

LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES

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Susan Thornton, Director

MINUTES

Tuesday, November 15, 2016

9:00 a.m. – 4:00 p.m.

State Office Building, Room 200

St. Paul, MN 55155

Members Present: Jeff Broberg, Sen. Gary Dahms, Sen. Kari Dziedzic, William Faber, Bonnie Harper-Lore, Sen. John Hoffman, Gary Lammppa, Rep. Denny McNamara, Norman Moody, Rep. John Persell, Sen. David Tomassoni, Rep. Paul Torkelson, Rep. Jean Wagenius, Sen. Torrey Westrom, Della Young

Staff Present: S. Thornton, M. McDonough, M. Varien, D. Griffith

Members Excused: Nancy Gibson and Rep. Tom Hackbarth

Co-Chair: Sen. David Tomassoni

Co-Chair Tomassoni started the meeting at 9:15 a.m.

1. Approve the minutes for July 12-13, 2016

MOTION: Commissioner Lammppa approved the minutes for July 12-13, 2016 – motion prevailed.

2. Members report potential conflicts of interest regarding today's business

MS 116P.09 Subd 6 Conflict of interest. A commission member, technical advisory committee member, a peer review panelist, or an employee of the commission may not participate in or vote on a decision of the commission, technical advisory committee, or peer review panel relating to an organization in which the member, panelist, or employee has either a direct or indirect personal financial interest. While serving on the commission, technical advisory committee, or peer review panel, or being an employee of the commission, a person shall avoid any potential conflict of interest.

Susan Thornton reminded members that all conflict of interests statements that were reported last summer are in this meeting packet and remain as declared conflicts of interest. Members reported no new conflicts of interest for today's meeting.

3. LCCMR Staff Updates

- Grants Management System

Michael Varien gave an overview of the Smartsimple grants management system.

- 2017 Peer Review

Michael McDonough gave an overview of the 2017 peer review process.

- Update on Final Reports Received July 2015 – 2016

Susan Thornton reviewed the final reports received for 2015 and 2016.

- Update on U of MN adjustments being requested for post-doctoral salaries per the federal mandate

Jeff Broberg, Sen. Gary Dahms, Sen. Kari Dziedzic, William Faber, Nancy Gibson, Rep. Tom Hackbarth, Bonnie Harper-Lore, Sen. John Hoffman, Gary Lammppa, Rep. Denny McNamara, Norman Moody, Rep. John Persell, Sen. David Tomassoni, Rep. Paul Torkelson, Rep. Jean Wagenius, Sen. Torrey Westrom, Della Young

LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES

Susan Thornton discussed the U of MN adjustments being requested for post-doctoral salaries per the federal mandate. Commissioner Hoffman asked staff to review work plans to see if there is a significant change in what work will be completed in the work plans affected. Susan Thornton explained staff already reviewed the work plans affected by the federal mandate and there are no significant changes in the work plans.

4. Report of Executive Committee

Co-Chair Tomassoni gave an overview of the Executive Committee discussions on the LCCMR administrative budget and adoption of \$1,200,000 for FY18-19.

5. Review and adopt LCCMR 2017 Calendar

Susan Thornton reviewed the 2017 Calendar.

6. Update from U of MN regarding resolution of the issues raised in the Office of the Legislative Auditor's report on the Environmental and Natural Resources Trust Fund released on February 11, 2016 – Mike Volna, U of MN Interim Chief Financial Officer

Michael Volna, U of MN Interim Chief Financial Officer and Koryn Zewers, Senior Analyst U of MN discussed the issues resolved in the Office of the Legislative Auditor's report on the Environment and Natural Resources Trust Fund released on February 11, 2016. (See Attached Letter #1)

Co-Chair Tomassoni moved to Agenda Item #8.

7. Minnesota Invasive Terrestrial Plants and Pests Center (MITPPC) – U of MN, Dr. Robert Venette, Director

- **Update on research priorities and research funding**
- **Review related LCCMR Recommendation July 13, 2016**

Dr. Robert Venette, Director and Heather Koop, Assistant Director provided an overview of the Minnesota Invasive Terrestrial Plants and Pests Center research. Members discussed.

Co-Chair Tomassoni moved to Agenda Item #9.

8. Minnesota's Aquatic and Invasive Species Research Center (MAISRC) – U of MN, Dr. Nick Phelps, Director

- **Update on research priorities and research funding**
- **Review related LCCMR Recommendation July 13, 2016**

Dr. Nick Phelps, Co-Director of MAISRC, Becca Nash, Assistant Director; and Dan Larkin, Assistant Professor provided an overview of the Minnesota Aquatic and Invasive Species Research Center research. Dan Larkin discussed the Starry Stonewort research.

