

Interim Report: RIM-WRP Partnership

TO:

Senate Capital Investment Committee
Senate Environment, Energy and Natural Resources Budget Division
House Capital Investment Finance Division
House Environment and Natural Resources Finance Division
House Watersheds, Wetlands and Buffers Subcommittee



October 1, 2008

Posted at: www.bwsr.state.mn.us/easements

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Partnership and Program Development

The 2008 Minnesota State Legislature appropriated \$25 million in new Reinvest in Minnesota (RIM) Reserve funds in the 2008 Capital Investment Bonding Bill (Chapter 179, 2008 Session Law) which Governor Tim Pawlenty signed into law on April 7, 2008 (see attached appropriation language).

The Board of Water and Soil Resources (BWSR) provided legislative testimony along with the United States Department of Agriculture's (USDA) Natural Resources Conservation Service (NRCS), indicating the projected leveraging of federal Wetlands Reserve Program (WRP) with State RIM Reserve program funding to restore wetlands via a local-state-federal partnership. Wetland restoration of previously drained areas provides multiple conservation benefits including wildlife and native plant habitat, water quality improvement, flooding prevention and carbon sequestration.

The 2008 Federal, Food, Conservation and Energy Act (2008 Federal Farm Bill) was passed by Congress in May 2008 reauthorizing the new WRP with \$75 million available nationwide through the remainder of fiscal year 2008 (ending September 30, 2008). These funds are held in Washington and allocated to states on a first-come-first-serve basis after a landowner signs an Option Agreement to Purchase (OTP). Minnesota NRCS determined that signed OTPs needed to be to NRCS National Headquarters by September 1, 2008 to receive WRP funds for Minnesota's RIM/WRP Partnership.

The BWSR authorized staff to work in partnership with NRCS to develop sign-up procedures and supporting materials for Phase I (federal fiscal year 2008) of the RIM/WRP partnership. In June, the BWSR authorized Phase I of the RIM/WRP partnership to begin on June 26, 2008 and run through September 30, 2008 (see attached Board Resolution #08-65). The board established competitive payment rates for this partnership using township estimated market value averages. Rates were to be calculated using the township mean for tillable property value established by county assessors for the 2009 tax year. Attached is the news release announcing the premier wetland restoration partnership in the nation to the public and potential landowners statewide.

The RIM/WRP partnership combines a 30-year federal WRP easement with a state perpetual RIM Reserve conservation easement. Landowners selected for funding and who agree to enroll in both easement programs receive a payment for the 30-year WRP easement and a payment for the state for their perpetual RIM Reserve easement. In addition, NRCS will be paying for 75% of the conservation practice costs. BWSR will pay the remainder of the conservation practice costs, not to exceed RIM program maximums and/or actual costs. BWSR estimates that the RIM/WRP partnership will leverage \$1.4 federal dollars for every \$1 of state funds.

Program Implementation

The enrollment period for this new wetland restoration partnership was June 26 through July 18, 2008. Landowners were able to sign up for the RIM/WRP partnership at local NRCS or Soil and Water Conservation District (SWCD) offices across the state. All eligible applications were scored using the Minnesota Wetlands Easement Evaluation

Worksheet approved by NRCS State Technical Committee with technical assistance from the US Fish and Wildlife Service, MN DNR, Ducks Unlimited, Pheasants Forever, BWSR and others. It provides a higher score for those applications that restore the most wetlands and uplands in priority migratory species habitat areas of the state and in areas of the state that have had a large amount of their wetlands drained or altered (see RIM/WRP Partnership I map).

During this three week sign-up period for the RIM/WRP partnership 265 applications were received statewide totaling 24,932 acres for approximately \$70 million of demand. Eligible applications were sorted by legislatively mandated geographic priority areas (see RIM/WRP total application map).

