

2006-2007

Biennial Report

To the Minnesota Legislature



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Minnesota Board of Water and Soil Resources
520 Lafayette Road North
St. Paul, MN 55155

Phone: (651) 296-3767
Fax: (651) 297-5615
TTY: 800-627-3529

www.bwsr.state.mn.us

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LETTER FROM THE BOARD CHAIR

Conservation programs in Minnesota are frequently modified to keep up with advances in technology and new methods of installing best management practices. Good ideas often come from local communities around the state.

The balanced mix of perspectives represented by members of the Board of Water and Soil Resources (BWSR) is a key to Minnesota's ability to take these good ideas and turn them into practical and credible conservation policy and program development. The board is a forum for citizens and government officials to bring diverse interests together to exchange ideas, coordinate conservation activities, and set policy that achieves mutual goals.

In Fiscal Years 2006 and 2007, BWSR capitalized on many opportunities to turn good ideas into sound, science-based conservation policy. BWSR's accomplishments in fiscal years 2006-2007 included:

- Engaged stakeholders in the process of developing new Wetland Conservation Act rules;
- Restored more than 8,100 acres of privately owned agricultural land into wetlands and grasslands by enrolling them in long-term conservation easements;
- Leveraged millions of dollars in federal funds to match local and state tax dollars;
- Efficiently administered competitive grants to local governments for innovative projects to improve and protect water quality as part of Minnesota's Clean Water Legacy Act;
- Began facilitating the Drainage Work Group to reach consensus recommendations for buffer strips and other topics related to public drainage system management; and
- Implemented new oversight responsibilities in response to recommendations by the Legislature and the Office of the Legislative Auditor.

These accomplishments and others are detailed in this report. All of the accomplishments in this report are achieved in partnership with a broad network of local government units that deliver services on behalf of BWSR to achieve the state soil and water conservation goals.

The joint efforts of local, state and federal conservation agencies, along with stewardship-oriented landowners, have reduced soil erosion, improved water quality and enhanced wildlife habitat, while keeping working lands working. Minnesota's diverse landscape makes this local delivery system with state coordination essential.

On behalf of the Minnesota Board of Water and Soil Resources, I am proud to present the 2006-2007 Biennial Report, and I look forward to continuing to work with partner organizations and citizens to protect and improve Minnesota's water and soil resources.

Sincerely,



Randy Kramer, Chairman

MISSION AND STRATEGIC PLAN

BWSR Mission

Assist local governments to manage and conserve their irreplaceable water and soil resources.

The Minnesota Board of Water and Soil Resources was created in 1987, when the Legislature combined the Soil and Water Conservation Board with two other organizations with local government and natural resource ties: the Water Resources Board (established in 1955) and the Southern Minnesota Rivers Basin Council (established in 1971). Combining the three organizations created a more efficient and effective state agency to deliver conservation programs and services.

BWSR is the state's administrative agency for 91 soil and water conservation districts, 46 watershed districts, 23 metropolitan watershed management organizations, and 80 county water managers. By channeling financial, technical and administrative assistance to the local level, BWSR implements state conservation policy with local priorities in mind. The following core beliefs form the underlying structure for how BWSR carries out programs and activities. These beliefs, outlined in BWSR's Strategic Plan, include:

- Water and soil management is best implemented locally, with local units of government working directly with landowners, resource management agencies and citizens to provide a grassroots approach to resource protection efforts.
- Water and soil management is best implemented voluntarily, with education and incentives influencing individuals to use wise management practices.
- Water and soil management is best accomplished comprehensively and collaboratively, with local units of government working with each other, individuals, and resource agencies.

In 2007, BWSR staff and board members sought input from stakeholders and completed a new strategic plan. The plan was completed in Fiscal Year 2008, so more information about the plan will be available in future BWSR reports.

BOARD MEMBERSHIP AND STAFF

The 17-member board consists of 12 members representing citizens and local government entities (county commissioners, SWCD supervisors and watershed district managers), 4 commissioners of state agencies, and 1 representative of the University of Minnesota Extension Service. Agency staff is located in nine geographically distributed offices throughout Minnesota.

The board's balanced mix of perspectives and experiences contribute greatly to the public processes that lead to and provides a means for citizens and local governments to take direct ownership of conservation issues.

The main duties of the board and staff include:

- Serving as the state soil conservation agency (M.S. 103B.101)
- Implementing best management practices that reduce nonpoint source pollution, promote native vegetation establishment and control invasive plant species by providing financial, technical, and administrative assistance to local government units, and working with private landowners (M.S. 103B, 103C, 103D);
- Providing planning assistance to ensure that local water resource planning is linked with comprehensive land use planning and reviewing all local water management plans (M.S. 103B);
- Resolving water policy disputes (M.S. 103A.211, 103A.305, 103A.315, 103A.311);
- Implementing all comprehensive local water management acts. (M.S. 103B.201, 103B.255, 103B.301)
- Providing a public forum for citizens and a broad range of interests to make decisions on complex water and soil conservation policies (M.S. 103B.101);
- Protecting wetlands from being drained or filled by implementing the Wetland Conservation Act (M.S. 103G);
- Coordinating local, state and federal resources to achieve the most effective conservation outcomes for the state's investment.

Most of these duties are accomplished by working in partnership with local organizations. BWSR staff provide financial, technical and administrative assistance to local governments for implementation of the state's soil and water conservation policy, resource protection programs required by the Wetland Conservation Act (WCA), local water management planning, and for implementing conservation projects on privately owned lands.

