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<http://www.bwsr.state.mn.us/>

AT A GLANCE

- Small agency of conservation professionals
- Local conservation delivery system
- Governing board of local officials, citizens, and agency partners
- Focus on Minnesota’s private lands (78 percent of the state)
- Collaboration model for results including, since 1987:
 - 28,300 conservation practices installed
 - 7,195 easements funded
 - 275 local water management plans approved
 - 14,680 acres of wetland credits deposited into wetland bank
- 240 local government accountability assessments completed annually

PURPOSE

Our mission is to improve and protect Minnesota’s water and soil resources by working in partnership with local organizations and private landowners. Our agency has a unique business model that is designed to:

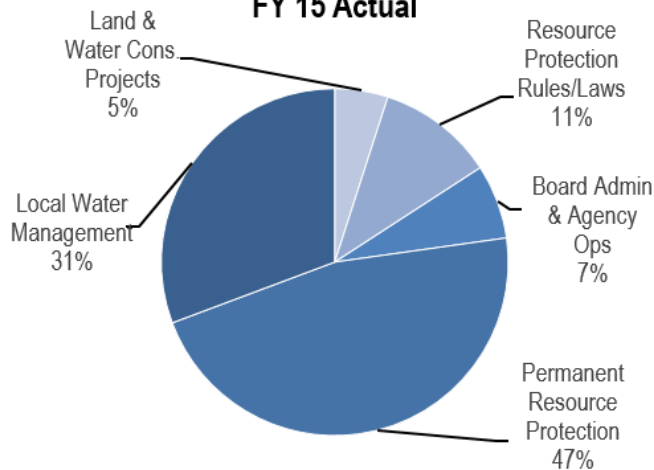
- Operate as an efficient state-level source of technical and financial assistance to a local government delivery system
- Emphasize implementation of conservation practices and projects that meet state objectives
- Centered around Minnesota’s private lands

We contribute to the statewide outcome of “a clean, healthy environment with sustainable uses of natural resources” by providing for targeted resource planning, protecting and restoring important water and habitat resources, and ensuring compliance with environmental laws, rules, and regulations.

We also contribute to the statewide outcomes of “efficient and accountable government services” by maximizing local and federal partnerships and evaluating the effectiveness of local governments and conservation outcomes.

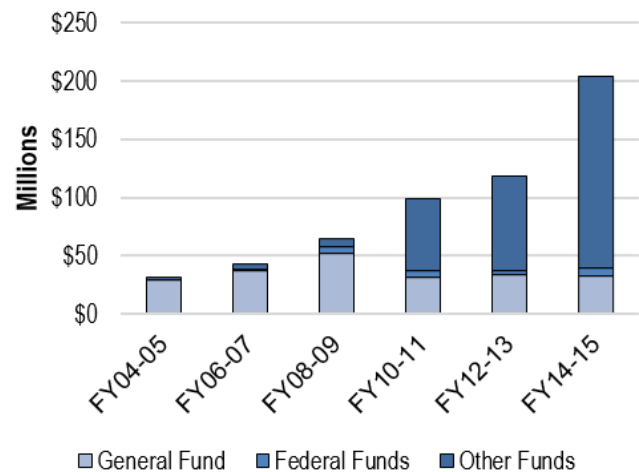
BUDGET

**Spending by Program
FY 15 Actual**



Source: SWIFT

Historical Spending



Legacy Funds are reflected in FY10-11, FY12-13, and FY-14-15 “Other Funds”

Source: Consolidated Fund Statement

Funding for agency operations and conservation activities comes from a mix of state and federal funds. General Fund support has declined in recent years, and today the Clean Water Fund and Outdoor Heritage Fund make up the majority of our current budget. The Other Funds category is made up of these two legacy funds in addition to transfers from other agencies, Environment and Natural Resources Trust Fund, and special revenue funds.

Approximately 85 percent of our budget results in grants to local governments for approved conservation programs and projects. The remaining 15 percent is retained for agency programs and agency operations, of which personnel is the largest expenditure.

STRATEGIES

BWSR's mission is implemented through the following core functions:

- Serve as the statewide soil conservation agency.
- Direct private land soil and water conservation programs through the actions of soil and water conservation districts, counties, cities, townships, watershed districts, and water management organizations.
- Link water resource planning with comprehensive land use planning.
- Provide resolution of water policy conflicts and issues.
- Oversee comprehensive local water management.
- Provide a forum (through the board) for local issues, priorities, and opportunities to be incorporated into state public policy.
- Coordinate state and federal resources to realize local priorities.
- Administer implementation of the Wetland Conservation Act and Riparian Protection laws.

We accomplish our mission through these key strategies:

- Developing programs that address priority state and local resource concerns (such as keeping water on the land; maintaining healthy soils; reducing pollutants in ground and surface water; assuring biological diversity; and reducing flood potential).
- Prioritizing on-the-ground conservation projects in the best locations to achieve multiple benefits and measurable improvements to water and habitat resources.
- Ensuring compliance with environmental laws, rules, and regulations.
- Implementing agency operations through board and administrative leadership, internal business systems, planning and effectiveness evaluation, and operational support. This includes the board and board management, financial and accounting services, legislative and public relations, communications, and human resources.

The legal authority for the Board of Water and Soil Resources comes from the following Minnesota Statutes:

M.S. 103A (<https://www.revisor.mn.gov/statutes/?id=103A>)

M.S. 103B (<https://www.revisor.mn.gov/statutes/?id=103B>)

M.S. 103C (<https://www.revisor.mn.gov/statutes/?id=103C>)

M.S. 103D (<https://www.revisor.mn.gov/statutes/?id=103D>)

M.S. 103E (<https://www.revisor.mn.gov/statutes/?id=103E>)

M.S. 103F (<https://www.revisor.mn.gov/statutes/?id=103F>)

M.S. 103G (<https://www.revisor.mn.gov/statutes/?id=103G>)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecasted Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	18,298	14,778	13,117	14,458	24,435	24,164	30,498	25,163
2000 - Restrict Misc Special Revenue	593	693	519	498	453	473	453	473
2001 - Other Misc Special Revenue	5,786	6,749	4,150	3,675	3,453	3,411	3,453	3,411
2050 - Environment & Natural Resource	3,361	1,015	1,504	1,961	0	0	0	0
2300 - Outdoor Heritage Fund	44,878	31,480	22,768	35,691	0	0	0	0
2302 - Clean Water Fund	34,269	35,589	37,820	84,146	0	0	45,026	49,392
3000 - Federal	2,304	4,235	3,849	3,583	2,486	2,486	2,486	2,486
Total	109,489	94,539	83,726	144,010	30,827	30,534	81,916	80,925
<i>Biennial Change</i>				23,709		(166,374)		(64,894)
<i>Biennial % Change</i>				12		(73)		(28)
<i>Governor's Change from Base</i>								101,480
<i>Governor's % Change from Base</i>								165

Expenditures by Program

Program: Land & Water Cons. Projects	8,199	4,370	2,127	2,303	1,801	1,561	1,801	1,561
Program: Resource Protection Rules/laws	8,996	10,128	7,610	7,588	7,335	7,327	7,335	7,327
Program: Board Admin & Agency Ops	6,145	6,562	6,699	7,274	4,384	4,339	5,192	5,213
Program: Permanent Resource Protection	54,851	44,037	28,027	76,615	2,379	2,382	25,384	20,257
Program: Local Water Management	31,298	29,442	39,264	50,231	14,929	14,926	42,205	46,568
Total	109,489	94,539	83,726	144,010	30,827	30,534	81,916	80,925

Expenditures by Category

Compensation	7,267	7,606	8,551	15,505	4,691	4,607	9,905	9,773
Operating Expenses	4,234	4,976	3,613	6,322	1,676	1,518	4,063	3,881
Other Financial Transactions	88	3,113	3,805	2,246	20	20	20	20
Grants, Aids and Subsidies	44,878	38,732	45,095	53,971	22,266	22,215	51,314	50,666
Capital Outlay-Real Property	53,022	40,112	22,662	65,965	2,175	2,175	16,615	16,586
Total	109,489	94,539	83,726	144,010	30,827	30,534	81,916	80,925
Total Agency Expenditures	109,489	94,539	83,726	144,010	30,827	30,534	81,916	80,925
Internal Billing Expenditures	11	13	19	14	0	0	0	0
Expenditures Less Internal Billing	109,477	94,525	83,707	143,996	30,827	30,534	81,916	80,925

(Dollars in Thousands)

<u>Full-Time Equivalents</u>	79.3	78.3	87.3	88.0	46.6	45.6	97.6	94.6
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1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	3,077	3,814	715	935	272	0	272	0
Direct Appropriation	13,001	14,757	13,337	13,794	24,164	24,164	30,227	25,163
Receipts	(1)	0	1	0	0	0	0	0
Net Transfers	5,893	(146)	0	0	0	0	0	0
Cancellations	0	3,187	0	0	0	0	0	0
Expenditures	18,298	14,778	13,117	14,458	24,435	24,164	30,498	25,163
Balance Forward Out	3,673	460	935	272	0	0	0	0
<i>Biennial Change in Expenditures</i>				(5,502)		21,025		28,087
<i>Biennial % Change in Expenditures</i>				(17)		76		102
<i>Gov's Exp Change from Base</i>								7,062
<i>Gov's Exp % Change from Base</i>								15
Full-Time Equivalents	35.4	35.2	35.0	36.6	36.6	35.6	39.1	36.1

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	291	288	107	27	27	73	27	73
Receipts	570	505	440	499	499	499	499	499
Net Transfers	0	0	0	0	0	0	0	0
Expenditures	593	693	519	498	453	473	453	473
Balance Forward Out	269	100	27	27	73	99	73	99
<i>Biennial Change in Expenditures</i>				(268)		(92)		(92)
<i>Biennial % Change in Expenditures</i>				(21)		(9)		(9)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	4.1	5.4	4.8	4.8	4.8	4.8	4.8	4.8

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	3,675	3,342	2,690	2,574	2,256	2,159	2,256	2,159
Receipts	5,227	5,717	4,034	3,356	3,356	3,311	3,356	3,311
Net Transfers	(310)	377	0	0	0	0	0	0
Expenditures	5,786	6,749	4,150	3,675	3,453	3,411	3,453	3,411

2001 - Other Misc Special Revenue

Balance Forward Out	2,806	2,687	2,574	2,256	2,159	2,059	2,159	2,059
<i>Biennial Change in Expenditures</i>				(4,709)		(961)		(961)
<i>Biennial % Change in Expenditures</i>				(38)		(12)		(12)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	5.5	3.6	3.6	3.0	3.0	3.0	3.0	3.0

