

**CHAPTER 7645**  
**DEPARTMENT OF PUBLIC SERVICE**  
**COMMUNITY ENERGY GRANTS**

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**COMMUNITY ENERGY PLANNING GRANTS**

**7645.0100 DEFINITIONS.**

Subpart 1. **Scope.** The terms used in parts 7645.0100 to 7645.0480 shall have the following meanings.

Subp. 2. **Agency.** "Agency" means the Department of Public Service.

Subp. 3. **Clearinghouse.** "Clearinghouse" means that governmental unit that has authority to review requests for state and federal aid for local units of government within its jurisdiction.

In the seven county metropolitan area this review authority is the Metropolitan Council under Minnesota Statutes, section 473.171, subdivision 2.

The review authority for the remainder of the state is the appropriate regional development commission under Minnesota Statutes, section 462.391, subdivision 3.

Subp. 4. **In kind.** "In kind" means:

A. salary and cost of fringe benefits of the grant recipient staff working on activities funded by the grant;

B. increases in overhead resulting from carrying out activities funded by the grant.

Subp. 5. **Local unit of government.** "Local unit of government," for purposes of applying for grants under this program, means a city, a county, or a combination of such units. "Local unit of government" also includes those organizations that the local unit of government recognizes as capable of, and with which it may enter into a contract for the purpose of, performing the authorized energy-related planning and implementation activities.

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1983 c 289 s 115 subd 1; L 1987 c 312 art 1 s 9*

**7645.0110 AUTHORITY, PURPOSE, AND SPENDING LIMITATION.**

Subpart 1. **Authority.** Parts 7645.0100 to 7645.0480, implementing the community energy planning grants program, are promulgated by the agency pursuant to Minnesota Statutes, section 216C.14.

Subp. 2. **Purpose.** It is the purpose of the community energy planning grants program to improve the energy planning capabilities of local governments, to conserve traditional energy sources, to develop renewable energy systems, and to broaden community involvement in the energy planning process. These rules set forth criteria and procedures for providing state assistance to counties and cities, however organized.

Subp. 3. **Limitation.** No more than 45 percent of the amount appropriated for community energy planning grants shall be distributed to counties and cities within the seven county metropolitan area defined in Minnesota Statutes, section 473.121, subdivision 2.

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1987 c 312 art 1 s 9,10 subd 1*

**PLANNING GRANTS AND IMPLEMENTATION GRANTS****7645.0200 TYPES OF GRANTS.**

There shall be two types of grants made to local units of government: community energy planning grants and community energy plan implementation grants.

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1987 c 312 art 1 s 9*

**7645.0210 COMMUNITY ENERGY PLANNING GRANTS.**

Planning grants shall be used for developing local energy plans relating to such issues as, but not limited to: city-wide or county-wide conservation; use of renewable resources through technologies currently available; conservation of energy used in buildings owned by the local unit of government, of energy used for building and street lighting, and of energy used in building space heating and cooling; and energy considerations in traffic management, in land use planning, in capital improvement programming and budgeting, in municipal operating budgets, and in economic development plans.

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1987 c 312 art 1 s 9*

**7645.0220 PLANNING GRANTS; ELIGIBLE ACTIVITIES, EXPENDITURES.**

The following activities or expenditures are eligible for planning grants:

- A. salaries or benefits for planning staff personnel;
- B. data collection or analysis, or both;
- C. development of local energy documents, including plans;
- D. modification of capital improvement programs for energy-related projects;
- E. development of energy conscious fleet management systems, transportation plans, and intergovernmental plans;
- F. development of budgetary or fiscal systems that significantly address energy costs;
- G. development of zoning, subdivision, and other codes, ordinances, regulations, supplements, or amendments relating to energy; and
- H. any other activities that carry out the purpose of the program as expressed in part 7645.0110, subpart 2.

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1987 c 312 art 1 s 9*

**7645.0230 PLANNING GRANTS; INELIGIBLE ACTIVITIES, EXPENDITURES.**

The following activities or expenditures are ineligible for planning grants:

- A. non-energy-related issues;
- B. retroactive payment of revenue to local units of government for energy activities previously undertaken; or
- C. out-of-state travel, unless specifically approved in a contract between the grantee and the agency.