Recommendation

The structure and makeup of the board is an asset, because it creates a forum where ideas are exchanged among state and local government representatives and citizens from different parts of the state, which leads to practical and credible conservation policy and program development. No changes to the board membership are recommended.

PROGRAM AND BUDGET OVERVIEW

Following is a description of key services provided by BWSR:

Soil and Water Conservation Districts (SWCD) M.S. 103C

- Hear petitions and order formation, consolidation and/or division of districts; approve location changes; conduct referenda; and order discontinuance of districts as needed.
- Approve changes to the nominating process for districts elections, hear petitions and order removal of elected supervisors as necessary.
- Establish and enforce penalties for violation of grant programs and/or misconduct of supervisors or SWCD employees.
- Approve and administer state grants, and coordinate programs and activities with state and federal agencies.
- Develop programs designed to achieve soil and water conservation goals.
- Review and approve local soil and water conservation improvement projects.

Watershed Districts and Watershed Management Organizations (WMOs) M.S. 103B and D

- Establish districts and appoint an initial board of managers, define and modify their boundaries, and consolidate or terminate districts.
- Receive and hear appeals of district project orders.
- Receive annual audits and reports, enforce member eligibility requirements, and assign areas to associated counties for watershed management.
- Approve management plans and revisions; review rules and regulations; review and approve engineering reports on proposed projects; and approve plans for establishing storm water utility fees.
- Investigate misconduct of district managers as necessary.

Counties and Cities M.S. 103B, F and G

- Approve land management plans.
- Hear and decide appeals of wetland replacement, wetland exemption determinations and municipal contracts with water plans.
- Rescind enforcement authority for WCA and impose building moratoriums as necessary.
- Certify employees' completion of wetland delineation training and certify wetland banking transactions.
- Approve comprehensive local water management plans and revisions.
- Approve and allocate grant funding to counties; conduct audits and investigate potential grant violations.

Wetland Conservation Act M.S. 103A, B and G

- Review projects, resolve disputes, and decide appeals.
- Participate on technical evaluation panels.
- Support interagency coordination and enforcement.
- Evaluate local government unit (LGU) performance.
- Administer program rules, banking, forms, manuals, training, and delineator certification.
- Develop, review, and approve local wetland plans and ordinances.
- Acquire land and develop procedures for the local government wetland road replacement program.

Comprehensive Local Water Management Program M.S. 103

- Develop program guidelines for submitting local water management plans, including citizen involvement.
- Review and approve plans submitted.

- Resolve disputes arising from planning process.
- Support local implementation of water management plans.
- Support development and adoption of local ordinances to protect and improve water quality or quantity.
- Support and provide technical assistance for the installation of practices to protect, conserve or improve water quality or quantity.

Drainage Management

- Implement the 2005 Legislature's directive to assess implementation of public drainage system buffers and their use, maintenance and benefits in cooperation with farm groups, SWCDs, watershed districts, counties, conservation organizations, and the federal government.
- Analyze group recommendations regarding developing methods for modernizing drainage records, educating landowners on best management practices, and the efficacy of current reporting requirements for future implementation.
- Prepare and present findings and recommendations to the legislature.

RIM RESERVE Conservation Easement Program M.S. 103F.506 – 103F.535

- Keep certain marginal agricultural land out of crop production to protect soil and water quality and support fish and wildlife habitat.
- Acquire conservation easements from landowners to restore wetlands and establish wildlife habitat.

Expand Local Water Management Accountability and Oversight M.S. 103B.102

- Monitor and evaluate the performance and activities of local water management entities.

Budget

Two-year state budget:

- \$30.671 million in General Funds for FY 2006-2007 biennium
- \$22.525 million (73%) in pass-through grants
- FY 2007 full-time: 70 FTE, of which 49 FTE are supported by General Fund.

The primary funding source for agency operations is the General Fund. For FY 2007, 82% of the agency's total budget was General Fund, excluding bond funds.

