

April 28, 2023

Senator Foug Hawj
Co-Chair, Environment, Natural Resources, Climate and Energy Conference Committee
Minnesota Senate Building, Room 3231
95 University Avenue West
St. Paul, MN 55155

Representative Rick Hansen
Co-Chair, Environment, Natural Resources, Climate and Energy Conference Committee
407 Rev. Dr. Martin Luther King Jr. Blvd
St. Paul, MN 55155

Dear Chair Hawj and Chair Hansen:

The Minnesota Department of Natural Resources (DNR) would like to thank you and your committee members for the work on the Omnibus Environment, Natural Resources, Climate and Energy Budget and Policy Bill. The DNR's budget priorities are to connect people to the outdoors, mitigate and adapt to climate change, manage natural resources proactively, and address our operational needs. Both the House and Senate positions make considerable investments in each of these areas that will benefit Minnesota's environment, economy, and people into the future. With a historic budget surplus, we have a unique opportunity to work together to make once-in-a-generation investments in natural resources and outdoor recreation. We are excited to work with you to make these transformational investments, address ongoing programs and services, and advance important policy provisions that help us serve Minnesotans and manage natural resources.

This letter outlines items that the DNR hopes can be resolved prior to final action on the Omnibus Environment, Natural Resources, Climate and Energy Bill.

Get Out MORE (Modernize Outdoor Recreation Experiences)

We appreciate that both the House and Senate bills include funding for Get Out MORE (Modernize Outdoor Recreation Experiences). Get Out MORE is a transformational initiative that will ensure Minnesotans of all abilities and interests enjoy a world-class recreation system, whatever outdoor adventure they choose. The Senate position includes full funding of \$118 million for this proposal, whereas the House position provides a total investment of \$65 million. The House does not include Get Out MORE's \$35 million investment in public water accesses; provides \$25 million of the proposed \$35 million for fish hatcheries; and invests less than proposed in stream restoration and camping modernization. We appreciate that both the House and Senate share our vision for more accessible public lands and waters that all Minnesotans can enjoy. Full funding for Get Out MORE is necessary to achieve this vision, and thus we hope the Conference Committee will include full funding for Get Out MORE in the final bill.

Outdoor Recreation and Natural Resource Management Fee Increases

The One Minnesota Budget and the House bill recognize that while one-time investments are essential, ongoing funding is equally important to maintaining quality outdoor experiences and achieving conservation success. User fees are part of the approach for funding natural resources and outdoor experiences. That is why the One Minnesota Budget and the House bill include a variety of recreational fee increases, including fishing license, boat registration, and park permit fees. Most of these fees have not changed in many years, with the most prominent example being boat registration fees, which haven't been raised since 2006. Periodic adjustments in user fees are necessary to maintain and enhance the outstanding service and experience Minnesotans expect and deserve into the future. The Senate bill does not include any of these fee increases. We hope the Senate conferees will reconsider their approach.

Additionally, we urge the Senate to consider other fee increases as proposed to sustain the investments in and management of natural resources for the long-term. The One Minnesota Budget and the House bill include public water use and permit fee increases and an increase in the aquatic invasive species surcharge to protect Minnesota's waters into the future. The One Minnesota Budget and the House also include utility license fee increases to ensure that the DNR has the capacity to process the significant increase in utility license applications as broadband infrastructure continues to grow throughout the state. Currently, only about 25% of utilities seeking to cross state lands and waters pay an application fee. The proposed changes in utility licensing fees would ensure that businesses contribute to paying the cost of reviewing their applications. Without recouping these costs, DNR will not be able to meet expectations for timely review of these important applications. We encourage the Senate to consider these strategic fee increases to financially support natural resource work and benefit Minnesota's economy into the future.

Addressing Inflation and Increasing Operating Costs

In addition to new investments to modernize outdoor recreation experiences and enhance some programs and services, the House bill uses a combination of General Fund investments and fee increases to maintain the DNR's basic service levels going forward. The House position will allow the DNR to continue to provide a consistent level of service on public lands and waters across the state even as the cost of doing business rises. Conversely, in the absence of the proposed fee increases, the Senate bill does not fully fund the DNR's operating adjustment. The operating adjustment contained in the One Minnesota Budget is based on actual increased costs already experienced in multiple areas, including compensation, IT, utilities, fleet, and contracts for critical services such as garbage hauling and portable toilet services. Without full funding for this proposal, the DNR will be forced to reduce existing programs and services such as park and trail management, regulatory work, water management, and fish and wildlife management, to absorb the impact of inflation across our operations.

Transfer of Authority for Oversight of Farmed Cervids

The House and Senate bills both include a full transfer of authority to oversee cervid farms from the Board of Animal Health to the DNR; however, neither bill includes the necessary funding to provide the required oversight. If duties are transferred, it is critical that DNR be fully funded for this new responsibility.

Increasing Mining Regulatory Capacity

The One Minnesota Budget includes \$1.2 million each biennium to conduct critical environmental research related to mining, allowing DNR to maintain and enhance our regulatory work and research for both existing and proposed mining projects and manage the substantial growth in mining regulatory work. The House bill omits this proposal, whereas the Senate provides the funding on a onetime basis. We hope that the final resolution will provide funding for this ongoing work.

Lowland Conifer Carbon Reserve

The House bill establishes a Lowland Conifer Carbon Reserve, limiting forest management options for the Arrowhead region of the state. Active forest management is the best approach to maximize carbon capture from lowland conifers, and such management generates a wide range of additional social, environmental, and economic benefits. For example, timber harvest is the only tool we have to address Eastern Larch Beetle and Dwarf Mistletoe, among other pests, in lowland conifer forests. For these reasons, the DNR does not support the Lowland Conifer Reserve as currently envisioned in the House bill.

White Bear Lake Area Water Use Stakeholder Group

The Senate bill requires the DNR to convene a stakeholder group for advice on providing safe drinking water to support municipal growth while ensuring sustainability of surface and groundwater resources in the White Bear Lake area. Such work is outside of the DNR's usual purview, as we lack both mandates and expertise related to advising on issues of municipal growth. The bill does not provide any funding for convening this stakeholder group and developing the resulting plan, which would require a significant effort. The DNR supports the House's approach, which provides \$3 million to the Metropolitan Council to convene this stakeholder group.

