

Empowering Rural Development through Community Benefit Agreements



A resource guide by Mallory Tope,
Center for Rural Affairs



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I. Introduction

Renewable energy projects offer significant opportunities for rural communities, including the stimulation of economic growth and job creation. In recent years there have been efforts to unlock new possibilities for counties to gain additional financial and non-financial benefits from renewable energy development. Some rural communities have used Community Benefit Agreements with clean energy developers to outline how proposed projects can help rural areas thrive.

Solar and wind energy are key components of America's goal to reach a carbon-free power grid by 2035 and are expected to generate 60% of the country's electricity by the end of that timeframe.¹

Rural communities also factor in meeting the country's carbon-free goal. According to the U.S. Department of Energy, about 90% of projected solar development by 2050 is expected to occur in rural settings.² Community Benefit Agreements can help ensure wind and solar energy projects empower and uplift communities.

This resource guide is intended to provide local leaders and developers with information about the agreements and their effect on renewable energy development. First, we will take a look at what Community Benefit Agreements are and the different types. Then we'll share best practices for communities and developers creating such agreements. Finally, we will focus on the success stories of communities with renewable energy projects and Community Benefit Agreements across Iowa, Minnesota, and South Dakota.

II. What is a Community Benefit Agreement?

A Community Benefit Agreement is a project-specific agreement between community groups and developers. It identifies tangible community benefits a developer agrees to deliver to broaden the positive impact of renewable energy development while

ensuring residents' involvement and support of a given project.³ Benefits vary based on a community's needs and desires but can include provisions for labor, allocation of resources to community funds, and direct donations to local emergency services and schools.

Community groups that typically sign agreements with developers are coalitions of local decision makers, neighborhood associations, faith-based organizations, unions, environmental groups, and other stakeholders.⁴ A Community Benefit Agreement gives communities and individuals a voice in land development, which helps maximize returns on local investments in development projects.

The agreements were first used in the late 1990s as a mechanism for communities to strengthen their voice and influence in the planning process for economic development projects.⁵

While Community Benefit Agreements and other benefit mechanisms have been used for decades, the types of community benefits available are continuously evolving as renewable energy development expands.⁶ There is no standardized approach to establishing community benefits in renewable energy development. Benefits can be delivered in various ways, such as formal agreements, community benefit funds, direct investment, or various other forms.⁷ (See "Forms of Community Benefits" on page 2.)

1 Denholm, Paul, et al. "Examining Supply-Side Options to Achieve 100% Clean Electricity by 2035." National Renewable Energy Laboratory, 2022, [nrel.gov/docs/fy22osti/81644.pdf](https://www.nrel.gov/docs/fy22osti/81644.pdf). Accessed May 2024.

2 "Solar Futures Study." U.S. Department of Energy, Office of Energy Efficiency & Renewable Energy, September 2021, [energy.gov/sites/default/files/2021-09/Solar%20Futures%20Study.pdf](https://www.energy.gov/sites/default/files/2021-09/Solar%20Futures%20Study.pdf). Accessed May 2024.

3 "Guide to Advancing Opportunities for Community Benefits through Energy Project Development." U.S. Department of Energy, Office of Minority Business and Economic Development, Aug. 1, 2017, [energy.gov/diversity/articles/community-benefit-agreement-cba-resource-guide](https://www.energy.gov/diversity/articles/community-benefit-agreement-cba-resource-guide). Accessed May 2024.

4 Ibid.

5 Battle, Lelia, et al. "Community Benefits Agreements in a Rural Context: Coal Mine Reclamation." Reclaiming Appalachia Coalition, July 2020, drive.google.com/file/d/1wiBaG3ikJyoPC4TvCf5bxYcYLvul225Q/view. Accessed May 2024.

6 "Wind Energy Community Benefits Guide." WIND Exchange, U.S. Department of Energy, Office of Energy Efficiency & Renewable Energy, [windexchange.energy.gov/community-benefits-guide](https://www.windexchange.energy.gov/community-benefits-guide). Accessed May 2024.