NRCS and BWSR program staff along with a sub-committee of the BWSR board ranked the project applications based on their legislatively established geographic priority and their scored as determined from the wetland easement evaluation worksheet. A total of 119 RIM/WRP applications from landowners were selected, including eight from the Cedar/Turtle Creek Watershed; 24 from the Red River Watershed, and 86 from the statewide category totaling 13,236.50 acres (see Table 1a). Ninety-four selected landowners signed and returned their OTPs to Minnesota NRCS and were submitted to Washington NRCS and were funded for the RIM/WRP partnership (see Selected Projects map and Table 1b). Remarkably, Minnesota's RIM/WRP Wetland Restoration Partnership received \$14 million of the nation's total WRP funds for federal fiscal year 2008.

This success would not have been possible without BWSR's proven and ready delivery system with local SWCDs who are co-located with NRCS conservation staff and our many conservation partners – Ducks Unlimited, Pheasants Forever, Minnesota Waterfowl Association, and watershed districts – to name a few. Locally led conservation is the most effective and efficient way to connect with landowners who are the the key to our conservation program success.

What's Next

Southeast Flood Disaster Relief – Following fall crop harvest a second RIM Reserve sign-up in the seven southeast federally declared disaster counties in 2007 will commence. Input received from BWSR staff and local SWCDs indicated they wanted this sign-up to occur after the 2008 fall harvest.

RIM/WRP – Phase II – Once NRCS has completed new rules and guidance for the WRP and has received their FY 2009 WRP funding allocation, future sign-ups for this partnership will occur. This is not expected to occur until early calendar year 2009.

Program goals and recommendation for RIM/WRP Phase II will begin soon in anticipation of FY09 WRP funds being allocated to Minnesota NRCS. This will include recommendations to enhance application documentation and the wetland restoration evaluation worksheet, prioritization of project areas, development of specific projects

such as targeting riparian areas and expanding the funding to include a third tier of non-agriculture, non-cropland, among others.

RIM Reserve Riparian Restoration Project – The BWSR is developing a pilot RIM Reserve Riparian Restoration project for the Red River Basin Watershed. We are working with the Red River Watershed Management Board staff and with individual watershed districts. We are currently considering an allocation of approximately \$3 million for this pilot project area. The focus of this pilot project will be to enroll riparian lands in a defined flood damage reduction project area. In particular, the Red River Mediation Work Group (RRMWG) will identify potential projects through watershed project work teams for consideration. The BWSR will select target areas for enrollment and work with local SWCDs and watershed districts to enroll interested landowners in RIM Reserve conservation easements.

RIM Reserve Conservation Easement Flexibility – The BWSR was provided additional flexibility by the 2008 legislature for management of RIM Reserve easements.

The board is authorized to enter into new agreements and amend past agreements with landowners as required by Minnesota Statutes, section 103F.515, subdivision 5, to allow for restoration, including overseeding and harvesting, of native prairie vegetation for use for energy production in a manner that does not devalue the natural habitat, water quality benefits, or carbon sequestration functions of the area enrolled in the easement. This shall occur after seed production and minimize impacts on wildlife. Of this appropriation, up to five percent may be used for restoration, including overseeding.

The BWSR will be developing the criteria and the process to allow this new management flexibility to occur on our RIM Reserve easements when requested by landowners. In addition, we will be developing best management practices (BMPs) which SWCDs will be using to ensure the public's investment is enhanced into the future. We expect to have this new criteria and process developed to roll-out to SWCDs and easement landowners in Spring 2009.

In Summary

The RIM/WRP Wetland Restoration Partnership is considered the premier wetland restoration program in the nation. Combining these two easement programs allows the state to leverage federal funds that are available through the recently enhanced 2008 Federal Farm Bill. Wetland restoration easements provide critical wildlife and native plant habitat, improve and protect water quality, and reduce potential flood damages in targeted areas of Minnesota.

BWSR expects this entire 2008 appropriation to be fully obligated in early 2009.