Proposed Wolf Season Prohibition

The DNR understands that Minnesotans have strong and diverse viewpoints on wolves. These perspectives were taken into account throughout the extensive public engagement process that led to the updated Wolf Management Plan, released in December 2022. The plan is grounded in the best available science and incorporates perspectives from tribal partners, state and federal agencies, academia, and groups and individuals interested in wolves.

The House omnibus bill that was passed on April 17, 2023, includes an amendment that prohibits the DNR from implementing a recreational wolf hunting or trapping season, if federal endangered species restrictions are removed. In light of the robust, science-based Wolf Management Plan recently completed, we do not support legislation that includes mandates or restricts the methods by which the Minnesota DNR manages wolves. Responsible fish and wildlife conservation requires that a full complement of management tools be available to the agency.

The DNR appreciates the thorough and thoughtful approach that the House and Senate Committees have taken in crafting their omnibus budget and policy bills. We are grateful for the opportunity to work with you, your colleagues, and your staff this session to implement a vision for a better Minnesota. The DNR is available to you and your staff to answer any questions and develop solutions as we work together to make long-lasting and transformational investments in Minnesota's natural resources and outdoor recreation.

Sincerely,



Sarah Strommen
Commissioner

CC:

Patty Acomb, Chair, House Climate and Energy Finance Policy

Athena Hollins, House Climate and Energy Finance

Sydney Jordan, Vice Chair, House Environment and Natural Resources Finance and Policy

Larry Kraft, Vice Chair, House Climate and Energy Finance Policy

Nick Frentz, Chair, Senate Energy, Utilities, Environment and Climate

Jennifer McEwen, Vice Chair, Environment, Climate and Legacy Committee; Senate Energy, Utilities,
Environment and Climate

Tou Xiong, Vice Chair, Energy, Utilities, Environment, and Climate

Julia Coleman, Senate Assistant Minority Leader

Kari Dziedzic, Senate Majority Leader

Melissa Hortman, House Speaker

Joseph Birkholz, Policy Advisor, Office of Governor Tim Walz and Lt Governor Peggy Flanagan

May 1, 2023

The Honorable Rick Hansen, Chair
Minnesota House of Representatives
407 State Office Building
St. Paul, MN 55155

The Honorable Fong Hawj, Chair
Minnesota Senate
3231 Minnesota Senate Office Building
St. Paul, MN 55155

Dear Chair Hansen and Chair Hawj,

As the conference committee begins its negotiations on HF 2310, I would like to thank both of you and the members of your committees for your work. The policy language and appropriations deliberated by the committee and incorporated into each body's respective version of HF2310 have tremendous potential to protect Minnesotans by ensuring clean air and water, sustainable lands, and a better climate, while also supporting a thriving economy.

I would especially like to thank you both for including many items from the Governor's budget that support the MPCA's ongoing obligation to Minnesotans to protect and improve the environment and human health. As we continuously address new challenges, it is critical to ensure that state agencies have the resources we need for existing staff to complete the work that the Legislature has directed us to do and deliver the level of services that Minnesotans expect. I am pleased that the Legislature has taken this opportunity to accomplish several of the low-cost and no-cost good governance items from in the Governor's budget.

In the interest of advancing the work of the conference committee, I would like to identify a few areas where additional support or continued conversation around policy changes would help accomplish our shared goals:

- **General fund appropriation for water programs:** The work MPCA does under federal and state law to protect water quality is partially funded by permit fees. However, the water quality fees that the agency is authorized to charge have not kept pace with costs. Because protecting water resources is essential to the health of all Minnesotans, it is appropriate to fund a portion of this work through the General Fund as part of the agency's base budget. The requested general fund appropriation of \$1.36 million per year represents 3.6% of the agency's water permit program cost. Without funding in the tails, the agency will still need to complete rulemaking to ensure the core water work continues when one-time funding ends.
- **New staff for critical environmental programs:** Beyond the need for funding to support current staff, the MPCA requires additional staff to do the work required by federal and state law. This includes more permitting staff to meet timeliness requirements and enforce environmental regulations, financial staff to ensure responsible management of grants and appropriations, and resources to manage data. Some of these needs are not fully funded in the Senate or House bills.
- **Air toxics policy language:** I appreciate the ongoing conversation with members about the importance of strengthening air toxics emissions reporting, as well as the interest in scoping language to ensure that it achieves intended goals in an efficient and targeted manner. The current language is based on geography. Recognizing that air pollution affects the health of residents across the state, I encourage the committee to consider applicability statewide with a narrow reporting scope tailored to address environmental and human health impacts of concern. MPCA staff would be happy to provide alternate language for consideration.
- **Resilient Communities grants and technical assistance:** Climate change is already affecting communities, homes, and landscapes. Minnesota communities need to be ready. While the dollar

amount of this proposal seems large, the need is also great. This proposal is structured to provide grants for small to large projects, with the bulk of this funding going to support resiliency in stormwater and wastewater projects that can range in cost from less than \$20,000 to more than \$50 million each. To have a meaningful impact, it is essential to fund this proposal at a higher level.

- **Cumulative impacts policy language:** Throughout the session the House, Senate, and Governor have all proposed a version of cumulative impacts, a testament to our shared commitment to protect vulnerable and overburdened populations from harmful effects of pollution. While current versions differ, I am confident we are close to finding a collaborative solution that will accomplish the goal of reducing pollution impacts in environmental justice areas while also recognizing that investment and new, high paying jobs are critical needs for those same communities.
- **Grant program funding:** Seventy-three percent of MPCA's funding request for this year is for communities in the form of grants, loans, technical assistance, and partnerships. This reflects the vital role that communities, businesses, and local partners play in accomplishing the MPCA's mission to protect the environment and human health. We appreciate the inclusion of one-time grant funding in your bills. However, in order to make grant processes fair, equitable, and accountable, we need to staff the programs for the full duration of the grant cycle. I would like to work with you to find a solution that funds administrative and staffing costs in the tails where needed.
- **Waste policy and budget provisions:** Reducing the amount of waste entering our system is critical to meeting Minnesota's climate and pollution prevention goals. I appreciate the bills' inclusion of the Governor's waste prevention initiatives as well as some of the waste-related provisions advanced by your members. There have been productive discussions with stakeholders and authors on several of these items, including zero waste language. The MPCA is also tracking related components in the Omnibus Tax bill that have implications for how funding may be structured. As the bills move forward, I am committed to continuing to work to ensure that the overall package helps the state efficiently and effectively address solid waste and climate goals.