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1987 c 312 art 1 s 9*

**7645.0240 COMMUNITY ENERGY PLAN IMPLEMENTATION GRANTS.**

Implementation grants shall be used for purposes of implementing all or portions of a local community energy plan. Local units of government may apply for implementation grants whether or not the community energy plan was prepared under the community energy planning grant program, provided the community energy plan has been submitted to and reviewed by the agency.

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1987 c 312 art 1 s 9*

**7645.0250 IMPLEMENTATION GRANTS; ELIGIBLE ACTIVITIES, EXPENDITURES.**

The following activities or expenditures are eligible for implementation grants:

- A. detailed drawings, architectural drawings, site designs, and engineering specifications;
- B. equipment purchases directly affecting energy recovery, conservation, or production;
- C. construction of energy production or energy recovery systems; and
- D. any other activities which carry out the purpose of the program as expressed in part 7645.0110, subpart 2.

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1987 c 312 art 1 s 9*

**7645.0260 IMPLEMENTATION GRANTS; INELIGIBLE ACTIVITIES, EXPENDITURES.**

The following activities or expenditures are ineligible for implementation grants:

- A. non-energy-related projects;
- B. property acquisition (real property); or
- C. personnel for continued operation of energy conservation, production, or recovery facilities beyond the first year of an implementation grant.

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1987 c 312 art 1 s 9*

**APPLICATIONS AND EVALUATION****7645.0300 GENERAL APPLICATION PROCEDURE.**

Subpart 1. **Three stage approval process.** The approval process for planning grants and implementation grants has three stages: preliminary application, final application, and contract execution.

Subp. 2. **Joint applications.** Joint applications may be submitted by two or more local units of government that are encountering energy-related problems for which it appears joint consideration of problems is possible, preferable, and appropriate. In addition to complying with part 7645.0310 regarding application contents, joint appli-

cants shall also designate a lead applicant and include their authority for joint application in the form of resolutions, joint powers agreement, or other such agreements.

Subp. 3. **Clearinghouse review.** The preliminary application or a notice of preapplication shall be submitted to the appropriate clearinghouse for review and comment at least 45 days prior to the date applications are due at the agency. The clearinghouse may waive this review requirement. Written evidence of the clearinghouse waiver shall be included in preliminary applications submitted directly to the agency. Failure of the clearinghouse to conduct its review within 45 days shall be considered as approval of the application by the clearinghouse, unless both the applicant and the clearinghouse agree to extend the review period for an agreed upon time period. Upon receipt of the clearinghouse review comments, the applicant shall submit the preliminary application together with the clearinghouse comments to the agency on or before the due date. Each clearinghouse must submit to the agency a list of all applications reviewed during a particular funding cycle.

The timetable in this subpart shall apply to all grant cycles after the first cycle. During the first cycle simultaneous submission to both the agency and the clearinghouse shall be permitted.

Subp. 4. **Agency review.** The agency shall have 30 days after the preliminary application due date to review preliminary applications. Incomplete or ineligible applications will be returned to the applicant with a written statement of reasons for rejection.

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1987 c 312 art 1 s 9*

#### **7645.0310 PRELIMINARY APPLICATION.**

A preliminary application shall be submitted to the agency for purposes of determining eligibility and priority for funding. The preliminary application shall be in a form and manner prescribed by the agency and shall contain the information required by the rules, including the following: name of community, demographic data, previous community planning efforts, descriptions of community services, statement of intended results, identification of amount and source of local share, total estimated program cost, and a copy of a resolution authorizing submission of the application to the agency.

Preliminary applications shall be submitted semiannually not later than February 1 and August 1, except that during calendar year 1981, the due date for preliminary applications shall be December 21, 1981.

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1987 c 312 art 1 s 9*

#### **7645.0320 PLANNING GRANTS; EVALUATING PRELIMINARY APPLICATIONS.**

Subpart 1. **Two step process.** Preliminary applications that satisfy all eligibility requirements shall be evaluated in a two step process: general criteria and planning function criteria.