2050 - Environment & Natural Resource

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1,471	820	761	1,418	0	0	0	0
Direct Appropriation	3,771	957	2,203	543	0	0	0	0
Net Transfers	(970)	0	0	0	0	0	0	0
Cancellations	91	1	42	0	0	0	0	0
Expenditures	3,361	1,015	1,504	1,961	0	0	0	0
Balance Forward Out	820	761	1,418	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(912)		(3,464)		(3,464)
<i>Biennial % Change in Expenditures</i>				(21)		(100)		(100)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	1.5	1.4	0.1	0.1	0.0	0.0	0.0	0.0

2300 - Outdoor Heritage Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	29,031	35,405	27,987	12,632	0	0	0	0
Direct Appropriation	21,690	16,422	7,513	23,061	0	0	0	0
Net Transfers	0	(377)	0	0	0	0	0	0
Cancellations	212	93	100	3	0	0	0	0
Expenditures	44,878	31,480	22,768	35,691	0	0	0	0
Balance Forward Out	5,630	19,877	12,632	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(17,900)		(58,458)		(58,458)
<i>Biennial % Change in Expenditures</i>				(23)		(100)		(100)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	4.6	5.7	12.9	12.5	0	0	0	0

2302 - Clean Water Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	8,607	10,673	12,072	27,918	0	0	0	0
Direct Appropriation	32,792	34,037	56,841	56,322	0	0	45,026	49,392
Receipts	0	0	17	0	0	0	0	0
Net Transfers	842	0	500	0	0	0	0	0
Cancellations	145	1,000	3,691	94	0	0	0	0
Expenditures	34,269	35,589	37,820	84,146	0	0	45,026	49,392
Balance Forward Out	7,828	8,267	27,918	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				52,108		(121,965)		(27,547)
<i>Biennial % Change in Expenditures</i>				75		(100)		(23)
<i>Gov's Exp Change from Base</i>								94,418
<i>Gov's Exp % Change from Base</i>								15,736,333
Full-Time Equivalents	22.1	23.3	26.5	26.5	0	0	48.5	48.5

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	528	1,528	136	150	0	0	0	0
Receipts	1,923	2,821	3,864	3,433	2,486	2,486	2,486	2,486
Expenditures	2,304	4,235	3,849	3,583	2,486	2,486	2,486	2,486
Balance Forward Out	146	115	150	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				892		(2,460)		(2,460)
<i>Biennial % Change in Expenditures</i>				14		(33)		(33)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	6.0	3.7	4.5	4.5	2.2	2.2	2.2	2.2

Board of Water and Soil Resources

FY18-19 Biennial Budget Change Item

Change Item Title: Wetland Conservation – Permitting/Regulatory Efficiencies

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	300	200	125	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	300	200	125	0
FTEs	0.5	0.5	0.5	0

Request:

The Governor recommends an appropriation of \$300,000 in FY18, \$200,000 in FY19, and \$125,000 in FY20 for the following initiatives to enhance and improve the effectiveness and efficiency of Minnesota's wetland regulatory programs.

1. U.S. Clean Water Act Section 404 Assumption: \$60,000 each year will be used to continue the assumption steps and begin developing the application to assume the U.S. Environmental Protection Agency (EPA) for the Clean Water Act Section 404 Permit Program. This is currently being evaluated in a joint BWSR, Department of Natural Resources, and Pollution Control Agency feasibility study that is scheduled for completion in January 2017. The application to EPA is expected to be finalized in the third year (at the end of FY2020).
2. Online permitting system and Wetland Banking database upgrade: \$40,000 each year for the FY2018-19 biennium will be for a business and development plan for an on-line permitting system for projects and activities that would provide important benefits by being more efficient for applicants, offer tracking of approval processes for applicants and government entities, and improved reporting and data on wetland activities. Additionally, these funds will support upgrades to a Wetland Banking Database. The current database was created in 2002 and provides limited functions with increasing maintenance needs and reliability concerns.
3. In Lieu Fee Wetland Mitigation Banking Start-up: \$200,000 in FY18, \$100,000 in FY19, and \$65,000 in FY20 will be used to develop the required elements of an in-lieu fee wetland mitigation program to meet the requirements of the U.S. Clean Water Act and state law. These include the development of Wetland Conservation Act (WCA) rule language, a wetland mitigation planning framework, an agreement with the U.S. Army Corps of Engineers.

Rationale/Background:

These related initiatives support improvements to the efficiency and effectiveness of the wetland regulatory system in Minnesota. BWSR and DNR were directed to undertake the *U.S. Clean Water Act Section 404 Assumption Feasibility Study* due to concerns of permitting timeliness by the U.S. Army Corps of Engineers. Proceeding with the Assumption process would position Minnesota to improve regulatory efficiency and responsiveness that would reduce project costs while maintaining or improving environmental outcomes. The study will provide additional details on what's involved with Assumption, including the costs and benefits of proceeding.

Many individuals expect to be able to conduct their business on-line, which is not currently possible for WCA applications. Meeting customer expectations is important and an on-line permitting system would improve program efficiency for applicants and state and local governments. It would greatly improve our ability to generate meaningful data to report on program trends and outcomes as they relate to wetland activities. Further, being able to develop the permitting system coordinated with the DNR's Minnesota Permitting and Reporting System (MPARS) could create a single on-line portal for applicants to apply for projects impacting wetlands and waters.

Implementing an in-lieu fee mitigation program will provide project applicants another option to provide required wetland mitigation under state and federal wetland regulations. Current options of developing their own wetland credits or purchasing from the wetland bank are not always available or preferable. Being able to pay into a fund to be used to restore wetlands to

generate the required wetland replacement would increase permittee certainty and improve the targeting and quality of wetland restorations.

Wetland banking is the preferred means to provide required wetland replacement for authorized wetland impacts. Being able to manage the system and the wetland banking accounts is critical to provide dependability and trust in the system. The current wetland banking database is increasingly unreliable, requires frequent maintenance, and has limited data and report capability which hinders our ability to generate quality data with which to manage the program and meet our responsibilities.

Proposal:

1. U.S. Clean Water Act Section 404 Assumption. This is a continuation of a study that is being led by BWSR, DNR and the Pollution Control Agency. This will require changes to WCA and the DNR administered Public Waters Permit Program. The appropriation will be used to fund 0.5 FTE who will have the responsibility for beginning the process to assume the U.S. Clean Water Act Section 404 Program and carry out the requisite GIS assessment. Key tasks that this individual will undertake include: negotiating which waters will fall under state authority with the St. Paul District, U.S. Army Corps of Engineers, develop changes to state statutes that would be required to conform to requirements of the U.S. Clean Water Act, work with the U.S. Environmental Protection Agency (EPA) to identify required steps to Assume and the elements of a memorandum of agreement, all with ongoing stakeholder involvement.

The list of interested and affected stakeholders includes business, environment, agriculture, local government, and state and federal governments, all of which have been involved with the feasibility study.

Assumption is only possible if all requirements of the U.S. Clean Water Act are met to the satisfaction of the EPA, which will require extensive negotiations with the EPA and the US Army Corps of Engineers. This is expected to take two to three years and include an evaluation of how Minnesota's existing water and wetland regulatory programs will need to be adjusted to meet Clean Water Act requirements.

2. Online permitting system and wetland banking database upgrade. The appropriation would also be used for developing a business needs assessment to align state and federal needs via an on-line permitting system. The critical elements include: coordination and project planning and management with DNR and MnIT, identification and organization of a work group that will consist of state agencies, local governments, consulting firms and other interests as appropriate, and evaluating software and other tasks necessary to identify the elements of a successful system. The appropriations would also be used to contract for the necessary software development expertise to produce the upgrades to a wetland banking database. This will principally be an in-house MNIT-supported project and does not rely on external partners for success. The database would be complete and in-use within year two of the appropriation effective date.
3. In-Lieu Fee Wetland Mitigation Banking Start-Up. This initiative is designed to ensure BWSR has the financial resources to fully implement our existing authority for an in-lieu fee wetland mitigation program. The appropriation will be used to complete a compensation planning framework that is required under rules of the U.S. Army Corps of Engineers, negotiate an agreement with the U.S. Army Corps of Engineers, and contribute to the WCA rules that will be necessary for implementation of this wetland mitigation option. The compensation planning framework will have multiple uses, including the siting of replacement wetlands under the Local Road Wetland Replacement Program and provide increased transparency and consistency to wetland replacement under all wetland banking programs.

Consistent with rulemaking best practices, BWSR is already working with a lengthy list of interested and affected interests that includes business, environment, agriculture, local government, and state and federal governments. Effective implementation of an in-lieu fee wetland mitigation program is only possible if it is accepted under both state and federal wetland regulatory programs, making an agreement with the U.S. Army Corps of Engineers critical to achieving the benefits of this program.

All of these projects would affect a wide range of interests: Those involved with wetland regulate regulation and management (federal, state and local governments); those who require wetland impact approvals (landowners, business, and government entities); and those who have an interest in the public policy aspects of wetland regulation: (agriculture, business, environment, conservation, local government, state government, and federal government).

The result of these initiatives will be faster response times, improved program management capacity and better environmental outcomes through high quality wetland restorations.

IT Related Proposals:

Both of the initiatives include IT related elements: on-line permitting system business assessment and wetland banking database upgrade. The online permitting system is new, whereas the wetland banking database will replace an existing outdated system. Ongoing maintenance costs of these systems will be developed as part of project development and addressed as part of ongoing agency operations and future budget requests.

As discussed above, the purpose of the appropriation is to assess and develop these new systems for the associated programmatic improvements that include meeting customer expectations and needs, improving program efficiency, improving data management and program management capability.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Length of time to process a permit application	TBD	TBD	Begin 2019
Quality	Accuracy of the reported wetland protection activities.	TBD	TBD	Begin 2019

Statutory Change(s):

Statutory changes will be needed as part of U.S. Clean Water Act 404 Assumption and may include changes to the WCA (Minnesota Statutes 103 A, 103B, 103F and 103G) and the Public Waters Permit Program (103G). Drafts of necessary statutory changes are one outcome of this initiative.

Board of Water and Soil Resources

FY18-19 Biennial Budget Change Item

Change Item Title: Local Road Wetland Replacement Program

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	5,130	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures				
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	5,130			
FTEs	2.0			

Recommendation:

The Governor recommends a one-time appropriation of \$5.13 million and 2.0 FTE from the General Fund to address a current deficit of wetland credits in the Local Road Wetland Replacement Program (LRWRP).

