

## **Local groups have high hopes for stimulus money -- if they can figure out rules for getting it**

### **Local groups hope for stimulus cash, but rules are murky**

By Jason Hoppin

[jhoppin@pioneerpress.com](mailto:jhoppin@pioneerpress.com)

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John Gutzmann is feasting like a man rescued from a desert isle.

The head of the St. Paul Public Housing Agency has spent years watching his \$65 million budget dwindle, reaching its nadir two years ago when the agency began cannibalizing itself by selling properties to finance maintenance on its remaining 4,300 low-income units across the city.

But with a big stimulus package comes big plans. Across Minnesota, public housing agencies, homelessness groups, utilities, governments and private companies are scrambling to figure out where the stimulus money is and how to get it.

Gutzmann readily admits he's "going big," hoping to land \$15 million for energy-efficient windows in 15 high-rise towers. A couple of million more would fund needed renovations and new fire sprinklers, and maybe a solar energy project at McDonough Homes, St. Paul's oldest public housing project. Kick in another \$1.7 million and we're talking new Energy Star refrigerators across the board.

Like other public housing advocates, Gutzmann lobbied for the money, so he knows better than most where it lies. He also laid the groundwork for his projects by hiring engineers and architects, so he's ready to issue contracts.

That makes the St. Paul Public Housing Agency unusual among groups trying to untangle the \$787 billion legislation. President Barack Obama's economic gamble made stacks of money available for a host of initiatives -- \$2 billion to develop advanced batteries, anyone?

-- but there is little information so far on how to get it.

"I think there may not be a lot of other entities that are planning ahead," Gutzmann said. "They're waiting to get the green light and then they're going to start from scratch. ... We think we're ahead of the game."

While the state's budget gurus expect Minnesota to get \$4.6 billion in stimulus money, that's only part of the picture. Big cities and counties will get their own money -- Minneapolis and St. Paul are actively monitoring

developments -- and large reservoirs of money are available through competitive grants, covering everything from the expansion of rural broadband networks to high-speed-rail improvements.

But there are problems that are only now dawning on those angling for stimulus funds.

Most federal agencies have yet to issue guidelines on how the various pots of money can be used and what strings will be attached, a source of frustration for some. And once guidelines are issued, groups will have a very short period to apply for the money, which could set off a rush of hastily formed proposals.

"It's very unclear what you can use the money for," said Jim Mulder, executive director of the Association of Minnesota Counties. "There's thousands of new people (in Washington, D.C.) that just barely know where their offices are, and now they're changing the rules on a daily basis."

To illustrate how much things could change, take the Minnesota Department of Transportation. On Friday, the agency will begin issuing the first contracts connected to \$502 million in much-ballyhooed "shovel-ready" projects across the state. That's the state's portion of job-generating funding for roads and bridges that became a centerpiece of the argument in favor of the bill.

But there are more than \$11 billion in other transportation-related funds that MnDOT also is now studying, including \$8 billion to lay the groundwork for regional high-speed-rail networks and \$1.1 billion in airport improvements.

"They're all potential sources of additional revenue," MnDOT spokesman Kevin Gutknecht said.

Spending the money won't be a problem for advocates like Jennifer Ho, executive director of Hearth Connection, which coordinates organizations focused on helping the homeless in 26 Minnesota counties. Ho said the economy has resulted in a crushing demand for the groups' services.

But right now, figuring out where the money's coming from is like following the path of a pinball: It will bounce through a handful of federal agencies, state agencies and local governments before finally trickling down to the homeless. Ho is like most others who could benefit from the bill -- she's trying to position her group to make the most of it.

"You figure out who you need to know," Ho said.

In fact, it's hard to find a group that isn't eyeing a portion of the money.

Take another touted area of the stimulus bill -- \$4.5 billion to make the nation's electricity grid more stable, efficient and flexible, also known as "Smart Grid" technology. Xcel Energy, which has begun some Smart Grid pilot projects in Boulder, Colo., is studying the bill and waiting to learn more about what strings might be attached to the money, spokesman Tom Henley said.

There's also St. Paul Regional Water Services. When now-department head Steve Schneider started working there 20 years ago, there were 27,000 St. Paul homes with plumbing connected to a water main through lead pipes.

In two decades, the department has managed to replace only about half of those pipes. Schneider plans to ask for \$2 million in stimulus money to replace several thousand more.

"In my mind, we can hit the ground on that and get going within a couple of weeks," Schneider said.

But some are expressing reservations about the money.

The stimulus bill requires those receiving the money to keep close track of how it is spent. That record-keeping requirement will be too much of a headache for some, said Mulder, of the Association of Minnesota Counties. They won't apply for the money, he said.

"No question. And not because they have something to hide," Mulder said, adding that smaller governments worry that accepting and tracking stimulus money would overwhelm other services.

Mulder also warned that the newfound money won't solve all economic problems but will merely push them into the future.

When Obama recently addressed Congress, he gave an unexpected shout-out to Minneapolis, saying the stimulus bill would save the jobs of 57 police officers there. The source of that calculation is a public-safety-related stimulus grant that will give the city \$4.8 million.

But the grant is only one-time funding, illustrating an underlying problem for any group that accepts stimulus funds -- once the money's spent, it's gone. After that, old budget problems are likely to reappear.

"That is, I think, the false hope of the stimulus package for the grant

program," Mulder said.