

Connecticut's Small Town Economic Assistance Program

Meagan Occhiogrosso

CONNECTICUT OFFICE OF POLICY AND MANAGEMENT

Connecticut's Small Town Economic Assistance Program provides financial assistance for capital-improvement projects that might otherwise be financially unattainable.

The effects of the Great Recession spanned the globe, but arguably the most devastating impact took place on the micro level, on Main Street. With skyrocketing unemployment and home foreclosures on the rise, towns found themselves looking at a dwindling tax base and struggling to make ends meet.

When forced to tighten their belts, towns typically forgo costly capital-improvement projects like bridge repairs, road improvements, and upgrades to buildings. Such projects directly impact public safety, however, and whether there is a recession or not, municipalities count on their state government to help finance infrastructure and economic development.

In 2001, as a way to offer financial relief to small towns, the Connecticut legislature adopted, and the then-governor signed into law, the Small Town Economic Assistance Program (STEAP).¹ The program is administered by the Office of Policy and Management (OPM), the governor's budget office. There are about 130 towns that are eligible to receive grants, which can be as high as \$500,000 per fiscal year.

Towns are considered eligible as long as they don't have an urban center and aren't labeled a distressed municipality. Larger towns and cities have their own program, the Urban Action grant program. STEAP is like Urban Action (commonly referred to as Urban Act) in that it funds projects that involve economic development, environmental protection, infrastructure repair, and other capital-improvement projects. The difference is that Urban Act is geared toward larger, more developed municipalities, such as Bridgeport or Hartford, and the awards are not capped.

At its inception, STEAP had a population requirement of 30,000 residents or fewer for the municipal applicant, but that threshold was removed after some towns were inadvertently shut out of both programs or were found to be better suited for a different program.

Twenty million dollars is allotted for STEAP each year through the State Bond Commission. To protect the state's interests, towns are required to formally accept their award with the Office of Policy

and Management and sign a detailed contract before any work is performed. Among other matters, towns must comply with state contracting standards and the federal Davis-Bacon Act, which requires localities to use the prevailing wage and a competitive bidding process to ensure fairness.

Towns are welcome to submit applications for as many projects as they wish as long as the projects are capital in nature—think bricks and mortar—and as long as the municipalities can demonstrate that the community as a whole will benefit. The most common project requests are for road repairs, town-building restoration, and town-park renovations.

There are times when towns find themselves coming up short or under budget. In such cases, they may be granted the opportunity to change the scope of the project to stay within their budget or to use the balance of the money for another eligible project. As long as the town shows good cause, the state makes every effort to be flexible about granting the requests in those circumstances.

How It Works

Since STEAP is administered by the governor's budget office, whoever is governor has discretion over how the program will run. This means that deadlines and themes can change on a yearly basis. Prior administrations adhered to one hard deadline for towns to submit applications. But Governor Dannel Malloy, having previously served as a mayor, was sensitive to the fact that towns often have constrained budgets and that the availability of staff to go through a time-consuming application process may vary. As a way to offer towns more breathing room, Governor Malloy instituted a rolling deadline for applications, lengthening by months the time towns have to complete their applications.

STEAP themes change from year to year, usually taking their impetus from the current governor's priorities. After the October 2011 snowstorm left most of the state without power for days—and in some cases, weeks—towns recognized they needed to take immediate steps to improve preparedness. Even with advanced warning, many had lacked strong emergency processes and were caught off guard. To address the problem, Governor Malloy declared emergency preparedness and storm-related repairs as a theme for two years. The response from towns has been overwhelming. Many applied for generators for public buildings or funding to build or update Emergency Operation Centers.

The quaint, rural town of Killingworth is one example. The town has roughly 70 miles of tree-lined roads and is situated about



Thanks to a STEAP grant and volunteer labor, the once unused Parmelee Farm has been transformed. Now on the Connecticut Register of Historic Places, it houses the Killingworth Historical Society and is an active community center.

five miles inland from Long Island Sound, making it an escape destination during coastal evacuations. Killingworth previously had an inadequate emergency-operations center, which it ran out of a small, inefficient 19th century schoolhouse. The town applied for and won the maximum award of \$500,000 to build an addition on its town hall for an updated, efficient center.

The town of Barkhamsted is another example. During the October 2011 snowstorm, the Barkhamsted School, which served as the town's designated emergency shelter, could not be opened because its generator failed. A \$230,000 STEAP grant went to Barkhamsted to replace two emergency generators, one at the school and the other at the Barkhamsted Highway Garage, where a new emergency operations center had been relying on a 1976 generator.

Making a Successful Application

What makes a STEAP application successful? STEAP doesn't adhere to a one-size-fits-all vetting process but instead takes into account a wide array of factors. When applications are submitted to OPM, they undergo a rigorous review process. The proposed project is first scrutinized for consistency with Connecticut's Conservation and Development Plan and the Environmental Protection Act. It is then graded on eligibility, usefulness to the community, and the feasibility of its being completed on time and within budget.

Applications for large-scale, long-term projects are common but not necessarily encouraged. STEAP awards are intended to be used as a one-time stimulus to fund smaller, shovel-ready projects. Nowadays, many towns try to tap it to finance larger, multiphase

projects that can take years to complete. Multiphase projects have been awarded from time to time, but it's the smaller ones that tie most closely to the intent of the program—small road reconstruction projects, replacement of culverts, and installation of sidewalks and street lights.

Supplemental funding sources are also taken into consideration. Is the town asking the state to foot the entire bill, or does it have other available resources? Applications that indicate other funding sources are looked upon favorably as they show a town's willingness to pitch in and get the project off the ground. That does not mean that towns should be discouraged from applying for the entire amount. After all, the program is intended to assist municipalities that have little to no extra revenue on hand.

The projects themselves can range from construction of affordable housing to the dredging of a pond to making public facilities compliant with the federal Americans with Disabilities Act of 1990. Preference is given to proposals that correspond to a given year's chosen theme or themes, but towns are not required to fit into them.

By far the most common requests are for streetscape improvements and road repairs. Many towns request financial assistance to beautify their Main Street centers in hopes of spurring economic development. Such streetscape projects typically involve façade improvements, decorative lighting, and sidewalk repair or installation. STEAP has also helped towns rebuild local roads to make them safer for both drivers and pedestrians.

Since its inception, STEAP has been credited with helping Connecticut towns carry out their economic development plans, revitalize their town centers, and complete initiatives that would otherwise have been financially out of reach. In New England, we think of small towns as part of our identity. It's our responsibility to preserve their historical integrity and their well-being. STEAP does just that.

Meagan Occhiogrosso is senior policy and communications aide at the State of Connecticut's Office of Policy and Management. She is based in Hartford. Contact her at Meagan.Occhiogrosso@ct.gov.

Endnote

¹ See <http://www.ct.gov/opm/cwp/view.asp?a=2965&q=382970>.

This Communities & Banking article is copyrighted by the Federal Reserve Bank of Boston. The views expressed are not necessarily those of the Bank or the Federal Reserve System. Copies of articles may be downloaded without cost at www.bostonfed.org/commdev/c&b.