7 Ibid.

Community Benefit Agreements can be formal or non-formal, and those for renewable energy, especially land-based wind energy, commonly do not involve a formal agreement between a community group or local government and developers.⁸ Some developers do not seek formal agreements with legal contracts and instead commit to non-formal Community Benefit Agreements as a show of good faith and relationship building.

The advantages established through a Community Benefit Agreement can change depending on negotiations and community-derived priorities. Many components are determined by the type and size of the renewable energy project, the community's needs and creativity, and the relative bargaining power of the developers and community members.⁹

As renewable energy development increases across the country, communities in Iowa, Minnesota, and South Dakota are beginning to see different community benefit mechanisms positively impact their communities.

“Since resources are small, to begin with, and these are sparsely populated rural areas, the community funds from wind farms make a big impact to these areas.”

—Jeffrey Vetsch, Southwest Initiative Foundation

A. Why Create a Community Benefit Agreement?

A Community Benefit Agreement aims to ensure that new development delivers meaningful contributions across the community, beyond lease payments to landowners and tax revenues.

Community Benefit Agreements give residents a voice in shaping local renewable energy development by helping shift the balance of power in economic

development from developers back toward the community.¹⁰ Formal Community Benefit Agreements also have legal provisions not found in traditional land-use or private agreements, giving communities a stronger guarantee that the developer will follow through on its commitments.¹¹

In exchange, the developer receives support for the project from community coalitions and other stakeholders, which can reduce the risk of rejection or help expedite the process of local and state project approval. Support is often gained through early and frequent community engagement during the project's proposal timeline.

B. Forms of community benefits

A Community Benefit Agreement aims to ensure that new development delivers meaningful contributions across the community, beyond lease payments to landowners and tax revenues. Table 1 on page 3 is not all-inclusive; additional benefits can be negotiated to fit each community's needs.

1. Formal Community Benefit Agreement

- A legally binding contract between the developers and the community (often community group or local government).
- Outline of specific benefits and commitments from the developer in exchange for the community's and community groups' support of a project.
- Enforceable in court by the community and the developer if commitments outlined in the contract are not fulfilled.

2. Community benefit funds

- An annual or one-time financial donation to a community fund board.
- Developers often help establish a community fund board, with local landowners serving as members.
- The board decides how the funds will be distributed to benefit local projects or services, including funding to the local fire department, community park, schools, and more.¹²

8 Ibid.

9 “Key Reforms: Community Benefits Agreements, Reform #7: Negotiate Community Benefits Agreements with Developers.” Good Jobs First, goodjobsfirst.org/key-reforms-community-benefits-agreements. Accessed May 2024.

10 Ibid.

11 “About Community Benefits Plans.” U.S. Department of Energy, energy.gov/infrastructure/about-community-benefits-plans. Accessed May 2024.

12 Ibid.

Table 1: Common community benefits

Jobs and labor	Community funds and services
<p>Local hiring</p> <p>Living wage commitments</p> <p>Funds to create or enhance local training and job readiness programs</p>	<p>Child care centers</p> <p>Health and community centers</p> <p>Community parks</p> <p>Emergency services</p> <p>Local scholarship programs</p> <p>Local community groups</p> <p>Local scouting groups</p>

3. Direct investment

- A direct financial contribution to local priorities or programs, including local labor training and readiness programs or other local programs.

4. Other considerations

- Developers can deliver on their financial commitments through a one-time contribution, a set annual donation, or an annual donation based on the project’s size.
- Financial contributions from developers may not be provided to communities until the project is in operation.

For example, National Grid Renewables has committed \$250 per megawatt, 160 MW = \$40,000, per year to a community fund in Clark, South Dakota.

See page 7 for more details.

5. Other types of agreements

Community benefits and Community Benefit Agreements are often negotiated alongside land-use, good neighbor, and community workforce agreements.

