TO: Peter Strohmeier, House Environment Finance Committee Administrator
FROM: Becca Nash, LCCMR
DATE: February 26 2020
SUBJECT: Availability of funds due to a withdrawal from prior ENRTF appropriation

Summary

The City of Melrose provided the Legislative-Citizen Commission on Minnesota Resources (LCCMR) with a city resolution stating that they will no longer be pursuing the “Sauk River Dam Removal and Rock Rapids Replacement” project that had received an Environment and Natural Resources Trust Fund (ENRTF) appropriation in M.L. 2019 in the amount of $2,768,000. The City attended the LCCMR’s January 16, 2020 meeting to provide further explanation. As a result, the LCCMR voted at that meeting to allow the legislature to have discretion on how these returned funds would be spent. Fifteen LCCMR members were present. Approval of this motion was unanimous by voice vote.

<table>
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<th>Original Appropriation</th>
<th>Fiscal Year of Appropriation</th>
<th>Amount Appropriated</th>
<th>Availability of Funds</th>
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<td>M.L. 2019</td>
<td>FY 2020</td>
<td>$2,768,000</td>
<td>June 30, 2022</td>
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Availability of Funds

The funds were appropriated from the Environment and Natural Resources Trust fund as M.L. 2019, First Special Session, Chp. 4, Art. 2, Sec. 2, Subd. 8 (c) and per Subd. 12 are available until June 30, 2022.

Subd. 8 (c). Sauk River Dam Removal and Rock Rapids Replacement. $2,768,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Melrose to remove an existing fixed-elevation dam, construct a rock arch rapids, and conduct in-stream and shoreline habitat restoration to improve water quality and native fish passage in the Sauk River. This project requires a match of at least $1,400,000 that must be secured before trust fund money is spent. At least $700,000 of this match must come from the city of Melrose. City of Melrose expenses for the Sauk River dam removal and rock rapids replacement incurred before July 1, 2019, may be counted toward the match.

Subd. 12. Availability of Appropriations

Money appropriated in this section may not be spent on activities unless they are directly related to and necessary for a specific appropriation and are specified in the work plan approved by the Legislative-Citizen Commission on Minnesota Resources. Money appropriated in this section must not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a
specific appropriation. Costs that are directly related to and necessary for an appropriation, including financial services, human resources, information services, rent, and utilities, are eligible only if the costs can be clearly justified and individually documented specific to the appropriation’s purpose and would not be generated by the recipient but for receipt of the appropriation. No broad allocations for costs in either dollars or percentages are allowed. Unless otherwise provided, the amounts in this section are available until June 30, 2022, when projects must be completed and final products delivered. For acquisition of real property, the appropriations in this section are available for an additional fiscal year if a binding contract for acquisition of the real property is entered into before the expiration date of the appropriation. If a project receives a federal grant, the time period of the appropriation is extended to equal the federal grant period.

If the legislature takes no action on this prior appropriation, the appropriation will cancel on June 30, 2022 and, per M.S. 116P.11, funds will be credited to the corpus of the ENRTF. Because we are still in the same fiscal year in which the original appropriation was made, the funds can be cancelled and re-appropriated. Otherwise, the purpose and availability of the funds may be adjusted up until June 30, 2022.

116P.11 AVAILABILITY OF FUNDS FOR DISBURSEMENT.
(a) The amount annually available from the trust fund for the legislative bill developed by the commission is as defined in the Minnesota Constitution, article XI, section 14.
(b) Any appropriated funds not encumbered in the biennium in which they are appropriated cancel and must be credited to the principal of the trust fund.

Precedence
Projects do get withdrawn and funds unspent occasionally for various reasons. Funding is either returned to the corpus of the ENRTF per M.S. 116P.11, or they may be re-purposed before the appropriation expires. Re-purposing funds for other projects has occurred both through LCCCMR recommendation process and through the Legislature. Per

Materials
- 12/19/19 Resolution by the City of Melrose rescinding ENRTF funding