Rationale/Background:

The Local Government Roads Wetland Replacement Program (LRWRP) was created by statute in 1996 and requires the Board on Water and Soil Resources (BWSR) to be responsible for replacing wetland impacts associated with qualifying county, city, and township road projects (Minnesota Statutes 103G.222).

Since its inception this program has provided approximately 4,200 compensatory wetland mitigation credits to offset 2,800 acres of wetlands impacted by eligible public road projects at a cost of \$35.59 million dollars. The wetland mitigation credits provided by the program have provided the following public benefits:

- Necessary public transportation projects are expedited;
- The regulatory permitting process is streamlined at state and federal levels;
- Mitigation is consolidated in larger, more environmentally sustainable and beneficial sites;
- Mitigation is provided at a lower public cost due to economies of scale.

Funding to meet these obligations has typically been part of the capital budget, however, this funding has often been below the documented financial need. In fact the appropriations in 2008, 2010, 2012, and 2014 were less than 50% of the Agency's request.

The net impact of these funding deficiencies is that the LRWRP is operating with a deficit of wetland credits in several areas of the state. This deficit has been managed by drawing down wetland credit balances built up during the early years of the program and borrowing from the MN Department of Transportation (MnDOT). These practices are no longer sustainable and BWSR is making plans to stop providing wetland replacement on a statewide basis prior to the end of 2016. This pending BWSR action will have the following negative consequences for local governments:

- Reduced or delayed completion of local government road projects;
- Increased local road project costs requiring either higher property taxes or fewer projects;
- Reversal of the stakeholder consensus that resulted in wetland regulatory reforms (Laws 1996, Chap. 462 and Laws 2000, Chap. 382);
- Loss of public value due to lower quality replacement wetlands; and
- Reversal of an agreement with the U.S. Army Corps of Engineers (COE) that allows this program to meet federal Clean Water Act regulatory requirements.

Proposal:

This is an existing program, but a new initiative to address shortcomings of the past funding of the LRWRP.

The \$5.130 million one-time appropriation from the General Fund will be used to purchase existing wetland credits that are available in the Wetland Bank. Use of these funds to purchase existing wetland credits will allow BWSR to continue to meet our state obligation to provide wetland replacement to eligible local road projects. Existing wetland credits would be purchased as soon as practicable to minimize any potential disruption for local road authorities in delivering timely and cost effective road projects. Initial expenditures are expected within 1-2 months of funds becoming available.

Development of this proposal and bringing the LRWRP to immediate and long-term solvency will require the involvement of a long list of agencies and interests that include: MnDOT, DNR, MPCA, the U.S. Army Corps of Engineers, Association of Minnesota Counties, Minnesota Inter-County Association, League of Minnesota Cities, and Minnesota Association of Townships, and environmental interests.

BWSR staff include the most experienced wetland regulation and wetland restoration experts in the state that have successfully restored tens of thousands of acres in Minnesota. Additional capacity may need to be hired or contracted for to make expeditious use of appropriated funds. In addition, staff who support permanent conservation through Reinvest in Minnesota Programs will support the work under the LRWRP appropriations.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Estimate of Annual Wetland Credit Need	171	171	Annual
Quality	Clean Water Act Section 404 Approval	Yes	Yes	

Statutory Change(s):

If funding is not provided the current statutory obligation under Minn. Stat. 103G: 222, Subd. 1(m) will need to be reviewed and modified.

Board of Water and Soil Resources

FY18-19 Biennial Budget Change Item

Change Item Title: Operations Support

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	508	674	674	674
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	508	674	674	674
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$508,000 in FY18 and \$674,000 in FY19 and ongoing to cover agency compensation cost and lease increases, MNIT cost increases, funding the performance assessment statutory mandate and one-time funding for retirements in order to maintain the current level of service delivery for the Board of Water and Soil Resources.

Rationale/Background:

Budget cuts during the mid-2000s significantly reduced the agency's General Fund budget. This reduced General Fund support, combined with recent increases to staff salaries due to bargaining unit negotiations, MNIT costs, lease costs, and staff retirement costs, has left the agency in a position where we are unable to cover these costs going into the next biennium. Without a funding increase to cover the items below, the agency will be forced to leave open vacant positions, and not meet agency performance standards and requirements. Given that we already are short staffed in several areas directly related to statutory responsibilities, additional shortages of staff would significantly compromise our ability to implement those responsibilities.

Proposal:

Compensation Increases

The General Fund share of the agency's compensation costs are anticipated to increase by \$151,000 in FY18 and \$292,000 in FY2019 as a result of expected growth in salary, employer-paid pension costs, and other compensation-related costs. Since a portion of the agency's compensation costs are supported by non-general funds, the full agency impact is much higher and will have to be absorbed by other sources. BWSR does not have the funds to cover the projected increases for all FTEs paid from the General Fund in FY2018 or FY2019, so without this increase 1.0FTE would need to be reduced. However most agency positions are only partially supported by the General Fund, so the actual impact would be 2.0 FTE reduction needed, with a larger impact in FY2019.

MNIT Cost Increases

The cost of IT support, such as workstation support, maintenance, and general management is significantly increasing. The agency has four dedicated MNIT project staff whose compensation costs are passed from MN.IT on to BWSR. This recommendation includes \$97,000 in FY18 and \$196,000 in FY19 for the General Fund portion of these increasing technology costs.

Retirement Costs (One-time)

The governor is recommending \$75,000 as a one-time appropriation in FY2018 to cover anticipated retirements of long-time state employees.

Training and Consulting Operations

The Governor recommends \$62,000 in FY2018-19 (\$31,000 annually) to support staff training and local government consulting support. We have funding sources which do not allow for Employee Development, so this request would supplement existing

funds, which do allow for Employee Development costs. We estimate this funding would provide an average of \$100 per year per position (Approx \$11,000/year). The remainder of the request, \$20,000 per year, supports the many increasing requests to assist local government units or local partners on consulting on their operational needs and/or providing specific training/outreach on programs that benefit local conservation delivery.

Lease Increases

The Governor recommends \$59,000 in FY2018-19 as an ongoing funding to support space increase in St. Paul (\$29K year one and \$30K year two). This will supplement the cost of additional space leased for Clean Water Fund, Buffer and Soils Loss Implementation, and CREP Easement program increases that have recently occurred.

Performance Review and Assistance Program

In 2007 Minnesota Statute 103B.102 charged BWSR with oversight responsibility focused on local government performance. BWSR developed and implemented the Performance Review and Assistance Program (PRAP) to meet this mandate (see bwsr.state.mn.us/PRAP/index.html). Policies, related oversight, and accountability for agency programs and outcomes delivered via local governments are measured systematically following principles adopted by the Board. The only source of funding for this mandated program is returned cost-share funds, which have been steadily decreasing. Supporting this mandate is unsustainable without stable funding. The governor recommends \$250,000 in FY2018-19 (\$125,000 annually) for the biennium and continuing to support this work.

Results:

The results and measures related to this proposal are directly tied to the outcomes and measures of agency operations and programs described in our budget narratives. Specific impacts on results if this proposal is not funded would depend on where the agency decides to make cuts.

Statutory Change(s):

Not applicable.

Board of Water and Soil Resources

FY18-19 Biennial Budget Change Item

Change Item Title: Easement Stewardship

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	125	125	125	125
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	125	125	125	125
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$125,000 per year starting in FY18 for the Board of Water and Soil Resources (BWSR) to fund annual easement stewardship activities by Soil and Water Conservation Districts for Reinvest In Minnesota (RIM) reserve easements that do not currently have a stewardship endowment.

Rationale/Background:

Easement monitoring and enforcement activities include ongoing easement inspections, maintenance, repair, enhancements, and lawsuits. Historically, these have been funded by the Legislature with annual appropriations of approximately \$750,000. Beginning in 2004, appropriations were greatly reduced and have been flat at approximately \$290,000 over the last several years. During this same time period the number of easement has steadily increased. As a result, the amount of money available for monitoring and enforcement on a per easement basis has declined to less than \$50 per easement per year despite actual costs of \$300 per easement inspection.

In a 2013 evaluation report on Conservation Easements, the Office of the Legislative Auditor (OLA) recommended the legislature “amend Minnesota Statutes 2012, Chapter 84C, to require all holders of state-funded conservation easements to have long-term stewardship plans and funding identified for monitoring.” The report further noted that while BWSR has a long-term easement stewardship plan, the agency does not have sufficient dedicated funding to implement it.

In 2015, M.S. 103B.103 was enacted which established the recommended stewardship account for monitoring and enforcement purposes, stating that, “Unless otherwise provided by law, the board shall determine the amount of the contribution or payment, which must be an amount calculated to earn sufficient money to meet the costs of managing the easement at a level that neither significantly overrecovers nor underrecovers the costs.” BWSR began phasing in requests for easement stewardship funds from funding sources including the Clean Water Fund (CWF), Outdoor Heritage Fund (OHF) and Environment and Natural Resources Trust Fund (ENRTF). The BWSR Board determined the necessary one-time Stewardship Account deposit to be \$6,500 per easement. These calculations are based upon a 5% rate of return and a 5% appropriation back to BWSR from the State Board of Investment annually, as required by law. Since 2015, easements funded with CWF, OHF and ENRTF funds have adequate stewardship funds in place.

Between 1986 and 2015 there were nearly 7,500 easements taken by the RIM program. Of that, 6,663 RIM easements do not have dedicated Easement Stewardship dollars as part of the original appropriation. To fully fund this need at the current rate of \$6,500 per easement would be a total cost of \$41,164,500.

Proposal:

The \$125,000 annually will enable the agency to fund ongoing monitoring costs for an average of 416 perpetual easements per year.

BWSR protocol is to monitor easements every year for the first five years, and then once every three years thereafter. This \$125,000 added to the \$290,000 of current funding to Soil and Water Conservation Districts (SWCDs), increases total funding for monitoring to \$415,000. There is a state and local cost of \$300 per monitoring event. We contract with local SWCDs because of two key benefits: 1) travel costs are greatly reduced and 2) SWCD personnel work in the local area, important to cultivating good working relationships with landowners. This helps in resolving conservation concerns discovered during monitoring. This proposal will allow us to work towards meeting performance standards for conservation easement stewardship.

Results:

- Monitoring of older RIM easements will be able to continue and will be adequately funded.
- Adequate capacity to address conservation concerns found through monitoring will be maintained.
- Funds for low frequency: high cost events will be secured.
- Additional capacity for tracking will be added.