Finally, I would like to call out the tremendous work that the legislature has undertaken this year to turn off the tap of PFAS pollution. The inclusion of language in both bills to reduce future use of "forever chemicals" is a meaningful action that will prevent more Minnesota families from suffering PFAS-induced illnesses. While it is true that some uses of PFAS are essential and currently have no safer alternative, I am encouraged by the commitment of Minnesota businesses to move toward PFAS-free technologies. MPCA is confident that the rulemaking process will allow the MPCA to provide exemptions for categories of PFAS uses that cannot be eliminated by 2032. The combination of the PFAS ban legislation and ongoing resources to implement Minnesota's PFAS Blueprint will result in improved human health and environmental protections.

Once again, I would like to express my appreciation for the opportunity to work together on your bill this year. I look forward to continued conversation during the conference committee process.

Sincerely,



Katrina Kessler
Commissioner

cc: Leah Montgomery, Deputy Chief of Staff to Governor Tim Walz
Joe Birkholz, Policy Advisor to Governor Tim Walz
Rep. Josh Heintzeman, Minority Lead, House Environment & Natural Resources Finance Division
Sen. Justin Eichorn, Minority Lead, Senate Environment, Climate, & Legacy Committee



April 28, 2023

Chair Hansen, Chair Hawj, and Members of the Conference Committee on HF 2310:

I am writing to convey my appreciation for the inclusion of funding for Metropolitan Council provisions in HF 2310, the omnibus Environment, Natural Resources, Climate and Energy bill.

Modernizing Regional Parks and Trails

Governor Walz and Lt. Governor Flanagan proposed \$12 million in one-time general fund spending – which would be matched with \$2 of Metropolitan Council funds for every \$3 from the state – to support capital improvements for the Metropolitan Regional Parks System. The total amount invested in the regional parks under the Governor's proposal with the match would be \$20 million. These spaces are cared-for places to connect, build health, and access nature for millions of Minnesotans, and the need for repairs and upgrades have grown as more people used parks and trails during the pandemic, and as climate and weather events have continued to impact parks, trails, and structures. The Senate bill contains \$10 million for modernizing regional parks and trails, which the Council would match with \$6.67 million in regional funds for a total of \$16.67 million. The House bill contains \$9 million for modernizing regional parks and trails, which the Council would match with \$6 million in regional funds for a total of \$15 million. I would appreciate your consideration of funding these capital improvements at the Governor's recommended level.

Regional Parks and Trails Operations and Maintenance Funding

Governor Walz and Lt. Governor Flanagan recommended increasing regional parks operations and maintenance funding by \$2.5 million each year on an ongoing basis using general fund dollars. With 44 regional parks, 12 park reserves, 55 regional trails, and 8 special recreation features, this additional funding will help keep the whole system in good working order. Well maintained parks and trails create welcoming spaces that remove barriers, acknowledge history, and advance equity across the region. The Senate bill contains an increase of \$5 million for FY24 in one-time general funds, with an increase to the base of \$1 million annually using lottery in lieu funds. The House bill provides an increase of \$5 million for each year of the upcoming biennium (for a total of \$10 million) in one-time general funds, with an increase to the base of \$1.5 million annually using lottery in lieu funds. Additional one-time and ongoing investment in regional parks and trails operations and maintenance funding is greatly appreciated and makes a real difference in the regional parks system. With that being said, I would encourage you to provide on-going additional general funding as recommended by the Governor.

Mapping Infrastructure Climate Risk and Resiliency Opportunities

Governor Walz and Lt. Governor Flanagan recommended \$5 million to develop a climate impact assessment tool and refine and generate new data that will feed into it. This tool will help pinpoint areas and infrastructure at risk from the changing climate and extreme weather events. Local governments can use these data and tools to help prioritize funding to build and reinforce infrastructure that can withstand the impacts of these more frequent and intense weather patterns. I appreciate the House investment in this initiative at the full amount. The Senate funds this tool at \$2.5 million. I would appreciate your consideration of funding this tool at the Governor's recommended amount.

White Bear Lake Work Group

While not included in the Governor's budget recommendations, the House and Senate both included provisions relating to a White Bear Lake Work Group to study drinking water, surface water and groundwater in that area. If an agreement is made to create this working group with the Council as the convener, we would ask for sufficient funding and time to conduct this work.

I look forward to working with all of you over the next few weeks as you complete your work on the omnibus bill. Please reach out to me or Judd Schetnan with any questions or comments. We are available to meet at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles A. Zelle".

Charles A. Zelle
Chair

Mapping Infrastructure Climate Risk and Resiliency Opportunities

Governor Walz recommends a **\$5 million general fund appropriation** to create a web-based planning tool for metro area communities and watersheds to use to protect local infrastructure from the adverse effects of extreme weather events and climate change.

