# Memo

**Date: August 30, 2022**

**To: Energy Transition Advisory Committee**

**From: Carla Vita, Director Energy Transition**

## RE: ETAC Plan Composition Drafts

**Background:**

The ETAC at your June 28, 2022 you determined your goal to have the ETAC plan in draft form at the September 2022 meeting and the final draft at the October 2022 meeting. To meet those objectives, 5 Task Forces and 1 Committee was created:

* Community Engagement
* Economic Diversification
* Re-Use of Assets
* Tax Base – Financial Assistance
* Workforce
* Executive Committee

Each has been working on a document for the plan. The document covers items such as the goal of each task force, recommendations, strategies, and background on their work. Each task force took the Energy Transition Sprint created by the Minnesota Business Vitality Council as a basis of their work. Included are many items from other states and research that they have completed.

The Stakeholder survey was extended to receive more input. The Executive Committee (Marshall Hallock and Tamara Lowney) are meeting with Abby Wozniak and staff on the analysis to provide to the Task Forces the first week in September.

### Requested Outcome

### Each Task Force &/or Committee is looking to the ETAC to ensure that the work that they are preforming is meeting your expections. Please provide the Task Force on any thoughts you have, modifications or requested further analysis.

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**Outline of**

**Energy Transition Advisory Committee Plan**

1. **One Pager for each task force info to include:**
2. **Goal**
3. **FAQ’s**
4. **Top 5 recommendations**

1. **Executive Summary**

State Statute. Purpose of the plan: the 5 task forces, the executive committee and the advisory committee review throughout process. Identify any gaps and recommendations in the 5 task forces and that the Executive Committee identified that do not fit within the 5 task forces. Identify policy recommendations/other specific items to achieve goals.  Prioritize solutions.

1. FAQ’s
2. **Top 5 recommendations,** which emphasis on solution implementation and who is owning the next steps

1. **Introduction**
2. Background
   * + 1. Before legislations
          1. Communities in need of help

Capacity

Workforce

Taxes and other funding

What happens after closure

* + - * 1. Colorado as a model
      1. Just Transition, McKnight Foundation
      2. Colorado Plan
      3. Energy Transition Sprint
      4. Midwest Governor’s Association report

1. Work of the Committee
   * + 1. Met in impacted communities
       2. Tours of plants – closing and closed
       3. Presentations
       4. Fast track work
       5. Best Practices
2. Overview of the Recommendations/Next steps

1. **Workforce Committee**
   * + - 1. **Goal**
         2. **Recommendations**

**Recommendation 1: \_\_\_\_**

**Recommendation 2: \_\_\_\_**

* + - * 1. **FAQ’s**

1. **Community Engagement**
   * + - 1. **Goal**
         2. **Recommendations**

**Recommendation 1: \_\_\_\_**

**Recommendation 2: \_\_\_\_**

* + - * 1. **FAQ’s**

1. **Tax Base – Financial Incentives**
   * + - 1. **Goal**
         2. **Recommendations**

**Recommendation 1: \_\_\_\_**

**Recommendation 2: \_\_\_\_**

* + - * 1. **FAQ’s**

1. **Re-Use**
   * + - 1. **Goal**
         2. **Recommendations**

**Recommendation 1: \_\_\_\_**

**Recommendation 2: \_\_\_\_**

* + - * 1. **FAQ’s**

1. **Economic Diversification**
   * + - 1. **Goal**
         2. **Recommendations**

**Recommendation 1: \_\_\_\_**

**Recommendation 2: \_\_\_\_**

* + - * 1. **FAQ’s**

1. **Other / Executive Committee**
   * + - 1. **Other work and Guidance**

**Stakeholder Survey**

**Community Survey**

* + - * 1. **Recommendations**

**Recommendation 1: \_\_\_\_**

**Recommendation 2: \_\_\_\_**

* + - * 1. **FAQ’s**
        2. **Other Recommendations – Unfinished Business**

**Recommend**

**Recommend**

what comes next in the way of energy

1. **Next Steps**
2. **Appendix**
   1. **Survey results**
      1. **Schools**
      2. **Cities, Prairie Island and Counties**

**Community Engagement – 8.18.22 – DRAFT 4**

**Goal**

Ensure engagement and communication a community can experience is timely, thoughtful and effective with established deadlines and timelines.

**Recommendations & Strategies:**

To achieve the goal, the accuracy and transparency of a timeline is imperative to success. This will assist in solutions that can be proactive and effective. State and federal authorities, Federally Recognized Tribes, unions, community partners, academic and scientific researchers, non-profit interest groups, economic development agencies, business groups, and of course the utilities themselves can and should all weave threads in the tapestry of conversation. These types of conversations are difficult to have well in advance, since change can be costly and most individuals and institutions are understandably reluctant to discuss potential loss of jobs or reduction of tax base. But these are nevertheless essential conversations since the work to be done is substantial.

1. Funds for marketing and communication efforts before, during and after transition. Special consideration to reach people of diverse backgrounds and those that may feel disenfranchised, including Native American people, in a multi-disciplinary communication approach to find people where they are at. This includes a closing ceremony to allow people to grieve.
2. Multi agency state action teams made up of technical experts in relevant fields should be available to provide assistance and guidance to coordinate and align existing grant programs and funding which helps coordinate and execute support strategies at the local, state, and federal levels.
3. Consider new or repurposed resources to kick-start community engagement. Even if a projected shutdown date is a decade in the future, communities will be more willing to think through the retraining and related economic development needs if the State opens up paths to new or little-used resources. A potential example would be the Minnesota Job Skills Partnership’s “six percent” funds (M.S. 116L.05) , which represent a modest but flexible opportunity to undertake special projects “concerning areas of projected employment need.” That board and staff (and leaders and staff like them) should engage the Office of Energy Transition to schedule a series of specific conversations over the next year or two, to give eligible communities the chance to chart a successful course through the economic challenges ahead.
4. The State of Minnesota Office of Energy Transition should provide and support the development of community led engagement efforts to help communities plan for a successful transition. Guidance on developing and implementing beneficial community conversations, task forces, community advisory panels, surveys, local and regional planning efforts, etc.
5. The State of Minnesota Office of Energy Transition should further support the development of peer to peer networks and coalitions to bring forward the collective voice of small communities to the state and federal government.
6. Work with the Federal Government for resources for Federally Recognized tribes to access federal assistance for power plants abutting power plants their land.
7. Long-term environmental impacts may be unknown today. Need to monitor and address environmental impacts.
8. Funding and resources before during and after closure for mental health needs of the workers, their families and the overall community.

Existing State Programs that might support impacted communities and the effectiveness of each programs response to the effects of the impacted community:

The following programs were reviewed and analyzed:

**Key Findings:**

* Communities and employees have a long relationship with the Power plants. We need to anticipate strong feelings regarding the closure. Communication with the community and employees throughout the process is important.
* Community engagement is an important part of the decommissioning process. Engage with the community well in advance of the plant closure to develop plans and next steps. Community engagement must continue during the closing process and after the plant is closed.
* It is important to ensure that future generations are aware of coal ash areas and the special environmental needs and restrictions of those areas including planting and development restrictions.
* Conversations with the community shall be timely. The process will be thoughtful and with an established deadline/timeline. Measurable rules and guidelines.
* It is helpful to have community input to learn what communities need to thrive after energy facilities close.
* It may take several years before community engagement efforts are productive. Communication efforts in the local communities take time.
* It is important to follow-up after community conversations.
* It is important to manage community expectations around planning for the redevelopment and economic revitalization plans in a community. This includes the funding and other resources available.
* It is important to form a community committee early and plan for the future. It is critical to have all stakeholders, including legislative leaders, engaged early to be productive.
* Public engagement is critical to assess concerns, impacts, identify opportunities and ideas.
* Communities must lead the way and drive their roadmaps.
* Having the power company at the table and involved is important.
* It is important to bring the unions/worker representation into conversations/planning efforts early.
* In carrying out public engagement, efforts should be cautious, specific and tailored. There are concerns that widespread engagement will cause panic among public and will be counterproductive.
* Uncertain or shrinking plant closure times makes community planning difficult.
* Plant closure dates that change and move nearer are seen with high anxiety for community residents, who want to be communicated with and involved in the process as far in advance as possible. The challenges moving closure dates represent to local communities is great in their transition planning.
* Huge tax base reductions makes financing the planning efforts difficult. Educate on how the community is addressing the tax base situation.
* There is not always the community staff capacity to clearly understand and tackle these large scale community projects.
* Both state and, to a greater extent, federal financial assistance programs are difficult to access because they require much up-front planning and investment to put forth a competitive application/project.
* There can be a lack of engagement and communication with power companies. Often the communities feel they are not being kept abreast of developments that could impact their plans, tax base, and future.
* There is a real concern by communities for the welfare of their citizens who are displaced by plant closure and what it means for the larger community, businesses, and schools when entire families must move away for work.
* In some instances power plants collaborated across state lines to share resources and work together on transition efforts.
* It was noted that the larger the partnership, the less ownership partners take in the overall project, perhaps assuming other partners will drive efforts.
* Partners that assisted and supported communities with closing or transitioning power plants include state and federal legislators, utilities, environmental groups, the Just Transition Fund, unions (especially for re-training), the Department of Labor (to identify local skills sets and possible employment avenues), and universities (for both conducting helpful research and to offer programs in IT and engineering fields in the region).
* State of Minnesota economic development agencies that were reported as helpful to the transition process included the Department of Employment and Economic Development and the Iron Range Resources and Rehabilitation Board.
* Social and cultural implications are integral to successful transition efforts.
* The Coalition of Utility Cities was also reported as a key partnership to help advance the interests of impacted communities.
* Educational facilities were also mentioned as providing research assistance in some instances.
* Power plants impacted the environment. Need to monitor and address impacts within the environment to prevent future further environmental impacts.
* Acknowledgement that the Power Plant after closure is important to the history of the community and for the reflection process of the worker and their family. A piece of art or historical marker, which may include a statue, mural or marker at the plant location should be erected. The State of MN has Art Legacy funds that Impacted Communities might want to apply for the artistic work.
* Acknowledgement that the Power Plant cultural past prior to the power plant. In the location of Prairie Island, the former burial grounds were disturbed and a plan working with Prairie Island Community to address the removal shall take place.
* Acknowledgement that the power plant was more than just a business. The history, impact on the community and how it shaped the area is important.
* Encourage the States Arts Board and the Regional Arts organizations to prioritize artistic representations for the power plants impact on the community.

Best Practices

Outreach/Planning/Advocacy

* Creating a community task force like in Oak Park Heights or utility-led Community Advisory Panels (CAP’s) such as in Cohasset, Hoyt Lakes, and Taconite Harbor. This creates a formalized and constant communication line between the energy company and community.
* Other potential partners named in many interviews to work in unison potentially as a joint commission include labor, local politicians, industry representatives, climate activists, scientists, think tanks, and environmentalists.
* Holding informal or formalized community conversations where all voices are heard and collectively plan for the future. An example is community conversations/survey work in Granite Falls or a formalized regional summit that is planned for October 2021 for Itasca County/Cohasset.
* Energy transition should be considered part of city and county comprehensive planning efforts. Coordination of land use planning between abutting jurisdictions is critical.
* Utility company led site master planning that uses a full-service firm from start to redevelopment of the site.
* Cities and Counties along with Federally Recognized Tribes and the State need to be at the table sooner with the power companies to plan for redevelopment on sites pending plant closures. Example: Oak Park Heights is very limited on land for development. The King Plant site owned by Xcel needs a viable tax-base and high wage job business development alternative once the plant closes in 2028. This redevelopment requires additional expertise.
* Communication is two-way with people speaking and listening.
* Participation at the capitol early to influence and stimulate action by the legislature.
* Seek help from the regional development commissions, the Initiative Foundations, and other major economic development partners in development and implementation of local community transition plans.
* The use of data was recommended as critical to successful efforts. Economic development agencies were named as being useful to such data-gathering efforts.
* In some instances, consulting companies were paired with communities to support planning and implementation.
* Studies have been done by partnering educational institutions on plant re-use and environmental reviews.

Building Community Capacity (Technical, Financial, and Legislatively)

* Establish and participate in peer-to-peer mentoring and networking program among coal and nuclear transition communities and with other communities (in the state and around the country) that have experienced or are undergoing similar transitions - connect with other communities that have or are currently going through transition to share ideas and experiences
* Allocate funding for impacted communities to build the local staffing and expertise they need to develop their local transition strategies. This would include support for them to work on other economic and community development issues (housing, childcare, broadband, tourism, business retention and expansion (BR&E), community planning, grant writing, etc.). Examples: East Range Joint Powers Board and Itasca Economic Development Corp. receiving grant funding via federal and state agencies to support local economic development staffing.
* Allocate funding for impacted communities to implement their local transition strategies. State government needs to be proactive in developing targeted economic assistance programs that help communities implement transition strategies including but not limited to: jobs transitioning (retraining programs), industry recruitment to create replacement jobs (DEED), shovel ready site work and marketing to recruit businesses with the goal of helping offset reductions in tax base and lessen the impact to a community when this happens. Becker was instrumental in lobbying for the Community Energy Transition Grant program. This program should expanded outside of Xcel areas and to allow for recommendations in this report.
* Targeted financial assistance via infrastructure grants to these communities: Physical infrastructure investments are not inexpensive for a community, but greatly contribute to that community’s ability to recruit replacement industry and businesses.
* Marketing support for business recruitment is essential in establishing the benefits of the community as part of BR&E and business recruitment strategies.
* Communities facing power plant closures and transitions need access to resources to assist with grant writing efforts in order to be successful.

The Community Engagement Committee was comprised of:

* Michael Childs, Jr (Prairie Island Native American Community)
* Jamie Fitzke Center for Energy and Environment
* Tamara Lowney (Itasca Economic Development Corporation
* Mary McComber (City of Oak Park Heights),
* Jon Van Nurden (MN Department of Revenue)
* Darek Vetsch (Wright County)

The committee met monthly in a virtual format. The Committee first determined what success on their portion of the plan meant for them. The following guided them in their determination and was presented to the entire ETAC at their May 2022 meeting:

• Educating ourselves on plant closures dates and process

• Important for Community and Power Plants to work together. This includes our impacted Native American communities.

• Anticipated impacts from the entire process within the entire community

• Important that the engagement includes all people within the community.

• Plan must include need for consultants to work with communities for a non-bias perspective (community education, marketing funds, grant writing and administration, re-branding, etc.) is important. The closure will have a financial, emotional, mental health, visual, etc. impact. Plans need to be updated as needed

• What grants, funding exist to help today? What gaps can we identify?

• Best practices from other communities on their engagement from beginning to complete redevelopment

The Community Engagement Task force used the following in their research and analysis

Presentations by:

* Bill Swanson, Otter Tail Power
* Colleen Eddy, DEED Shovel Ready Program
* Kristin Lukes, DEED Redevelopment Grant Program
* Denise Wilson, EQB Environmental Review Program Director
* Jennifer Cady, Mn Power
* Tami Gunderzik – Xcel Energy PIE

Research:

* Minnesota Business Vitality Sprint on Community Energy Transition
* Colorado Just Transition Plan
* Fergus Falls Power Plant closing plan and documents
* Penn State Community Engagement Strategies
* Headwaters Economics, Communities at Risk for Closing Power Plants

**Economic Diversification – 8.16.22 – DRAFT 3**

**Goal**

To develop recommendations for how the State and other key actors can assist coal transition communities in Minnesota as they develop and implement community-based and locally-driven re-use strategies to retain coal transition workers and promote good new jobs, economic diversity and long-term community vitality. Minnesota State Statute 116J5491 defines "Impacted community" means a municipality, Tribal government, or county in which an impacted facility is located.