Statutory Change(s):

No change required.

Board of Water and Soil Resources

FY18-19 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Conservation Reserve Enhancement Program (CREP)

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	9,000	9,000	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	9,000	9,000	0	0
FTEs	5.0	5.0	0	0

Recommendation:

The Governor recommends \$18 million from the Clean Water Fund and 5 FTE for the FY2018-2019 biennium to implement a Conservation Reserve Enhancement Program (CREP) in partnership with the United States Department of Agriculture (USDA) and other state agencies. This request continues funding at the same level as the FY2016-2017 Clean Water Fund appropriation.

Rationale/Background:

Today, about half of Minnesota's surface waters have been assessed for water quality, and of those, about 40% do not meet basic water quality standards. This problem is further compounded by changes in land use that affect the quality of our water. Minnesota is experiencing a significant loss of grasslands – further complicated by the expiration of over 500,000 acres of Minnesota Conservation Reserve (CRP) contracts over the next five years. Unless action is taken to continue protection of the most environmentally sensitive acres, they will likely be converted back into cropland, and the benefits to both water quality and wildlife will be lost.

We propose to use the CREP to benefit water quality by protecting critical riparian areas, restoring wetlands, and protecting sensitive well head protection areas. Additionally these easements address water quality impairments due to modifications in hydrology, sedimentation, and nutrient transport as identified in local and statewide management strategies. This effort will leverage State and Local technical expertise, strategic planning, and fiscal resources to assure that projects are cost effective and provide significant environmental benefits for both water quality and habitat.

Proposal:

While Minnesota has implemented two CREP initiatives in the past, this current proposal is new and distinct from those previous efforts. This effort is a partnership of five state agencies – the Board of Water and Soil Resources (BWSR), Department of Natural Resources (DNR), Department of Agriculture (MDA), Pollution Control Agency (PCA), and Department of Health (MDH) – as well as USDA Farm Service Agency (FSA), local soil and water conservation districts, and several nongovernmental organizations. In December 2015 Governor Mark Dayton submitted a proposal to the USDA-FSA to pursue a CREP initiative.

The proposal is aimed to address state water quality and habitat goals by focusing on priorities established in local and statewide management strategies, such as the state Nutrient Reduction Strategy, Watershed Restoration and Protection Strategies, and the Minnesota Prairie Conservation Plan. The geography for the proposed CREP includes counties that have phosphorus or nitrogen problems as determined by the Minnesota Nutrient Reduction Strategy and/or WRAPS completion in FY 2014-15. This geography also includes the Prairie Corridor areas. The CREP will achieve water quality and habitat goals through implementation of Conservation Reserve Program (CRP) practices, such as vegetated buffers and wetland restorations, along with the state's Reinvest in Minnesota (RIM) program, which provides durable, permanent conservation easements.

We are well-positioned to deliver this program. USDA, local soil and water conservation districts, state agencies, and non-governmental organizations have a strong field-based presence through coordinated efforts such as the Farm Bill Assistance Partnership, Prairie Plan Implementation Teams, and many watershed-based planning projects. These efforts are ready to ramp up with the technical and financial assistance services necessary to provide landowners and producers the information they will need to secure their interest.

Equity and Inclusion:

The CREP provisions will offer eligibility waivers to landowners who are socially disadvantaged, limited resource or beginning farmer or rancher (all as defined by the USDA) so that their application will be included in this scoring process.

Results:

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota waters. The effort will target permanent protection of riparian areas and marginal agricultural land resulting in multiple benefits that include restored hydrology, increased infiltration, reduced nitrates in vulnerable drinking water supply areas, and enhanced habitat for wildlife. Success will be measured by the number of acres permanently protected. We also will measure progress against the long-term goals outlined in the Clean Water Roadmap.

Changing the land cover up to 60,000 acres of annual cropland to perennial vegetation will provide significant nitrogen, phosphorus, and sediment load reductions, estimated to be:

- 20,000 pounds of total phosphorus per year
- 1,400,000 pounds of total nitrogen per year
- 120,000 tons of sediment per year

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY18-19 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Riparian Buffers – Permanent Conservation Easements

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	6,000	6,000	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	6,000	6,000	0	0
FTEs	2.2	2.2	0	0

Recommendation:

The Governor recommends \$12 million from the Clean Water Fund and 2.2 FTE for the FY2018-2019 biennium to establish and restore permanent conservation easements on riparian buffers to keep water on the land in order to decrease sediment, pollutant and nutrient transport, reduce hydrologic impacts to surface waters and increase infiltration for groundwater recharge. Additionally, through an appropriation from the Outdoor Heritage Fund, buffers may be extended for wildlife habitat purposes. This request represents a \$2.25 million increase as compared to the FY2016-2017 Clean Water Fund appropriation.

Rationale/Background:

Today, about half of Minnesota's surface waters have been assessed for water quality, and of those, about 40% do not meet basic water quality standards. This problem is further compounded by changes in land use that affect the quality of our water. Minnesota currently is experiencing a significant loss of grasslands including riparian buffers. Buffer strips are one of the most effective and proven methods to protect surface water quality in environmentally sensitive or highly erodible soils along rivers and streams.

This issue is further complicated by the expiration of over 500,000 acres of Minnesota Conservation Reserve (CRP) contracts over the next five years. Unless action is taken to continue protection of the most environmentally sensitive buffer acres, they will likely be converted back into cropland, and the benefits to both water quality and wildlife will be lost.

Proposal:

This existing and ongoing program is part of a comprehensive clean water and wildlife habitat strategy to prevent sediment and nutrients from entering Minnesota's lakes, rivers and streams; enhance fish and wildlife habitat; and protect groundwater and wetlands. One of the unique features of the riparian buffer program is that it leverages both Clean Water Fund and Outdoor Heritage Fund appropriations for multiple benefits to water and wildlife by creating buffers on riparian lands adjacent to prioritized waters.

Through the Reinvest in Minnesota (RIM) Reserve Program and in partnership with soil and water conservation districts and private landowners, permanent conservation easements are purchased that benefit water quality by permanently protecting critical riparian areas using native vegetation. These easements address water quality impairments due to modifications in hydrology, sedimentation, and nutrient transport. This effort will leverage State and Local technical expertise, strategic planning, and fiscal resources to assure that projects are cost effective and provide significant environmental benefits for both water quality and habitat.

This program is highly targeted, focusing on the most critical expiring CRP acres. Additionally, project scoring criteria further identifies the highest priority locations. Criteria include: proximity to other permanently protected habitat; location within a designated shallow lake watershed; proximity to lands open to public hunting; existing plant diversity of the site; overall size of the parcel; and type of water resource being buffered. This program also receives high interest from landowners. We currently have 189 unfunded easement applications remaining after the most recent sign-up period.

Results:

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota waters. We will track the acres of buffer areas protected as well as track progress toward the long-term goals for surface water set forth in the Clean Water Roadmap. Since its inception in 2009 approximately 5,330 acres of riparian buffers have been permanently protected and converted to native vegetation. Continuation of this initiative will add approximately 2,170 acres in the next biennium bringing the total to 7,500 acres. The agencies long-term riparian buffer strategy is to permanently protect and restore riparian buffers on 50,000 acres.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Future</i>	<i>Dates</i>
Quantity	Acres protected in buffers	5,330	7,500	2018-2019
Results	Percentage of rivers and streams with healthy fish communities, as measures by the Index of Biotic Integrity	60%	67%	By 2034

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY18-19 Biennial Budget Change Item

Change Item Title: Buffer and Soil Erosion Law Implementation

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	3,400	3,400	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	3,400	3,400	0	0
FTEs	4	4	0	0

Recommendation:

The Governor recommends \$6,800,000 from the Clean Water Fund and 4 FTE for the FY2018-2019 biennium to implement compliance with the riparian buffer and alternative best manage practice requirements for state-required buffers and soil erosion enacted into law in 2015. This represents an increase of \$1,800,000 as compared to the FY2016-2017 CWF appropriation.

Rationale/Background:

Minnesota's buffer and soil erosion initiative was signed into law in 2015 to address the water quality degradation of the state's water resources from erosion and runoff pollution by establishing roughly 110,000 acres of buffer along waterways. The law includes a November 1, 2017 timeline for establishing buffers on public waters and a November 1, 2018 timeline for establishing buffers on public drainage systems. The law also provides a mechanism by which affected persons or local units of government can file complaints where lands are suspected of having excessive soil erosion and/or sedimentation of adjacent waters.

Proposal:

This buffer and soil erosion law implantation program is part of a comprehensive clean water strategy to prevent sediment and nutrients from entering Minnesota's lakes, rivers, streams and ditches. This proposal supports technical and financial assistance to soil and water conservation districts, counties and watershed districts to provide landowners technical and financial assistance, compliance and alternative practice determinations, implementation timeline waivers, site investigations and monitoring and tracking in order to achieve full compliance and enforcement of the buffer and soil erosion laws. The proposal also provides support for additional state administration, technical support, and oversight.

Results:

This program provides funding for both the agency and local governments to carry out the needed work associated with the Buffer and Soil Erosion Law. Through this program, progress will be made toward achieving 100% compliance with the statutory implementation deadlines.

Type of Measure	Name of Measure	Current	Future	Dates
Results	DNR mapped public waters and public drainage ditches in compliance with the law.	Deadline not yet in effect	100%	Statute deadline dates
Results	Percentage of rivers and streams with healthy fish communities, as measures by the Index of Biotic Integrity	60%	67%	By 2034

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY18-19 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Water Management Transition (One Watershed, One Plan)

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	2,100	2,100	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,100	2,100	0	0
FTEs	5.0	5.0	0	0

Recommendation:

The Governor recommends \$4.2 million from the Clean Water Fund and 5.0 FTE for the FY2018-2019 biennium to implement the permanent One Watershed, One Plan program.

Rationale/Background:

In 2012 the Minnesota Legislature enacted one of the most significant overall water policy reforms since the mid-1980s. The watershed approach unites the water planning efforts of counties, soil and water conservation districts, and watershed districts by allowing water management plans to be completed on a watershed scale. Continued Clean Water Fund investment in One Watershed - One Plan allowed BWSR to move from a pilot program in FY2014-2015 to a permanent program in FY2016-2017. The permanent program will continue work with local units of government on the transition to watershed-based plans, leading to 1) a reduction from 200+ geo-political boundary plan to 60+ comprehensive watershed management plans, 2) future efficiencies that are both scientifically and economically sound, and 3) targeting of private, local and state investments towards water quality and quantity problems that can demonstrate success.