Subp. 2. **General criteria.** Planning grant applications that address the greatest number of the following considerations will be given priority over planning grant applications that address a lesser number of the following considerations:

- A. programs designed to result in significant savings of traditional energy sources;
- B. programs designed to assist in the development of renewable energy systems;
- C. programs that encourage broad community involvement in addressing and solving energy problems encountered by local citizens and local units of government;
- D. programs that show a significant degree of transferability to similar units of government; and

E. local unit of government programs that include the provision of local support to address energy problems and to undertake energy planning for the local unit of government.

Subp. 3. **Planning function evaluation.** Applications achieving similar priority ranking based on the general criteria stated in subpart 2 will be evaluated for purposes of funding on the basis of the following criteria:

A. comprehensiveness of plan elements, such as potential effects on residential, industrial, municipal, and county programs;

B. ability of the local unit of government's plan to affect energy consumption through the use of tools, such as, but not limited to, codes, ordinances, joint powers agreements, property covenants, and easements;

C. use of renewable energy resources such as solar, wind, biomass, and hydropower;

D. cost effectiveness;

E. public participation efforts, such as neighborhood energy committees and governmental energy committees;

F. private sector participation such as van pools, staff, materials, or financial contributions; and

G. transferability, as shown by the appropriateness of other units of government utilizing all or parts of a planning process or the results of that plan or process.

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1987 c 312 art 1 s 9*

#### 7645.0330 IMPLEMENTATION GRANTS; EVALUATING PRELIMINARY APPLICATIONS.

Subpart 1. **Evaluation of preliminary applications.** Preliminary applications that satisfy all eligibility requirements shall be evaluated in a two step process: general criteria and implementation function criteria.

Subp. 2. **General criteria.** Implementation grant applications which address the greatest number of the following considerations will be given priority over implementation grant applications that address a lesser number of the following considerations:

A. applications with programs designed to result in significant savings of traditional energy sources;

B. programs designed to assist in the development of renewable energy systems;

C. programs that encourage broad community involvement in addressing and solving energy problems encountered by local citizens and local units of government;

D. programs that show a significant degree of transferability to similar units of government; and

E. local unit of government programs that include the provision of local support to address energy problems and to undertake energy production or conservation in the local unit of government.

Subp. 3. **Implementation grant evaluation.** Applications achieving similar priority ranking based on the general criteria stated in subpart 2 will be evaluated for purposes of funding on the basis of the following criteria:

A. The proposed project must be technically feasible. "Technically feasible" means:

(1) the degree to which the project meets scientifically accepted laws; or

(2) the degree to which the project increases or enhances the state of the energy art.

B. The project must be economically viable. "Economically viable" means the budget is adequate to complete the proposed project.

C. The applicant must be capable of successfully conducting the project. This will be determined by evaluating:

(1) the level of education or experience in conducting similar project implementation; or

(2) the existence of other or similar projects or related studies from which the applicant may obtain assistance.

D. The application must show that economic benefits will result from this project. Economic benefits are:

(1) monetary or fuel savings resulting from conservation; or

(2) job creation.

E. The proposal must demonstrate a significant degree of transferability.

F. The applicant must show that the proposal complies with local, state, and federal requirements (environmental, zoning, and health).

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1987 c 312 art 1 s 9*

#### **7645.0340 FINAL APPLICATION.**

Subpart 1. **Submission.** A final application may be submitted only by applicants that have received a letter of notification authorizing submission of a final application. Final applications must be received by the agency no later than 45 days after the date of the letter of notification. The format for final applications is set out in subpart 2. Final applications will be reviewed for completeness and compliance with the rules of this program. Incomplete applications, or applications that differ substantially from preliminary applications, will not be granted and a written statement citing the reasons for rejection will be provided to the applicant. Eligible final applications will be funded based on the priorities of this program and the availability of grant funds.

Receipt of a letter of notification is not a guarantee that a grant will be made to the submitter of a final application. A grant award shall be made by contract as set out in parts 7645.0400 to 7645.0470.

Subp. 2. **Format of final applications.** The final application shall contain at least the following elements:

A. A work program and schedule that contain the following:

(1) A statement of the existing or emerging energy problems that are to be investigated with the grant. This statement should identify how the problems are affecting or will affect the applicant and the means the recipient is planning to use to alleviate the problems.

(2) A description of the activities that the grant makes possible. The description of activities should identify the expected results and products and should be in sufficient detail to enable the agency to measure progress and to identify the person responsible for the completion of each activity. The description should include expected completion dates, by particular activity. Each work element should be assigned to a specific staff member or consultant.

