

Grant Money Isn't Free Money

In many areas of the United States, the local Resource Conservation Districts (RCD's) have grant money to help you with the cost of construction. O2Compost has worked with several RCD's and landowners to construct grant-funded systems. Typically, the RCD's contribution will be approximately 50% of the hard cost, however in Maryland and possibly other states, grants can be for as much as 87% of the cost. This is definitely worth doing. It is our experience that the grant does not cover non-construction costs such as the O2Compost Training Program.

A grant is not free money, unfortunately. What we have learned from the several RCD projects that we've constructed is this:

1. Grants are available on a cyclic basis and it may take a year or two for grant money to become available.
2. Grants are awarded on a competitive basis, going first to those farms where there will be the greatest return on their investment - from a water quality and regulatory compliance standpoint.
3. There is a considerable amount of time consuming paperwork involved in seeking a grant of this type, followed by long periods of waiting (and wondering what the heck is going on).
4. The design standards are considerably more rigid than for conventional farm construction and therefore your portion of the expense will be for higher grade materials, thicker concrete, etc. In other words, you will be spending 50% of a higher price and will actually save perhaps 15% to 25% when all is said and done. This is not necessarily a bad thing because the final structure will likely be there 30 years from now.
5. The RCD will not reimburse you for any costs incurred prior to you signing the grant contract and being given the go ahead with construction. You will be responsible for payment for the full cost of construction and you will be reimbursed with the RCD's share once they have signed off that construction has been completed in accordance with project specifications. You must submit all receipts with your reimbursement request so paper management is critical. When dealing with a contractor, it is also critical that he meets the construction specifications exactly. To this end, it is a very good idea to keep a large retainage (say 15%) until the work is finally signed off. This will motivate him to see it through to the very end. If you give him his full amount due before getting signed off, you may end up paying for the entire amount.
6. Occasionally, the construction window that you are given is somewhat narrow, leading to a scenario that reads: "hurry up and get your paperwork submitted; and then wait and wait and wait; and then hurry up and get 'er built". We have also had an experience where money is not available one day and then is available the next. Where money is granted to other farms, it can be rescinded by the RCD if the farm owner does not take action in a reasonable amount of time. In this case, the RCD may face a "Use It or Lose It" situation which will hinder their ability to obtain future grant money for their district. As a result, your project may get turned down initially but come back to life at a less than opportune time. My friends with the RCD's openly admit that this is a problem with the system - and a reality.
7. When you have received an RCD Grant, your state and local representatives may feel obliged to drop by periodically to see how everything is going. The folks with the RCD are non-regulatory and in fact they truly are there to help you. If you don't mind visitors or being part of a farm tour from time to time, then this will likely not be a problem.
8. Is it worth all the trouble? Yes, in most cases it is worth the effort. However, it is important to consider the points made above before committing to a potentially long and drawn out process.