



Becca Nash, Director

**Subcommittee**

**MINUTES**

**Tuesday, October 17, 2017**

**4:30 p.m. (or 30 minutes after adjournment of LCCMR Meeting)**

**State Office Building, Room 5**

**St. Paul, MN 55155**

**Members Present:** Jeff Broberg, Gary Lamma, Rep. Jim Newberger, Sen. David Tomassoni, Rep. Jean Wagenius, Sen. Torrey Westrom

**Staff Present:** B. Nash, M. McDonough, M. Varien, D. Griffith

**Members Excused:** ---

**Subcommittee Members:** Jeff Broberg, Gary Lamma, Rep. Jim Newberger, Sen. David Tomassoni, Rep. Jean Wagenius, Sen. Torrey Westrom

**Co-Chair:** Jeff Broberg

Co-Chair Broberg convened the meeting at 2:20 p.m.

**1. Approve the minutes for September 26, 2017**

MOTION: Commissioner Lamma moved to approve the minutes for September 26, 2017 – 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.

Commission members reported no conflict of interest for today's meeting.

**3. Continue discussions on potential LCCMR recommendation related to M.L. 2017, Chp. 96, Sec. 2, Subd. 19**

• **Subd. 19. Fiscal Year 2019 Recommendations**

**(a) "For fiscal year 2019, the commission shall consider recommending loans from the corpus of the trust fund to statutory and home rule charter cities and towns with a population less than 5,000 as provided in the Minnesota Constitution, article XI, section 14. The commission shall work with the Public Facilities Authority in developing its recommendations. The commission shall include in its recommendations an analysis of using trust fund allocations for grants to the same cities and towns, including any necessary statutory changes."**

## LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES

### 4. **Overview of Environment and Natural Resources Trust Fund Revenue, Brad Hagemeyer, House Fiscal Analyst**

Brad Hagemeyer provided an overview of the memo dated September 22 with subject line of “Environment and Natural Resources Trust Fund Revenue”. Members discussed.

### 5. **Update on ENRTF ID: 035-B, “Wastewater Treatment Plant Optimization Pilot Program”, Joel Peck, Minnesota Pollution Control Agency (MPCA)**

Greta Gauthier (MPCA) and Joel Peck (MPCA) answered member’s questions on his proposal titled “Wastewater Treatment Plant Optimization Pilot Program”. Members discussed.

### 6. **Overview of Public Facilities Authority Water Treatment Systems Funding, Jeff Freeman**

Jeff Freeman provided an overview of the Public Facilities Authority (PFA). Members discussed.

### 7. **Public Comments on M.L. 2017, Chp. 96, Sec. 2, Subd. 19**

- **Elizabeth Wefel, Coalition of Greater Minnesota Cities**

Elizabeth Wefel provided an overview of the Coalition of Greater Minnesota Cities. Members discussed

- **Craig Johnson, League of Minnesota Cities**

Craig Johnson provided an overview of the League of Minnesota Cities. Members discussed.

- **Gary Pedersen, Minnesota Association of Townships**

Gary Pedersen provided an overview of the Minnesota Association of Townships and provided a handout titled “MAT Supports Expanded Funding Options for Wastewater Treatment Facilities”. Members discussed.

### 8. **Other business (as needed)**

- **Update on Legislative Water Commission Meetings**

Barb Huberty provided an overview of the Legislative Water Commission meeting held today and provided a handout titled “What Municipal Wastewater Problems Need Solving”. Members discussed.

- **Next steps**

Commissioner Westrom handed out a sheet titled “Fiscal Year 2020” for discussion to potentially introduce at the next LCCMR Meeting. (See Attachment #1). Members discussed.

MOTION: Commissioner Westrom moved to replace “xx” with “50” under section (a) on the handout titled “Fiscal Year 2020” so it now reads “...recommending up to 50 percent...”.

AMENDMENT: Commissioner Wagenius moved to amend Commissioner Westrom’s motion by removing the words “or loan” under section (a) so it now reads “...wastewater treatment grant programs...”. Commissioner Westrom accepted.