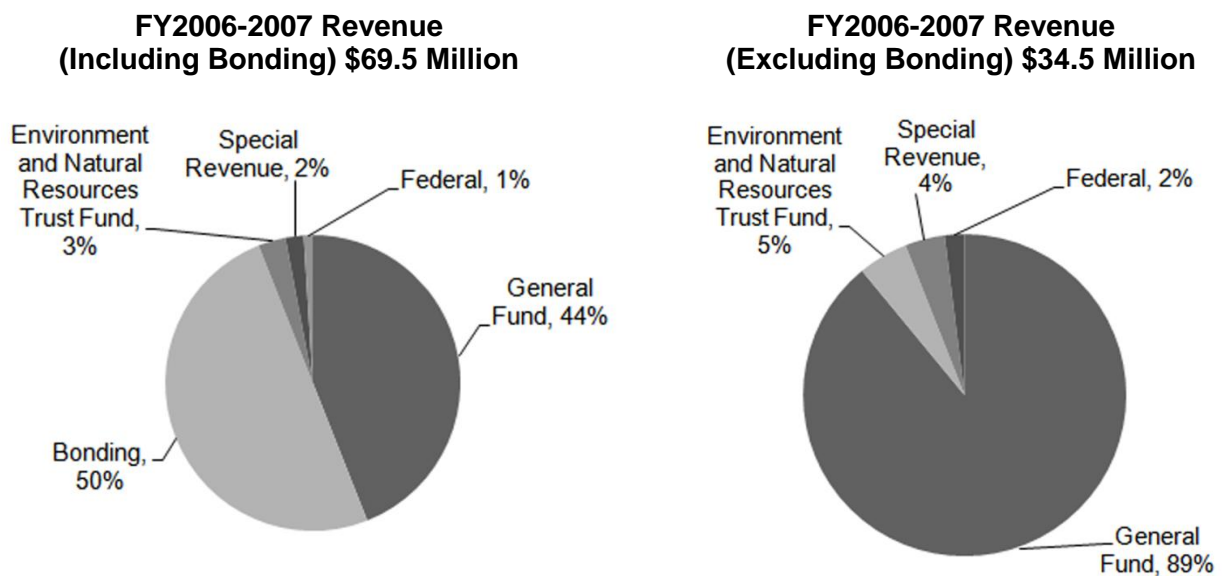
Bonding

BWSR received the following appropriations in 2006:

- \$3.5 million for Local Government Road Wetland Replacement
- \$2.2 million for Grass Lake conservation easements
- \$1 million for Streambank Lakeshore Control
- \$500,000 for Area II Minnesota River Basin Projects Inc.

Some bonding dollars appropriated in 2005 were available to be spent in 2006-2007. Those appropriations were:

- \$20 million for the Conservation Reserve Enhancement Program (CREP) II easements
- \$3 million for CREP II implementation
- \$4.4 million for Local Government Road Wetland Replacement



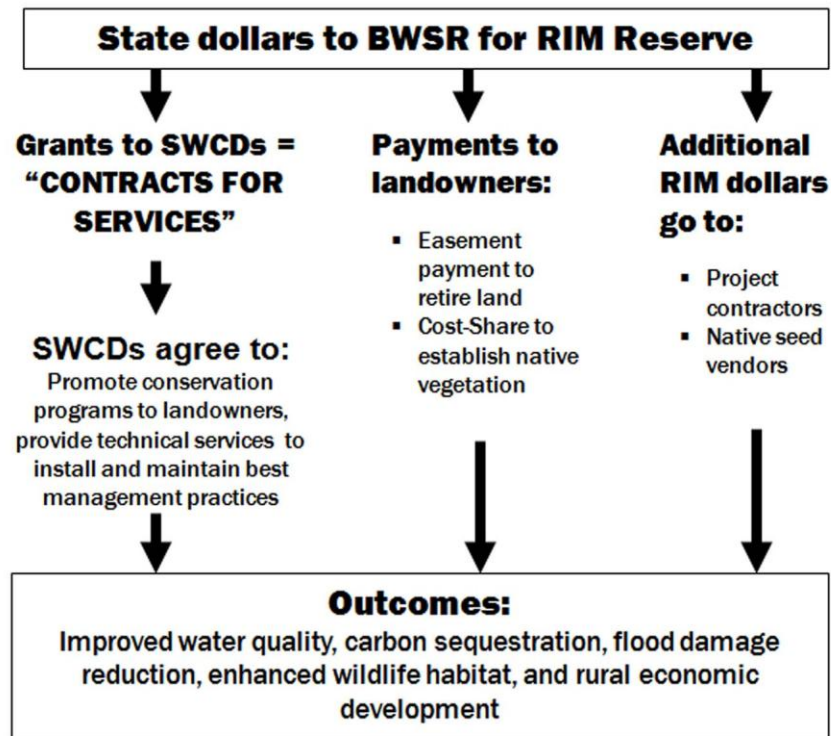
Recommendations

See program-specific recommendations in this report.

CONSERVATION EASEMENT PROGRAMS

Reinvest In Minnesota (RIM) Reserve increases public and private investment in private lands to improve water quality, and create wildlife habitat and increase flood storage capacity. Voluntary private land conservation easements with private landowners are administered in partnership with SWCDs and focus on restoring drained wetlands and enrolling highly erodible, riparian and sensitive groundwater lands.

BWSR staff provides the necessary administrative, legal and engineering duties to be able to secure the conservation easements with landowners through the local SWCDs.



BWSR duties include:

- verifying land ownership
- preparing a legal description and map of the easement area
- preparing a conservation plan
- completing the agreement signed by the landowners and the state, and
- encumbering conservation practice funds.
- Engineering design for restoration projects

Easements are inspected annually by SWCD staff for the first five years, then every third year thereafter.

CREP II

BWSR's partnership with the USDA Farm Service Agency in 2005, known as the Conservation Reserve Enhancement Program (CREP) II, was completed in FY 2006-2007. SWCDs promoted the easement option locally, and 7,345 acres were enrolled in long-term conservation easements through this partnership. Participating landowners received a state payment through RIM Reserve to take land out of agricultural production and install conservation practices to restore wetlands and grasslands. Landowners also receive CRP payments. BWSR received

\$9.334 Million in state bonding dollars, which leveraged \$37 Million in federal funds, which includes the 15-year CRP payments and cost-share for establishing conservation practices.

RIM-WRP

Another BWSR partnership with SWCDs and the USDA Natural Resources Conservation Service, known as RIM-Wetlands Reserve Program (RIM-WRP) began in 2006, and it was just the second partnership of its kind in the nation. Phase I of this partnership enrolled 9,776 acres in permanent conservation easements to restore wetlands, and the partnership has enabled Minnesota to leverage \$1.4 federal dollars for every \$1 in state RIM funds.