Establish Rates and Sign-up Procedures for Reinvest in Minnesota Reserve/Wetlands Reserve Program (RIM/WRP) Partnership Project – Phase I

WHEREAS the MN State Legislature appropriated \$25 million dollars to RIM Reserve in the 2008 bonding bill (Chapter 179, 2008 Session Law) which Governor Pawlenty signed into law on April 7, 2008, and said funding is now available for expenditures as the MN Department of Finance has established the necessary accounts;

WHEREAS the 2008 legislative hearings on the bonding bill included testimony, evidence and projections regarding the use of newly appropriated RIM-Reserve funds quickly to leverage available federal farm bill funds and provide economic stimulus benefits to Minnesota's economy;

WHEREAS the new RIM Reserve funding is intended to leverage federal WRP (Wetlands Reserve Program) dollars;

WHEREAS the recently passed 2008 Federal, Food, Conservation and Energy Act (2008 Federal Farm Bill) reauthorized the WRP with \$75 million available nationwide through the remainder of fiscal year 2008 (ending September 30, 2008);

WHEREAS the Board of Water and Soil Resources (Board) RIM Reserve Management Planning Committee met on April 23, May 28 and June 17, 2008 to review and recommend the following provisions to successfully launch Phase I of the RIM/WRP partnership;

WHEREAS approximately \$10-15 million dollars of federal WRP funding is expected to be available for MN under the new farm bill for the federal fiscal year 2008 which ends September 30, 2008 and there exists an urgency to get the RIM/WRP partnership launched in order to leverage 2008 federal farm bill funds;

WHEREAS the Minnesota Board of Water and Soil Resources authorized staff to work with Natural Resources Conservation Service (NRCS) to develop sign-up procedures and supporting materials for Phase I (federal fiscal year 2008) of the RIM/WRP partnership;

WHEREAS the Board and NRCS staff, in consultation with the University of Minnesota Applied Economics Department, have determined that Estimated Market Value (EMV) is the most consistent and available land value data for determining payment rates;

WHEREAS the Minnesota NRCS is expected to adopt a 30-year WRP payment rate, specific to the RIM/WRP Partnership, of 75% of EMV for cropland acres and 50% of EMV for non-cropland acres;

WHEREAS a subcommittee shall be appointed by the Chair of the Board of Water and Resources to review the existing scoring worksheet and make project selections in coordination with NRCS;

NOW, THEREFORE BE IT RESOLVED THAT, the Minnesota Board of Water and Soil Resources authorizes Phase I of the RIM/WRP partnership to begin on June 26, 2008 and run through September 30, 2008. The total partnership payment rate for cropland acres shall not exceed 140% of EMV and for non-cropland acres shall not exceed 93% EMV. Rates are to be calculated using the township mean for tillable property value established by county assessors for the 2009 tax year.

ss/Randy Kramer
Randy Kramer, Chair
Minnesota Board of Water and Soil Resources

6/25/2008
Date



For Immediate Release

June 25, 2008

Contact: Jon Fure, 651-296-0884

Premier Wetland Restoration Easement Program Signup Available through July 18

Local-State-Federal Partnership Offers Competitive Rates for Restoring Previously Drained Wetlands

St. Paul – Soil and Water Conservation Districts are offering a new wetland restoration program that will pay eligible landowners competitive rates to restore previously drained wetlands. Rates for this local-state-federal partnership are the highest ever for conservation easements, keeping pace with rising crop prices and land values.

The USDA Natural Resources Conservation Service and the Minnesota Board of Water and Soil Resources (BWSR) announced the signup period for this local-state-federal wetland restoration program that will enhance wildlife habitat, improve water quality and reduce potential flood damage in targeted areas.

“Record commodity prices and land values might seem to make wetland restorations a tough sell for landowners, but many landowners have already expressed interest in restoring previously drained wetlands, and the competitive payment rates that are available through this partnership make this an attractive option for Minnesota farmers,” said John Jaschke, BWSR Executive Director.

