

Lessard-Sams Outdoor Heritage Council

MEMO: **Agenda Item #6**
DATE: March 26, 2024
SUBJECT: Legislative Extension of Time
 Restoring the Upper Mississippi River at Lake Pepin
 ML 2019, 1st Sp. Session, Ch. 2, Art. 1, Sec. 2, subd 5(o) - \$750,000
PRESENTER: LSOHC Staff

Suggested Motion:

Motion by Councilmember XX to approve an extension of the availability of the appropriation until June 30, 2028, with the following requirements:

1. Lake Pepin Legacy Alliance submits all necessary documentation to come back into compliance with DNR Grants Management.
2. Quarterly reconciliation reports of all receipts and overall project progress are submitted to LSOHC and DNR until project completion.

If Lake Pepin Legacy Alliance fails to perform above requirements #1 and #2 the LSOHC encourages DNR Contracts Management to terminate the Outdoor Heritage Fund grant contract with Lake Pepin Legacy Alliance.

Nine affirmative votes from the Council are needed for a recommendation to the legislature.
97A.056, Subd. 3(e) Recommendations of the council, including approval of recommendations for the outdoor heritage fund, require an affirmative vote of at least nine members of the council.

Background:

In preparing for the end of this appropriation, staff were working with DNR and LPLA to figure out the status of the project and the spending of the advancement of funds. It came to light that this project is behind schedule and has not been meeting reporting obligations.

An email on March 7, 2024, from LPLA stated:

1. Funds spent to date for the items in the approved amendment: \$0. Only federal funding has been used to date. \$3.5 million was spent by the Corps from their federal funds.
2. 17 acres of new floodplain forest has been started.
3. The timeline for the remaining acres and funds is 2-3 years.

This came as a surprise to staff because there has been no indication in the status updates from LPLA that the project was behind schedule.

LPLA is requesting an extension of funding availability until June 30, 2028. If the Council were to recommend the extension, LSOHC and DNR staff feel it's necessary that all reporting requirements are met in the future without exception. Any failure to meet these requirements should result in termination of the LPLA DNR grant contract.

Additional Background:

In May 2022, the Lake Pepin Legacy Alliance came to the Council to request an advancement of funds. The advancement and major accomplishment plan (AP) revisions were approved by the Council with the following caveats:

*"The approval requires that **quarterly reconciliation reports of all receipts** showing costs spent and the entire amount being reconciled within a year. In order to facilitate the advance payment, Lake Pepin Legacy Alliance must agree to provide detailed invoices to demonstrate the OHF dollars were spent by the Army Corps in accordance to their approved work plan. These invoices will show expenses reasonably incurred on the project. The Alliance must be able to demonstrate the exact items OHF funds paid for in the completion of the overall project. The Alliance will provide quarterly updates on these expenditures, and **funds must be fully reconciled by June 30, 2023.**"*

DNR Contract Management has not received quarterly reconciliation reports since the May 2022 approval, even after several requests were made.

The Office of Grant Management (OMG) Policy 08-08 specifically states, "All advance payments on grants over \$50,000 must be reconciled within 12 months of issuance or within 60 days of the end of the grant period (June 30, 2024).

As a reminder to Councilmembers:

At the Council's May 24, 2023 meeting, a motion was adopted placing restrictions on requests for extensions to OHF appropriations. The restrictions are outlined in the following points:

- Appropriation extension requests will only be considered with delineated extraordinary circumstances related to weather or unforeseen last-minute circumstances.
- Appropriation extension requests must be submitted for Council review no later than the Council's November meeting to provide necessary time for Council consideration and potential bill language inclusion.
- Extension requests must be accompanied by a well-defined plan toward project completion that provides the Council with confidence in project success.
- Appropriation extension amendments should not include an increase in personnel or DSS.

Attachments:

- Email from DNR Contract Management
- Office of Grants Management Policy 08-08
- Letter of Extension Request from Lake Pepin Legacy Alliance
- Links to previous meeting materials from May 25, 2022: [Memo - Advancement of Funds](#) / [Email from Lake Pepin Legacy Alliance](#)
- Restoring the Upper Mississippi River at Lake Pepin, Phase 1 Accomplishment Plan