Camp Ripley Army Compatible Use Buffer (ACUB) project

BWSR's partnership with the Army National Guard, the Minnesota DNR, and local SWCDs has led to more than 20 easements being acquired on privately owned lands surrounding the Camp Ripley installation in Little Falls. BWSR is providing the easement acquisition services on a fee-for-service basis to the Army National Guard for their Army Compatible Use Buffer (ACUB) project. Participating landowners voluntarily enroll in an easement and agree to keep the land in a natural state or in agricultural production, but not to subdivide it or convert it to other commercial or residential uses. The project insures that development in nearby Fort Ripley does not encroach on key areas near Camp Ripley.

In FY 2006 - 2007, BWSR has completed and recorded 12 land transactions totaling 1,951 acres. The completed land transactions have resulted in an expenditure of \$1,889,380 in federal funding and has leverage \$2,043,728 in other contributions as match. BWSR has used the federal dollars for ACUB implementation, and a portion has been granted to the SWCDs in the counties where ACUB easements are being acquired.

Summary of 2006 Monitoring Duties:

BWSR and the USDA Natural Resources Conservation Service (NRCS) entered into a 2-year contribution agreement through the USDA Wetlands Reserve Program (WRP). After developing a protocol for the monitoring process, BWSR staff monitored and established photo points for 131 WRP and RIM-WRP easements in 13 counties. Two interns were hired to help with the field work over the summer.

Summary of 2007 Monitoring Duties:

BWSR completed tasks for the 2-year contribution agreement with NRCS by monitoring 69 WRP and RIM-WRP easements in 21 counties. BWSR also completed tasks for an additional 1-year contribution agreement, including:

- Conducted six WRP Land Management Workshops, attended by 85 landowners and 105 field staff involved in WRP and RIM-WRP projects (340 landowners were invited).
- Conducted a review of the WRP easement monitoring process.

Recommendations

All easement programs involve partnerships that leverage non-state dollars and/or staff time, and continued funding for easement programs will enable BWSR to continue to build on the success of these partnerships to maximize the state's investment in conservation easements that restore wetlands and grasslands.

WETLAND CONSERVATION ACT

Key goals for the Wetland Conservation Act (WCA) are found in statute at Minn. Stat. 103A.201 that establishes the state policy to:

- (1) achieve no net loss in the quantity, quality, and biological diversity of Minnesota's existing wetlands;
- (2) increase the quantity, quality, and biological diversity of Minnesota's wetlands by restoring or enhancing diminished or drained wetlands;
- (3) avoid direct or indirect impacts from activities that destroy or diminish the quantity, quality, and biological diversity of wetlands; and
- (4) replace wetland values where avoidance of activity is not feasible and prudent.

BWSR worked with a broad range of stakeholders to revise Minnesota Rules Chapter 8400, an effort that is a principal outcome of Governor Tim Pawlenty's letter to the Clean Water Cabinet in 2005, which stated that more should be done to limit the loss of wetlands. As a result of this letter, BWSR undertook a rigorous effort that involved over 35 stakeholder groups and organizations to review and assess the effectiveness of WCA. This program assessment was completed in November 2006, and led to legislation amending WCA that was enacted in May 2007. Exempt rules were adopted on August 6, 2007. Permanent rulemaking is planned for 2008.

Wetland Enforcement Actions

The Minnesota Department of Natural Resources employs conservation officers who perform enforcement duties under the Wetland Conservation Act. The following information is provided by the DNR Division of Enforcement:

Cease and Desist Orders Issued

2006: 593
2007: 379

Closed Cases

2006: 508
2007: 296

Restoration Orders Issued

2006: 282
2007: 198

Rescinded Cease and Desist Orders

2006: 153
2007: 87

Wetland Banking

Wetland banking provides a source of wetland credits — principally from restoring previously drained wetlands—that may be used by individuals and road authorities to replace wetlands as required by the Wetland Conservation Act. The banking program includes two types of accounts: private and BWSR-held. In a private account, a private entity establishes and maintains the ecological integrity of the account. BWSR-held accounts are solely used for replacing the impacts caused from local and state road projects and BWSR is responsible for the ecological integrity of the accounts. The Board administers the state's wetland banking program, including the tracking of credits and debits to all accounts, monitoring privately held accounts and establishing, maintaining and monitoring BWSR-held accounts. The goal of this program is to provide high-quality restored wetlands that will continue to provide replacement credits that meet the standards of state and federal wetland regulations.

Wetland Bank Site Monitoring

BWSR staff monitor the ecological integrity of privately held banking sites, and provide technical support during the establishment of BWSR-held accounts, including maintenance and

monitoring of BWSR-held accounts after establishment. Tasks include the inspection of monitoring reports submitted by the private account holder; performing site inspections of both private and BWSR-held accounts, especially focusing on the quality of vegetative cover; performing or having performed corrective actions such as invasive species control; providing technical support to other Board staff, local government and private sector personnel; preparation of monitoring reports for BWSR-held bank sites; and collaborating with officials from the US Army Corps of Engineers to ensure that banking sites continue to meet their standard of approval.

BWSR inspects wetlands in the Minnesota Wetland Bank to ensure that the wetlands continue to provide the functions stated in their respective bank plan, and to ensure compliance with recorded restrictions and covenants.

