

**Minutes**  
**LEGISLATIVE AUDIT COMMISSION**  
**March 8, 2012**

Members Present:

Representative Michael Beard  
Representative Rick Hansen  
Representative Mary Liz Holberg  
Representative Phyllis Kahn

Members Absent:

|                                |                        |
|--------------------------------|------------------------|
| Representative Sondra Erickson | Senator David Hann     |
| Representative Steve Simon     | Senator James Metzen   |
|                                | Senator Mike Parry     |
|                                | Senator Roger Reinert  |
|                                | Senator Ann H. Rest    |
|                                | Senator Claire Robling |

Representative Michael Beard, Chair, called the Legislative Audit Commission meeting to order at 12:32 p.m. Representative Beard said the purpose of the meeting was to release the evaluation, *Helping Communities Recover from Natural Disasters*.

Representative Beard introduced Jim Nobles, Legislative Auditor. Mr. Nobles gave a brief overview of the evaluation and then introduced Jody Hauer, Evaluation Manager, to give more details. Ms. Hauer explained that disaster recovery means returning damaged communities to their status prior to the disaster, to the extent possible. She said disaster recovery is one of four components of disaster relief; the other components are preparation, response, and mitigation. She said that the Department of Public Safety's Homeland Security and Emergency Management (HSEM) coordinates the assistance in Minnesota. *Minnesota Statutes* 2011, chapter 12A, lays out the framework for recovery involving 13 state agencies and is used only for disasters with presidential declarations of disaster. The report found that Minnesota lacks criteria for invoking state aid for disasters without presidential declarations. With a presidential declaration, FEMA pays 75 percent of recovery and requires a 25 percent match. Most recently, the state paid the full 25 percent. However, in 2008 and earlier, the state paid 15 percent, and local governments paid 10 percent with a few exceptions. The law for the Flood Hazard Mitigation Grants Program requires a 50/50 split of costs between state and local governments. The state has increasingly paid the local share, however, and it has been inconsistent. Ms. Hauer said that the report made the following recommendations to the Legislature: 1) the Legislature should set criteria for funding disasters without a presidential declaration, and if it does so, it should then consider establishing a dedicated account to fund initial recovery costs; 2) the Legislature should set criteria for state and local government shares of project costs both with the required 25 percent match for FEMA aid and the Flood Hazard Mitigation Grants Program; and 3) the Legislature should authorize interagency transfers of bond proceeds for capital projects. The report made the following recommendations to state agencies: 1) HSEM should lead other state agencies in evaluating and improving recovery activities; 2) state agencies should assess recipients' perceptions of recovery aid and others' satisfaction in the process and whether potential applicants receive the information they need; and 3) the departments of Commerce and Natural Resources should assess requiring individuals who have received state recovery aid to maintain flood insurance on their properties if they are to be eligible for future recovery aid.

After some discussion among the members, Representative Beard invited the agency representative to address the commission. Ms. Kris Eide, Director, Homeland Security and Emergency Management, Department of Public Safety, said she really appreciated the selection of this topic as an evaluation and felt that it was unbiased and accurate. She said that back in 1999, the Legislature directed the departments of Finance and Public Safety and the Minnesota Planning Agency to do a similar study, and that report made some of the same recommendations. She said that every disaster is different and must be handled differently. Ms. Eide explained that HSEM has 70 employees; 15 work directly for Emergency Management and only 1 handles all the coordination of recovery. She said the gap is with those disasters that don't meet the threshold to receive federal aid. She also said that HSEM is committed to working with the other state agencies to really look at disaster recovery and increase their effectiveness. Kent Lokkesmoe, Department of Natural Resources, came to the table to answer a question from Representative Hansen regarding the response funds. Mr. Lokkesmoe also added that the Minnesota Recovers Task Force really works and has made the state significantly more flood resilient than it was before all of the disasters.

With no further business, the meeting was adjourned at 1:43 p.m.

---

Representative Michael Beard, Chair

---

Shelly Watterud, Recording Secretary