. Guidance and application kit has been published, and applications will be submitted via the existing automated e-grant application.

Another Recovery Act initiative with a national flavor is the Build America Bond program, a means of providing funding to state and local governments at lower borrowing costs. Interest costs may be "bought down" by 35% through new guidance published by the Internal Revenue Service (IRS) and the US Department of the Treasury. Savings to the owner—state or local government—are estimated to be \$80,000 per \$1 million of project costs funded by bonds, which reflects an 8% savings in financing costs. This program is available for at least the next 20 months.

The federal Department of Education released over \$44 billion of Recovery Act funds April 1, 2009, for targeted school construction projects. Much of that money will be distributed by formula through state departments of education.

Critical elements of any public project funded with Recovery Act monies is that it creates jobs and is “shovel ready,” but what does “shovel ready” mean? Each funding source may have its own definition of that term. Generally speaking, however, to be “shovel ready” a project should have obtained all required permits, cleared appropriate environmental reviews, prepared plans and specifications, and control of any land required for the project. In a competitive funding environment, the more these loose ends are tied up, the faster the project can start when funded and the stronger the application for funding will be.

Finally, don’t forget the ongoing annual budget cycles for these same programs. All of these agencies—state transportation departments, Rural Development, state water/wastewater funders, etc.—have yearly budget allocations, too, and access to those funds might be easier while the focus is on the Recovery Act. For example Minnesota’s Department of Employment and Economic Development provides

about \$20 million to \$25 million in Community Development Block Grant funds through its Small Cities Development Program for water, wastewater, commercial rehabilitation, and housing programs each year. Rural Development’s Minnesota budget is about the same, just for water and wastewater projects. Many essential community needs are met each year through funding from the Community Facilities Loan and Grant Program, sponsored by Rural Development in every state. On an annual basis, towns get low interest loans and grants for fire stations, police stations, community centers, and emergency medical service facilities as well as equipment for these services. So while some projects get bumped to a Recovery Act funding list, space has been made that accommodates another project or projects on the annual budget cycle.

There is good news, after all. Money is available, and it’s coming through familiar channels. The work is in finding the most appropriate source for your community’s project or projects, making sure you’ve considered and addressed all of the details, and putting together a competitive application.

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quick LINKS

For more information, check out these websites and follow their links to resources related to the cover story and ‘Outside the Lines’ feature . . .

www.recovery.gov Providing “education, transparency, and accountability” for the American Recovery and Reinvestment Act.

www.gao.gov US Government Accountability Office

www.deed.state.mn.us Several community assistance programs fall under Minnesota’s Dept. of Employment and Economic Development (DEED).

www.deed.state.mn.us/community/assistance/pfa.htm Public Facilities Authority (PFA) offers three revolving loan funds and other programs to assist with public infrastructure construction.

www.deed.state.mn.us/SCDP DEED’s Small Cities Development Program for a variety of community development needs

www.rurdev.usda.gov Rural Development funds the growth and creation of rural businesses and cooperatives and helps rural people buy, build, or rent decent housing.

www.dot.nd.gov ND Dept. of Transportation

www.sddot.com SD Dept. of Transportation

www.dot.state.mn.us MN Dept. of Transportation

www.firegrantsupport.com Descriptions of the three types of grants available from FEMA and offers resources to help fire departments prepare and submit grant requests.

www.irs.gov US Internal Revenue Service

www.treas.gov US Department of the Treasury

www.ed.gov US Department of Education

www.architecture2030.org Website of the Architecture 2030 initiative, an advocate and promoter of the 2030 Challenge

www.dsireusa.org Database of State Incentives for Renewables & Efficiency (DSIRE)

www.dnr.state.mn.us MN Dept. of Natural Resources

ask the EXPERT

Q: I am considering subdividing land I own in a Minnesota shoreland district in the near future. What should I do?

A: It is all about timing. The Minnesota Department of Natural Resources is in the process of revising Minnesota's Shoreland Rules for lakes and rivers. The shoreland rules update began in January 2008, and the third draft was published May 4, 2009.

The proposed rule changes include, but are not limited to, improved rainwater runoff management; higher shoreline standards and impervious surface requirements for new developments; and improved standards for planned unit developments.

For additional information, go to the Department of Natural Resource's website: www.dnr.state.mn.us. You may also want to consult your local planning office or survey professional to review your specific needs and determine whether it benefits you to proceed before or after the new rules go into effect.

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Q: What is a Certified Wetland Delineator?

A: In Minnesota, the wetland delineator certification program offers stability to the implementation of the Wetland Conservation Act and other wetland regulations. Wetland delineation is a distinct skill, and the certification program helps ensure that delineations are conducted and reviewed by qualified people using standardized methods and operating under a code of ethics. The program is currently voluntary, but many local governmental units (LGUs) and governmental agencies require that delineations be completed by certified individuals.

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hind SIGHTS

161 years ago . . . Gas lamps are installed in the White House as well as an improved central heating system.

134 years ago . . . The State of Wisconsin offers ten thousand dollars to anyone who can provide a "cheap and practical" substitute for horses.

107 years ago . . . A comfort cooling system is installed at the New York Stock Exchange. The 300-ton system uses free cooling provided by waste-steam-operated refrigeration systems.

outside the LINES

A SUSTAINABLE CHALLENGE

Sustainable design has a new challenge. The 2030 Challenge is an ambitious, global plan to reduce and eventually stop the production of greenhouse gases. The plan's goal is a phased reduction in the fossil fuel energy we use in buildings so that they are carbon neutral by 2030. Minnesota joined several other states and the federal government when the 2008 legislature passed and the governor signed the Minnesota Sustainable Building 2030 bill. This year Minnesota will revise its current legislation—Buildings, Benchmarks, and Beyond (B3)—to reflect the reduction in fossil fuel energy use in legislature-funded buildings by the following amounts: 60% reduction in fossil fuel use by 2010, 70% by 2015, 80% by 2020, and 90% by 2025.