In 2007, BWSR developed a protocol (“MN Wetland Bank Site Monitoring Guidance”) for monitoring / inspecting wetland bank projects. That same year 25 bank sites were monitored, with the help of a U.S. Army Corps of Engineers intern. A summary report was sent to each landowner and/or bank applicant stating whether or not the site appeared to be in compliance.

Three interns were hired to assist with WRP and bank monitoring in the summer of 2007.

Recommendations

Increased funding is recommended that will go directly to local government units to increase their capacity, to work in partnership with BWSR and other agencies to protect wetlands, and ensure quality replacement when impacts are unavoidable.

CONSERVATION COST-SHARE

AND OTHER GRANT PROGRAMS

Clean Water Legacy

In 2006, the Minnesota Clean Water Legacy Act (CWLA) launched Minnesota on an accelerated path toward addressing impaired waters and protecting the state's unimpaired waters. BWSR is charged with restoring and protecting the state's waters by implementing conservation practices that reduce nonpoint source pollution. BWSR is utilizing a well-established conservation delivery system spearheaded by local governments.

BWSR staff duties have included:

- leading an interagency review team to solicit and rank projects, allocate those dollars and track status of projects
- provide technical and administrative assistance to grant recipients on all phases of the program, including planning, project management, and reporting and evaluating outcomes.

All projects receiving CWLA funding were selected by an inter-agency team that ranked each request based on the following criteria:

- Relationship to a TMDL or state-approved local water management plan
- Measurable results and estimated pollution reduction outcomes
- Leveraging additional funding
- Ability to track project effectiveness
- Readiness to proceed
- Coordination and cooperation

These efforts have ensured that Clean Water Legacy dollars are spent in ways that improve and protect our state's water resources. Fact Sheets on each Clean Water Legacy project are on the BWSR website: www.bwsr.state.mn.us/CWL

State Conservation Cost-Share Program

BWSR provides cost-share grants to SWCDs to help landowners offset the costs of installing conservation practices that protect water quality and control erosion. Landowners are required to match a percentage of the total project cost, using their own funds in combination with other state, federal, or local sources. Local SWCD boards set local priorities for projects in conjunction with the state's overall priorities set through BWSR.

These dollars leverage non-state dollars, including local and federal dollars. About \$16 Million each year from the combined local-state-federal dollars pays for land and water treatment practices, such as soil erosion control, feedlot and septic system upgrades.

Feedlot Water Quality Management Grants

Feedlot Water Quality Management Program in cooperation with Soil and Water Conservation Districts (SWCDs) across the state. Local implementation is ongoing throughout the year. This includes financial and technical assistance coordination. SWCDs work with local producers to evaluate feedlots, identify water-quality problems, and develop solutions.

Funding priorities established by the Board for this program are:

1. Feedlots in riparian locations enrolled in a recognized stewardship plan and high pollution potential (based on FLEVal).
2. Feedlots in riparian locations and high pollution potential.
3. Feedlot operations where a high FLEVal indicates a greater pollution potential.
4. Practices start date.
5. Feedlot operators who have received a notice of violation.
6. Feedlots in counties that are conducting or have completed a level 2 or level 3 feedlot inventory.

Natural Resources Block Grants

The Natural Resources Block Grant (NRBG) is a composite of base grants available to counties to help them implement programs designed to protect and improve water resources. Individual programs under this grant include:

- Comprehensive Local Water Management
- Wetland Conservation Act
- DNR Shoreland Management Program;
- Minnesota Pollution Control Agency Feedlot Permit Program
- MPCA Individual Sewage Treatment Systems Program

Counties are the only eligible applicants for these grants. A county may apply for any or all of these grant components. In addition, a county is responsible for providing the required match. To be eligible for the NRBG, a county must have a locally adopted and BWSR approved comprehensive local water management plan, complete a written application, provide a resolution authorizing the signatures on the application and required match, and must have submitted an annual report.

SWCD General Service Grants

This program provides each district with a portion of the funds needed for general administration and operation. The grants are intended to provide districts a certain degree of funding stability. The state contribution assists in providing resources for staff and operating expenses associated with delivery of all state conservation programs.

Recommendations

Some rules for grant program procedures have become outdated. Greater flexibility to make programmatic changes through board policy instead of rulemaking would improve BWSR's ability to adapt grant programs to reflect new techniques for installing best management practices.

LOCAL WATER PLANNING AND MANAGEMENT

The Comprehensive Local Water Management Act (M.S. 103B.301) provides a means to link state goals and objectives with the goals and objectives local governments set for managing water and related land resources in their jurisdictions. Local water management plans and actions focus on priority concerns that citizens and local government units establish.

BWSR administers the local water management program by providing guidance throughout the process of developing local water management plans, and by approving final plans. The planning process engages citizens and community leaders, and it fosters local and state partnerships. By focusing on priority concerns, the plans are used to target state dollars for protecting and improving water quality to high-priority areas that are identified by local and officials and citizens.

These locally developed, state-approved plans have many benefits, including:

- There is a single simplified process for developing, approving, and amending all local water management plans.
- Plans provide a basis to coordinate actions to protect and improve water quality among government units and minimize duplicating efforts.
- Actions are measurable, watershed-focused, and connected to land-use plans and official controls.

The process encourages upfront involvement of local and state governments and citizens. A county must notify state agencies, local governments and other interested parties of their intent to update the water management plan and invite them to participate in identifying the priority concerns.