(3) A statement identifying the way in which the grant will improve the governing body's capability to address local energy problems and a schedule indicating when and how this will be accomplished.

B. The grant applicant shall designate a lead applicant. "Lead applicant" means an agency, organization, or individual who will be responsible for completion of the agreed upon work program.

C. A detailed statement identifying the source and amount of the local share. The local share may be in cash or in kind or a combination of cash and in kind.

D. The application shall be submitted to the agency only if accompanied by a resolution passed at an official meeting of the governing body and signed by the authorized person.

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1987 c 312 art 1 s 9*

### GRANT CONTRACT

#### 7645.0400 GRANT CONTRACT.

The final step in the awarding of a planning grant or an implementation grant is execution of a grant contract. The grant contract shall be based upon the final application. The contract shall specify the amount of the grant to the recipient and the duration of the grant. The contract shall include assurance that the local share will be provided and that the agreed upon work program will be carried out. A grant contract based upon a joint application will be executed by the lead applicant. Amendments may only be made in writing signed by both parties. Extensions must be justified in writing. Planning grant extensions shall not exceed 90 days. Implementation grant extensions will be based on the scope of work remaining and a reasonable period in which to complete all work.

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1987 c 312 art 1 s 9*

#### 7645.0410 FUNDING PERIOD.

Grants will be funded for the following periods: Planning grants will be approved for a period of up to one year. Implementation grants will be approved for a period to be agreed upon by the grantee and the agency and specified in the contract, based upon the scope of the implementation activities funded and a reasonable work schedule.

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1987 c 312 art 1 s 9*

#### 7645.0420 GRANT RATIOS.

Planning grants shall not exceed 75 percent of the total first year proposed planning budget. The agency may award an implementation grant up to 50 percent of the project's implementation cost, but not to exceed \$50,000. No single grant shall exceed \$50,000.

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1987 c 312 art 1 s 9*

#### 7645.0430 DISBURSEMENT SCHEDULE.

Grant funds will be disbursed to the grantee according to invoices submitted on the following schedule: 50 percent during the first month of the grant contract funding period; 40 percent upon completion of half of the agreed upon work program; and ten percent upon completion of a satisfactory evaluation according to part 7645.0480.

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1987 c 312 art 1 s 9*

#### 7645.0440 REQUIRED REPORTS.

The grantee shall submit to the agency quarterly work progress reports in a format prescribed by the agency. Reporting requirements will vary depending upon the scope of work proposed and approved by the agency for funding. In addition, the grantee

shall provide the agency with three copies and a camera ready copy of a grantee's final community energy plan.

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1987 c 312 art 1 s 9*

#### **7645.0450 RECORDS.**

The grantee shall maintain, for a period of not less than three years from the date of the execution of the contract, all records relating to the receipt and expenditure of grant moneys.

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1987 c 312 art 1 s 9*

#### **7645.0460 MONITORING GRANT RESULTS.**

As a condition of accepting a grant, a grantee shall be expected to:

A. document on an annual basis the results of the grant program for a period of up to three years from the date of the execution of the contract (for example, energy savings, financial savings, or any other documentation related to the results of the grant); and

B. participate in at least one agency workshop at which the grantee will present the results of the grant program.

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1987 c 312 art 1 s 9*

#### **7645.0470 CONTRACT DEVIATIONS.**

No grant funds shall be used to finance activities by consultants or local staff not included in the grant contract, unless agreed upon in writing by the agency.

Unless agreed upon by the grantee and the agency, it will not be permissible for 100 percent of all energy-related activities to be contracted out to consultants.

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1987 c 312 art 1 s 9*

#### **7645.0480 FINAL EVALUATION.**

The agency shall conduct a final evaluation within 60 days of the submission by the grantee to the agency of the final community energy plan and all the required reports and financial documents. The evaluation shall assess whether the agreed upon work program was completed, and whether the governing body has formally reviewed the completed energy plan.

Upon completion of a satisfactory evaluation the remaining ten percent of the grant shall be disbursed to the grant recipient. If the results of the evaluation are unfavorable to the grantee, and the grantee does not agree with the findings of the evaluation, the grantee may request a review before the agency.