The current system of local water management in greater Minnesota is largely done along county boundaries yet we know that water is defined not by political boundaries but natural boundaries that we call watersheds. If we are serious about restoring those waters (both surface water and groundwater) that are impaired and protecting those waters that are threatened but not yet impaired, we need to employ a holistic and comprehensive watershed planning and implementation approach. The One Watershed, One Plan will build off of exiting studies and assessments being done by MPCA & DNR and create focused watershed implementation plans that are prioritized, targeted and capable of achieving measureable results.

Short-term success will be measured by the number of state-approved plans that are completed with the goal of having all of Greater Minnesota completed by 2022. Long-term success will be measured by how many lakes and stream are meeting water quality standards and drinking water supplies protected.

The One Watershed, One Plan recognizes that the single biggest source of the problem and single biggest solution are the citizens of this state that make the land use and land management decisions on 78% of the land in Minnesota. One Watershed, One Plans developed and implemented by local government working with citizens is the most direct, efficient, and effective means to implement the projects and programs needed to achieve the goals of clean water, clean air and abundant fish and wildlife habitat.

On a statewide level the recently completed Clean Water Road Map has set long-term goals for lakes, rivers, streams, and groundwater. BWSR will be using these as milepost measures for the expected outcome with full scale development, adoption and implementation of One Watershed, One Plans state-wide.

Proposal:

The One Watershed, One Plan program was initiated in FY 2014 with Clean Water Funds with the development of guiding principles, operating procedures, required plan content and piloting in five major watershed areas. The current proposal is the implementation of the permanent program. The proposed funding will be used to develop and approve 6 to 10 plans each year with all of greater Minnesota watersheds completed by 2022. Counties, soil and water conservation districts, and watershed districts are the principal partners and will be the main local governments that will organize and collaborate on the development of watershed implementation plans. The DNR, PCA, MDA, and MDH will also be partners and will participate through the establishment of a formal agency team assigned to work with each watershed area.

Focused watershed-based implementation plans (One Watershed, One Plan) provide the best mechanism possible to build off current state investments being made in Watershed Restoration and Protection Strategies (WRAPS) as well as other state studies and plans to inform the building of a focused watershed implementation plan that is science based, spatially and numerically explicit, with an implementation plan that is prioritized, targeted and capable of achieving measureable improvement in water quality, flood control, and groundwater protection. The agency has implemented four water management planning and implementation authorities dating back to 1956. It is well positioned to undertake this activity.

Results:

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota waters. To measure the success of this program, we will look at the number of One Watershed, One Plans developed and approved. The agency goal is for a reduction from the current 200+ geo-political boundary plans to 60+ comprehensive watershed management plans by 2022. There are currently 3 plans approved from the original pilot program which include 5 watershed areas. In the last year 6 more watersheds have started to prepare plans under the permanent program with a request for proposal out with expectation of another 6 plans initiated by June of 2017. We also will measure progress against the long-term goals outlined in the Clean Water Roadmap.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Future</i>	<i>Dates</i>
Quantity	Number of One Watershed, One Plans in progress	11	60+	By 2022
Quality	State approved plans based on established plan content requirements	3	60+	By 2022
Results	Percentage of lakes with good water quality, as measured by acceptable Trophic State Index	62%	70%	By 2034
Results	Percentage of rivers and streams with healthy fish communities, as measured by the Index of Biotic Integrity	60%	67%	By 2034

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY18-19 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Surface and Drinking Water Protection/Restoration Grants

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	12,250	12,250	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	12,250	12,250	0	0
FTEs	10.6	10.6	0	0

Recommendation:

The Governor recommends \$24.5 million from the Clean Water Fund and 10.6 FTE for the FY2018-2019 biennium for Surface and Drinking Water Protection and Restoration Grants. The request represents an increase of \$4.125 million over the FY2016-2017 CWF appropriation and an increase of 3.7 FTE. The increase is necessary to provide additional oversight on an increased number of grants along with the expansion of the program that can include providing funding directly to non-governmental organizations.

Rationale/Background:

Protecting and restoring Minnesota's waters is a collaborative effort between federal, state, and local partners. The goal for this proposal is to accelerate the state's objectives for clean water through partnerships with local government, which in turn enter into agreements with private landowners to implement conservation practices and projects to make progress towards state goals and address high priority local resource concerns

This program provides Clean Water Funds to local governments to support the implementation of high priority projects derived from state approved, locally adopted water management plans. Local governments use these funds to plan, design and install conservation practices targeted to protect and restore water quality. Practices installed are designed to address water quality problems specific to the targeted water body, but generally retain rainfall and runoff on the land, and reduce the transport of sediment and nutrients to surface and ground waters.

Local governments have been aggressive in identifying projects to address water quality needs. For FY2016-2017, local governments proposed more than \$67 million in projects under this program but only \$20.38 million of State Clean Water Funds were available. As a result, only 30% of project requests were funded. In addition, during the May 2016 Biennial Budget Request (BBR), during which water management project information collected from local governments, they requested \$115 million in Clean Water Funds for priority projects. It is clear that local governments are ready and able to deliver on significantly more water management projects than BWSR has been able to fund. Continued and increased funding for grants to finance local government led restoration and protection projects will provide the necessary support for their efforts, and make progress toward state water quality goals.

Short-term success will be measured by the number of projects and activities that are completed with appropriated funds. Long-term success will be measured by how many lakes and stream are meeting water quality standards and drinking water supplies protected.

The recently completed Clean Water Road Map has set long term goals for lakes, rivers, streams, and groundwater at a statewide level. BWSR will be using this as one milepost measure for the expected outcome of accelerated water management activities.

Proposal:

This program is a continuation of a highly successful Clean Water grant program, where demand for dollars far exceeds the dollars available. Funds are used to protect, enhance and restore water quality in lakes, river and streams and to protect groundwater and drinking water. Activities include structural and vegetative practices to reduce runoff and retain water on the land, feedlot water quality projects, SSTS abatement grants, and stream bank, stream channel and shoreline protection projects.

Eligibility for these funds is contingent on a state approved and locally adopted water management plan. The plans that link scientific information and citizen priorities include county comprehensive local water management plans, watershed district management plans and city surface water management plans. The planning requirement ensures that state funded projects are targeted to address water quality restoration or protection needs most effectively. The State's investment leverages local and federal funds as the grants require a 25% match. The program will be administered at the same time as the agency does its other Clean Water Funds Programs through a once a year competitive application process that is open to soil and water conservation districts, counties, watershed districts, cities and joint powers boards.

Equity and Inclusion:

This program offers Subsurface Sewage Treatment Systems (SSTS) replacement funds for land owners of limited resources. Other groups are not impacted negatively by this program.

Results:

This program provides grant funding to local governments to implement water quality improvement practices directed to high priority water resources such as lakes, streams and groundwater protection areas. Short term success will be measured by the number of projects and activities that are completed with appropriated funds. We also will measure progress against the long-term goals outlined in the Clean Water Roadmap.

On a local level results can be substantial. A recent grant award to the Wilkin SWCD resulted in a project that installed erosion control practices on private lands and repaired severe gullies that were contributing to massive sediment loads to impaired Red River of the North. The project resulted in a 1,200 ton/year sediment reduction equaling 18% of the sediment reduction goal set for the Lower Otter Tail River which drains to the Red River of the North.

On a state-wide level the program will result in both phosphorus and nitrogen reduction to the Mississippi River. The state Pollution Control Agency has set a phosphorus reduction goal of 45% for the Mississippi river where it leaves Minnesota. That translates to a required reduction of approximately 1.13 million pounds/year of phosphorus. The agency's Surface and Drinking Water Protection and Restoration Grant program will result in approximately a 17,000 pound/year reduction in phosphorus or roughly a 3% reduction.

Statutory Change(s):

Not Applicable

Board of Water and Soil Resources

FY18-19 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Accelerated Implementation

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	4,000	4,000		
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	4,000	4,000	0	0
FTEs	9.5	9.5	0	0

Recommendation:

The Governor recommends \$8 million from the Clean Water Fund for the FY2018-2019 biennium. This recommendation is \$4 million less than the FY2016-2017 appropriation. The governor is also recommending 9.5 FTE for this program, which is an increase of 4.6 FTE from FY16-17. This increase is primarily associated with technical staff to lead the program development, training, and competency mentoring for the state's new technical training and credentialing program in partnership with the USDA Natural Resources Conservation Service for Soil and Water Conservation District employees.

To ensure the work has an on-the-ground impact, resulting outputs from funds granted to local governments need to be incorporated into the next water management or comprehensive plan amendment/revision or otherwise be incorporated into routine activities that contribute to increased water quality protection or accelerated water quality restoration.

A significant majority of water management implementation activity is conducted by local governments. It is in the State's interest for local governments to have the technical skill and capacity to develop and implement priority water management projects. This program is addressing an existing need by establishing a technical assistance and training delivery program to ensure the local governments have these skills. Current Clean Water goals are very ambitious. The State will struggle to achieve these goals unless we increase capacity to deliver meaningful and measureable projects implemented by local governments. This program is the primary means for the State to accomplish these goals.

Proposal:

This program is a continuation and expansion of a highly successful Clean Water grant program, where demand for dollars far exceeds the dollars available. Under the continuation component of this program, funds are used to enhance the capacity of local governments to accelerate implementation. Activities include increasing technical assistance through regional technical service areas, technical training and certification, inventories of potential restoration or protection sites, and developing and using analytical targeting tools that fill an identified gap. The proposed appropriation will support critical infrastructure of the agency as well as funding to local governments to support staff participation in training and increased capacity to deliver priority water quality projects.

Local government eligibility for these funds is contingent on a state approved and locally adopted water management plan. The plans that link scientific information and citizen priorities include county comprehensive local water management plans, watershed district management plans and city surface water management plans. The planning requirement ensures that state funded projects are targeted to address water quality restoration or protection needs most effectively. The State's investment leverages local and federal funds as the grants require a 25% match. The program will be administered at the same time as the agency's other Clean Water Funds Programs which is a once a year competitive application process that is open to soil and water conservation districts, counties, watershed districts, cities and joint powers boards.