**Recommendations & Strategies**

To achieve this goal, we suggest a long-term partnership in which the State meets communities where they are, ensures they drive their own process, and provides the resources, technical assistance and other expertise to help them achieve their own visions. The economic transition of coal communities will be a long-term undertaking, and the State’s commitment should be long-term as well. We believe the communities that continue to thrive will be those that have clear visions for the future and the ability to achieve those visions. Our recommendations prioritize community resilience, economic diversity, equity, creation of local wealth, long-term business development and expansion, and stable jobs that pay living wages and provide good benefits.

* Assist affected communities with the creation of local transition plans that pivot from power plant to new industry sectors that provide living wages and an adequate tax base.
* Align and coordinate existing State programs to support local transition plans and facilitate the growth of existing businesses while attracting new industries and businesses.
* Invest in local physical and community infrastructure to maintain and improve quality of life and critical services.
* Establish a state-wide independent investment intermediary focused on leading and structuring investments in coal transition communities, consistent with their established local transition plans.
* Establish a state-wide investment fund focused on making investments in coal transition communities, in collaboration with those communities and consistent with their local transition plans. The purpose of the fund is to lower risk for other investors and to provide a mechanism for long-term investments in these communities.
* Local Community Transition plans
  + Investing in local leadership, capacity building, and planning to develop, implement and oversee local transition plans
  + Providing funding and technical assistance for the development of communitydriven plans which are broad-based, collaborative, have community buy-in, and are attentive to the needs of disproportionately impacted communities
  + Requiring a local transition plan to be eligible for further state funding and support. This can and should draw on existing plans
  + Adequately and consistently funding and staffing the implementation of the plans
  + Setting short-, mid-, and long-term plans and goals for transition. For example:
    - Short-term: State investment in community leadership and planning ○
    - Mid-term: Backfill of tax revenue and funding for workers as closures/transitions occur
    - Long-term: Invest in economic diversification efforts, implement economic development plans, and implement tax reform.
* State Program Alignment with Local Plans

The state should align its programming to support local transition plans and facilitate the growth of existing businesses to employ additional workers while bringing new industries and businesses to the area. Specifically, the state should:

* + Support the distribution of new business recruitment across the state based on the unique assets of communities, and prioritize coal transition communities for business recruitment efforts.
  + Provide significant incentives to businesses that relocate to coal transition communities. These incentives should rival those that are offered for businesses that relocate from out of state to the Metro area. Rural communities are often unable to be competitive in these situations.
  + Invest in entrepreneurial programs to support local businesses to identify new markets, uncover industry trends, develop competitive intelligence, identify and map qualified sales leads, raise visibility in search engine results and increase website traffic, leverage social media to better connect with customers, and facilitate increased investment.
  + Provide funding for business accelerators, incubators, and co-work spaces
  + Provide funding for projects that support community economic development in line with local community transition plans.
  + Direct development of clean energy jobs to coal transition communities.
* Investment Intermediary

Establish a legislatively-authorized state-wide independent investment intermediary focused on leading and structuring investments in coal transition communities. The purpose will be to ensure new investments support local economic development plans to create new businesses and jobs, and increase sales tax revenues and property tax values. The investment intermediary should be intimately connected and mutually accountable to the local entities that are responsible for oversight of Local Community Transition Plans, and in some cases it may be appropriate for these two functions to be housed together. Providing short-term backfill of local tax revenues lost when coal facilities close. Activities include:

* + Identify and structure investment deals based on local plans
  + Recruit other investors into deals.
* Dedicated Investment Funds

Establish a legislatively-backed state-wide investment fund focused on making investments in coal transition communities in collaboration with those communities. The fund will provide capital investments for local deals. This includes:

* + A First Risk Capital Fund that will be used to provide the high risk capital commitment to local investment deals
  + A Permanent Investment Capital Fund that will be used to provide long-term capital to local investment deals.
* We recommend that the state reinstates and expands DEED’s Community Energy Transition Grant Program to support communities beyond Xcel Energy areas currently eligible/designated. This grant would provide funding for communities to cover a wide variety of needs, from developing impact and planning studies, to infrastructure development and site readiness. Specific areas where communities could choose to allocate moneys to from this grant include:
  + Economic impact study – Developing impact studies for communities that have not yet done so is a recommended step to understand the specific funding needs of impacted communities.
  + Planning – Many impacted communities do not have the capacity to plan for their transition. Funding is needed to support capacity building to tackle planning efforts.
  + Infrastructure development – Long-term investments in infrastructure are needed for economic development and specifically for economic diversification efforts in impacted communities. DEED’s existing infrastructure funding is helpful but additional funding may be needed to address infrastructure challenges of these communities more effectively.
  + Repurposing & site readiness – For impacted communities, readying their sites is a costly effort. State-level support is needed to help match local funding and help communities repurpose power plant sites (when this option is available) and/or develop shovel-ready sites that make economic diversification feasible. For repurposing power plants, DEED’s Cleanup and Redevelopment Grant and Loan programs may be an option, but additional financial support may be needed to complement funding needs of communities for repurposing plant sites and/or for readying other properties slated for uses identified as part of the communities’ economic diversification efforts.
  + Matching funds for grants – Funding to allow communities to secure the local match needed to apply for state and federal grants
* It is also recommended for the state to consider allocating additional funding towards business incentives that can support impacted communities with business retention, expansion, and attraction efforts to allow:
  + Waiving local matching-fund requirements for incentive programs for companies locating in impacted communities (e.g., one deal waiver per county) to attract new primary employers and help diversify the economy with a sunset and subject to review for extension consideration.
  + Committing a specified amount of financial incentives within a defined timeframe to attract businesses to impacted communities; more money to create deals for retention and attraction of businesses; not to supplant but to augment.
* Allow bonding money to be used to support host communities. Infrastructure is an easy way for the State to support economic development based on identified developing industries
* Programs through Community Development Financial Institutions (CDFIs) and others to leverage capital as seed investment to reduce risk.
* Each impacted community and school has different needs. Important for grants and programs to be as unique as each community.
* Invest in Infrastructure

The state should invest in physical and community infrastructure to maintain and improve quality of life and critical services. It should maximize the benefit of these investments by requiring labor standards, domestic content requirements, labor agreements, community benefit agreements, local hiring, and other provisions that provide direct benefit to the workforce in the community. Strategies should include:

* + Providing short-term state investment for housing, broadband, healthcare, P12 and higher education, mental health resources, recreation, arts & culture, and the public sector workforce
  + Providing short-term backfill of local tax revenues lost when coal facilities close
  + Providing short-term state investment in roads, rails, and airports, and the public sector
  + Providing technical assistance to plan for long-term recovery of lost local tax revenues.

Recommendations for state agencies to implement

1. In coordination with the local communities/regions, conduct industry cluster analysis, along with a skills crosswalk map for each impacted community to identify what other industries the current workforce skills can be easily transferred to.

2. An immediate action item is to help impacted communities understand the value of completing in advance the Alternative Urban Areawide Review (AUAR) Process for geographic areas slated for development (giving special priority to those better positioned for business attraction and expansion projects) and guiding communities through the planning, application, and execution of the process. Completing AUARs would complement site readiness efforts and help impacted communities be better positioned to compete for economic diversification projects, including business attraction and expansions. The shovel ready funding presented previously should also include the possibility of funding the completion of AUARs where required.

3. Many impacted communities do not have the resources to implement their own business attraction, retention, and expansion efforts and have to rely on regional and state-level economic development organizations to do this on their behalf. It is recommended for the State, specifically for DEED, IRRRB, and MDA, to prioritize and work with impacted communities in devising and executing a plan for business development.