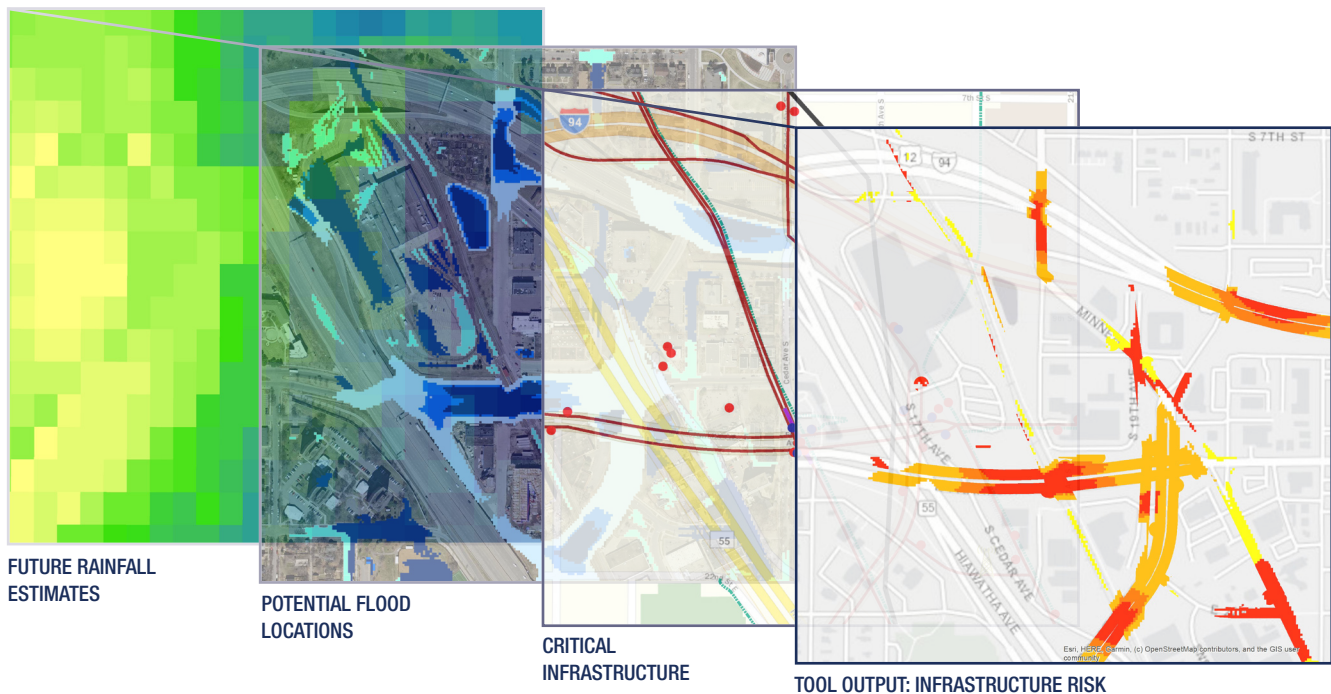
Local governments can use this resource to help prioritize funding to build and retrofit infrastructure to be resilient to more frequent and intense weather patterns.

COLLABORATION AND COOPERATION

This project aligns with the Met Council's Climate Action Work Plan commitment to support and collaborate with partners to advance regional climate adaptation efforts. It directly supports both the State Water Plan and the Minnesota's Climate Action Framework goal to build more resilient communities.

- **Improve data and modeling** Minnesota needs accurate climate data to assess vulnerabilities to the changing climate and guide planning for new and replacement infrastructure.
- **Climate-smart communities** Build the capacity of Minnesota communities to protect against and withstand the effects of climate change.
- **Healthy community green spaces and water** Expand and protect tree canopies; parks and other green spaces; and lakes, rivers, and wetlands that provide community resilience benefits.
- **Resilient buildings, infrastructure, and business:** Help the built environment and local economies become more resilient to climate change.

BRINGING INFORMATION TOGETHER TO MAKE DECISIONS



SAFEGUARDING INFRASTRUCTURE

The Twin Cities represents over half the population of Minnesota, and adverse climate impacts present increasing risk to its residents and businesses. Extreme weather events over the last decade, including flooding, severe weather, and even drought, are already impacting Minnesota's built and natural systems just like it has in other parts of the country and the world.

We have critical knowledge gaps in regional water and infrastructure data. This makes it challenging to get current and accurate information about threats to infrastructure. This project will bring updated information together in an interactive tool that will guide local government funding and design decisions around critical infrastructure used daily by residents of the region like roads, bridges, bike paths, housing, electricity, and the internet.

EMPOWERING STAKEHOLDERS

Input from a broad cross-section of city, county, watershed, and agency stakeholders shaped this proposal to support local governments, organizations, and residents of the region with current and accurate data. It can also help lessen disproportionate impacts to people experiencing inequities because of geography, historic disinvestment, or limited household resources.

- Local government staff can prioritize and target community public works projects and grant opportunities.
- State agencies can prioritize state bonding funds, and award climate and resiliency grants.
- Communities and advocacy organizations can identify areas of risk that might affect people experiencing inequities.

Infrastructure doesn't stop at the borders of city or township. That's why a regional approach is critical. Once developed, this planning and decision support toolset could be a baseline to expand statewide.

RECOMMENDING RESOURCES AND SOLUTIONS

This project will go beyond compiling data to create a map of future climate risk. It includes resources to help local organizations and communities apply that knowledge, and take the steps toward resiliency. Resources like an "Adaptation Scorecard" will highlight areas of improvement and offer a menu of potential solutions to consider.

Additionally, this proposal will build knowledge and capacity through trainings and engagement with GreenStep Cities, Minnesota GreenCorps, University of Minnesota Extension, and University of Minnesota Climate Adaptation Partnership

PROTECTING OUR FUTURE

With accurate data, effective resources, and community capacity we can proactively take steps to reduce the shocks to our infrastructure systems caused by extreme weather and truly develop regional resiliency.



Modernizing twin cities' regional parks and trails

Resilient landscapes and ecosystems

Governor Walz recommends **\$12 million** in a one-time state appropriation to be **matched by \$8 million** in Met Council dollars. This investment would provide \$20 million directly to the 10 regional park implementing agencies that own and operate the regional parks system.

This spending would go toward renewing well-used facilities, increasing accessibility for people who have a disability so the outdoors and outdoor recreation are available to all, and creating up to date features that are reliable, available, and meet the recreational needs for current and future generations.