AMENDMENT: Commissioner Tommassoni moved to amend Commissioner Westrom’s motion by replacing \$25,000,000 with “\$50,000,000 or 5% of the corpus,” under section (e) so it now reads “...exceed \$50,000,000 or 5% of the corpus, and shall...”. Commissioner Westrom accepted.

RENEWED MOTION: Commissioner Westrom renewed his motion as amended to: (1) replace “xx” with “50” under section (a) on the handout titled “Fiscal Year 2020” so it now reads “...recommending up to 50 percent...”; (2) remove the words “or loan” under section (a) so it now reads “...wastewater treatment grant programs...”; and (3) replace “\$25,000,000” with “\$50,000,000 or 5% of the corpus,” under section (e) so it now reads “...exceed \$50,000,000 or 5% of the corpus, and shall...” – motion prevailed.

Members agreed the next LCCMR Subcommittee meeting would be November 30<sup>th</sup> before the LCCMR meeting and staff would post Commissioner Westrom’s draft document as revised.

**9. Adjourn**

Meeting adjourned at 4:30 p.m.

---

DRAFT

### Fiscal Year 2020 Recommendations

(a) **Generally.** Notwithstanding Minnesota Statutes, section 116P.08, subdivision 2, clause (2), the commission shall consider recommending up to X percent of the available money from the trust fund for fiscal year 2020 appropriations for expenditure by the Public Facilities Authority on municipal wastewater treatment grant or loan programs in accordance with this subdivision and shall issue a request for proposals for this purpose. The recommendations may include a technical assistance program for eligible recipients under this subdivision. The commission shall work with the Public Facilities Authority in developing and administering its recommendations.

(b) **Eligible recipients.** Statutory and home rule charter cities and towns with a population less than 5,000 shall be eligible for funding under this subdivision.

(c) **Eligible projects.** A municipal wastewater project shall be eligible for funding under this subdivision only if it implements the latest research and applicable technological advancements and if at least one of the following conditions is satisfied:

- (1) the project is designed to address emerging issues of environmental concern through construction, upgrade, repair, or replacement of a wastewater treatment facility, as defined in section 115.71;
- (2) the project is designed to eliminate or substantially delay the need for more costly construction, upgrade, repair, or replacement of a wastewater treatment facility, as defined in section 115.71; or
- (3) the project will help to preserve or enhance fish, wildlife, land, air, water, or other natural resources that otherwise may be substantially impaired or destroyed.

(d) **Form of funding.** Funds provided to eligible recipients under this subdivision shall be in the form of some combination of loans and grants, as determined in each individual case by the Public Facilities Authority.

(e) **Loans.** The loan portion of any funding provided to eligible recipients under this subdivision shall not exceed \$25,000,000 and shall be made from the corpus of the trust fund as provided in the Minnesota Constitution, article XI, section 14, and Minnesota Statutes, section 116P.12. Except as provided in this paragraph, the Public Facilities Authority shall ensure that loans are made in accordance with the requirements and limitations of those sections. Notwithstanding Minnesota Statutes, section 116P.12, the loan portion of any funding provided to eligible recipients under this subdivision shall be subject to an annual interest rate of the greater of one percent or X percent below the secondary market yield of one-year United States Treasury bills calculated according to section 549.09, subdivision 1, paragraph (c). Except as provided in this subdivision, funds to be loaned to eligible recipients under this subdivision shall be administered through the clean water revolving fund created in Minnesota Statutes, section 446A.07, and shall be subject to the requirements of that section.

(f) **Grants.** Except as provided in this subdivision, the grant portion of any funding provided to eligible recipients under this subdivision shall be administered through the water infrastructure program created by Minnesota Statutes, section 446A.072, or the point source implementation grant program created by Minnesota Statutes, section 446A.073, and shall be subject to the requirements of the applicable section.

(g) **Separate administration.** The Public Facilities Authority shall, in consultation with the Legislative-Citizen Commission on Minnesota Resources, administer money to be provided to cities and towns under this subdivision separately from other funds it administers.