Statutes specify the required content of a plan:

- a. Executive Summary
- b. Assessment of priority concerns
- c. Goals and objectives
- d. Implementation Program
- e. Other water management responsibilities and activities coordinated by the plan.

Recommendations

Dollars that are appropriated to BWSR to implement nonpoint pollution reduction programs are part of the state's overall effort to address its impaired waters. Local water management plans are used to target these state dollars based on local priorities. The plans should be viewed as an asset to other state-funded efforts to protect and improve water quality, including total maximum daily load (TMDL) studies, and other competitive grant funds.

SUPPORT FOR LOCAL GOVERNMENT CONSERVATION PROGRAMS

Meeting state environmental goals requires working with a broad network of local government units that possess some of the tools to address particular issues in land and water management. Almost 800 local units of government are empowered to deliver services on behalf of BWSR to achieve the state soil and water conservation goals. These entities are clients, as well as agents, in that they receive technical and administrative support from the activity, and also serve as the activity's major service provider.

BWSR staff provide one-on-one assistance to local government staff and conduct training sessions throughout the state. BWSR's support to local organizations covers three main areas: administrative, financial and technical assistance.

Administrative Assistance

BWSR staff provide training to local government units that implement conservation programs, and provide training on all aspects of operating an organization. Topics of BWSR trainings include wetland plant identification, annual financial statement preparation, and human resource management.

The Office of the Legislative Auditor urged the Legislature in 2007 to require BWSR to provide greater oversight of the local government units (LGUs) that have a role in improving and protecting Minnesota's water resources. As a result, BWSR has created a new "**Performance Review and Assistance Program.**" BWSR staff prepared a set of criteria for evaluating the performance of these organizations and developed several new initiatives to provide training and assistance for the local government employees who are on the front lines of delivering conservation programs statewide.

BWSR has designed PRAP to be carried out on the following levels based on statutory mandates and demonstrated need:

- Level I: annual tabulation of required local government unit (LGU) reports and documents, website posting of results, and routine training for assistance. These are similar to services provided by BWSR staff prior to the establishment of this program.
- Level II: routine, interactive performance review with LGUs to evaluate in detail the four operational performance areas - administration, planning, execution, communication and coordination, and effectiveness of plan implementation. Assistance is targeted to the aggregate needs of the LGUs.
- Level III: performance review conducted by BWSR staff to provide an in-depth assessment of performance problems and issues of a particular LGU. Assistance would be targeted to address specific needs and be more intensive than for Level II.
- Level IV: for those LGUs that have significant performance issues, requiring extensive analysis and prescribed corrective actions. The BWSR Board would be involved at this level in establishing LGU accountability standards with consequences.

BWSR staff have also completed two comprehensive publications that provide information about the major activities of local government units. The Watershed District Guidebook, published in April 2007, and The Soil and Water Conservation District Guidebook, published in

February 2008. Both publications include recent project summaries for each district, which helps the public understand the major duties and accomplishments of these local organizations, and they also inform watershed district and SWCD staff about projects going on in other parts of the state.

Financial Assistance

Information about financial assistance is described under Conservation Cost-Share and other grant programs.

Technical Assistance

Cost-share and other financial assistance programs help offset landowners' costs of installing conservation practices, but the technical assistance is the key to accomplishing the environmental benefits of installing those practices. "Technical assistance" refers to the scientific and practical knowledge and guidance on how to properly design, engineer, install, and maintain conservation practices.

BWSR administers the Nonpoint Engineering Assistance Program (NPEA), which enables 11 joint powers groups of SWCDs to share staff with technical expertise, including licensed engineers and engineering technicians. Some conservation practices require greater technical expertise than others, so the joint powers agreements allow each SWCD to have permanent staff who have the expertise necessary for the majority of their projects, and access to an engineer on more complex projects on an as-needed basis. NPEA staff support many state and federal financial assistance programs, including the State Conservation Cost-Share Program, State Feedlot Water Quality Management Cost-Share, Ag BMP Loan Program, USDA Environmental Quality Incentives Program (EQIP), and the EPA Section 319 Grant Program. BWSR engineering staff provide technical and administrative support for this program.

Inflation and budget constraints at the state and SWCD level have contributed to challenging the technical staffing capacity of this program. During 2006-2007, BWSR and joint powers groups of SWCDs began working under a new state-local funding arrangement for this program. BWSR and local soil and water conservation districts will need to be part of solving this technical assistance gap if Minnesota is to realize the full environmental benefits of installing conservation practices on privately owned lands

Farm Bill Assistance Partnership

BWSR, DNR, Pheasants Forever, and SWCDs have continued a partnership that began in 2002 to provide staff that work in some SWCDs to promote conservation programs directly to landowners. In FY 2006-2007 this partnership provided funds for 33.67 FTEs in 48 SWCDs.

Support For Drainage Authorities

BWSR's role in public drainage system management has evolved in the last biennium so that it now includes three major components:

1. Direct assistance to the state's public drainage authorities,
2. Review of watershed district projects, and
3. Special studies.

These activities are implemented with the goal of protecting or improving surface water quality and reducing flooding while maintaining the state's agricultural production capacity.

