

Report Recap: Community Benefit Agreements

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 opportunities for counties to gain additional financial and non-financial benefits beyond tax revenues and land lease payments. Some rural communities have used Community Benefit Agreements with clean energy developers to outline how proposed projects can help rural areas thrive.

What is a Community Benefit Agreement?

A Community Benefit Agreement is a project-specific agreement between one or more community groups and renewable energy developers.

- Agreements identify the tangible community benefits a developer commits to provide as conditions of the project's location.
- Benefits can vary based on a community's needs and desires.
- They often include provisions for labor, contributions to community funds for local grants, and direct donations to local emergency services and schools.

Negotiating a Community Benefit Agreement

Community Benefit Agreements are not one-size-fits-all and can be customized to respond to each community's needs. As communities are negotiating an agreement with a developer, stakeholders should consider several factors.

- Community benefits negotiations should begin before land use and energy development decisions are discussed.
- Determine time frames for fulfilling commitments to the community and expectations if commitments are not met.
- Developers should engage early and often with residents.
 - » Host public meetings to present information on proposed projects and allow time to address questions from the community.
 - » Early and frequent outreach ensures a wide range of views and needs can be addressed and allows developers to tailor projects to better fit the desires of affected communities.
- Identify the stakeholders who should be involved in negotiations and can represent the community.



Community groups are often coalitions of local decision makers, neighborhood associations, faith-based organizations, unions, environmental groups, and other stakeholders.

Forms of community benefits

There is no standardized approach to establishing community benefits in renewable energy development. The types of community benefits available are continuously evolving as renewable energy development expands. Benefits can be delivered in various ways, such as these:

Non-Formal Community Benefit Agreement

- A non-formal agreement between community groups and developers is based on a show of good faith and relationship building.
- The agreement outlines specific tangible benefits and commitments from the developer in exchange for the community's support of a project.

Formal Community Benefit Agreement

- A formal agreement is a legally binding contract between the developers and the community (often a community group or local government).
- This agreement specifies benefits and commitments from the developer in exchange for communities and community groups being active partners in renewable projects.
- This commitment is enforceable in court by the community and by the developer if commitments outlined in the contract are not fulfilled.

Community benefit funds

- Community funds are an annual or one-time financial donation to a community fund, which is governed by a board.
- Developers often assist communities with the logistics of establishing a community fund and board, with local landowners and community representatives serving as members.
- The board determines how the funds will be distributed to benefit local community projects or services.

Direct investment

- A direct investment can take the form of a financial contribution to local priorities or programs, including local labor training and readiness programs or other local programs.

Questions to consider when creating a Community Benefit Agreement



What are the established priorities and needs of the community?



How will the community be engaged during the negotiation process?



What is the time frame for fulfilling the commitment?



What happens if the commitments are not met?

Community benefits success stories

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

Blazing Star 1 Wind

Location: Lincoln County, Minnesota

Project size: 200-megawatt

Year project began operation: 2019

Community benefits:

- Newly built maintenance shop
- 30 new jobs with local hires
- Annual \$80,000 donation to Southwest Initiative Foundation. Funding used for grants:
 - » The Hendricks Fire Department received a grant of \$100,000 to put toward the purchase of a new pumper truck.
 - » The City of Hendricks was awarded \$50,000 to install a sports court in the park, improve a beach area, and renovate city park bathrooms.

“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**

Crocker Wind Farm

Location: Clark County, South Dakota

Project size: 200-megawatt

Year project began operation: 2019

Community benefits:

- The Community Fund receives \$40,000 annually for the lifetime of the project—about 20 years—totaling approximately \$800,000 in local charitable contributions. Funding has been used for:
 - » Construction of a baseball field and recreation center
 - » A new mapping system for Clark County ambulances
 - » 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 landowner**