4. To drive early successes in local business attraction, retention and expansion, it is recommended that the State establishes a State Action Team - using the newly approved Office of Energy Transition as a lead organization – that assists impacted communities in navigating and maximizing benefits from the very wide array of programs and tools. This recommendation builds upon the Colorado Just Transition Action Plan. Immediate action items for this State Action Team, include hosting local educational and resource forums to encourage participation in existing programs, and developing and expanding remote work opportunities in transition communities.

5. To support impacted communities that can drive economic diversification by leveraging existing industry in the mining and other heavy manufacturing sectors, it is recommended that State review the results of the “Buy Clean study” that the Department of Administration is currently implementing, with the goal of identifying opportunities to differentiate industries that comply with clean production practices to position them for market favorability that can drive greater support and increased value.

6. Impacted communities should be made aware that Minnesota Business First Stop (MBFS) works with businesses to deliver high-level customer service for complex business expansions, relocations, and major startups to help streamline the development process across state agencies.

**Key Findings:**

* Communities should not get stuck in the frame of mind that energy-based closures exclusively need energy-based replacements. Diversification was cited as helpful in many interviews with out-of-state communities. Encouragement was given to explore industries other than energy when planning for closures and transition, and to focus on appropriate matches for the regional skills rather than defining the industry first. The goal of all being thriving, not just surviving, communities.
* Stakeholders in many community interviews reported economic diversification as directly linked to that community‘s successful and sustainable future. Economic diversification is a strong alternative for communities that need to find new avenues for growth that help minimize the impacts of power plant closures, build resilience, and offer renewed opportunities for sustainable socioeconomic wellbeing.
* Communities facing power plant closures want to focus on new, innovative business investments for the future, and are challenged as to how best do this and which partners could assist this process. Diversifying requires a comprehensive approach that involves all necessary actors at the local, regional, state, and federal level, and equips communities with the resources and support mechanisms to adequately address all facets of the process, from planning to execution.
* Impacted communities face major barriers that limit their capacity to diversify their economies. These barriers are not any different than those that smaller, more rural communities experience, with high infrastructure costs, lack of resources for housing development, child care shortages, and weak fiber/broadband infrastructure, being the most common ones brought up by the communities and stakeholders interviewed. In addition to housing, child care, and fiber/broadband infrastructure, communities need investments in utilities and transportation/logistics infrastructure to diversify their economies. Rural communities nonetheless, were said to present greater challenges because of fewer diversification options and greater dependence on the power plant.
* Business attraction, retention, and expansion efforts allow communities to market themselves and proactively connect with multipliers (e.g., site selectors) and decision makers (e.g., companies), positioning themselves as suitable locations for business investment.
* Target industry cluster analysis, along with skills crosswalk mapping, have been important vehicles for communities to identify opportunities for economic diversification. As an example, back in 2017, American Electric Power (AEP) and four economic development organizations (EDOs)[[1]](#footnote-1), located in the neighboring states of Kentucky, Ohio, and West Virginia, launched AppalachianSky, a strategic alliance aimed at leveraging the tri-region’s strength in metal fabrication workforce and strategic location within an aerospace corridor, to attract and expand aerospace and aviation industry and jobs. As a critical step at the beginning of this effort, the partnership completed a comprehensive regional workforce analysis. The research showed that coal miners have the skills that aerospace and advanced manufacturing companies need. The study concluded that the region had eight times the national average of skilled metal workers. This study constituted the basis for the business recruitment efforts that AppalachianSky conducts as an economic diversification response to transitioning out of coal mining.
* Site readiness is an important component for economic diversification, as it allows communities to increase the inventory of project-ready sites. Site readiness involves at a minimum, developing critical technical site due diligence items (e.g., wetlands delineation, ALTA survey, geotechnical survey, archeological and cultural resources survey, endangered species survey) that are required to characterize and understand the risks and development needs on a site. In a time when project timelines are shorter, site readiness is becoming much more critical. In some instances, completing the technical site due diligence is not enough to allow a community to compete for project opportunities. More often than not, site readiness these days requires the development of site concept plans, site market studies, construction of site-related upgrades (e.g., utilities extensions, roads, pad ready), among others.
* Power plant sites offer very robust infrastructure. From utilities – power, natural gas, direct water/waste water intake/discharge – to logistics infrastructure – rail, barge/deep water port access – power plant sites are generally very attractive for economic development projects that are heavily dependent on these assets. For these types of projects, finding greenfield, and even brownfield sites, where all these factors coexist, is very challenging. If these sites exist, the time, money, and other resources that are required to plan, run the technical site due diligence, develop, and permit them, make them highly capital-intensive. If decommissioned power plants can be repurposed and reused for other industries that require these assets, it is important to have them readily available to expedite project timelines and minimize the impact of long-term components, such as permitting, on project schedules.
* Permitting is an essential process in economic development. Permitting impacts infrastructure development and business expansions, which in turn affect a community’s capacity to diversify their economies. Speeding up the permitting process, and continuous and transparent communication with businesses and entities going through them, is paramount. Communities interviewed feel that not all permitting agencies are on the same page in this area.
* Financial incentives are building blocks of business attraction, retention, and expansion efforts. It is traditionally said that “incentives do not make a bad community look good, but good communities look better.” Whereas a community needs to first and foremost ensure that it offers the most important conditions for businesses to succeed in the long term (e.g., workforce, infrastructure, sites, business environment, quality of life), incentives help communities close deals and drive projects home.
* Economic diversification needs to be looked at primarily through the lens of the quality of jobs that diverse economic activities can help create. As an example, several communities and stakeholders interviewed feel apprehensive about solar and wind projects that are built, because the state of Minnesota is only getting the installation jobs but not the manufacturing of these renewable energy options, which would be a valuable industry to attract to this state. It is paramount, for achieving sustainable economic outcomes, to ensure that economic diversification strategies implemented by impacted communities produce quality jobs for that community.
* Economic diversification requires close coordination and interaction with many different stakeholders at the local, regional, state, and federal levels. The time needed to build relationships with all the different partners, including government agencies that communities need permits/grants/support from is extensive. Identifying who those critical stakeholders are and building those partnerships well in advance is essential for achieving successful outcomes.
* Leveraging existing partnerships is an effective way to fast track the process. For example, Monticello participates in the transportation-focused Central Mississippi River Regional Planning Partnership. This may be a good vehicle/forum for cooperating on economic diversification.
* All out-of-state communities and stakeholders interviewed, alluded to the fact that it is necessary to plan for transition well in advance of closure. More often than not, closures end up occurring sooner than initially announced. As pointed out previously, economic diversification requires a highly comprehensive approach that demands time and effort. As a best practice, communities are advised to start planning for this process sooner rather than later. This will prepare them more effectively to be able to anticipate and contain the negative impacts from the closure.
* Economic diversification planning should not be taken lightly. Economic diversification will build the path for a community’s growth prospects. Doing it right from the beginning will increase a community’s chance to succeed. Careful analysis to identify suitable sectors and markets that communities can shift their focus to, is critical. Market analysis via industry cluster is a very good option for identifying diverse industry sectors that are a good fit for a community based on its workforce specialization/concentration, strengths, and assets.
* Aligning target industries identified through market analysis with regional business recruitment efforts is a best practice to efficiently focus resources on and gain community buy in as market analysis helps build the business case for a community’s economic diversification plan.
* Investing in site readiness, is a smart way of making sites poised for business attraction, retention, and expansion, shovel-ready, minimizing risks, costs, and expediting the timelines in which projects can be developed and become fully operational.
* Communities are also encouraged to look beyond their geographical delimitations and evaluate challenges and opportunities from a regional perspective, seeking common and unifying denominators. AppalachianSky also offers a great example of regionalization. In order to maximize resources available for business attraction, retention, and expansion and develop a wide-ranging, more impactful value proposition, communities can look beyond their geographical boundaries, and join forces with adjacent communities they share commonalities with to market the region to leverage each other’s strengths and assets.
* Communities reported wanting grants for research, planning, data to identify exact current conditions and to help make the case for the need for grants and funding, and grants to help access federal monies including grant writing.
* Common recommendations from successful international energy transition efforts were to offer tax incentives to attract new businesses into the area, as well as to lower the cost of living to keep and to attract people to the area.
* Communities in transition ~~may~~ need something unique to attract new businesses and people to the area.
* Each impacted community and school has different needs. Important for grants and programs to be as unique as each community. A one-size-fits all approach will not be effective for best community outcomes

Economic Diversification Task Force was comprised of:

* Rick Evans (Xcel Energy)
* Marshall Hallock (City of Red Wing)
* Tamara Lowney (Itasca Economic Development Corporation)
* Rose Patzer (Minnesota State Energy Center of Excellence)
* Shane Zahrt (Flaherty & Hood, P.A.)