IMPROVEMENTS AND REPAIRS ARE NECESSARY

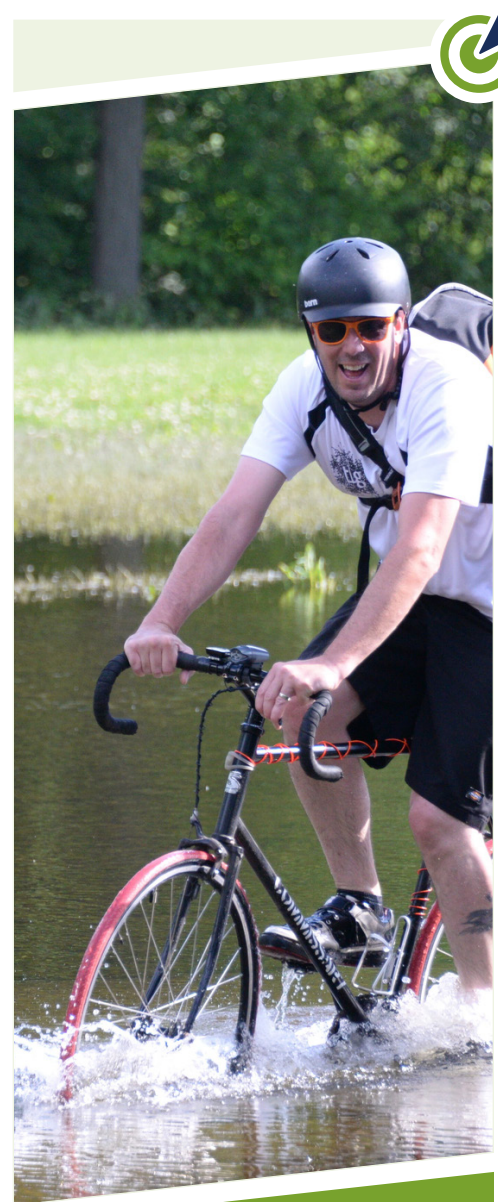
The Met Council's 2021 Regional Parks Visitor Study recurring themes included improvements like bathrooms and drinking water access, general maintenance, trail conditions, and improved signage or information.

This finding points to the many years that have had limited funds for modernization. Throughout the pandemic, more people have headed outdoors to use our parks and trails. The frequency and persistence of inland flooding, extended heat waves, and frequent freeze thaw cycles has intensified. All contributing to the growing need for repairs and improvements.

PARTNERSHIPS AND COLLABORATION

The Met Council will distribute this funding to the 10 regional park implementing agencies using the Regional Parks Bonding Program formula that is defined in the 2040 Regional Parks Policy Plan.

This proposal also complements the Minnesota Department of Natural Resources request to modernize recreational facilities across the state of Minnesota.



Extreme
weather events
impact **natural**
resources

This one-time investment will modernize outdoor recreation experiences for visitors to the regional parks and trails system.

POTENTIAL PROJECTS INCLUDE:

- Mobility or accessibility improvements
- Updating or improving facilities or infrastructure in response to persistent flooding
- Improvements in response to heating events
- Managing invasive species like Emerald Ash Borer
- Modernizing bathroom facilities
- Providing drinking water

The Met Council in partnership with the implementing agencies will determine a more detailed list of eligible projects ahead of distributing the funds.



NATURE-BASED SYSTEM PROVIDES SIGNIFICANT GREENSPACE AND WILDLIFE HABITAT



8 SPECIAL RECREATION FEATURES (LIKE COMO PARK ZOO & CONSERVATORY AND GALE WOODS FARM)



56 REGIONAL PARKS AND PARK RESERVES



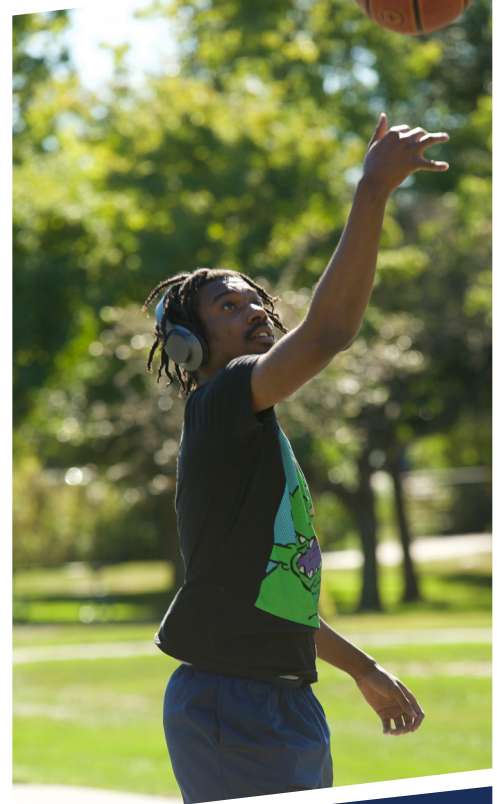
OVER 415 MILES OF INTERCONNECTED REGIONAL TRAILS



65 MILLION VISITS IN 2021



54,500 ACRES OF LAND



Fostering **wellness**, building **strong communities**



One Minnesota Budget



February 10, 2023

RE: Support for Metropolitan Council's Mapping Infrastructure Climate Risk and Resiliency Opportunities

Dear Members of the Minnesota Legislature:

My name is Ross Bintner and I am a Professional Engineer and Engineering Services Manager for the City of Edina.

I am writing in support of a Metropolitan Council initiative to establish an infrastructure risk and investment toolset that is included in the Governor's budget recommendations. This proposal has been vetted through the Governor's Climate Change Subcabinet and the Governor's Interagency Coordination Team.

Extreme weather events that have happened across the region and nation over the past decade are a visceral reminder that our climate is changing. Flooding, severe weather, and even drought are already impacting Minnesota's transportation, power, internet, water, sanitary and stormwater systems just like they have in other parts of the country and the world. In our community, we have already seen the impacts of extreme weather when early summer 2014 storms caused widespread flooding, road closures, sanitary sewer backups into homes, and emergency wastewater discharge to a surface pond near Yancey Park. The City of Edina sustained damage to streambanks and the foundation of its Browndale Bridge downstream west wing wall. Nearly 5,500 sandbags were delivered to approximately 50 homes. A major disaster was declared for the State on July 21, 2014. Tensions were high again in 2019 as the state received record precipitation causing Lake Minnetonka to rise over the emergency spillway at Gray's Bay Dam resulting in two weeks in the spring when flows to Minnehaha Creek could not be controlled.

Our organization is concerned about extreme weather events impacting our community in many different ways, including degraded water quality, overwhelmed and aging infrastructure, and structural flooding. We are preparing for extreme weather events by using updated precipitation statistics when we install and replace infrastructure as well as visualizing the risk for engineers, residents, and decision makers through an interactive web map. This tool has increased our collective awareness of the risk so that we can make better informed capital investments to reduce exposure to flooding as well as planning, programs, and outreach to reduce vulnerability to flooding across the community. While Edina has made significant investments over many years and been at the forefront of visualizing flood risk, we know many of our peer communities don't have access to these same planning tools. Further, while we're using the industry standard for updated precipitation statistics in our models, it does not look forward to future climate change scenarios. These tools are essential to prioritizing projects and spending funds in a way that best minimizes exposure and vulnerability to flooding across the community, both now and into the future.