**Statutory Authority:** *MS s 216C.14*

**History:** *L 1987 c 312 art 1 s 9*

### **COMMUNITY ENERGY COUNCIL GRANTS**

#### **7645.0500 DEFINITIONS.**

Subpart 1. **Scope.** For purposes of parts 7645.0510 to 7645.0580, the following terms have the meaning given them.

Subp. 2. **Commissioner.** "Commissioner" means the commissioner of the Department of Public Service.

Subp. 3. **Community energy council.** "Community energy council" means a council, committee, board, or other body formed by a city or county, individually or through the exercise of joint powers agreements, to address local energy issues.



Subp. 4. **Department.** "Department" means the Department of Public Service.

Subp. 5. **Eligible applicant.** "Eligible applicant" means a Minnesota city or county.

**Statutory Authority:** *MS s 216C.02 subd 3; 216C.381 subd 4*

**History:** *9 SR 694; 11 SR 1311; L 1987 c 312 art 1 s 9*

#### 7645.0510 PURPOSE.

Parts 7645.0500 to 7645.0580 establish the method by which the department provides funds to Minnesota cities and counties in support of community energy council activities, as authorized by Minnesota Statutes, section 216C.381.

**Statutory Authority:** *MS s 216C.02 subd 3; 216C.381 subd 4*

**History:** *9 SR 694; 11 SR 1311; L 1987 c 312 art 1 s 9,10 subd 1*

#### 7645.0520 GRANT PROGRAM.

Subpart 1. **Application schedule.** After announcement by the department in the State Register, the department shall accept applications for community energy council grants from cities and counties, individually, collectively, or through the exercise of joint powers agreements. All available funds shall be announced at the beginning of each grant cycle. No applicant may apply for more than one grant per cycle. The department shall consider for funding only applications received by the deadline announced in the State Register.

Subp. 2. **Review process.** The commissioner shall select the members of a committee to assist the commissioner to review and rank applications. The review committee shall score applications according to criteria in part 7645.0540 and transmit its recommendations to the commissioner. The commissioner shall approve, disapprove, or return for further consideration applications recommended by the committee. The department must complete its review and inform applicants of its decision within 45 days of the application deadline. Upon approval by the commissioner, a grant agreement may be negotiated with the department in accordance with part 7645.0570.

Subp. 3. **Maximum award amount.** The maximum amount of a community energy council grant to an individual applicant other than cities of the first class is \$30,000 for the first year and \$15,000 for the second year and requires at least a ten percent local match. The maximum amount of a community energy council grant to a joint application for the first year is \$30,000 for the first applicant and \$24,000 for each additional applicant up to a maximum of \$80,000, and requires at least a ten percent local match. The maximum amount of a community energy council grant to a joint application for the second year is \$15,000 for the first applicant and \$12,000 for each additional applicant up to a maximum of \$48,000, and requires at least a ten percent local match.

Subp. 4. **Cities of the first class.** When the department announces the availability of new grant funds in the State Register, the department shall announce that a portion of the funds is reserved to fund applications submitted by cities of the first class. The portion reserved for applications submitted by cities of the first class shall equal the percentage of available funds equal to the percent of the state population constituted by cities of the first class. The department shall calculate the percent of the population constituted by cities of the first class using the most recent population figures available from the Office of the State Demographer or the United States Bureau of the Census, whichever is most recent. If the review committee awards its application an average score of at least 80 points according to the criteria in part 7645.0540, a city of the first class will be eligible for a grant amount equal to the percent of available funds that equals the city's percentage of the state population.

**Statutory Authority:** *MS s 216C.02 subd 3; 216C.381 subd 4*

**History:** *9 SR 694; 11 SR 1311; L 1987 c 312 art 1 s 9*

**7645.0530 APPLICATION FOR COMMUNITY ENERGY COUNCIL GRANT.**

Subpart 1. **Form.** Applications must be submitted in a form prescribed by the department.

Subp. 2. **Contents.** Applications must contain the following information:

A. Documentation of the existence of a community energy council must include a copy of the resolution of the governing body establishing a community energy council, and a list of members appointed by the governing body to serve on the community energy council, including the members' relevant affiliations, if any.