- **A Good Neighbor Agreement** involves a private payment between a non-participating landowner and a developer.
- **Community and Workforce Agreements** are formal agreements between a project developer, community groups, and/or labor unions. They usually specify the commitment of collective bargaining agreements such as wages, benefits, health and safety standards, workforce provisions, and more.
- **A Land-Use Agreement** is a legal document that governs the terms and conditions of a property owner’s lease of their property for a development project.
- **Community Benefit Plans** are non-legally binding roadmaps for how developers will engage with communities during a project. The specific term is required by any project applying for the federal Infrastructure Law and the Inflation Reduction Act funding opportunities. Such a plan must include details about how the development will meet the U.S. Department of Energy’s four core policy priorities: investing in the workforce; engaging communities and labor; advancing diversity, equity, inclusion, and accessibility; and implementing Justice40, a federal government-wide goal that 40% of the overall benefits of certain federal investments flow to disadvantaged communities that are marginalized, underserved, and overburdened by pollution.¹³

13 Ibid.

III. Best practices

A. Community involvement

Local community members and groups should play a key role in the development of new renewable energy projects. Community Benefit Agreements are not one size fits all and can be customized to respond to each community's needs.

Developers should engage early and often with residents throughout a project timeline. Providing outreach and communication empowers residents to help shape projects to fit with their community.¹⁴ Early and frequent outreach allows landowners and other stakeholders to form strong community groups, ensuring a wide range of views and needs can be addressed.¹⁵

In addition, early outreach and engagement may limit reactionary effects on proposed projects. Effective engagement should educate and address the concerns of residents and stakeholders early in the development of projects.¹⁶

Hosting public meetings with formal presentations offers an opportunity to address questions and concerns from residents while giving them a platform to provide input and help shape community desires or potential benefits that could be provided by developers.¹⁷

14 Nelsen, Lu, and Lauren Taylor. "Review of Wind Energy Setbacks: Commonalities and Differences Among Three States." Center for Rural Affairs, March 2020, cfra.org/publications/review-wind-energy-setbacks-commonalities-and-differences-among-three-states. Accessed May 2024.

15 "Strategies to Minimize Displacement: Community Benefits Agreements." U.S. Environmental Protection Agency, Office of Brownfields and Land Revitalization, Smart Growth America, epa.gov/system/files/documents/2023-04/Brownfields_CBA_FINAL.pdf. Accessed May 2024.

16 Zayas, Jose, et al. "Enabling Wind Power Nationwide." U.S. Department of Energy, May 2015, energy.gov/sites/prod/files/2015/05/f22/Enabling-Wind-Power-Nationwide_18MAY2015_FINAL.pdf. Accessed May 2024.

17 Nelsen, Lu, and Lauren Taylor. "Review of Wind Energy Setbacks: Commonalities and Differences Among Three States." Center for Rural Affairs, March 2020, cfra.org/publications/review-wind-energy-setbacks-commonalities-and-differences-among-three-states. Accessed May 2024.

B. Negotiations considerations

Developers, landowners, public officials, and other stakeholders should consider several things when negotiating a formal or non-formal Community Benefit Agreement. First, Community Benefit Agreement negotiations should begin while energy development and land use negotiations or decisions are taking place.¹⁸ If Community Benefit Agreement negotiations occur after development approvals are complete, communities lose their key bargaining power of negotiating benefits in exchange for support of the project.¹⁹

A second consideration for local groups is looking at other renewable energy projects to identify what community benefits were included and use those as a baseline for negotiations. Some developers may commit to standard community benefit contributions, such as an annual donation or formula for annual donation amounts (for example, committing \$250 per megawatt per year).

Additionally, developers often do not seek formal Community Benefit Agreements; instead, they remain committed to community benefits as a sign of good faith and to help build a lasting relationship. In the absence of a legally enforceable Community Benefit Agreement, the developer or community may not fulfill the agreement. Community groups and developers should have a clearly defined timeframe and specify how each commitment will be measured and enforced. One-time or yearly benefits such as financial commitments are easier to monitor. Ongoing commitments such as living wage or local hiring requirements are more challenging benefits to measure.²⁰

In instances where a developer is not fulfilling commitments, clear language and metrics may support a community's effort to legally enforce an agreement.²¹

18 "Guide to Advancing Opportunities for Community Benefits through Energy Project Development." U.S. Department of Energy, Office of Minority Business and Economic Development, Aug. 1, 2017, energy.gov/diversity/articles/community-benefit-agreement-cba-resource-guide. Accessed May 2024.