Co-Chair Tomassoni returned to Agenda Item #7.

9. Final Report Update on M.L. 2013, Chp. 52, Sec. 2, Subd. 04I "Restoration Evaluation", U of MN, Dr. Susan Galatowitsch, \$200,000

Dr. Susan Galatowitsch, U of MN and Julie Bohnen, Great River Greening provided an overview of their final report for M.L. 2013, Chp. 52, Sec. 2, Subd. 04I "Restoration Evaluation". Members discussed. Commissioner Wagenius requested that staff provide suggestions as to how they can use the findings of the project in guiding future restoration projects.

- 10. Review draft recommendations in the LCCMR Appropriations Bill for the 2017 MN Legislative Session Funding Recommendations from the Environment and Natural Resources Trust Fund (ENRTF)**

- 11. Continue review draft recommendations in the LCCMR Appropriations Bill for the 2017 MN Legislative Session Funding Recommendations from the Environment and Natural Resources Trust Fund (ENRTF)**

Susan Thornton reviewed the Draft LCCMR Appropriations recommendations Bill and draft staff edits to 2017 ENRTF language.

MOTION: Commissioner Dziedzic moved to approve the recommended staff edits to the 2017 ENRTF language – motion prevailed.

MOTION: Commissioner Dziedzic moved to approve the LCCMR Appropriations Recommendation Bill as amended – motion prevailed (unanimous – 15 members present).

Co-Chair Tomassoni moved to Agenda Item #13.

- 12. Overview FY18-19 Clean Water Fund (CWF) and Policy Recommendations – Pat Flowers, Clean Water Council Chair; Todd Renville, Budget Subcommittee Vice Chair; and John Barten, Policy Subcommittee Vice Chair**

Pat Flowers, Clean Water Council Chair and John Barten, Policy Subcommittee Vice Chair provided an overview of the FY18-19 Clean Water Fund FY18-19 funding recommendations and policy recommendations. Members discussed.

Co-Chair Tomassoni moved to Agenda Item #14.

- 13. Begin Discussion FY19 LCCMR 2018 ENRTF Request for Proposal (RFP)**

Susan Thornton began discussions on the FY19 LCCMR 2018 ENRTF Request for Proposal using the previous 2017 RFP.

Staff reviewed with members the proposed addition under “Project Requirements” to add under the bullet regarding restoration projects the following: and 3) must follow restoration and evaluation practices “Restoration Evaluation Project: Vegetation Monitoring Tool”, “Advancing Ecological Restoration Practice in Minnesota”, “Vegetation Monitoring Protocol”, and “Implementing Planning: Guidance For Determining Best Practices For Restoring Minnesota Ecosystems”. Also, nonprofits organizations must provide 990 tax information from the previous three years and submit a copy of their most recent Guidestar report. In addition there was background provided on capital expenditures to enable further discussion about such initiatives proposals and whether the members wish to address it in the RFP.

Commissioner Wagenius suggested adding in the 2017 Funding Priorities under Category B “Water Resources” a new vi. titled “Maintaining drinking water quality” (i.e. for research to make a plant more effective not to build a plant – no capital investment). Members discussed and decided to add “vi. Drinking Water” under Funding Priority B. Water Resources.

Members discussed the letter from Commissioner Landwehr and his recommendations for the RFP.

There was discussion about ensuring outreach and education for all renewable energy projects funded. It was suggested that under funding priority C. Environment Education (1) “locally led” be

removed to broaden it to enable agencies such as the DNR (in Commissioner's letter) to apply for efforts to engage diverse and changing demographics.

Commissioner Lamppa discussed whether there was any indication in the RFP to encourage local communities to apply for recreation opportunities. Member discussion focused on reworking funding priority G. Land Acquisition, Habitat, and Recreation item #4 to be more explicit on encouraging community proposals.

Commissioner McNamara recommended not adopting the 2018 ENRTF Request for Proposal and have the new LCCMR Members after January adopt the 2018 ENRTF Request for Proposal.

Members concurred to have staff update the 2017 ENRTF Request for Proposal and make the edits members suggested at today's meeting.

Members recessed at 12:45 p.m. and reconvened at 1:15 p.m.

Co-Chair Tomassoni returned to Agenda Item #12.

14. Other business (as needed)

- **Next steps in the process**
- **Next meeting Tuesday, December 6, 2016**

15. Adjourn

The meeting adjourned at 2:35 p.m.