The partnership combines the state’s Reinvest in Minnesota (RIM) Reserve conservation easement program with the USDA Wetlands Reserve Program (WRP). Combining these two easement programs allows state funds to leverage federal funds for conservation that are available through the recently enacted 2008 Federal Farm Bill.

Details of the RIM-WRP Partnership:

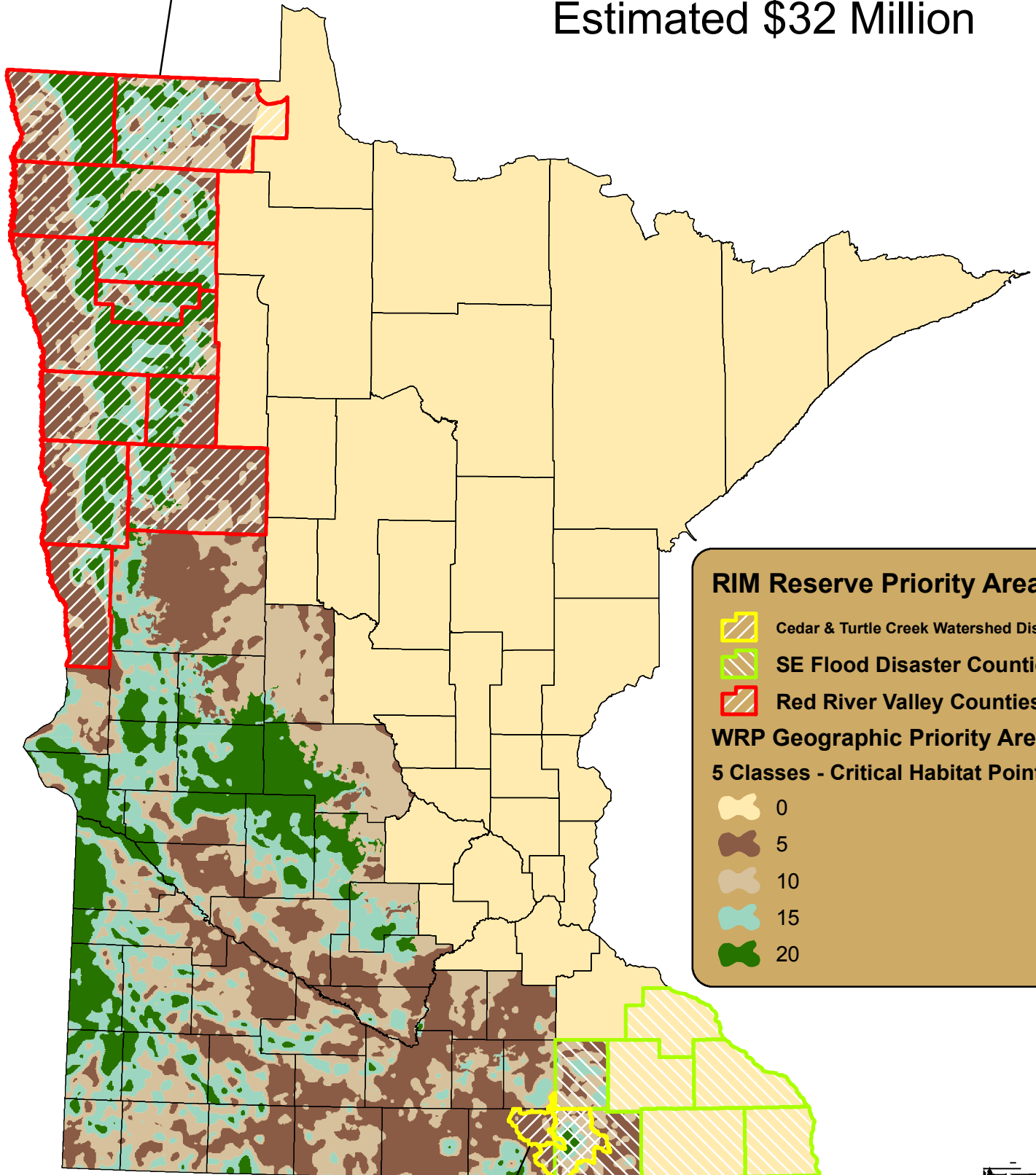
- To leverage federal funds that are available until the end of the federal fiscal year, the RIM-WRP signup period is from June 26 to July 18, 2008.
- Interested landowners should contact their local Soil and Water Conservation District (SWCD) or Natural Resources Conservation Service (NRCS) staff at their local USDA Service Center.
- Eligibility is statewide, but priority is given to the prairie pothole region of Minnesota. In addition, some state funds are targeted to specific areas where wetland restorations will provide much-needed flood damage reduction and other benefits.
- Competitive payment rates have been established for this partnership using township estimated market value averages. Please contact your local SWCD or NRCS field office to determine your payment rate per acre by township.