19 Ibid.

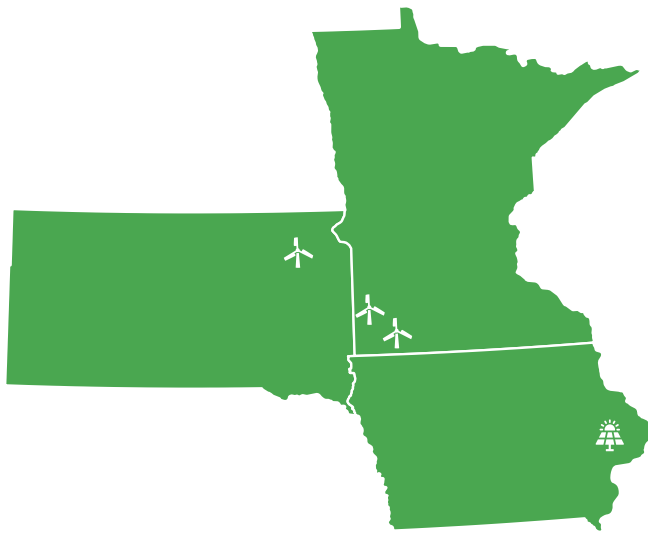
20 Gross, Julian, et al. "Community Benefits Agreements: Making Development Projects Accountable." Good Jobs First, California Partnership for Working Families, 2005, goodjobsfirst.org/wp-content/uploads/docs/pdf/cba2005final.pdf. Accessed May 2024.

21 Rudek, Sionainn. "Part I: Community Benefits Plans: How do they work? A deep dive!" ReImagine Appalachia, Dec. 11, 2023, reimagineappalachia.org/community-benefits-plans-how-do-they-work-a-deep-dive. Accessed May 2024.

C. Questions to consider when creating a Community Benefit Agreement

- What are the established priorities and needs of the community?
- Who will be a part of the negotiation process?
- Who will represent the community?
- How will the community be engaged during the negotiation process?
- What is the timeframe for fulfilling the commitment?
- What happens if the commitments are not met?
- Will the community benefits be fulfilled if the project is sold to another company?


Figure 1: Map representing four featured Community Benefit Agreement success stories



Iowa:

 Hawkeye Solar Project

Minnesota:

 Blazing Star 1 Wind

 Nobles 2 Wind Project

South Dakota:

 Crocker Wind Farm



Renewable energy projects offer significant opportunities for rural communities, including the stimulation of economic growth and job creation. In recent years there have been efforts to unlock new possibilities for counties to gain additional financial and non-financial benefits from renewable energy development.

IV. Community benefits success stories

A. Blazing Star 1 Wind, Lincoln County, Minnesota

The Blazing Star 1 Wind is a 200-megawatt project near Hendricks in Lincoln County, Minnesota, that began operation in December 2019.²²

During development, the City of Hendricks received various community benefits, including a newly built maintenance shop and more than 30 new jobs with local hires. Additionally, developers committed to an annual donation to the Southwest Initiative Foundation.

Southwest Initiative Foundation’s board, composed of local residents, receives and distributes funding for three wind farms in Minnesota. Developers donate \$80,000 annually to those near the wind farm. Funding is distributed via grants, with applications reviewed by the board, making it an effective and efficient way to distribute funds across communities near Blazing Star 1 Wind.

Most of the grants have been used for projects that would not have been possible without the annual funding. For example, the Hendricks Fire Department received \$10,000 per year for 10 years and put the money toward the purchase of a new pumper truck.

²² “Blazing Star 1 Wind.” Xcel Energy, 2019, [xcelenergy.com/staticfiles/xe-responsive/Energy%20Portfolio/Renewable%20Energy/Blazing-Star-1-Wind-Farm-Fact-Sheet.pdf](https://www.xcelenergy.com/staticfiles/xe-responsive/Energy%20Portfolio/Renewable%20Energy/Blazing-Star-1-Wind-Farm-Fact-Sheet.pdf). Accessed May 2024.