Twin Cities Campus

*Office of the Vice President and Chief
Financial Officer / Treasurer*

Office of the President

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November 10, 2016

Susan Thornton, Director
Legislative-Citizen Commission on Minnesota Resources
100 Rev Dr. Martin Luther King Jr. Blvd.
State Office Building, Room 65
St. Paul, MN 55155

Dear Ms. Thornton:

The Office of the Legislative Auditor's Report on the Environment and Natural Resources Trust Fund (ENTRF) issued February 11, 2016 found, "The statute governing how the state pays money appropriated from the Environment and Natural Resources Trust Fund to the University of Minnesota is in conflict with the statute governing the investment of trust fund money." The audit report went on to state:

We think the state has a duty to reduce the time between when the money leaves the trust fund and when the university spends it, so that earnings to the trust fund can be maximized and added to the trust fund's balance for future appropriation by the Legislature. Alternatively, the university could return to the state income earned through investment of unspent money from the trust fund.

The University responded to the Legislative Auditor's report by supporting a statutory change to modify the State's payment schedule for ENTRF appropriations. The University preferred this option rather than submitting long-term payments to the state related to future appropriations. To implement the statutory change, the University worked with the Legislative-Citizen Commission on Minnesota's Resources (LCCMR), the Legislature, and MN Management and Budget to amend Minnesota Statutes 137.025, the University's appropriation statute. This statutory change became law in 2016 Session, Chapter 186. Beginning in FY 2017, all University ENTRF appropriations will be made on a reimbursement basis; therefore, the Legislative Auditor's recommendation was implemented.

Because the University continues to earn interest on unspent funds from past appropriations, the University also agreed to submit quarterly payments to the State for interest earned from the date the University became aware of the issue until unspent funds drawn under the old method are expended. The University made its first interest payment in August 2016 for \$217,343, and the second interest payment will be made in late November for \$24,624. The University will continue to make interest payments until all funds drawn under the old method are expended. Additional details on these payments were submitted to you in a letter on April 19, 2016.

Legislative Auditor's Report on ENTRF

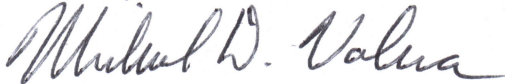
November 10, 2016

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In a July 22, 2016 letter to President Kaler, the LCCMR also requested the University of Minnesota submit a payment to the State for \$511,714 for interest the University earned prior to the release of the Legislative Auditor's report. This payment was made to the State of Minnesota on November 2, 2016.

Based on your July 22nd correspondence and the University's actions to date, we understand this issue to be resolved. Please contact me with any questions on the University of Minnesota's actions to date.

Sincerely,

A handwritten signature in cursive script, reading "Michael D. Volna".

Michael Volna

Interim Vice President and Chief Financial Officer

Minnesota Department of Natural Resources

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Office of the Commissioner

651-259-5555



November 8, 2016

Ms. Susan Thornton, Director
 Legislative-Citizen Commission on Minnesota Resources
 100 Rev Dr. Martin Luther King Jr. Blvd.
 St. Paul, Minnesota 55155

Dear Director Thornton:

Thank you for the opportunity to provide comments to be considered by the LCCMR during its upcoming discussion on the 2018 RFP. We have reviewed last year's RFP against DNR's agency priorities and efforts aimed at addressing emerging natural resource issues. We're pleased to offer the following thoughts for consideration.

1. Water Resources

This section, as written, does a good job of capturing the research, monitoring, and analysis needed to support Minnesota's Water Resources. Based on the DNR's work in this area, we also suggest that the LCCMR consider including as eligible proposals that address *actions* that improve water governance (particularly at the local level), promote efficient water use, and engage citizens in making good decisions about how they use and protect water resources.

2. Environmental Education

We suggest highlighting work that engages diverse and changing demographics by pulling that item out of #1 and making it its own numbered element. DNR believes that ensuring continued interest from Minnesotans in our state's natural resources requires that we expand and diversify our outdoor constituencies, as well as our natural resources workforce. From our own efforts, we know that achieving this goal requires intentional initiatives. Therefore, we suggest the LCCMR consider raising the profile of proposals in this area.

3. Air Quality, Climate Change, and Renewable Energy

Currently, this category excludes capital projects. Per a recent conversation between LCCMR staff and Parks and Trails Director Erika Rivers, we suggest that consideration be given to capital upgrades to recreational facilities to achieve net zero building goals. It is our understanding that LCCMR has funded some carefully scoped capital projects under other categories, and we believe that allowing the same here could result in significant energy savings.

4. Land Acquisition, Habitat, and Recreation

We suggest adding opportunities for grants to local parks and trails. Ensuring access to outdoor experiences is key to expanding and diversifying outdoor constituencies, and local parks and trails are an important introduction to the outdoors for many people.

Sincerely,

Tom Landwehr
 Commissioner