The Minnesota Board of Water and Soil Resources is the state’s administrative agency for soil and water conservation districts, watershed districts, metropolitan watershed management organizations, and county water managers. The agency’s mission is to improve and protect Minnesota’s water and soil resources by working in partnership with local organizations and private landowners.




- end -

Up to \$8 Million is Available
for All Phases

RIM Reserve / WRP Partnership Phase I Estimated \$32 Million







RIM Reserve Priority Areas

-  Cedar & Turtle Creek Watershed Districts
-  SE Flood Disaster Counties
-  Red River Valley Counties

WRP Geographic Priority Areas

5 Classes - Critical Habitat Points

-  0
-  5
-  10
-  15
-  20



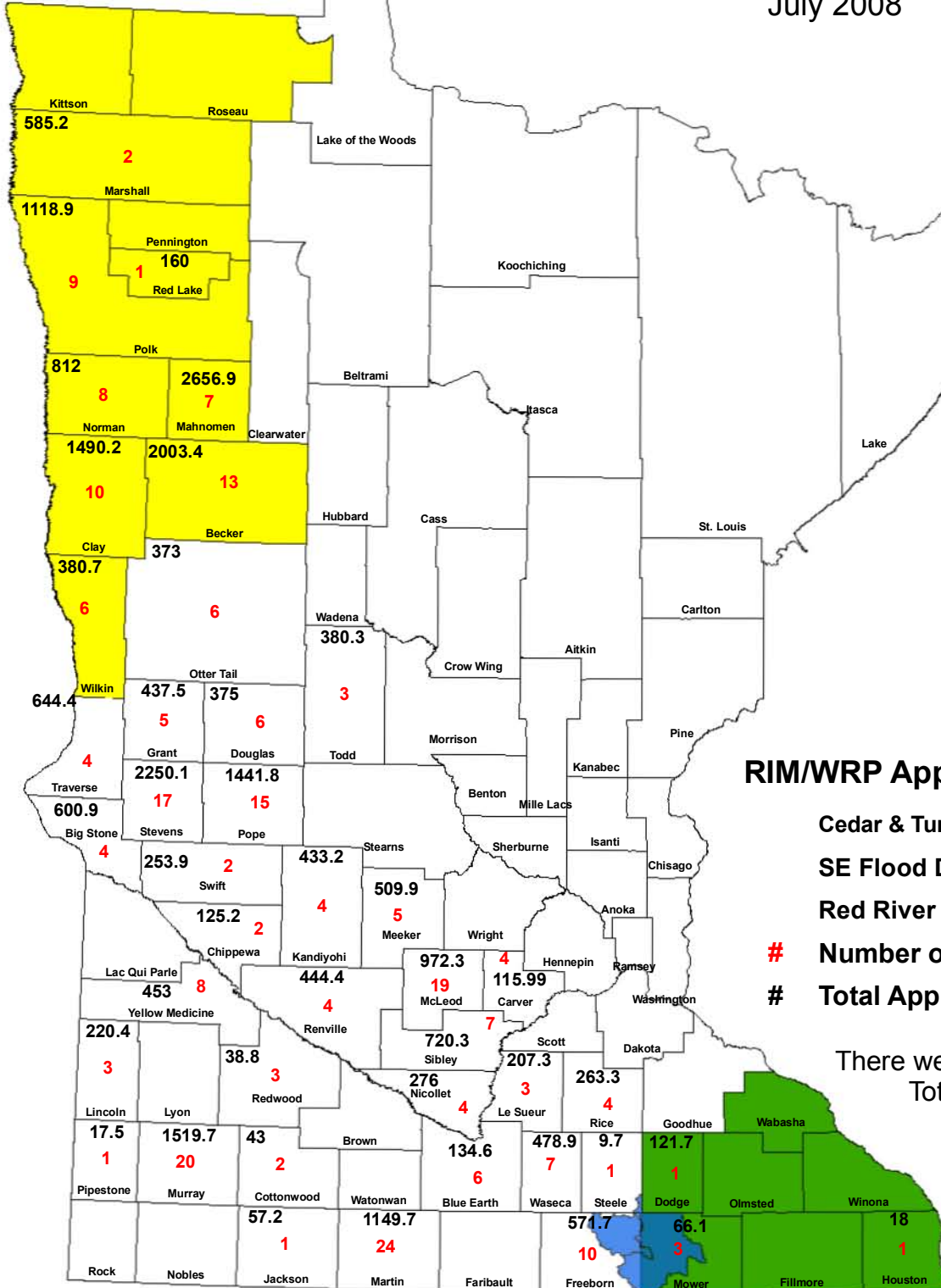
At Least \$2 Million is Available
for All Phases