B. Applicants shall include a work plan that explains how the applicant intends to undertake program planning and implementation during the grant period. Applicants shall specify major tasks to be undertaken and a project schedule that includes beginning and ending dates for each task. The expected results or product of each task must be identified.

C. The budget must identify major expenditure categories and amounts and the amount and source of the local match.

D. Applicants shall submit a copy of the resolution or resolutions that authorize the submission of the application to the department.

**Statutory Authority:** *MS s 216C.02 subd 3; 216C.381 subd 4*

**History:** *9 SR 694; 11 SR 1311; L 1987 c 312 art 1 s 9*

**7645.0540 EVALUATION OF GRANT APPLICATION.**

Subpart 1. **Criteria.** The review committee shall evaluate grant applications according to the following criteria:

A. Community energy councils must include representatives of labor, small business, volunteer organizations, senior citizens, and low and moderate income residents, and may include city and county officials, and other interested parties.

B. A work plan will be evaluated to determine its potential to reduce energy use and energy costs in the applicant community. Positive indicators of this potential are:

(1) a work plan that implements one or more eligible activities as listed in part 7645.0550, subpart 1, during the grant period;

(2) a work plan that demonstrates how the applicant will coordinate activities undertaken with community energy council grant funds with activities of other energy service providers, including cities and counties; or

(3) a work plan that indicates efforts that are underway or planned to secure funds in addition to a community energy council grant for project implementation.

C. Past or current experience in conducting energy-related community programs will be considered by the review committee as an indicator of the applicant's capability in this area and commitment to energy programs.

D. A grant application must be clear, concise, and complete.

Subp. 2. **Point values for applications.** The review committee shall award points to each application as follows:

A. representation of community energy council membership, up to a maximum of 35 points;

B. adequacy of applicant work plan, up to a maximum of 40 points;

C. energy-related program experience, up to a maximum of 15 points; and

D. clarity, conciseness, and completeness, up to a maximum of ten points.

**Statutory Authority:** *MS s 216C.02 subd 3; 216C.381 subd 4*

**History:** *9 SR 694; 11 SR 1311; L 1987 c 312 art 1 s 9*

**7645.0550 CLASSIFYING ELIGIBLE, INELIGIBLE GRANTEE ACTIVITY.**

Subpart 1. **Eligible activities.** Planning, promotion, coordination, and implementation of the following activities are eligible for community energy council grants:

A. Residential energy conservation activities may include energy audits, workshops, distribution of energy conservation materials and information, and financing programs.

B. Rental energy conservation activities include energy audits, workshops, distribution of energy conservation materials and information, enforcement of rental energy efficiency standards, and financing programs. Tenants and rental property owners are eligible beneficiaries of rental energy conservation activities.

C. Business energy conservation activities may include meetings and workshops, energy audits, distribution of energy conservation materials and information, and financing programs.

D. Transportation energy conservation activities may include car care clinics, promotion of energy efficient transportation modes, and traffic flow synchronization.

E. Community energy planning activities may include development of community energy use and cost profiles and estimates of energy conservation and alternative energy potentials.

F. Local government energy conservation activities may include energy use and cost accounting, fleet management, procurement of energy efficient vehicles and equipment, and recycling.

G. Energy efficient land use planning activities may include developing and amending comprehensive plans and zoning ordinances, subdivision regulations, and other land use controls to facilitate energy efficient development and the use of renewable energy resources.

H. Alternative energy activities may include projects the objective of which is the substitution of alternative energy sources for fossil fuels.

Subp. 2. **Ineligible activities.** The following activities are ineligible for community energy council grants:

A. projects conducted outside a grantee's corporate boundaries by the grantee alone; and

B. real property acquisition.

**Statutory Authority:** *MS s 216C.02 subd 3; 216C.381 subd 4*

**History:** *9 SR 694; 11 SR 1311; L 1987 c 312 art 1 s 9*

**7645.0560 CLASSIFYING ELIGIBLE, INELIGIBLE GRANTEE EXPENDITURE.**

Subpart 1. **Eligible grantee expenditures.** The following are eligible grantee expenditures:

A. salaries and wages;

B. fringe benefits;

C. in state travel;

D. space rental and utilities;

E. rental and lease of equipment;

F. consumable supplies;

G. telephone;

H. postage;

I. printing and printed materials; and

J. insurance.

Subp. 2. **Ineligible grantee expenditures.** The following are ineligible grantee expenditures:

A. out-of-state travel, unless specifically approved in an agreement between the grantee and the department;

- B. purchase of real property;
- C. purchase of equipment, except consumable supplies; and
- D. retroactive payment of grant funds for activities undertaken prior to the effective date of the grant agreement.