The Metropolitan Council is proposing to use \$5 million to develop a set of tools to help local partners quantify the risks of a changing climate and prioritize strategies that mitigate risks while providing

ENGINEERING DEPARTMENT

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resources to adapt to a new climate. As the regional planning agency for the Twin Cities metro area, Met Council is the right fit to lead this effort. Climate impacts will cross jurisdictional boundaries, and many of the data needs for the toolset should be developed and maintained at a regional scale. The Met Council has shown a willingness to partner and collaborate with metro area communities and entities before on planning and wastewater efforts and their work is important for future-proofing the infrastructure across communities.

The City of Edina recommends the Senate and House support the Metropolitan Council request in the supplemental budget for the '23-25 biennium.

Sincerely,

A handwritten signature in black ink that reads "Ross Bintner".

Ross Bintner, PE
Environmental Services Manager
City of Edina
7450 Metro Blvd
Edina, MN 55439

Cc: Judy Sventek, Manager, Water Resources, Metropolitan Council
Judd Schetnan, Director, Governmental Affairs, Metropolitan Council
Hannah Pallmeyer, Government Affairs Liaison, Governmental Affairs, Metropolitan Council
Chad Millner, Engineer Director, City of Edina
Brian Olson, Public Works Director, City of Edina

ENGINEERING DEPARTMENT

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April 28, 2023

The Honorable Rick Hansen
Chair, House Environment and Natural Resources
Committee
407 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, MN 55155

The Honorable Foug Hawj
Chair, Senate Environment, Climate, and Legacy
Committee
3231 Minnesota Senate Building
95 University Ave W
St. Paul, MN 55155

Dear Representative Hansen, Senator Hawj, and members of the Environment, Natural Resources, Climate and Energy Conference Committee:

On behalf of the Board of Water and Soil Resources (BWSR), thank you for the opportunity to provide comments on House File 2310, the Omnibus Environment, Climate, and Energy Finance Bill. BWSR works in partnership with federal, state, tribal and local governments, and with landowners to achieve its mission to improve and protect Minnesota's water and soil resources.

Minnesotans value their natural resources and care about clean water, climate impacts, and productive use of their land and infrastructure. We appreciate the House and Senate's support for environment and natural resources issues as evidenced by inclusion of several key Governor's recommendations that will help improve the important work of locally-led conservation, and that are also addressed in Minnesota's Climate Action Framework.

Provisions in this bill also recognize that we are not able to do everything ourselves. By providing resources and technical assistance for local partners - and by clarifying opportunities to work with Tribal Nations and others - we can increase Minnesota's capacity to improve and protect all of our water and soil resources.

We also have a unique opportunity ahead of us. Through the Federal Inflation Reduction Act (IRA), there is a significant opportunity to leverage federal funds for efforts such as water storage, soil health practices, and enhancing and expanding conservation easements. Setting up our local governments and landowners to implement these voluntary programs can help our environment and maximize dollars that come to Minnesota.

A few priority areas that are addressed in this bill that we'd like to highlight include:

- **Support for Water Storage and Treatment Program**

Minnesota is experiencing larger and more frequent and intense rainfall events, negatively impacting agriculture production and infrastructure, causing soil erosion along riverbanks, and reducing water quality. This water storage program provides funds to farmers and local governments for projects that will slow down or temporarily hold back water from reentering streams or rivers.

This bill's water storage proposal includes funding for retention structures and basins, infiltration systems, and restoration or enhancement of wetlands, channels, and floodplains. This appropriation will help landowners, farmers, local governments, and others, to build resiliency and avoid costly damage to lands, waters, and infrastructure. We appreciate that the Senate and Governor are recommending \$17 million funding for water storage, which matches our estimated statewide needs and is expected to allow us to leverage federal funds through the US Department of Agriculture (USDA), and we support including this language as separate from other programs, which helps us clarify the goal. We stand by to work with House and Senate on language differences to address any questions conference committee members may have.

- **Support for Voluntary Conservation Easements**

BWSR appreciates the support for voluntary programs to establish conservation easements to help protect peatlands and grasslands that can allow for managed grazing or haying, which the Governor had also

recommended at higher levels. There is also a need to enhance our existing easements from this long-time program to meet the needs of Minnesota's changing climate.

BWSR appreciates the House and Senate recognizing the benefits of peatland and grassland easements, and their impacts on carbon sequestration and native habitat. BWSR also appreciates the House recognizing the need for enhancing existing easements and will continue to advocate for funding these conservation tools at the Governor's recommended level.

- **Support for Habitat Enhancement Programs**

BWSR'S Habitat Enhancement Landscape Programs – which include Lawns to Legumes and Habitat-Friendly Utilities – are popular programs that Minnesotans can use to support pollinator habitat at homes, in neighborhoods, along utility corridors, and as part of larger tracts of land in communities across the state. The Habitat Enhancement Landscape Programs provide financial assistance, training, and resources to individuals who wish to create pollinator-friendly habitat. BWSR appreciates the Senate's support for all three components matching the Governor's recommendations. We also appreciate the House's support for the Habitat Enhancement Program including Lawns to Legumes and hope to continue discussing the opportunity to enhance and expand pollinator habitat at solar and other utility sites.

- **Support for Accelerated Soil Health Practices**

Soil health is the soil's ability to sustain agricultural crop productivity while providing essential functions such as regulating water, filtering and buffering pollutants, and cycling nutrients without resulting in soil degradation or otherwise harming the environment. One of the best ways to improve soil health is to keep farmland covered with vegetation for much of the year. Practices such as cover crops, reduced tillage, and planting perennial vegetation (known as continuous living cover) help to increase organic matter and build healthier soils.

As part of the Governor's Climate initiative, BWSR provides the technical and financial assistance through its existing partnerships that complements the Department of Agriculture's soil health equipment program. Through local partners, BWSR provides technical and financial assistance to farmers and can help them overcome the barriers to implement soil health practices to achieve water quality, soil productivity, climate change resiliency, and carbon storage.