Results:

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota waters. This funding will continue to improve water quality by providing grants to local governments that will increase the implementation of water quality improvement practices by:

- Providing funding to eight Soil and Water Conservation District, Technical Service Area to employ engineers, engineering technicians and other water resource specialist who provide technical assistance to member districts for on-the-ground projects that require highly skilled engineering and technical services. In the previous biennium, staff provided assistance on 822 water quality improvement projects.
- Implementing the technical training and certification program, in partnership with the USDA Natural Resources Conservation Service. This program provides training development and credentialing for local conservation professionals. Results in the last biennium include joint hiring of a training coordinator, development of core competencies and overall training strategy, establishment of area training teams, and conducted conservation planning training.
- Providing grants to local governments through a competitive process for projects that are designed to accelerate prioritized, targeted and measurable implementation. In FY2016, BWSR awarded 19 grants to local governments through the competitive grants process totaling \$2,006,078. Grants are used for hiring additional local staff, conducting new resource inventories and assessments and developing data layers and tools to help prioritize resource concerns and target implementation.
 - Example: Rock Soil and Water Conservation District with support from the Clean Water Fund, began focusing on developing technology and mapping capabilities that would allow them to be more strategic in their conservation work, performing terrain analysis and using other data to determine where best management practices (BMPs) would be most effective within the county. Armed with these analyses, the district began working with landowners in those targeted locations to begin the implementation process

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY18-19 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Measures, Results and Accountability

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	950	950	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	950	950	0	0
FTEs	6.0	6.0	0	0

Recommendation:

The Governor recommends \$1.9 million from the Clean Water Fund and 6 FTE for the FY2018-2019 biennium to implement a comprehensive program of conservation quality control and assurance through oversight, assessment, assistance and reporting of local government performance and results. This recommendation continues funding this work at the same level as the previous biennium but includes an increase of 0.9 FTE and is based on the actual staff time spent on this work in FY16-17.

Rationale/Background:

Local governments are foundational to delivering the results of the state's conservation programs that implement water quality solutions. BWSR will provide accountability to the state while supporting and providing assistance to local governments implementing Clean Water projects by:

1. Building strong technical skills within the local government delivery system.
2. Providing assistance to local governments for improved program implementation, streamlining reporting requirements, and providing transparency regarding local government performance in meeting clean water program goals through on-going performance review and fiscal monitoring and reconciliations.
3. Evaluating the success and value of on-the-ground restoration and protection activities in order to better target implementation funds through the agencies grants reporting program (eLINK).
4. Assuring that implementation projects are prioritized, targeted, and capable of achieving measureable results.

Proposal:

This proposal is a continuation of BWSR's efforts to provide oversight of local government performance and to measure, track, and communicate results of projects funded with Clean Water funds. An on-line conservation tracking system, eLINK, is central to BWSR's work. The system features grants tracking from application to reporting, contract management, and recording water plans goals and outcomes, including estimates of pollution reductions.

Another component of this proposal is BWSR's grant verification process. BWSR staff conduct field visits with local governments on a rotating basis to ensure compliance with state policies, guidance and fiscal best management practices.

Finally, BWSR communicates information about its grants to local governments and the outcomes achieved through a "Clean Water Stories" section on our agency website and by working with local units of government to highlight work in their community newspapers and other media.

Results:

This program tracks and evaluates grants to local governments funded through the Clean Water Fund, thereby helping to measure the performance of projects in meeting water quality goals. Since 2010:

- Over 815 Clean Water Fund grants supporting implementation of more than 5,000 conservation practices.

- Almost 120,000 tons of sediment and over 95,000 pounds of phosphorus kept from Minnesota waters annually.
- Annual Clean Water Fund Legislative Reports have been published.

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY18-19 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Grants with Multi-Year Plans (Targeted and 1W1P Implementation)

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	3,317	7,683	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	3,317	7,683	0	0
FTEs	3.7	3.7	0	0

Recommendation:

The Governor recommends \$11 million from the Clean Water Fund for the FY2018-2019 biennium and 3.7 FTE. This request represents a \$1.25 million increase from the FY2016-2017 appropriation.

Rationale/Background:

The Targeted Watershed Program, initiated in FY2014, is intended to demonstrate, when water quality issues and the amount of change needed to meet water quality improvements are known, that the concentrated efforts of various targeted management actions can have a positive impact on water quality. This program provides a focus for partnering with local governments on impaired waters or priority water resources near the tipping point of becoming impaired. With the focus on demonstrating water quality improvements, this program gives preference to minor watersheds (10 or 12-digit Hydrologic Unit Codes) where the ability to demonstrate progress is greatest.

Local governments are ready and able to deliver on significantly more water management projects than BWSR has been able to fund. In the first biennium, local governments requested \$76 million in projects when only \$12 million was available. In addition, during the May 2016 Biennial Budget Request (BBR), during which water management project information is collected from local governments, they requested \$115 million in Clean Water Funds for priority projects. Continued and increased funding for grants to finance local government-led restoration and protection projects will provide the necessary support for their efforts, and make progress toward state water quality goals.

Proposal:

This program is a continuation of a Clean Water grant program, where demand for dollars far exceeds the dollars available. However, it includes changes to establish a performance-based pilot grant program for local government units to implement projects that protect and restore surface water quality, protect groundwater from degradation, and protect drinking water sources. The program stresses the importance of incorporating the wealth of science-based information, summarized in WRAPS, TMDLs, and other technical reports, into sound local decision making.

The program will be modified in FY18-19 through the development and implementation of a pilot program to modify eligibility for these funds contingent on a state approved and locally adopted water management plan developed under the One Watershed, One Plan or Metropolitan Surface Water Management frameworks, or groundwater plans. The planning requirement ensures that state funded projects are targeted to address water quality restoration or protection needs most effectively. The State's investment will leverage local and federal funds as the grants require a match.

Equity and Inclusion:

This program offers Subsurface Sewage Treatment Systems (SSTS) replacement funds for land owners of limited resources.

Results:

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota waters. This funding will continue to improve water quality by providing grants to local governments that will increase the targeted implementation of water management actions.

Examples of estimated results from this competitive program are:

- Fully restore two lakes (Cedar and McMahon Lakes) and one stream (Popular River)
- Prevent one lake (Serpent Lake) from becoming impaired
- Meet 10-40% of the pollution reduction goals in other targeted water bodies (Sand Creek, Dobbins Creek, Chisago Chain of Lakes, Seven Mile Creek, and Long Lake). For FY18-19 this program will be redesigned to implement a pilot program to transition funding to those watersheds with completed One Watershed, One Plans using a performance based grant system. Short term success will be measured by the number of projects and activities that are completed with appropriation dollars based on the goals identified on the One Watershed, One Plans.

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY18-19 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Conservation Drainage Management and Assistance

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	750	750	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	750	750	0	0
FTEs	0.7	0.7	0	0

Recommendation:

The Governor recommends \$1.5 million from the Clean Water Fund for the FY2018-2019 biennium to improve water quality by implementing multipurpose drainage management practices to reduce erosion, sedimentation, peak flows, and flooding. This work will also protect drainage system efficiency and reduce drainage system maintenance for priority Chapter 103E drainage systems. This will continue funding at the same level as the FY2016-2017 appropriation. The governor also recommends 0.7 FTE for this program.

Rationale/Background:

Recent studies indicate that the observed increase in stream flows and increased streambank erosion and sedimentation in Minnesota can be attributed to post-European settlement changes in land use, particularly in association with agricultural drainage practices. Some of these influential changes include wetland drainage and expansion of artificial drainage networks. These land use changes have drastically altered natural hydrological processes leading to decreased surface water storage and decreased total annual evapotranspiration from fields through crop conversion. (Schilling and Helmers 2008; Schilling 2008; Tomer and Schilling 2009; Lenhart et al. 2011a; Wang and Hejazi 2011; Schottler et al. 2013).

Together those changes have resulted in increased river flows, erosion, sedimentation, and delivery of nutrients to downstream waters. Strategies, technical assistance and funding that increase water residence time on the landscape will have a positive impact on controlling stream flows. Similarly, widespread expansion of water storage mechanisms will be even more important in the future if the pattern of increasing precipitation and more frequent large storm events continue.

In recent years, new best management practices (BMPs) have been identified and developed under the umbrella of “conservation drainage” to better enable multipurpose drainage management. Providing technical and financial assistance to local drainage authorities will help achieve the public benefit of clean water alongside the private and public benefit of maintaining these public drainage systems/infrastructure for agricultural production.

Proposal:

This program is a continuation from FY2016-2017 and provides for financial and technical assistance to facilitate planning, design and installation of conservation practices on drainage systems that will result in water quality improvements. These practices promote retention of rainfall and runoff on the land, soil erosion reduction, and water quality improvement in drainage systems and receiving waters while maintaining agricultural production. The program is implemented through partnering with the State’s public drainage system authorities, principally counties and watershed districts. The State’s investment leverages local investment as the grants require a 25% local match. The grant portion of this program will be administered once a year on a competitive application basis.

Results:

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota waters by implementing multipurpose drainage management practices to reduce erosion and sedimentation, reduce peak flows and flooding, and improve water quality, while protecting drainage system efficiency and reducing drainage system maintenance for priority Chapter 103E drainage systems. To measure the success of this program, we will look at the number of drainage systems with water quality practices implemented. We also will measure progress against the long-term goals outlined in the Clean Water Roadmap.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Future</i>	<i>Dates</i>
Quantity	Number of public drainage systems with drainage water quality practices implemented	10	30+	By 2022
Results	Percentage of rivers and streams with healthy fish communities, as measured by the Index of Biotic Integrity	60%	67%	By 2034

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY18-19 Biennial Budget Change Item

Change Item Title: Clean Water Fund –Targeted Wellhead/Drinking Water Protection

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	1,750	1,750	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,750	1,750	0	0
FTEs	0.8	0.8	0	0

Recommendation:

The Governor recommends \$3.5 million from the Clean Water Fund and 0.8 FTE for the FY2018-2019 biennium to implement best management practices, land acquisition, or permanent conservation easements in wellhead or source water protection areas where the action needed to protect drinking water are known.

Rationale/Background:

This program is part of a comprehensive clean water strategy to prevent nutrients from entering highly vulnerable drinking water supplies. The Minnesota Department of Health estimates that there are approximately 350,000 high risk well head acres in the state. Restoring and permanently protecting land within these highly vulnerable water supply areas, or implementing best management practices, within drinking water supply management areas improves water quality by increasing the distance between drinking water sources and agricultural fertilizer/chemical uses and minimizing the potential for contamination.