The committee met monthly in a virtual format. The Committee first determined what success on their portion of the plan meant for them. The following guided them in their determination and was presented to the entire ETAC at their May 2022 meeting:

• What economic development tools exists? Gaps? Areas that might need modification. • Unique tools and funding to attract businesses

• Funding for planning, impact studies, economic development studies to attract businesses

• Understand current infrastructure and transportation of each community to attract businesses

• State, Fed, non-profit – Funding for re-use and permitting requirements

• Community needs to bring in business – childcare, housing, high speed internet, transportation enhancements/improvements, infrastructure enhancements/improvements, job training

• Best practices

The Economic Diversification Task force used the following in their research and analysis

Presentations by:

* Adam Walters, State of Pennsylvania, PA Playbooks
* Kristin Lukes, DEED

Research:

* Minnesota Business Vitality Sprint on Community Energy Transition
* Pennsylvanian Playbooks for Coal Plant Redevelopment
* Coal at Sunset Podcast

**Re-Use Committee – 8.25.22 – Draft 4**

**Goal**

To help those communities that have power plants that are in transition to develop and implement locally-driven plans for the re-use of the property.

**Recommendations & Strategies**

To achieve the goal, the re-use plan must be locally driven, and strong partnerships between the facility, the local government, and the public are critical to success. Each community and property owner will have different goals from other communities and property owners. In some locations re-use might be asset-based plans at the power plant location. In some locations it might not included asset-based plans, but rather brought back to the original state or rezoned for a different purpose, including a more recreational use.

* Planning grants are important to assist impacted communities for re-use plans. This includes environmental, infrastructure (includes: water, sewer, stormsewer, roads, bridges, etc.)
* Communicate with Tribal Governments per Minnesota State Statue 10.65. Communication with Tribal Governments early and often is important. State Government agencies follow Minnesota State Statue 10.65. It is recommended that Cities, Counties and townships follow the Statute also in their processes; recognizing that Tribal Governments are their own government.
* ETO office to be a one-stop shop for grant information/grant opportunities
* The state can develop programs that can make host communities more competitive in seeking redevelopment projects.
* The state can provide clarity on the regulatory process by developing informational materials on regulatory proceedings related to resource acquisition and asset retirement (including clean up and timing, if possible).
* The state could provide connection between the utilities and the communities to encourage engagement on clean up, timing, and other aspects related to retiring a power plant.
* Playbooks, similar to those in Pennsylvania, for locations that are interested in commercial and industrial redevelopment.

Existing State Programs that might support impacted communities and the effectiveness of each programs response to the effects of the impacted community:

The following programs were reviewed and analyzed:

1. DEED Shovel Ready Certification
   1. Pros

This program is very important for any site that might pursue industrial redevelopment. Site selectors prefer shovel ready sites as it reduces the amount of surprises in the development process.

* 1. Cons

To obtain the certification the cost can be challenging for many communities.

* 1. Recommendation

Grant funding &/or assistance for impacted communities to obtain the certification

1. PUC Land Sale Restrictions per State Statute 216B.50

The State Statute requirement requires the PUC to approve of a purchase or sale of utility plant for Investor Owned utilities. This action must be completed in advance of the purchase or sale

* 1. Pros

Protects the shareholders of the utility

* 1. Cons

Delays can slow or prevent redevelopment especially for companies that want a fast-track in their development.

* 1. Recommendation

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1. EQB – AUAR. EAW and EIS

This program evaluates the environmental impacts of development and provides information to local government decision-makers.

* 1. Pros

Informs on the impacts of the development on the environment. This includes air, water, traffic, sound, and other pollution. Environmental assessment and the permitting process help ensure Minnesota maintains a high quality of life.

* 1. Cons

Environmental regulations can be seen by developers as adding time to develop property. The process can be costly.

* 1. Recommendation

Funding for those cities pursuing an AUAR, EAW or EIS for the redevelopment of the power plant site to assist in redevelopment efforts

1. Minnesota Business 1st Stop

Minnesota Business First Stop streamlines the development process for complex business startups, expansions or relocations that involve financing, licensing, permitting, and regulatory issues that overlap multiple state agencies.

* 1. Pros

Coordination to reduce development frustration with potential projects. Improve communication with potential projects as each project is unique and no standard process exists.

* 1. Cons
  2. Recommendation

1. DEED Redevelopment Grant Program

The Redevelopment Grant Program helps communities with the costs of redeveloping blighted industrial, residential, or commercial sites and putting land back into productive use.

* 1. Pros

Focus on removing blight, job creation, tax base and other public benefits. Funds for the program are split 50% urban and 50% rural.

* 1. Cons

Lack of funding from the State Legislature. 50% match.

* 1. Recommendation

State Legislature to regularly fund the program to ensure program stability and funds for the impacted communities.

1. Other

**Key Findings:**

* There are industrial developers focused on acquiring and repurposing heavy-industrial sites, including coal-based power plants. It was reported that when they acquire a site, they work closely with key stakeholders, communities, and regulators in building a plan that is compatible with site conditions and the communities’ goals.
* Tribal Governments may need to be consulted on the re-use of the property per Minnesota State Statue 10.65.
* Playbooks were used in Pennsylvania to help market, attract and redevelop locations. These playbooks were attractive for site selectors in answering the property re-use and use questions.
* Land uses replacing coal or nuclear plants can pose their own unique challenges to orderly development of the rest of the community. Challenges include Federal permits as many locations are along Federally protected waterways,
* Risk transfer for environmental cleanup on a site can be a challenge for a community to assume However, coordination between the responsible party and the community on the redevelopment is key.
* Seeking ways to repurpose infrastructure, and the permits that that are associated, can offer high value to a community.
* Infrastructure may also need upgrades, extensions to the property or more to assist in redevelopment which are expensive. Bonding is an option to try to obtain funding.
* Full redevelopment of a site is not likely to fully replace the loss of tax revenue so infrastructure investments need careful consideration.
* Community expectations about the nature and character of site redevelopment must be carefully managed.
* Conversations with the property owner in the property evolution is important.
* Each location has its own unique challenges and opportunities.
* Important to work with the abutting property owners on the transition of the property for harmony.
* Transportation was seen as a very lengthy planning process that was particularly difficult to impact.
* Site redevelopment for the purpose of tourism was noted as one possible re-use option for certain regions.
* Future-use studies conducted by consulting organizations were cited as helpful to re-use planning.
* The studies need to start early and needs to include an impact analysis, community engagement, early site planning, and stellar coordination with the Power Plant property owner, city, county, tribal nations (if applicable), schools, Redevelopment Commissions (if applicable), non-profit groups, State and Federal resources.
* The property to receive Federal EDA funds needs to be included in the CEDS (Comprehensive Economic Development Strategy) of the region. All cities need to ensure that their cities have this documentation complete.
* Any assets that the power company sells over $100,000 requires PUC approval per State Statute. This could delay land sales.
* Many fly ash sites have been or can be turned to parkland for passive use in perpetuity.
* DEED Shovel Ready program can assist in more timely development for new businesses. The process for certification can be very expensive, however is important to site selectors.
* EQB AUAR is important for the DEED Shovel Ready certification. This is expensive, but important for the community to determine the environmental impacts of development.
* Front-end planning ahead of decommissioning of the plant will allow for the existing assets of value to remain and be put back to work while those assets that have hit the end of their useful life can be demolished/removed.
* Commission site evaluation studies to determine best future uses before decommissioning/demolition so that any potential site alterations can be accomplished during the process. Eligible use of any planning funds shall include using facilitators to help communities and the site owner collaborate on redevelopment plans.
* The risk transfer model for redevelopment of power plant sites would require underwriting and taking title to the property, and then striving to recoup costs through development of the site. Utilities find use of the model attractive.
* Reuse of the site for a future energy purpose is not guaranteed. Finding a good use for the interconnect and associated infrastructure is a priority but the focus should be on overall economic development for the community.
* Care should be taken that land uses replacing coal or nuclear plants fit into a community’s comprehensive plan.
* Infrastructure was mentioned in nearly every community interview as essential to a community’s sustainable future. When a community faces the loss of a power plant, the ability to transition existing assets into other uses faces several challenges. Assets are unique from community to community, and the ability to control those assets varies. Existing assets can be broadly considered; however, this section will focus on two categories of assets:
  + Land assets - most often the power plant site but could include ancillary lands and facilities that are no longer necessary to support energy production.
  + Infrastructure assets – these assets include infrastructure that directly supports energy production, such as transmission interconnects and power lines; and, traditional infrastructure such as sewer, water, and streets.