The 2005 Legislature directed BWSR to study the use, maintenance, and benefits of required grass strips along public drainage ditches. The convened stakeholders decided to continue their work in 2006 and have continued to offer recommendations on buffer compliance, records

preservation, and determining where the strip is needed. That study group of stakeholders agreed to continue to meet as the Drainage Work Group (DWG), with facilitation provided by BWSR. The Drainage Work Group serves as a forum to review and analyze drainage policy and provide communities with the tools necessary for developing and implementing conservation-based comprehensive plans.

The Drainage Management Team is a BWSR-led group of individuals from different agencies and universities that meet to pool information regarding drainage issues and to provide information and education to drainage authorities throughout Minnesota.

Expertise and assistance provided by the Drainage Management Team:

- Information and Education: Drainage Management Team members are available to make informative presentations on legal and technical questions related to drainage management
- Technical Assistance: Objective analysis that covers alternatives and opportunities for drainage-related projects
- Funding and Financing: With representatives from many different organizations, the Drainage Management Team can provide advice on potential grant opportunities and other funding sources

Recommendations

BWSR has advocated increasing funding for the Nonpoint Engineering Assistance Program to keep pace with increased Farm Bill funding for conservation practices on private working lands. Increasing the capacity of SWCDs to complete conservation projects that require a high level of technical expertise is the key to Minnesota's ability to fully, and most effectively, utilize federal EQIP conservation practice funding in Minnesota.

OUTCOMES

Local organizations that receive state grant dollars through BWSR report conservation project information using eLINK, a database for tracking expenditures and conservation outcomes.

BWSR staff currently provide technical support and training to more than 600 users of the eLINK system, and also conduct site visits of select projects to ensure that state conservation dollars are used as effectively as possible. Local governments use features in eLINK to submit project data, including location, management practices, funding sources, and estimated pollution reduction. That locally generated data is linked to a GIS application that produces a visual display of what conservation dollars are buying statewide.

The following outcomes were reported by eLINK users for state funds administered by BWSR in reporting for years 2004 through 2007:

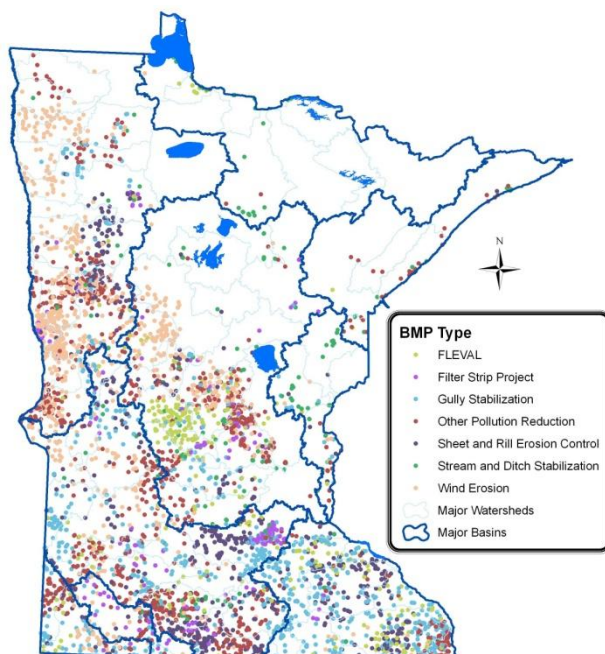
Land and Water Treatment Projects

- 11,249 projects statewide
- \$25.20 million in total costs
- \$9.47 million in state grants
- \$1,894,228 in landowner costs
- \$5.18 million in federal grants
- \$91,569 in federal loans
- \$8.56 million: Local Government Unit cost
- 202,300 tons per year estimated soil loss reduction
- 162,900 tons per year estimated sediment reduction
- 299,800 tons per year estimated phosphorus reduction

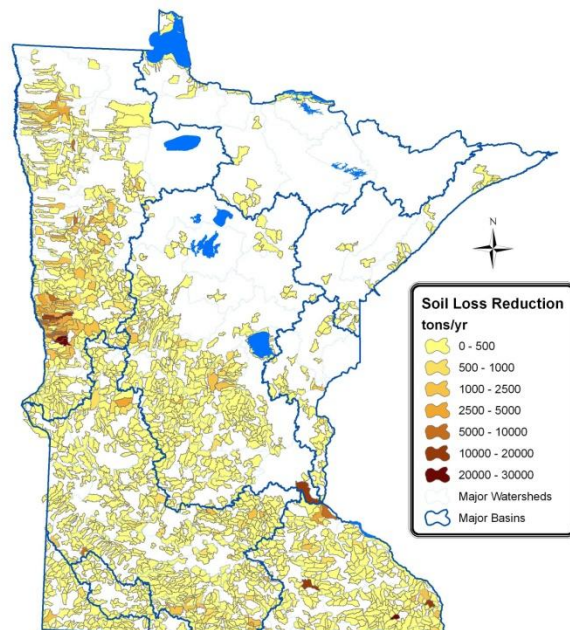
Feedlot Water Quality Cost Share Projects

- 184 projects
- 455,800 tons estimated phosphorus reduction annually

Project Locations



Soil Loss Reduction



Drainage buffer reporting

In 2007, the Legislature added Section 103E.067 to drainage law, requiring drainage authorities to provide information to BWSR regarding public drainage buffer strip establishment and inspection. For calendar year 2007, drainage authorities were asked to:

1) Provide the number of actions for which viewers were appointed for each of the categories below. Also include the number of miles of buffer strip established according to Section 103E.021 under each of the categories:

- a) Ditch Establishment 103E.212
- b) Ditch Improvement 103E.215
- c) Improvement of outlet 103E.221
- d) Redetermination of benefits 103E.351
- e) Repair by Petition 103E.715 Subd 6

2) Provide the number of drainage system inspections conducted.