BWSR appreciates the Senate's recommended funding, which closely matches the Governor's recommendation. We are available to discuss the soil health initiative with House members to highlight the importance of a clearly-designated soil health program, which allows us to increase opportunities to leverage federal funds and may reduce complexity in state programs. We are ready to provide expertise and support to the conference committee to work toward the Governor's recommendation to address these opportunities and challenges.

- **Support for Tribal Liaison**

BWSR appreciates both the House and Senate recognizing BWSR'S need to comply with the requirements for formal consultation and coordination with Minnesota's eleven Tribal nations and helps us to meet statutory requirements enacted by the Legislature in 2021.

- **Support for budget-neutral policy changes**

Finally, we would like to thank both the House and Senate including the budget neutral policy language changes that will bring greater efficiency into BWSR's expenditure of state funds.

We appreciate your commitment to protecting and improving Minnesota's environment and natural resources and are committed to working towards solutions with you and others through the conference committee process.

Sincerely,



John Jaschke, Executive Director, Board of Water and Soil Resources

Cc: Joe Birkholz, Policy Advisor to Gov. Tim Walz and Lt. Gov. Peggy Flanagan



MINNESOTA ZOO

FY 2024 – FY 2025 Budget Request

Dear Conferees,

We thank you for inclusion in the House and Senate Environment, Natural Resources, Climate and Energy Omnibus bills; HF2310 and SF2438.

Today, we are grateful for the opportunity to testify in support of HF2310.

The funding level included in SF2438 will not allow the Minnesota Zoo to maintain its current level of services; therefore, we respectfully request the adoption of the House position for inclusion in the final bill.

Funding, as included in HF2310 will allow the Minnesota Zoo to:

- Maintain world-class zoo experience and highest quality animal care
- Continue revenue-generating initiatives vital to sustainable business model
- Address rapidly rising costs outside of Zoo's control
 - Employee compensation, animal care, safety and security, maintenance, utilities, fuel
- Remain accessible to Minnesotans by keeping price increases modest
 - Data shows cultural institutions across the country are increasing admission prices substantially; some as much as 33% per guest ticket. With the funding included in HF2310, we can keep price increases modest so that the Minnesota Zoo; a state agency, remains affordable for families, schools, and guests of all ages.

Additionally, the \$850,000 as a one-time investment to improve public safety and security at the Minnesota Zoo will greatly improve the Zoo's ability to maintain safety and security for over 1-million annual visitors by supporting critical public safety and security upgrades, including:

- Expanded security camera coverage (\$110,000)
- Installing badge readers or re-coring locks in highest priority areas (\$295,000)
- Upgrade of radio system from analog to digital (\$135,000)
- Replacement of an obsolete analog phone system (\$310,000)



Questions? Contact Missy McGrath, Director of Legislative Affairs
(952) 431-9299 or missy.mcgrath@state.mn.us

A Unique State Agency



- ✓ 44 year-old campus
- ✓ 5th largest zoo in the country
- ✓ 1.3 million visitors/40,000 household members in a typical year
- ✓ Private/public partnership
 - ~1/3 operating support from the State
 - ~2/3 operating budget is earned and contributed revenue

Voted Minnesota's Best....



Minnesotan's have voted the Minnesota Zoo as....

- 2021 and 2022: Best place to take visitors
- 2021 and 2022: Best spring destination
- 2021 and 2022: Best summer destination
- 2021 and 2022: Best outdoor education
- 2021 and 2022: Best family attraction
- 2022: Best summer camp
- 2022: Best day trip
- 2022: Best animal non-profit//agency
- 2022: Best family fun center



Thank you for supporting the Minnesota Zoo



HF2310	SF2438
<p>FY24:</p> <ul style="list-style-type: none">• \$2.87M increase• \$850K Safety & Security• \$255K to address emerald ash borer on campus <p>FY25:</p> <ul style="list-style-type: none">• \$3.29M increase	<p>FY24:</p> <ul style="list-style-type: none">• \$1.5M increase• \$850K Safety & Security <p>FY25:</p> <ul style="list-style-type: none">• \$1.5M increase
<p>Please consider adoption of the House position for inclusion in the final bill, so the Minnesota Zoo can continue to be a world-class destination proudly serving more than 1-million guests each year.</p>	

May 1, 2023

Representative Rick Hansen, Chair
Environment and Natural Resources Finance and Policy Committee
407 State Office Building
St. Paul, MN 55155

Representative Patty Acomb, Chair
Climate and Energy Finance and Policy Committee
593 State Office Building
St. Paul, MN 55155

Senator Fong Hawj, Chair
Environment, Climate, and Legacy Committee
95 University Avenue W.
Minnesota Senate Bldg., Room 3231
St. Paul, MN 55155

Senator Nick A. Frentz, Chair
Energy, Utilities, Environment, and Climate Committee
95 University Avenue W.
Minnesota Senate Bldg., Room 3109
St. Paul, MN 55155

Dear Representative Hansen, Representative Acomb, Senator Hawj, Senator Frentz, and members of the Environment, Natural Resources, Climate and Energy Conference Committee:

I write to express my strong support for many of the provisions in both versions of **HF 2310**, Environment, Energy and Climate Omnibus Bill, which includes Department of Commerce Division of Energy policy and budget items. Within the Energy sections of **HF 2310**, it includes important policy and budget items poised to benefit every Minnesotan and help the Commerce Department to continue with its goal to promote clean, reliable, and affordable energy for Minnesota homes and businesses.

While recognizing that not all the funding levels line up exactly, I am deeply grateful to see The Governor's Budget for Commerce has been included in **HF 2310**, namely:

- **Pre-weatherization and workforce training program** to provide more services to additional income-eligible households throughout Minnesota;
- **Strengthen Minnesota homes program** to make homes more resilient to MN's ever-changing climate;

Representative Hansen & Representative Acomb
Senator Hawj & Senator Frentz
May 1, 2023
Page Two

- **Solar for Schools** to expand this highly popular program to reduce energy costs in schools and serve as a teaching tool for students;
- **The ongoing Grid Reliability Assessment** to ensure effective state, regional, and national planning efforts are coordinated;
- **Energy Resources and Planning** funding to be responsive to an increase in the number and complexity of regulatory proceedings; and finally
- **Continuing agency operations** so that we have the continued capacity to be effective stewards of resources.