Land Assets

Many communities face challenges to their ability to expand due to natural features or existing land uses that constrain expansion. Because of this, the opportunity for reuse means land assets are often the most valuable assets a community has and offer significant opportunities:

* The land is either already within the jurisdiction of the community, or it is adjacent and can be annexed relatively easily.
* Sewer and water services to the site already exist and can be improved cost effectively, if required.
* Street infrastructure and connections to the community exist and can also be improved.
* Connections to regional and national transportation networks, such as major highways and rail service may already be in place.

However, the site may pose challenges as well:

* Isolation from other commercial/industrial land uses in the community.
* Isolation from major transportation networks limiting potential redevelopment opportunities.
* Inadequate existing city infrastructure including roads, water treatment, etc.
* Inadequate utilities sufficient to make the site attractive for other uses (business and housing).
* Inadequate broadband.
* Uncertainty about future ownership that limits redevelopment planning.
* Uncertainty about continued use by the utility for nuclear waste storage.
* Waste storage was another commonly reported concern impacting land re-use options.

Infrastructure Assets

Infrastructure that directly supports energy production may offer some unique opportunities. For example, interconnects and transmission lines can be reutilized by future energy production and storage projects. Associated substations can offer high-capacity access to energy intensive industrial redevelopment.

Existing traditional city infrastructure serving a power plant site may or may not be adequate for future uses on the site. In particular, the adequacy of sewer and water infrastructure will be dependent on the scale and type of new uses planned for the site. Similarly, street infrastructure improvements may be required depending on requirements for new facility design, freight hauling capacity, and size of workforce. However, upgrading infrastructure is often more cost-effective for a community then building new infrastructure to a new, more remote site.

The communities involved in this study have offered several observations on what they have discovered going through the process of transitioning away from being the site of a major energy production facility.

The Re-Use Committee was comprised of:

* Rick Evans (Xcel Energy),
* Mary McComber (City of Oak Park Heights),
* Craig McDonnell (MPCA),
* Richard Sackett (MN Power Employee)
* Josh Skelton (MN Power).

The committee met monthly in a virtual format. The Committee first determined what success on their portion of the plan meant for them. The following guided them in their determination and was presented to the entire ETAC at their May 2022 meeting:

* + Communities & Power Plant Research:
    - What has been done?
    - What has been/being planned on site? Long term – environmental, coal ask, nuclear storage,
    - Regulations (Federal, State, local, environmental), ect. for re-use
    - Cities and counties planning – Comprehensive Planning, zoning, utility/infrastructure (streets, water sewer, stormsewer, rail, etc.) /CIP, financial, impact analysis. Planning needs to start early and be constantly reviewed.
    - State, Fed, non-profit – Funding for re-use and permitting requirements
  + Best practices from other Power Plant and other large business reuse
  + Important for community and property owner to work together.

The Re-Use Task force used the following in their research and analysis

Presentations by:

* Chet Bodin, DEED Minnesota Business 1st Stop
* Colleen Eddy, DEED Shovel Ready Program
* Kristin Lukes, DEED Redevelopment Grant Program
* Denise Wilson, EQB Environmental Review Program Director

Research:

* Minnesota Business Vitality Sprint on Community Energy Transition
* Planning completed by the impacted communities including: Comprehensive Plans, Capital Improvement Plans, Transportation Plans,
* Pennsylvanian Playbooks for Coal Plant Redevelopment
* PUC Land Sale Restrictions per State Statute 216B.50

**Tax Base/ Financial Incentives – 8.25.22 – DRAFT 6**

**Goal**

Develop recommendations for how impacted communities can continue to provide stable and diverse funding for local services, infrastructure, and institutions when revenues from power plant activities decline or go away completely. This includes policies that encourage investments in assets that continue to generate wealth and increase the resilience and capacity of local institutions. It also includes strategies that identify, organize and support investment opportunities and create mechanisms that allow private and public capital to co-invest in a manner that reduces risk.

**Recommendations & Strategies:**

* Transition Aid for impacted cities, counties and schools. With a program sunsetting at a time X years after the last power plant closure. Utilizing the following criteria:
  + Definitions. For purposes of this section, the following terms have the meanings given.
  + “Electric generation property” means taxable property of an electric generating plant owned by a public utility, as defined in section 216.02, that is powered by coal, nuclear, or natural gas, and location in an eligible taxing jurisdiction.
  + “Electric generating unit” means a single solid fuel-fired steam generating unit at an electric generating plant that serves a generator that produces electricity for sale to the electric grid.
  + “Eligible taxing jurisdiction” means a county, home rule charter or statutory city, town, or school district.
  + “Unit base year” means the assessment year in which the tax capacity of an electric generating unit is removed from the property tax base due to retirement of the electric generating unit.
  + “Unit differential” means (1) the tax capacity of electric generation property in the assessment year preceding the unit base year, minus (2) the tax capacity of electric generation property in the unit base year. The unit differential may not be less than zero.
  + Required notification. A public utility must notify the commissioner when the public utility expects to retire an electric generating unit and remove that unit from the property tax base. The notification must be in the form and manner determined by the commissioner, must include information required by the commissioner to calculate transition aid under this section, and must be filed together with the reports required under section 273.371.
  + Unit transition amount. (a) the initial unit transition amount equals the product of (1) the unit differential, times (2) the jurisdiction’s tax rate for taxes payable in the unit base year.
  + (b) The unit transition amount for the year following the unit base year, or in the year as provided under subdivision 6, equals the initial unit transition amount. Unit transition amounts in subsequent years must be reduced each year by an amount equal to five percent of the initial unit transition amount. If the unit transition amount attributable to any unit is less than $5,000 in any year, the unit transition amount for that unit equals zero.
  + Electric generation transition aid. Electric generation transition aid for an eligible taxing jurisdiction equals the sum of the unit transition amounts for that jurisdiction.
  + Commissioner’s duties; payment schedule. (a) The commissioner of revenue shall compute the amount of electric generation transition aid payable to each jurisdiction under this section. On or before August 1 of each year, the commissioner shall certify the amount of aid computed for aids payable in the following year for each jurisdiction. The commissioner shall pay aid to each jurisdiction annually at the times provided in section 477A.015.
  + (b) The commissioner of revenue may require counties to provide any data that the commissioner deems necessary to administer this section.
  + Aid for prior unit retirements. An electric generating unit with a unit base year after 2016 but before 2022 must be counted for the purpose of calculating aid under this section. For a unit eligible to be counted under this subdivision, for the purpose of the schedule of amounts under subdivision 3, paragraph (b), the unit base year is 2022.
  + Appropriation. An amount sufficient to pay transition aid under this section is annually appropriated from the general fund to the commissioner of revenue.
* Legislative recommendation:

Other states have provided transition aid to host communities through property tax revenue loss-based formulas. One suggestion from another state that has implemented this kind of program was to design the tax base aid such that those communities with greater loss of tax base get more aid than those with less tax base loss. The levy-based property tax system of Minnesota does not align with a direct revenue loss-based transition aid. However, Minnesota could provide transition aid to host communities through new or amended grant or local government aid programs. A grant program would be more useful for a targeted transition goal and a local government aid would be more useful for a general transition goal.