3) Provide the number of violations of section 103E.021 identified.

4) For each of the violations in (3), identify the enforcement action(s) taken.

Tabulated Reporting Results

- Total miles of 103E.021 buffer strips established in calendar year 2007: 203
- Total number of drainage system inspections: 1,205 (976 County and 229 WD)
- Total number of 103E.021 violations identified: 101 (96 County and 5 WD)

Reported Number of Actions Requiring 103E.021 Buffer Strips			
Drainage System Action	County	WD	Total Actions Requiring Buffers
a) Ditch Establishment 103E.212	4	9	13
b) Ditch Improvement 103E.215	7	4	11
c) Improvement of outlet 103E.221	0	0	0
d) Redetermination of benefits 103E.351	17	2	19
e) Repair by Petition 103E.715 Subd. 6	4	1	5
Total	32	16	48

Reported Miles of Buffer Strip Established			
Drainage System Action	County	WD	Total Buffer Strip Miles Established
a) Ditch Establishment 103E.212	21	90	111
b) Ditch Improvement 103E.215	21	10	31
c) Improvement of outlet 103E.221	0	0	0
d) Redetermination of benefits 103E.351	55	0	55
e) Repair by Petition 103E.715 Subd. 6	0	6	6
Total	97	106	203

BWSR staff communicates closely with county auditors and watershed district administrators to ensure that contact information for the drainage authority is correct and to reinforce the need to report. On-time vs. late reporting is also documented in the annual reports prepared through the BWSR Performance Review and Assistance Program (PRAP).

OUTSIDE FUNDING

State dollars appropriated to BWSR are used to leverage outside funding through partnerships with local and federal organizations.

Conservation Easements

CREP II

BWSR's partnership with the USDA Farm Service Agency, known as the Conservation Reserve Enhancement Program (CREP) II, was completed in FY 2006-2007. SWCDs promoted the easement option locally, and 7,345 acres were enrolled in long-term conservation easements through this partnership. Participating landowners received a state payment through RIM Reserve to take land out of agricultural production and install conservation practices to restore wetlands and grasslands. Landowners also receive CRP payments. BWSR received \$9.334 Million in state bonding dollars, which leveraged \$37 Million in federal funds, which includes the 15-year CRP payments and cost-share for establishing conservation practices.

RIM-WRP

Another BWSR partnership with SWCDs and the USDA Natural Resources Conservation Service, known as RIM-Wetlands Reserve Program (RIM-WRP) began in 2006, and it was just the second partnership of its kind in the nation. The RIM-WRP partnership has enabled Minnesota to leverage \$1.4 federal dollars for every \$1 in state RIM Reserve funds. Phase I of this partnership was completed in 2008, so details about leveraged funding will be available in a future report.

Grants

BWSR provides cost-share grants to SWCDs to help landowners offset the costs of installing conservation practices that protect water quality and control erosion. These dollars leverage non-state dollars, including local and federal dollars. About \$16 Million each year from the combined local-state-federal dollars pays for land and water treatment practices, such as soil erosion control, feedlot and septic system upgrades.

The following information was provided by recipients of grants that are administered by BWSR:

Land and water treatment practices, Fiscal Years 2006-2007:

State grant funds authorized by BWSR:	\$6,716,952
Federal funds:	\$3,278,287
Local funds:	\$620,657
Amount spent by landowners:	\$4,868,026

Source: eLINK

BWSR-MnDOT Cooperative Agreement

BWSR received \$2 million from the Minnesota Department of Transportation as part of a five-year cooperative agreement to coordinate and streamline wetland replacement activities associated with road projects. BWSR and MnDOT share resources to plan, implement and manage wetland bank sites. Bank sites generate wetland replacement credits that are used to replace wetland impacts resulting from the repair, rehabilitation, reconstruction or replacement of currently serviceable existing state, city, county or town roads necessary to meet state or federal design or safety standards or requirements.

The cooperative agreement, signed in 2005, highlights an effective working relationship between two state agencies with a common goal of replacing unavoidable wetland impacts with high-quality replacements. During 2006 and 2007 BWSR received applications to replace 400 acres of impact from local road authorities and 38 acres of impact from 13 of 45 MnDOT road project at an estimated cost of \$4.4 million.

Other outside funding in FY 2006-07

- North American Wetland Conservation Act (NAWCA): \$129,884 in competitive grants to match state and local funds for wetland restoration projects
- Minnesota Department of Natural Resources: \$964,500 for the Farm Bill Assistance Partnership, which provides staff that work in some SWCDs to promote conservation programs directly to landowners
- EPA Section 319 grant: \$11,050 for innovative species management
- USDA Conservation Partners Initiative grant: BWSR was the fiscal agent for this \$200,000 grant to the Zumbro Watershed Partnership for its Working Lands for Wildlife and Water Quality project.



Minnesota Board of Water and Soil Resources
520 Lafayette Road North
St. Paul, MN 55155

Phone: (651) 296-3767
Fax: (651) 297-5615
TTY: 800-627-3529

www.bwsr.state.mn.us