Up to \$8 Million is Available
for All Phases

RIM Reserve / WRP Partnership Phase I

Total Applications by County

July 2008



RIM/WRP Applications

Cedar & Turtle Creek Watershed Districts

SE Flood Disaster Counties

Red River Valley Counties

Number of Applications

Total Application Acres

There were 265 Total Applications
Totaling 24,932 Acres



At Least \$2 Million is Available
for All Phases



Reinvest in Minnesota (RIM) Reserve/Wetlands Reserve Program (WRP) Partnership

Table 1a

Phase I Applications Selected For Funding by Minnesota NRCS/BWSR Selection Team

	No. of Projects	Acres	RIM \$'s	WRP \$'s	Total \$'s
Cedar/Turtle Creek Watershec	9 (9)	398	\$670,673	\$880,767	\$1,641,440
Red River Watershed:	24 (38)	4,889	\$3,342,521	\$3,869,153	\$4,211,725
Statewide:	86(190)	7,950	\$11,804,356	\$13,451,853	\$25,456,209
All Project Areas Total:	119(237)	13,237	\$15,907,600	\$18,401,773	\$34,309,374

() Number of eligible applications

Table 1b

Phase I: RIM/WRP Projects Funded (Landowners with Approved OTP's-Washington NRCS)

	No. of Projects	Acres	RIM \$'s	WRP \$'s	Total \$'s
Cedar/Turtle Creek Watershec	8	366	\$698,698	\$809,072	\$1,507,761
Red River Watershed:	16	2,792	\$1,741,146	\$2,016,142	\$3,757,288
Statewide:	70	6,223	\$9,723,789	\$11,242,070	\$20,965,859
All Project Areas Total:	94	9,380	\$12,163,633	\$14,067,284	\$26,230,908

Conservation Practice \$'s (\$600/acre estimate)

