



---

# Natural Resource Damage Account

**Annual Legislative Report**  
**December 31, 2023**

---

## Legislative Charge

By November 1 each year, the commissioner of natural resources must submit a report to the chairs and ranking minority members of the House of Representatives and Senate committees and divisions with jurisdiction over environment and natural resources policy and finance on expenditures from the natural resources damages account during the previous fiscal year.

Minnesota Department of Natural Resources  
Natural Resource Damage Assessment Program  
500 Lafayette Road North  
St. Paul, MN 55155  
(Phone) 651-259-5156  
[randall.doneen@state.mn.us](mailto:randall.doneen@state.mn.us)

As requested by Minnesota Statute 3.197, this report cost approximately \$500 to prepare, including staff time, printing and mailing expenses.

*Upon request, this material will be made available in an alternative format such as large print, Braille or audio recording. Printed on recycled paper.*

## Table of Contents

|                                                                      |   |
|----------------------------------------------------------------------|---|
| Natural Resource Damage Account.....                                 | 1 |
| Legislative Charge .....                                             | 2 |
| NRDA Legislative Report Executive Summary .....                      | 4 |
| Assessment and Restoration Planning Activity .....                   | 5 |
| Restoration Project Implementation.....                              | 5 |
| Program Restoration Projects Cumulative Benefits .....               | 5 |
| Future NRDA Work .....                                               | 6 |
| NRDA Program and Restoration Projects Past and Future Spending ..... | 6 |
| Expenditures .....                                                   | 7 |

## NRDA Legislative Report Executive Summary

Wildlife, water, air, and other natural resources can be harmed when petroleum or hazardous substances are released into the environment. These natural resources, and benefits/opportunities provided by natural resources, belong to all Minnesotans. State co-trustees assess injuries to natural resources resulting from releases of petroleum and hazardous substances and may pursue a Natural Resource Damage Assessment (NRDA) claim against the party (parties) responsible for the release. The goal of the NRDA Program is to rehabilitate, restore, or acquire natural resources to compensate for injuries or losses to natural resources resulting from the release of hazardous substances or petroleum by:

1. Assessing injury to natural resources and lost human use services provided by natural resources.
2. Seeking compensation for damages from the responsible party
3. Planning and implementing restoration projects

The Governor's April 5, 2019, Executive Order #19-29 authorizes the Commissioners of Natural Resources and the Pollution Control Agency as co-trustees for natural resources in Minnesota under CERCLA, 42 U.S.C. § 9607(f), the Clean Water Act, 33 U.S.C. § 1321 9f) and the Oil Pollution Act of 1990, 22 U.S.C., as well as Minnesota Environmental Response and Liability Act, Minn. Stat. 115B.17, subd. 7 and State Pollution Control Act, Minn. Stat. 115.071.

Minnesota's NRDA statute (Minn. Stat. § 115B.172), within the Minnesota Environmental Response and Liability Act, requires the Department of Natural Resources (DNR) to provide a report to the Minnesota Legislature on expenditures from the NRDA account during the previous fiscal year. This report fulfills the requirement and covers FY 2023 (July 1, 2022, to June 30, 2023) activities. NRDA staff also assist with the 2018 3M NRDA Settlement implementation. Efforts on 3M, including staff costs, are reported annually and separately from the general NRDA program.

NRDA program highlights in FY 2023 included:

1. Entered into a settlement agreement with Douglas Corporation, located in St. Louis Park, on May 2, 2023, for \$1,375,000 This settlement compensates the public for injured and lost natural resources including groundwater, surface water and recreational fishing opportunities as a results of releases of certain PFAS compounds and chromium. The co-trustees will identify restoration projects that will restore and enhance surface water and groundwater quality, fisheries, natural resource improvement and outdoor recreational opportunities.
2. Actively managed multiple NRDA cases (St. Regis, US Steel, etc.), including participation in three formal trustee councils with federal and tribal trustees to conduct injury assessments and implement restoration projects to offset the injuries.
3. Continued implementation of stream stabilization restoration along Kingsbury Creek (total project costs of \$500,000), which will be completed in 2023. The Kingsbury Bay restoration project, completed in 2021, removed excess sediment to reestablish a diverse marsh, create more open-water habitat, and increase recreational opportunities. For more information on this restoration project progress, visit [St. Louis River Restoration Initiative | Minnesota DNR \(state.mn.us\)](https://state.mn.us/st-louis-river-restoration-initiative) and select the Kingsbury Bay and Grassy Point and Kingsbury Creek Watershed tabs.