**Statutory Authority:** *MS s 216C.02 subd 3; 216C.381 subd 4*

**History:** *9 SR 694; 11 SR 1311; L 1987 c 312 art 1 s 9*

#### **7645.0570 GRANT AGREEMENT.**

Subpart 1. **Contents.** An agreement must specify the grant amount and the duration of the grant. The agreement must include assurance that the local share will be provided, that the work program agreed upon will be carried out and that the grantee will use all interest earned on grant funds for eligible purposes consistent with the grant agreement. A grant agreement based upon a joint application must be executed by the applicant city or county that will be directly responsible for financial management of the grant, and that will be responsible for the required reports in part 7645.0570, subpart 4, and the records required in part 7645.0570, subpart 5. Amendments and extensions may only be made in writing and must be signed by all parties.

Subp. 2. **Funding period.** Grants will be approved for a period of up to one year, unless other terms are agreed to by the commissioner. Grants will be approved for a second year if the first year work plan has been completed or if the grantee has made substantial progress towards completion of the first year work plan, as determined by the commissioner.

Subp. 3. **Disbursement schedule.** Funds will be disbursed according to the procedures contained in items A and B:

A. For grants equal to or less than \$40,000, the department shall disburse 80 percent of the grant money when it receives an invoice of projected costs. The department shall disburse the remaining 20 percent when the grantee work program is complete and the department receives a satisfactory final report.

B. For grants greater than \$40,000, the department shall disburse ten percent of the grant amount when it receives an invoice requesting disbursement. Following the initial disbursement, the department shall reimburse grantees quarterly for actual expenses incurred during the preceding three months when the grantee submits an invoice and a financial statement documenting these expenses, until 90 percent of the grant amount has been disbursed. The department shall disburse the remaining ten percent when the grantee work program is complete and the department receives a satisfactory final report.

Subp. 4. **Required reports.** The grantee shall submit to the department on the first of each month a one to two page report briefly stating the activities that have taken place during the month. The grantee shall provide the department with three copies of a final report and financial statement, describing all activities that took place during the grant period. The final report must summarize planning and implementation steps in chronological order and identify all parties involved during the grant period.

Subp. 5. **Records.** The grantee shall maintain financial records according to generally recognized accounting methods for a period of not less than three years from the date of the execution of the contract of all transactions related to the receipt and expenditure of grant money.

Subp. 6. **Grant agreement deviations.** Unless the grantee demonstrates to the department that the grantee's circumstances have changed since execution of the grant agreement to such an extent that a deviation is necessary to complete the agreed upon work program, no grant funds may be used to finance activities by consultants or local staff if the activities are not included in the grant agreement. A grantee may not contract out all its energy related activities to consultants unless the grantee demon-

strates to the department that such contracting is necessary to complete the work program.

**Statutory Authority:** *MS s 216C.02 subd 3; 216C.381 subd 4*

**History:** *9 SR 694; 11 SR 1311; L 1987 c 312 art 1 s 9*

#### 7645.0580 GRANT CLOSE OUT.

Subpart 1. **Evaluation.** The department shall conduct an evaluation of the final report and all the required reports and financial documents within 60 days of their submission by the grantee to the department. The evaluation shall assess:

A. whether the local share contributed was equal to or greater than ten percent of the total cost of the agreed upon work program;

B. whether the agreed upon work program was completed; and

C. whether the governing body has formally reviewed the completed final report.

Subp. 2. **Review.** Upon completion of a satisfactory evaluation by the department, the department shall disburse the remaining amount owed to the grant recipient. If the results of the evaluation are unfavorable to the grantee and the grantee does not agree with the findings of the evaluation, the grantee may request a review by the commissioner.

**Statutory Authority:** *MS s 216C.02 subd 3; 216C.381 subd 4*

**History:** *9 SR 694; 11 SR 1311; L 1987 c 312 art 1 s 9*