Proposal:

This proposal is a continuation of a successful Clean Water Fund easement program. The purpose of this program is to convert agricultural land to grasslands and wetlands or install other water quality practices in areas designated with high or very high vulnerability to contamination. We will continue to work with Minnesota Department of Health and Minnesota Department of Agriculture to determine the list of targeted areas. During this biennium our goal is to identify areas where drinking water supply planning has been completed so that the areas in need of practices or protection are well defined and the solutions are known. We then will work with soil and water conservation districts (SWCDs) or other community partners in those areas to implement the solutions. This work may include conservation easements, as has been the focus in past phases, or it may also include land acquisition and/or water quality practices.

Results:

This program will increase the permanent protection of high risk wellhead acres in the state. To date, 1,610 acres have been protected. With the continuation of this effort, additional acres will be protected in the next biennium. The agency's long-term strategy is to permanently protect 5,000 acres to help achieve the goal to reduce nitrate levels in groundwater by 20% by 2034.

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY18-19 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Critical Shoreland Protection – Permanent Conservation Easements

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	1,000	1,000	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,000	1,000	0	0
FTEs	0.5	0.5	0	0

Recommendation:

The Governor recommends \$2 million from the Clean Water Fund for the FY2018-2019 biennium to purchase permanent conservation easements on lands adjacent to public waters with good water quality but threatened with degradation.

Rationale/Background:

Lakes and rivers in the forested portions of our State are very susceptible to the impacts of private shoreline and small forest parcel development. Altering shoreline vegetation, constructing impervious surfaces, the placement of in-lake structures, growth in boat and water based recreation, and loss of forest cover can increase nutrient enriched runoff. This causes an overabundance of emergent and floating plants; mixing of bottom sediments, and upland and shoreline erosion. The impact of development is cumulative. Over time, such changes can severely reduce water quality of these important water bodies. Of particular concern are large lakes, with demonstrated downward water quality trends, streams and rivers that serve as source water supplies and wild rice and Cisco lakes. Permanent conservation easements on privately owned lands are an effective way to protect these sensitive ecosystems. Not only do they improve surface water quality, but also benefit the health and security of community water supplies.

Proposal:

This is the continuation of an easement program that targets shoreland protection on key unimpaired water bodies. Beyond public ownership, current shoreline protection is limited to county shoreland ordinances and limited conservation efforts by non-governmental organizations. Even the most stringent shoreland ordinances still allow for some subdivision and development that can be detrimental to water quality. There are few voluntary, incentive-based conservation protection options for shoreland landowners. Unlike the prairie portion of the state, where state funded easement options exist for conservation-minded landowners, private land protection options have been more limited for shoreland in the forest areas due to funding constraints. Furthermore, many state funded easement programs are targeted for restoration and not protection.

Using the Reinvent in Minnesota (RIM) program, conservation easements are acquired on critical shoreland areas, targeting the highest priority areas through science-based conservation methods. Conservation activities are prioritized based on a methodology that determines the areas to maximize return on investment. Agency staff provide the necessary administrative, legal, and engineering expertise to secure perpetual conservation easements with private landowners through local soil and water conservation districts (SWCDs). The thousands of acres of restored wetlands, adjacent native grassland and buffers on privately-owned lands remain on local tax rolls. Funding is primarily used for easement payments to landowners and program implementation (surveying, engineering designs, and realty transactions).

Effective long-term easement management requires documenting baseline conditions at the time of acquisition as well as regular ongoing monitoring, and enforcement when necessary, to ensure compliance. Local SWCDs perform regular monitoring inspections of all conservation easements. The agency maintains baseline, monitoring, and geospatial data.

Results:

As part of an overall comprehensive water quality strategy, this program targets the protection of Minnesota's most sensitive waters and aims to enroll 1,500 acres of critical shoreland areas over then biennium. These protected acres will be targeted in the Upper Mississippi watershed which is the source water supply for communities along the Mississippi River upstream of and including St. Cloud and the Twin Cities.

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY18-19 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Technical Evaluation

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	84	84	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	84	84	0	0
FTEs	0*	0*	0	0

Recommendation:

The Governor recommends \$168,000 from the Clean Water Fund for the FY2018-2019 biennium for the evaluation of a sample of habitat restoration projects completed with Clean Water Funding, as required by M.S. 114D.50, Subd.6. The agency also contributes to a joint position with the DNR (equivalent to 0.5 FTE*) to lead the evaluation effort, which is the same as the past biennium.

Rationale/Background:

State law requires restoration evaluations be conducted on habitat restoration projects completed with funds from the Clean Water Fund (M.S. 114D.50), Outdoor Heritage Fund (M.S. 97A.056), and Parks and Trails Fund (M.S. 85.53). As provided by law, BWSR is the responsible agency for Clean Water Fund restoration evaluations; DNR is the responsible agency for Parks and Trails Fund restoration evaluations; and DNR and BWSR are jointly responsible for Outdoor Heritage Fund restoration evaluations (M.L. 2010, Ch. 361, Art.1). These evaluations assess project performance to ensure and improve conservation outcomes across the State.

Proposal:

This proposal is a continuation of the required restoration evaluations that were initiated in 2012. DNR and BWSR elected to combine administration and reporting for the three statutory requirements in a single Legacy Fund Restoration Evaluation program. Accordingly, one restoration evaluation panel was created and one report will be produced on an annual basis.

The evaluation panel is responsible for:

- Evaluating restorations relative to the law, current science, and the stated goals and standards in the restoration plans; and
- Providing findings on the evaluations, determining whether restorations are meeting planned goals, identifying problems with implementation of restorations, and, if necessary, providing recommendations on improving restorations.

Results:

This program evaluates the effectiveness of habitat restorations funded through the Clean Water Fund, thereby helping to measure the performance of projects in meeting habitat goals and providing recommendations to improve the effectiveness of future projects. The findings of the evaluation panel are summarized in an annual report to the legislature and governing councils. Initial findings of these evaluations have found that all projects evaluated were determined to have been implemented in compliance with applicable appropriation laws and reporting requirements, including presenting measurable outcomes and planning to evaluate results. Recommendations for the future include: 1) All project narratives should include site specific outcome based goals; 2) Project reporting should include essential information on project implementation for ongoing management; 3) Current knowledge of applied restoration practice, including lessons learned from field practice and restoration evaluations, should be disseminated through Statewide restoration training programs; 4) Selected subset of evaluated projects

should be reevaluated in future years to track critical aspects of project effectiveness; and 5) The use of more comprehensive, multidisciplinary project teams.

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY18-19 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Tillage and Erosion Transects

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	425	425	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	425	425	0	0
FTEs	0.5	0.5	0	0

Recommendation:

The Governor recommends \$850,000 million from the Clean Water Fund and 0.5 FTE for the FY2018- 2019 biennium to implement a systematic survey of soil erosion rates and adoption of crop residue management practices in 67 Minnesota counties. The request represents a 15% decrease from FY2016-2017.

Rationale/Background:

Soil erosion, and the nutrients it carries with it, is a significant environmental pollutant in Minnesota. Soil erosion on cropland has on-site impacts to soil quality and crop productivity, as well as off-site impacts on water quantity and quality, air quality and infrastructure maintenance. Tillage is the most widespread land use practice that influences erosion and one of the least expensive options to avoid and mitigate the onsite and offsite impacts of erosion.

The Tillage and Soil Erosion Survey is a comprehensive long-term program to systematically collect data and produce county, watershed, and state-wide estimates of soil erosion caused by water and wind along with tracking adoption of high residue cropping systems. Tillage trend data and soil erosion data are critical to measuring progress toward goals and recommendations set forth in Minnesota’s Statewide Nutrient Reduction Strategy (2013), Sediment Reduction Strategy for the Minnesota River and South Metro Mississippi River (2014), Watershed Restoration and Protection Strategy (WRAPS), and Total Maximum Daily Loads (TMDL’s). This data allows tracking of local trends in adoption of conservation practices, effectiveness of local targeting efforts and to help set local and State priorities.

This critical data is not collected anywhere else. The last statewide effort collecting tillage data and erosion estimates capable of providing county and watershed reliable data took place in 2007. The current trend in soil erosion statewide has largely gone unchanged since 1982 and is over twice the amount considered to be tolerable as established by the United States Department of Agriculture.

Estimated average annual sheet, rill and wind erosion on non-federal cultivated land in tons per acre per year 2010 National Resources Inventory Summary Report

1982	1987	1992	1997	2002	2007	2010
8.42	9.22	8.65	7.83	7.72	6.59	7.28

Proposal:

This is a continuation of a program that implements a tillage and soil erosion survey to systematically collect data and produce county, watershed, and state-wide estimates of soil erosion caused by water and wind, along with tracking adoption of high residue cropping systems. Tillage and soil erosion data will be collected in the 67 Minnesota counties with greater than 30% of land dedicated to agricultural row crop production.

The principle result of the program will be statistically-valid numeric estimates, produced on a county-level, for soil loss from both wind and water erosion and the annual adoption rate of high residue tillage management systems. Providing county and watershed-level statistically-accurate data requires annual and statewide data collection over the long-term.

Tillage and residue data enhances existing watershed water quality models. The improved models are better able to identify critical areas for conservation best management practice (BMP) implementation and better estimate pollutant load reductions for both planned and applied conservation practices. Up to date tillage and erosion data can aid local government staff in reaching WRAPS/TMDL implementation goals by comparing current conditions with potential management scenarios designed to reach sediment and nutrient reduction goals. These efforts will help address the following statewide goals:

- *Minnesota Nutrient Reduction Strategy - Achieving phosphorus phase 1 milestones:*
 - Field Erosion Control – conservation tillage adoption rate of 85% in available area.
 - Increase and Target Living Cover – cover crop adoption rate of 10%.
- *Minnesota Nutrient Reduction Strategy – Achieving nitrogen phase 1 milestones:*
 - Increase and Target Living Cover – cover crop adoption rate of 10%.
- *Minnesota Statewide Conservation and Preservation Plan – Land Use Recommendation 7: Enable improved design and targeting of conservation through improved and timely data collection and distribution*
 - A periodic detailed survey of benchmark sampling sites to determine trends in soil erosion, as was carried out by the NRCS for the Natural Resources Inventory.
- *Minnesota Sediment Reduction Strategy for the Minnesota River and South Metro Mississippi River – Priority Initiatives, Flow Duration and Magnitude Goals:*
 - Increase Living Cover.
- *Minnesota Sediment Reduction Strategy for the Minnesota River and South Metro Mississippi River – Example Tools for Prioritizing and Targeting Watershed Restoration Efforts:*
 - Tracking Systems – Tools such as eLINK and the Tillage Transect Survey for use in tracking upland implementation practices.