75% Federal / 25% State: \$4,221,135 / \$1,407,045

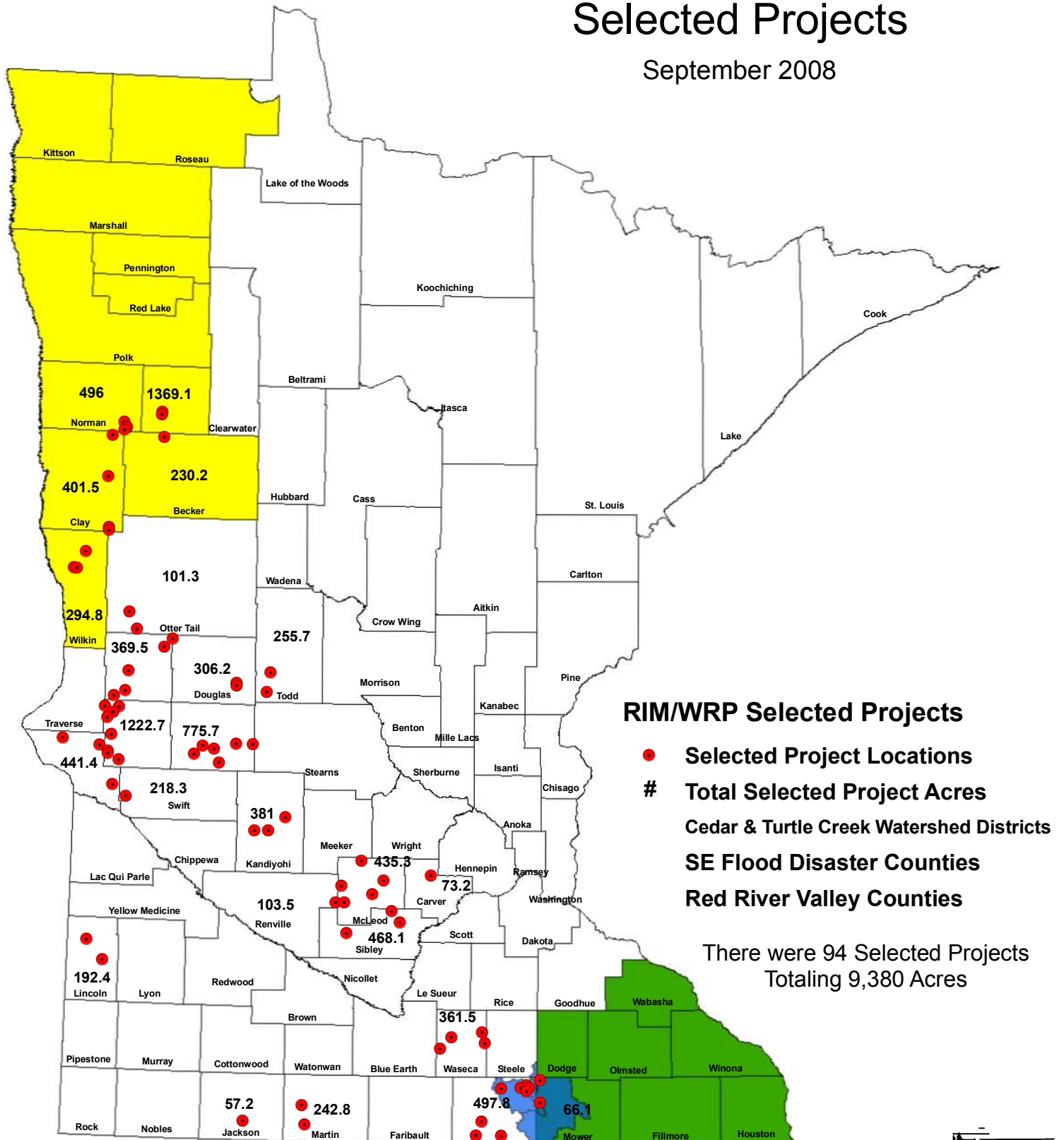
Total Estimated Dollars \$13,570,678.00 \$18,288,419.00 \$31,859,097.00

Up to \$8 Million is Available
for All Phases

RIM Reserve / WRP Partnership Phase I

Selected Projects

September 2008



At Least \$2 Million is Available
for All Phases