The NRDA Program spent \$243,910 on project implementation and administrative costs in FY 2023 to accomplish these and other activities. The largest expenditure was \$158,029 for the Kingsbury Creek projects, including the stabilization of several segments of Kingsbury Creek to reduce excessive sedimentation to Kingsbury Bay.

Future NRDA work includes striving to settle cases that are in progress, and restoration planning work to identify projects for two settlements. Program administration is currently funded by a limited portion of revenue available from some settled NRDA cases, account interest and funding agreements. This account does not receive any appropriations from state or federal governments, and therefore limits the program capacity. DNR and MPCA are evaluating potential funding options to continue the important work of the NRDA program.

## Fiscal Year 2023 NRDA Program Accomplishments

### Assessment and Restoration Planning Activity

1. The NRDA assessment process consists of case screening, preliminary identification of potential injuries, assessment studies to determine injury, damage quantification and initial restoration planning. In FY2023, Minnesota participated in three formal Trustee Councils, each represented by federal, state and tribal natural resource managers, for three complex Super fund cases; St. Louis River: Interlake/Duluth Tar and US Steel cases and St. Regis in Cass Lake, Minnesota.
2. The trustee council entered into a funding agreement with US Steel to allow participation in the injury assessment and restoration planning processes cooperatively for the US Steel Duluth Superfund site case.
3. The state co-trustees achieved a settlement with Douglas Corporation, located in St. Louis Park on May 2, 2023, for \$1,375,000. for past releases of chromium and PFAS compounds from the facility. This settlement compensates the public for injured and lost natural resources including groundwater, surface water and recreational fishing opportunities. The co-trustees will identify restoration projects that will restore and enhance surface water and groundwater quality, fisheries, natural resource improvement and outdoor recreational opportunities. Projects are targeted in locations east of Highway 169 within the lower watershed of Minnehaha Creek and in other locations that would benefit impacted areas.

### Restoration Project Implementation Activity

1. The 2017 St. Louis River: Interlake/Duluth Tar settlement for \$8.2 million dollars provided funds for four restoration projects. The DNR is managing two of these projects; one of which is completed, and the other is underway ([www.dnr.state.mn.us/st-louis-river-restoration/index.html](http://www.dnr.state.mn.us/st-louis-river-restoration/index.html)):
  - Kingsbury Bay restoration project restored 70 acres of shallow, sheltered embayment habitat. Construction was completed in November 2021 and was part of the DNR Kingsbury Bay-Grassy Point Habitat Restoration Project. In addition, the DNR purchased and installed a new fishing pier in Kingsbury Bay; and
  - Kingsbury Creek watershed project will result in a reduction of sediment deposition to Kingsbury Bay, improving water quality and protecting against degradation of the shallow sheltered embayment habitat. This project is 95% complete at the end of 2023. Additional vegetative seeding and plantings will complete the project in spring 2024.

