

**To:** President and Members of the Munster Town Council

**From:** Wendy Mis, Clerk-Treasurer

**Date:** December 5, 2022

**Re:** Letter of Engagement: Inflation Reduction Act Tax Credit

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At the September 19, 2022 meeting, Council approved a letter of engagement with Baker Tilly to develop a comprehensive financial plan. Included in the potential work was assistance with identifying and assisting with the application for potential federal grant and related opportunities.

When the landfill closed, a methane generator was installed to capture the gas and sell it back to NIPSCO. Staff has been monitoring the generator and working with Cabeno Environmental Field Services and Clarke Energy to maintain both the generator and the well field. The Town now faces the need to perform a major overhaul of the existing generator, installation of a new generator, or closing the generator completely and use a flare to control the methane. Staff and the experts believe the best course of action is to install a new generator at the cost of approximately \$600,000.

The Inflation Reduction Act (IRA) has a variety of grant and tax credit opportunities. Staff believes, as does Baker Tilly, that the new methane generator will qualify for a tax credit of up to 30%. Normally municipalities do not qualify for tax credits. The IRA allows a municipality to receive the credit in the form of a reimbursement. The potential reimbursement is \$180,000.00.

Staff has met with its representatives with Baker Tilly who has provided an amendment to the current scope of services. The proposed plan will include the following.

1. Provide preliminary assistance with interpreting and applying the IRA guidance to the proposed generator project
2. Determine project eligibility for and application for an IRA tax credit
3. Estimate credit amount and assist with meeting Begun Construction requirements
4. Perform pre and post construction analysis to enhance tax credit opportunities
5. Prepare files for claiming the tax credit

The project has a not-to-exceed amount of \$50,000.00 and will be paid from the Solid Waste Management Fund.

**Recommendation:**

By motion and voice vote, approve the Scope Appendix to the engagement letter with Baker Tilly Municipal Advisors in an amount not to exceed \$50,000.00.