* Recommendations for state agencies to implement

Some communities expressed interest in the state providing additional support in obtaining grants and competing for federal opportunities. The Energy Transition Office should compile and coordinate agency resources to provide this type of assistance.

There was also interest in establishing a statewide independent investment intermediary focused on leading and structuring investments in transition communities coupled with establishing a statewide investment fund with two components: (1) a “First Risk Capital Fund” to make short-term local commitments to lower the risk for investors; and (2) a “Permanent Investment Capital Fund” to provide long-term capital. The Energy Transition Office could investigate the feasibility of forming such an intermediary, other public/private/philanthropic partnerships, and other creative financing mechanisms for mission-based investing.

**Guiding Principals for Recommendations;**

Tax Base. The impact on tax base may be moderate to severe, depending on the community and institution, and likely enough to justify existing avenues for state or national assistance for the local governments. The existing formula for Local Government Aid (LGA), County Program Aid (CPA) and Fiscal Disparities (Cohasset and Oak Park Heights) will likely move more dollars to these areas over time. However, the type of activities needed to plan and prepare community response would likely benefit from more intensive and specific technical assistance and potential tax base reduction relief before a plant shuts down. Some past efforts to alleviate impact (e.g., equalization of school funding) have real but narrow impacts that may not extend to the full community (e.g., city or county services).

* The closure of an existing power plant can have significant impacts on the tax base in a taxing jurisdiction depending on the size and makeup of the total tax base. These impacts may include tax shifting and changes in the stability of the tax base.
* There were concerns reported in many in-state interviews about raising local taxes for residents and businesses to cover the reduction in tax base when power plants close. This was seen as a disincentive for people to remain in the area and therefore could mean a larger community and business exodus than that due to loss of jobs related to the plant closure.
* Key considerations included the identification of both state and federal financial resources to assist energy transition. The factor of timing was identified as sometimes unknown, and critical to successfully utilizing the resources available.
* Some examples of successful energy transitions outside of Minnesota included equalization of school district funding, however, this equalization did not extend to library, fire and other districts that may suffer from inequitable funding support.
* Experiences from other states tell us that it cannot be assumed that plant replacement in transitioning communities will equally supplant current tax base reductions and that replacement energy also cannot be assumed to be the solution. Solutions need to be matched to an area‘s workforce and their specific situation.
* Many tax base funding grants decrease over time and therefore need offsetting financial support planning. Recommendations included that funding should be distributed to those hardest hit in regions where power plants are closing or transitioning.
* Energy is a fast changing field, so communities should remain flexible and work with stakeholders that have resources and are able to contribute to the region and its needs.
* Several out-of-state communities requested cooperation in the creation of federal assistance programs to assist states in efforts to successfully close and transition fossil fuel plants.
* Other energy sources such as solar and wind do not provide nearly enough taxes that the power plant pays. Reliance on taxes on other energy resources needs to be in conjunction to other tax creating opportunities.
* Power plants and their workers contribute not only to the community in which the power plant is located, but to the region. The impact is significant.
* It takes years for LGA, CPA and Fiscal disparities to adjust due to their formulas. Transition aid will help during this time to off-set the timing.
* It takes years to re-development power plant land in order to create new development. Transition aid will help during this time to off-set the timing.
* Sunset for any legislative program allows the legislature to review and determine if modifications/adjustments are needed.
* Prairie Island does not receive taxes from the Prairie Island Power Plant.
* A constant revenue stream versus a yearly ask for funds is better to assist communities to plan for their future. More efficient.

Many options and models from other states and other businesses closures were reviewed. In reviewing, it was determined that the best practice is to keep the solution to the problem simple and to not over complicate with lengthy applications, reports or other complexities that may prevent the community for pursuing.

Best Practices

Identified best practices for impacted communities include:

* Proactive tax diversification
* Proactive budget review and planning
* Identification of opportunities based on regional strengths
* Economic development and diversification

Adequate timing for taking proactive steps requires open disclosure of decommissioning plans by electric utility companies. Regulated utilities in Minnesota are required to provide planned retirement dates in public filings, so host communities may be able to obtain current information without additional disclosure by utility companies. Regardless of whether the exact date of plant closure is known, host communities should anticipate and plan for eventual closure.

Communities would likely find the following to be helpful:

* Working with fiscal experts to identify specific funding options, including repurposing existing revenue streams and tax expenditures, developing other sources of funding, and other fiscal strategies for lawmakers to consider
* Working with economic development experts in long-term planning
* Working with economists and subject matter experts in state government to develop estimates of program costs and revenue impacts to individual taxing districts in transition communities to identify funding needs and appropriate next steps
* Continue, start or enhance Business Retention and Expansion programs to enhance location economic development efforts. The University of Minnesota Extension has resources for the communities that the State could fund.

Many communities expressed challenges related to taking the above steps and identified that financial support is helpful. Financial support may take various forms, such as grants and aid. Host communities should take advantage of relevant programs.

Tax Base Task Force was comprised of:

* Michael Childs, Jr. (Prairie Island Native American Community)
* Rick Evans (Xcel Energy)
* Marshall Hallock (City of Red Wing)
* Tamara Lowney (Itasca Economic Development Corporation)
* Mary McComber (City of Oak Park Heights)
* Josh Skelton (Minnesota Power)
* Jon Van Nurden (Minnesota Department of Revenue)
* Darek Vetsch (Wright County)
* Dan Weber (Sherburne County)
* Shane Zahrt (Flaherty & Hood, P.A.)

The committee met twice-monthly in a virtual format. The Committee first determined what success on their portion of the plan meant for them. The following guided them in their determination and was presented to the entire ETAC at their May 2022 meeting:

• Recognizing that the impacts on tax base and the need for financial assistance for cities, counties, Native American communities, schools and other taxing jurisdictions

• Need to understand LGA, CPA, solar and wind taxing, and how power plants are taxed • Need for tools and assistance for the tax base that is lost

• Need for incentives to redevelopment property to start filling in tax base

• Communication for the community to understand the tax base current, future

• Need for great communication on closure dates as some have changed.

• Importance of financial planning for the fiscal impacts

• Look at best practices of other US closure locations on tax base financial assistance

The Tax Base Task force used the following in their research and analysis

Presentations by:

* Rick Evans, Xcel Energy
* Nick Greene, Department of Revenue
* Jon Van Nurden, Department of Revenue

Research:

* Minnesota Business Vitality Sprint on Community Energy Transition
* New York Electric Generation Facility Cessation Mitigation Program
* California Just Transition
* Colorado Just Transition
* 2022 Coalition of Utility Cities, MN Legislative proposal
* Securitization from Union of Concerned Scientists
* Midwest Governor’s Association
* Sherburne County Memo on tax implications
* New Mexico Energy Transition Act
* Illinois Transition plan
* RDA/RDF

**Workforce – 8.24.22 – Draft 4**

**Goal**

Workers displaced from power plant closures should receive the support necessary to plan effectively for their transition and achieve new career goals and allow them and their families to thrive economically and continue to contribute to Minnesota and their communities. Ensure the impacted workers who have powered Minnesota are assisted during the transition.