## Program Restoration Projects Cumulative Benefits

From 1995-2023, Minnesota's NRDA Program has funded or supported 39 restoration projects, with a value of \$19.5 million across Minnesota (includes projects currently being implemented). Restoration projects provide multiple benefits to natural resources and human use services such as outdoor recreation. The list below identifies the quantifiable benefits for projects completed and planned under Minnesota's NRDA Program, with some projects having more than one primary benefit:

| Project Types                                         | #Projects | Benefits/Metrics                              |
|-------------------------------------------------------|-----------|-----------------------------------------------|
| Habitat and Shoreland Protection                      | 17        | 2489 Acres                                    |
| Habitat Restoration for Improved Ecosystem Services   | 13        | 360 Acres                                     |
| Debris Removal                                        | 1         | 114,000 Yds <sup>3</sup>                      |
| Stream Habitat Restoration                            | 1         | 2300 Linear Feet                              |
| Air Emissions Reduction                               | 3         | 118,404 Pounds/yr.                            |
| Recreational/Cultural (Tribal) Opportunities          | 12        | Trails, fishing access, cultural preservation |
| Groundwater Protection/Recharge/Conservation Projects | 2         | Groundwater quantity and quality              |
| Other Research/Education Opportunities                | 2         | Enhanced information and public knowledge     |
| Surface Water/Stormwater Projects                     | 2         | Surface water quality improvements            |

## Future NRDA Work

1. Explore long term funding options to support the NRDA program:
  - The DNR and MPCA NRDA program is currently staffed with 1.5 FTE and is funded solely from the NRDA account within the Remediation Fund established under Minn. Stat. § 115B.172. The NRDA account receives settlement funds, account interest and funding agreements that are used to support injury assessment, restoration projects that compensate for the injury and program administration. As the agencies do not receive any state or federal funding to fulfill trustee authorities, program capacity is limited. The DNR and MPCA are currently evaluating potential sustainable solutions for funding the important work of the NRDA program.
2. Injury Assessment:
  - Continue work on several existing cases, prioritizing Responsible Party-funded assessments and state-only cases; and
  - Screen several new cases as needed and potentially start one new case as capacity allows.
3. Restoration Project Implementation:
  - St. Louis River Interlake/Duluth Tar Settlement (2017): Monitor recovery of restored marsh/open water habitat and wild rice reestablishment in Kingsbury Bay (Project construction completed in November 2021, DNR lead); complete Kingsbury Creek restoration projects (FY2024, DNR lead); and support two additional trustee projects in development;
  - Douglas Corporation Settlement (2023): Identify and implement restoration projects; and
  - Northwest Refinery Settlement (2012): Identify and implement restoration projects.

## Expenditures

### Expenses related to the Natural Resource Damage Account (115B.172)

Covering the period July 1, 2022 - June 30, 2023

|                                                                                                                                                                                                                                                     |                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| <b>Balance as of July 1, 2022</b>                                                                                                                                                                                                                   | <b>\$778,145</b>   |
| <b>Revenue</b>                                                                                                                                                                                                                                      | <b>\$1,286,326</b> |
| <b>Expenditures (FY 2023)</b>                                                                                                                                                                                                                       |                    |
| <i>Injury/Damage Assessment and Restoration Planning (\$40,000 payment from the account to MPCA for contractual expenditures occurred in FY2022). FY2023 MPCA contractual spending was \$12,570. No DNR funds were transferred in FY23 to MPCA.</i> | <b>\$0</b>         |
| MPCA and DNR selected Abt Associates as consultants to provide expertise with natural resource damage assessment and restoration planning activities. Abt Associates is providing an essential supplement to existing agency staff capacity.        |                    |
| <i>Restoration Project Implementation</i>                                                                                                                                                                                                           | <b>\$158,029</b>   |
| For the St. Louis River Interlake/Duluth Tar (SLRIDT) settlement, DNR is in process of implementing the Kingsbury Creek restoration projects in 2023.                                                                                               |                    |
| <i>MPCA/DNR Payroll and Expenses</i>                                                                                                                                                                                                                | <b>\$61,988</b>    |
| MPCA and DNR have dedicated agency resources to oversee NRDA activities. Such activities include planning, communication, implementation, and coordination with other Trustees, consultants, and stakeholder groups.                                |                    |
| <i>Expenditures subtotal</i>                                                                                                                                                                                                                        | <b>\$243,910</b>   |
| <b>Balance as of June 30, 2023</b>                                                                                                                                                                                                                  | <b>\$1,820,561</b> |