“The Blazing Star Community Fund allowed us to save [money] by purchasing a new pumping truck prior to major price increases and receive it in time with our replacement schedule. The Hendricks Fire Department would have delayed the purchase of this truck without these funds.”

–Dustin Hauschild, Hendricks fire chief

Additionally, the City of Hendricks was awarded \$50,000 to put toward the cost of adding a new sports court in the park, which has been completed and includes pickleball, basketball, and tennis courts. The funding has also been used to improve a beach area and renovate city park restrooms.

“The funds have been instrumental in getting projects started. The community fund is well coordinated and funds are awarded in an efficient and timely manner.”

–Dave Blee, City of Hendricks

B. Nobles 2 Wind Project, Buffalo Ridge, Minnesota

The Nobles 2 Wind Project is a 250-megawatt project in southwestern Minnesota on Buffalo Ridge that began operation in December 2020.²³

As part of the outlined community benefits, Nobles 2 gives \$15,000 annually to the Southwest Initiative Foundation. Funding is then distributed to communities surrounding the Nobles 2 Wind Project and has been used to keep emergency response operations, parks, and recreation areas updated and operable.

Recently the Lismore Fire and Rescue Department received \$5,000 for in-house equipment cleaning units. Previously, equipment had to be shipped out to be cleaned, which periodically left the department without equipment.



The Hawkeye Solar Project is a utility-scale solar project developed near Grand Mound, Iowa. This project generated revenue to support a community splash pad, a cemetery project, and playground equipment. Photo credit: Center for Pollinators in Energy

C. Hawkeye Solar Project, Grand Mound, Iowa

The Hawkeye Solar Project is a utility-scale solar project developed by Ranger Power near Grand Mound, Iowa.

The Hawkeye Solar Project funded \$9,500 to communities surrounding the project.²⁴ The City of Grand Mound received \$5,000 for a splash pad; the American Legion in Grand Mound received \$1,500 for a cemetery project; and the community of Central DeWitt and the Central DeWitt Community School District received \$3,000 to make the playground equipment at Ekstrand Park accessible and inclusive for all children.²⁵

“Our new playground is so amazing. All of our students can play on the equipment. Inclusivity means ensuring everyone stays connected and engaged while playing.”

–Central DeWitt School District faculty²⁶

23 “Nobles 2 Wind Farm in Southwest Minnesota Begins Commercial Operation.” Tenaska, Dec. 16, 2020, [tenaska.com/nobles-2-wind-farm-in-southwest-minnesota-begins-commercial-operation](https://www.tenaska.com/nobles-2-wind-farm-in-southwest-minnesota-begins-commercial-operation). Accessed May 2024.

24 Personal communication, Sam O’Keefe, Senior Development Manager at Ranger Power, Feb. 15, 2024.

25 Ibid.

26 Ibid.



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D. Crocker Wind Farm, Clark County, South Dakota

The Crocker Wind Farm is a 200-megawatt project in Clark County, South Dakota, that began operation in November 2019.

Geronimo Energy, a National Grid Renewables company, established the Crocker Community Fund to benefit communities affected by the Crocker Wind Farm.

The fund receives an estimated \$40,000 per year for the lifetime of the project—about 20 years—totaling approximately \$800,000 in local charitable contributions.

A board of five local community members oversees the fund. Allocations have been used for a variety of projects, including construction of a baseball field and recreation center, a new mapping system for Clark County ambulances, and improvements to the Bradley Fire Department.

“\$40,000 goes a long way in small communities. I appreciate the effort and way [National Grid Renewables] went about [the community fund].”
—Robert Duerre, Clark County landowner²⁷

27 “Harnessing Wind, Supporting Neighbors: The Crocker Community Fund Story.” National Grid Renewables, nationalgridrenewables.com/videos/charitable-benefits-of-wind-energy-crocker-community-fund. Accessed May 2024.

About the Center for Rural Affairs

Established in 1973, the Center for Rural Affairs is a private, nonprofit organization with a mission to establish strong rural communities, social and economic justice, environmental stewardship, and genuine opportunity for all while engaging people in decisions that affect the quality of their lives and the future of their communities.