Achieving carbon neutrality in state buildings in 21 years is an aggressive goal. And, of course, we have the rest of the built environment to consider, too. Minnesota's B3 program is required only for state-funded projects. There are, however, many financial incentives for voluntary B3 and sustainable design participation that are available to commercial and industrial businesses and cities. These incentives encourage private groups to accept the 2030 Challenge and push toward carbon neutrality.

Financial incentives in many states are in the form of tax credits, tax exemptions, grants, rebates, and loans. In addition, there are marketplace incentives promoted by LEED® (Leadership in Energy and Environmental Design) that publicize sustainable projects to attract building buyers and renters with energy-saving—and cost-saving—buildings.

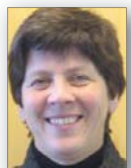
Because the new sustainability target is on fossil fuel consumption, many states offer tax reductions and exemptions for renewable energy developments. In North Dakota, some utility- and commercially-owned wind generation projects over 100 KW can save between 70% and 85% on property taxes. Commercial and industrial businesses and residences with new solar, wind, and geothermal systems receive tax exemptions for five years.

Grants for energy-saving systems are more difficult to acquire. State governments prefer to provide tax credits, rebates, or loan incentives. Utility companies, however, often offer grants to customers who develop innovative ways to save energy. For example, Minnesota Power's grant program funds innovation in energy, renewable energy systems, energy improvements in manufacturing processes, and design assistance.

Many states and utility companies have loan and rebate programs primarily available for renewable energy system equipment and building envelope improvements. One of Minnesota's state rebate programs for solar electric equipment has been so popular that it is currently filled and has a waiting list.

The Database of State Incentives for Renewables & Efficiency (dsireusa.org) offers information on incentives and funding opportunities throughout the United States. Find specific information for your state for utility- and government-sponsored loan, grant, rebate, tax credit, and tax exemption programs on its website.

While we have often focused our attention on specific green building strategies in the United States, there has been a shift to a bigger target—reducing our carbon emissions. Many of the financial incentives now available will encourage this change and allow us to develop long-term performance goals.



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public SIGHTINGS

The Minnesota Pollution Control Agency recognized members of the staff of the **North Koochiching Waste Water Treatment Facility** in International Falls (MN). Recognized for outstanding performance during 2008 were **Tom Biondich, Jeff Clow, Carol Hauge, Norm Kool, Tim McBride, Robert Rapaway,** and **Greg Schneider.**

Brainerd (MN) city administrator **Dan Vogt** received the Dr. Robert A. Barrett Award for Management Excellence for outstanding service to local government from the Minnesota City/County Management Association (MCMA).

Gordon Heitke is the new city administrator for the City of Baxter (MN).

The Initiative Foundation has selected the first four communities for the foundation's next-generation Healthy Communities Partnership (HCP) program, which helps involve citizen teams in planning, action, and leadership efforts. The Minnesota communities include **Delano, Long Prairie, Pine River,** and **Royalton.**

Tom Maroney has been named chief executive officer of the Halstad Telephone Company. Maroney will be replacing **Ron Laqua,** who is retiring.

For his work overseeing the installation of audible pedestrian signals for five busy intersections in Thief River Falls (MN), public works director **Ron Lindberg** has been presented with a Progressive Helen Keller Award by the St. Hilaire Lions Club. The Helen Keller Award is the most prestigious award given by the Minnesota Lions Eye Bank. This is Lindberg's second Helen Keller Award.

Assistant Brainerd (MN) city engineer **Jesse Freihammer, PE,** has become a licensed professional engineer in the State of Minnesota.

Cass County (MN) engineer **David Enblom, PE,** has been named engineer of the year by the Minnesota Civil Engineers Association (MCEA).

The **Paul Bunyan Scenic Byway Association** has won a statewide tourism award—presented at the Explore Minnesota Conference on Tourism—for its webisode, "Paul and Babe's Favorite Sites along the Paul Bunyan Scenic Byway."

Morrison County (MN) was chosen as the recipient of the distinguished County of the Year award for 2008 by the Minnesota Counties Insurance Trust (MCIT).

Little Falls city administrator **Garrison Hale** has been awarded the 2009 Harold J. Fitterer Distinguished Alumni Award, which is given to graduates of Mankato State University who have distinguished themselves by their record of service to the University and to their communities.

Superintendent **Jerry Nesland** will be taking a full-time position with the Mahnomon (MN) School District while working in an advisory capacity with the Menahga (MN) School District.

Sherry and Jack Frost, owners of Joe's Lodge on Andrusia Lake, have been named by the Congress of Minnesota Resorts (CMR) as the 2008 Resorters of the Year.

Ron Lindberg has retired from his position as Thief River Falls public works director after 44 years of service to the city.

If you have a "public SIGHTING," please contact Liesa Thill, Widseth Smith Nolting, 218.829.5117, Liesa.Thill@wsn.us.com.



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Return Service Requested

Crookston Arena—Crookston, MN
Because the project received funds from the State of Minnesota, Crookston Arena is designed to meet B3 State of Minnesota Sustainable Building Guidelines (B3-MSBG) requirements.

inSITES is an information resource published twice yearly. For more information about Widseth Smith Nolling, go to our website at www.wsn.us.com. To contribute a story or idea, please contact Liesa Thill, 218.829.5117, Liesa.Thill@wsn.us.com.

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