**Guiding Principles for Recommendations**

1. The Energy Omnibus bill passed in 2021 requires that utilities provide a resource plan to the Public Utilities Commission. This resource plan, that has scheduled the retirement of a plant facility, must include in their resource filing: a narrative describing the utility’s efforts, in conjunction with the utility’s workers and the workers’ designated representative, to develop a plan to minimize the dislocations employees may suffer as a result of the facility’s retirement. The narrative must address, at a minimum, plans to:
   1. If possible, retrain to employ within the company should there be an opportunity;
   2. Minimize financial losses to workers;
   3. Provide a transition timeline to ensure certainly for workers;
   4. Protect pension benefits;
   5. Extend or replace health insurance, life insurance, and other employment benefits;
   6. Provide training and skill development for workers who must, or choose to leave, the utility;
   7. Create targeted transition plans for workers at all locations impacted by the facility retirement;
   8. Quantify any additional costs the utility would incur and specifying what costs. If any, the utility would request to recover costs in the utility’s rates as a result of efforts made under this subdivision to minimize impacts to workers.
2. Importance of transition planning that includes a combination of services and benefits designed to encourage and support self-directed transitions that maximize options and help workers maintain self-sufficiency.
3. Partnerships in communication and collaboration between workers, employers, labor unions and the State that begins prior to separation from employment and continues throughout the transition.
4. In order to be effective, re-training efforts need to be carefully planned. Training needs to be flexible as training and education will evolve over time.
5. Direct income support, post closure of facility, should be temporary and designed to facilitate the transition to continued self-sufficiency. Sliding scale of support based on age and length of service.
6. Equitable treatment of workers.
7. Important to consult with Tribal nations and communities of color that have experienced disproportionate barriers to employment due to systemic racism. For example, as recommendations on work force transition are developed, there is an opportunity to create programs or policies that enhance equity rather than reinforce it. A parallel track approach, of consulting with both plant communities and those that were not at the table when the current energy system was developed, will maximize opportunity for all.
8. Use a broad definition of affected workforce that includes directly impacted workers covered by CBAs, directly impacted workers not covered by CBA, and affected workers not employed at transition plants – including local workers and those aging into the labor market during transition such as the communities youth. Be mindful of the connections between this broad workforce and the wider community. Seek strategies to attract and retain businesses and bring investment into these communities for more employment opportunities – important in many locations as the power plants are generally in rural communities.
9. Recognition that each community is different with different opportunities and challenges for the transitioning worker. For example: one community needs better high speed internet access, but another does not. Flexibility for the individuality is important.
10. Recognition that over time the economy may change, and with the change, may change the needs of the impacted worker.
11. Resources to address the mental health needs of impacted workers, their families and the community.
12. A robust plan with actionable steps and tangible outcomes.
13. Recognition that each impacted community has different job opportunities, thus different training opportunities is expected.
14. Employees may not want to relocate for new jobs, including jobs within their company.
15. Employees are all in different points within their career path and different family needs. This includes retirement, spouses career, children, etc.
16. Jobs and careers are evolving, need for the plan to evolve with the changes and be flexible to those changes.
17. Desire for the outcomes to be tangible, measurable and used as a model for other business transitions.
18. Recognition that youth in the community may have been planning for their careers to be at the power plant.
19. Support and acknowledge the retired and transitioning worker that has strong emotional ties to the power plant. This includes the impact of their work on the overall economy of the region.
20. Utility workers have a history of commitment to their employers with long tenure. With that, the utility workers have also a history of good pay, good benefits and pride in their work.
21. Utility workers have extensive training and are quality and safety focused.
22. Different State agencies impact different parts of the plant closure; DEED the worker; PUC the business; and Commerce the rate-payers. Need for all three to work together when a plant is in the process of closing to work harmoniously together.
23. IRRRB has a great model in assisting transitioning employees. A model like theirs for power plant closures should be reviewed. IRRRB works with businesses to ensure that training programs meet their business requirements. Their funding is from a tax that ensures a continuous flow that is important for programming.

**Recommendations**

***Recommendations for Supporting Directly Impacted Workers***

* 1. Mental Health resources for communities leading up to, during and after plant closure. A. Many unions have resources for their members. Non-union, family members and community members may need resources due to plant closure impacts
  2. Work with Congressional Members and other states to advocate for a federal program to back efforts for dislocated workers, and that goals of such efforts should focus on:

Planning staff and capacity building for communities

Money to attract and retain businesses

Seed investment capital to reduce risk

* 1. Power plant closures are unique and have the purview of the Public Utilities Commission, therefore the below processes will need to be adjusted to fit this unique sector:

State Rapid Response

1. Early notification of employer downsizing/closing.
2. Develop an Early Warning Network and Indicators.
3. Asset Mapping: Continue to build on the existing work of identifying key resources in the community that have the potential to provide assistance to the targeted employer/employees.
4. Develop and implement strategy notification of employer downsizing.
5. Feasibility evaluation and consultation by Rapid Response team.
6. Provide customized aversion strategies or rapid response (RR) services as needed.
7. Do you want to add extending Unemployment Benefits to cover training after plant closure?
8. Do you want to add allowing Dislocated Worker services for the employee to access, including training, prior to plan closure?
9. Early retirement options if it is feasible for the employer/ employees
   1. Work with state agencies to identify appropriate funding sources, including state and federal, for a fund specific to **energy** workers being affected by plant closures from 2023 to 2040 - this could be an Open Appropriation. The funds would be used specifically to address workforce development needs such as upskilling, and assistance with job transition to clean energy/electricity positions.

***Recommendations for Affected Local Workforce***

* 1. Engage the Minnesota Job Skills Partnership Board (MJSB) to look at programmatic development using the boards 6% funds in partnership with local educational institutions and businesses to upskill affected workforce and place them into new jobs.
     1. Use funds in 5 to support Sectorial Training Program providers or approaches (curricula) with demonstrated positive impacts on earnings and sectorial employment.
  2. Work with the IRRRB, DEED and appropriate Federal Agencies for funding and resources for the impacted workers.
  3. Support of activities to enhance workforce diversity and inclusion efforts which would include encouraging and funding cultural competency training for trade unions and workforce development organizations. Workforce retraining or training programs should be designed to, enhance equity rather than reinforce disparities. Consult with frontline communities and communities that have experienced systemic racism and barriers when developing programs. Prospective employers should be encouraged to consider:

1. Establishing data tracking on employee demographics and pay;
2. Encouraging employee recruitment from outside typical networks;
3. Monitoring promotion patterns and eliminating biased language in job descriptions; and,
4. Evaluations and striving to eliminate harassment in the workplace.
   1. Provide support for new workers/youth aging into the local labor force in affected transition communities. Examples of potential support:
5. Summer Youth Employment programs for high school teens (currently only offered in larger metros)
6. Enhance Pell support for high school graduates in affected communities seeking post-secondary education or consider local Promise programs.
7. Provide on-ramps for youth and younger workers to provide sectoral training programs, in item 5. above.

7a. Back previous MBVC CTE in High School Recommendations:

1. Build executive leadership in the state through development of statewide quality criteria, use of incentivized grant programs, and professional development opportunities.
2. Inform industry leadership through statewide career & technical education advisory committees.
3. Increase legislative leadership through the creation of statewide career & technical education legislative councils.

1. One East Kentucky, Ashland Alliance, Huntington Area Development Council (HADCO), and Southern Ohio Port Authority [↑](#footnote-ref-1)