I also want to express my gratitude and support for including a modified version of a high priority Commerce Department policy proposal in this omnibus, **SF 1968 (Kunesh) Tribal Advisory Council on Energy**.

I look forward to working with you during the conference committee process to address remaining issues in the Energy Articles of HF2310 including missing administrative costs for the department and programmatic language changes. My staff and I are available as a resource to this committee in assembling the final committee report.

Sincerely,



Grace Arnold
Commissioner

May 1, 2023

Representative Patty Acomb
Representative Rick Hansen
Representative Athena Hollins
Representative Sydney Jordan
Representative Larry Kraft

Senator Julia Coleman
Senator Nick Frentz
Senator FOUNG Hawj
Senator Jennifer McEwen
Senator Tou Xiong

Dear HF 2310 conferees,

Thank you for the opportunity to provide comments on the Climate and Energy budget and policy provisions contained in this important legislation. The purpose of this letter is to highlight the few outstanding issues that the Public Utilities Commission (PUC or the Commission) has with the two versions of HF 2310 before you. We appreciate your hard work this session, your support of the Public Utilities Commission, and your responsiveness to issues we have expressed throughout the process.

As you know, the Commission regulates three cornerstone service industries in Minnesota's economy—electricity, natural gas, and telephone—with the goal of ensuring that the public receives utility service that is safe, reliable, and affordable.

Budget Article:

Thank you to both the House and Senate for supporting the Governor's recommendations for the PUC operating budget and providing funding to implement new policies as outlined in the fiscal notes submitted this session. Over the past decade, the Commission's regulatory oversight, especially in electric and gas utilities, has increased in response to state policies, market dynamics, and evolving utility business models and energy technologies. Furthermore, the Commission has welcomed an increasing volume of public comments and widespread interest in energy issues. At the same time, the work required to fulfill the Commission's traditional regulatory responsibilities has become increasingly challenging, as energy utilities implement new programs and the energy industry transitions towards a cleaner, more connected, and more complex grid. Passage of this budget bill will allow the Commission to efficiently implement regulatory proceedings with robust public engagement.

Should the conference committee include the sections on securitization, currently in the Senate omnibus policy bill, we would ask that funding be provided as outlined in the fiscal note, \$171,083/year for staffing requirements. These costs are recoverable through utility assessment, and thus General Fund neutral; however, it is important that staffing resources are made available to implement these provisions and thoroughly evaluate proposals for securitization.

Policy Article:

Below are some considerations that we would like to flag for conferees to ensure the Commission can efficiently implement the new laws and preserve its core utility oversight functions.

Energy storage (Side by Side Page R44-R46; R131-R137)

The House bill includes specific and prescriptive language on energy storage deployment targets. The Commission is already actively evaluating the appropriate level of storage for the public utilities in our Integrated Resource Plans, and we believe that this process will be able to appropriately ensure that storage is deployed in a way that benefits the public and achieves the 100% carbon-free goal already passed into law.

Additionally, the House bill would require the PUC to begin issuing permits for energy storage over 5 MW, which is not a permitting activity the agency has performed to date. We think it is a good idea to have a statewide permitting requirement for storage facilities, but we have some concerns that the 5 MW threshold could result in a very large number of permitting dockets for storage installations. For comparison, the threshold for a site permit for a large electric power generating plant is 50 MW. At a minimum, the Committee may want to consider raising the storage permitting threshold to at least 10 MW, as projects at that size and under will tend to be distribution connected. This would line up with Minn. Stat. 216B.1611 Interconnection of On-Site Distributed Generation. We anticipate that going forward, public utilities are most likely to install large energy storage facilities; smaller municipal and cooperative utilities are more likely to install distribution connected storage facilities under 10 MW. Setting the threshold at 5 MW could cause a large flood of applications at the PUC and burden small, rural utilities seeking to better manage and balance load for their members.

Finally, the House bill requires a utility to file an application before installing an energy storage system; this is separate from the site permitting requirements in that bill and potentially duplicates the information already required in a site permit application.

Electric Vehicles (Side by Side Page R34-R38)

Overall, the PUC prefers the Senate language on EVs to the House language. The Senate language incorporates changes that PUC staff has suggested throughout the legislative session that preserve the Commission's ability to balance ratepayer interests with public policy goals, while aligning the new law with current PUC proceedings.

Community Solar Gardens (Side by Side Page R27-R33)

The PUC appreciates the hard work undertaken in both bodies on this program. However, expanding the current program, as proposed by the House, will likely exacerbate the rate impacts and interconnection challenges that were discussed in committee.

Utility diversity reporting (Side by Side Page R129-R131)

The PUC supports this provision. The agency has required some DEI reporting from the regulated utilities in a number of dockets, but the information provided by utilities in compliance filings has been hard to

come by and sometimes incomplete. Having a statewide policy and reporting standard is in the public interest. Additionally, we support the PUC-led annual stakeholder workshop contained in the House bill, building off of the work the Commission did with the Energy Utilities Diversity Stakeholder Group, starting in 2019.

Pipeline rulemaking language (Side by Side Page R137-R138)

The PUC would ask that the committee consider adopting the language in the Senate bill adding definitions of “gas” and “hazardous liquid” to Minn. Stat. 216G.02, and provide explicit authority for the PUC to use the good cause exemption for expedited rulemaking. The PUC has already begun this rulemaking process following a lengthy proceeding on carbon pipeline permitting. This language, however, would streamline our process significantly, clarifying that carbon pipelines are subject to PUC permitting.

Prairie Island Agreement (Side by Side Page R38-R39)

The legislation in both versions would require the Commission to authorize some amount of cost recovery from Xcel customers, rather than the Company’s shareholders, to pay increased costs over the life of the plant. While the rest of this bill preserves the Commission’s discretion to consider ratepayer impacts in implementing various policy initiatives, this section would require ratepayer recovery to fund this agreement. The Commission appreciates the efforts of the Prairie Island Indian Community and Xcel Energy to come to an agreement over the proposed extension of the Prairie Island Nuclear facility, however, we would prefer to see some limit or cap on the costs that may be passed to ratepayers.

Thank you for your consideration of these issues. We are available as a resource to the conference committee as you complete your work. Please reach out to us with any questions as the conference committee process moves forward.

Sincerely,



Will Seuffert
Executive Secretary

Equal Opportunity Employer