Results:

The principle result of this program will be statistically-valid estimates of soil loss rates for both wind and water erosion produced on a county and/or watershed level in addition to the annual adoption rate of high residue tillage management systems and cover crops. By having this data, both the state and local governments will be able to track progress toward statewide pollution reduction goals and prioritize and target areas where additional implementation efforts may be needed.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Future</i>	<i>Dates</i>
Quantity	Measured annual soil erosion rates by county/watershed	7.28 tons/acre/yr	Future desired condition 3 to 5 tons/acre/yr	By 2034

Statutory Change(s):

Not applicable

Program: Land and Water Conservation Projects

www.bwsr.state.mn.us

AT A GLANCE

- Deliver conservation programs through local governments, in cooperation with private landowners.
- Implement high priority erosion control, native buffers, feedlot, and weed management projects.
- Leverage local and federal funds.
- FY16 Stats: 105 grants to local governments; over \$450,000 local funds leveraged; over \$350,000 federal funds leveraged.

PURPOSE & CONTEXT

The goal of this program is to meet state objectives for clean water, productive soil, and abundant fish and wildlife habitat. Focused on partnerships with local governments, we meet these objectives by implementing targeted projects and practices on private lands to prevent soil erosion and pollution from entering surface and ground water.

Projects are implemented through grants to local governments, including soil and water conservation districts, counties, cities, watershed districts, and watershed management organizations

SERVICES PROVIDED

Conservation Projects Cost Share Program

This program “shares” the cost of implementation between the state and local resources. Grants to local governments provide funding for a variety of on-the-ground projects that address state conservation objectives. Specifically, these projects:

- *Keep water on the land:* natural hydrology restoration and runoff reduction is achieved by restoring wetlands, installing raingardens, constructing stormwater treatment ponds, and implementing conservation drainage practices.
- *Maintain healthy soils:* healthy soils are supported through conservation tillage and erosion control projects.
- Reduce pollutants in surface and ground water: reducing pollution in sensitive ecological areas is accomplished by upgrading feedlots and subsurface sewage treatment systems, and sealing abandoned wells.
- *Ensure biological diversity:* protection of native plants and animals and their habitats is accomplished through the installation of permanent buffers of native vegetation and cooperative weed management programs that address invasive species management.
- *Maintain stream integrity:* healthy stream hydrology and abundant fish populations are achieved through streambank and shore stabilization.

We work through local governments to ensure private landowners have access to a local, trusted resource that can help address conservation needs. We provide funds to local governments for the costs of constructing conservation projects and practices in addition to the costs of project design, construction oversight, and fiscal and outcomes reporting. Eligibility for funding is contingent on a state approved and locally adopted water management plan that links scientific information with local priorities to ensure state funds are targeted to the most critical needs. Local governments also leverage local and federal funds for these projects.

Grant Management

We use a comprehensive grant management system to track the use of state funds in the most efficient manner possible. We establish eligibility criteria, determine grant program policies, review work plans, issue grant agreements, and conduct close-out reviews upon project completion. This grant management system is compliant with the policies adopted by the Department of Administration and the Office of Grants Management.

RESULTS

The measures below represent our two key goals of this budget program: to reduce water pollutants to improve water quality and to deliver services that encourage trust in government. Specifically, projects funded under this program contribute toward meeting the state's pollution reduction goals for sediment, phosphorus, and nitrogen. It's also important that landowners have access to a trusted, local resource that is responsive to conservation needs. Experience (and research) supports the notion that landowners trust local government more than state government and, therefore, are more likely to engage in a conservation activity if they have access to a valued and credible resource within their own community. For example, data from an annual Pew Report shows that trust in local government has largely been stable over the years, while trust in state and federal government has shown considerably more variation, with the current level at 57% trusting in state government, and 28% trusting in the legislative branch of the federal government.

Type of Measure	Name of Measure	Previous	Current	Dates
Result	Amount of nutrients removed compared to state goals			2011, 2015
	Phosphorus	2.2% 24,495 lbs/yr	6.37% 79,313 lbs/yr	
	Nitrogen	0.09% 49,160 lbs/yr	0.22% 93,667 lbs/yr	
Quality	Trust in local government (Gallup Poll*)	71%	72%	2013, 2014

*[Americans Still Trust Local Government More Than State](http://www.gallup.com/poll/176846/americans-trust-local-government-state.aspx?q_source=local%20government&q_medium=search&q_campaign=tiles) (Gallup, 2014) http://www.gallup.com/poll/176846/americans-trust-local-government-state.aspx?q_source=local%20government&q_medium=search&q_campaign=tiles

The legal authority for Land and Water Conservation projects comes from Minnesota Statutes, chapter 103C.501 (<https://www.revisor.mn.gov/statutes/?id=103C.501>) and Minnesota Administrative Rules, chapter 8400 (<https://www.revisor.mn.gov/rules/?id=8400>).

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	6,552	3,408	1,706	2,293	1,801	1,561	1,801	1,561
2001 - Other Misc Special Revenue	197	108	223	2	0	0	0	0
2050 - Environment & Natural Resource	22	0	0	0	0	0	0	0
2302 - Clean Water Fund	1,427	854	199	8	0	0	0	0
Total	8,199	4,370	2,127	2,303	1,801	1,561	1,801	1,561
<i>Biennial Change</i>				(8,139)		(1,068)		(1,068)
<i>Biennial % Change</i>				(65)		(24)		(24)
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Budget Activity

Budget Activity: Projects And Project Mgmt	8,199	4,370	2,127	2,303	1,801	1,561	1,801	1,561
Total	8,199	4,370	2,127	2,303	1,801	1,561	1,801	1,561

Expenditures by Category

Compensation	133	84	159	228	237	110	237	110
Operating Expenses	74	233	13	264	98	4	98	4
Other Financial Transactions	0	0	1	0	0	0	0	0
Grants, Aids and Subsidies	7,991	4,053	1,954	1,810	1,466	1,446	1,466	1,446
Total	8,199	4,370	2,127	2,303	1,801	1,561	1,801	1,561

Full-Time Equivalents

	1.2	0.8	1.0	2.0	2.0	1.0	2.0	1.0
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1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	36	1,378	640	595	241	0	241	0
Direct Appropriation	1,920	3,676	1,660	1,939	1,560	1,560	1,560	1,560
Net Transfers	5,893	0	0	0	0	0	0	0
Cancellations	0	1,261	0	0	0	0	0	0
Expenditures	6,552	3,408	1,706	2,293	1,801	1,561	1,801	1,561
Balance Forward Out	1,297	386	595	241	0	0	0	0
<i>Biennial Change in Expenditures</i>				(5,961)		(637)		(637)
<i>Biennial % Change in Expenditures</i>				(60)		(16)		(16)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents			0.4	2.0	2.0	1.0	2.0	1.0

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	862	434	204	2	0	0	0	0
Receipts	270	184	20	0	0	0	0	0
Net Transfers	(310)	0	0	0	0	0	0	0
Expenditures	197	108	223	2	0	0	0	0
Balance Forward Out	624	509	2	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(81)		(224)		(224)
<i>Biennial % Change in Expenditures</i>				(27)		(100)		(100)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	1.0	0.8	0.7	0.0	0.0	0.0	0.0	0.0

2050 - Environment & Natural Resource

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	22	0	0	0	0	0	0	0
Expenditures	22	0	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(22)				
<i>Biennial % Change in Expenditures</i>				(100)				
Full-Time Equivalents	0.2							

2302 - Clean Water Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	85	672	243	8	0	0	0	0
Direct Appropriation	1,700	1,700	0	0	0	0	0	0
Net Transfers	160	(363)	0	0	0	0	0	0
Cancellations	0	1,000	36	0	0	0	0	0
Expenditures	1,427	854	199	8	0	0	0	0
Balance Forward Out	518	156	8	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(2,074)		(207)		(207)
<i>Biennial % Change in Expenditures</i>				(91)		(100)		(100)

Program: Resource Protection Rules and Law

www.bwsr.state.mn.us

AT A GLANCE

- State laws and rules implemented by local governments with state assistance and oversight:
 - Wetland Conservation Act
 - Drainage Law
 - Shoreland Management
 - Subsurface Sewage Treatment Systems
 - Riparian Protection and Soil Loss
- Emphasizes interagency coordination

PURPOSE & CONTEXT

This program supports state and local implementation of and compliance with environmental protection laws, rules and regulations such as the Wetland Conservation Act, drainage law, shoreland rules, subsurface sewage treatment system rules, riparian protection and soil loss.

Local implementation of state laws and resource management programs allows for regulation to occur in close proximity to the program activity and is more efficient and effective than state implementation alone. Our agency

provides important coordination, program development, implementation assistance, and oversight to ensure that local governments have current knowledge as well as financial and staff capacity to properly implement state programs.

SERVICES PROVIDED

Oversight of the Wetland Conservation Act

In 1991 Minnesota enacted the Wetland Conservation Act (WCA), one of the most sweeping comprehensive wetlands protection laws in the country, the purpose of which was to retain the benefits of wetlands and attain no-net-loss of wetlands. WCA requires anyone proposing to drain, fill, or excavate a wetland first to try to avoid disturbing the wetland; second, to try to minimize any impact on the wetland; and, finally, to replace any lost wetland acres, functions, and values. Local governments—cities, counties, watershed management organizations, soil and water conservation districts, and townships—implement the act locally; we administer the Act statewide, and it is enforced by the Department of Natural Resources.

We support local implementation of WCA by providing:

- technical and administrative assistance
- oversight through project review and annual reporting
- administration of the state wetland banking system by approving wetland bank applications and managing credit accounting.
- an appeals process when disputes occur regarding local decisions

We also implement the Local Government Roads Wetland Replacement Program, which requires us to replace wetlands impacted as part of local transportation improvement projects. This approach consolidates the necessary technical, financial and record-keeping components to provide high quality, cost-effective wetland replacement.

Riparian Protection and Soil Loss

The purposes of Minnesota Statutes 103F.48, Riparian Protection and Water Quality Practices – commonly referred to as the Buffer Law – is to:

- Protect state water resources from erosion and runoff pollution;
- Stabilize soils, shores, and banks; and
- Protect or provide riparian corridors (the land area adjacent to water).

The original law was signed by Governor Dayton in June 2015. The law was amended by the 2016 Legislature and provides clarifications to several provisions, including the riparian protection requirement by ensuring it only applies to public waters and public ditches, and compliance and enforcement responsibilities and processes.

BWSR is charged with oversight and implementation of the law, which also includes a new approach to soil loss. Minnesota's previous soil erosion law, enacted in 1984, stated that a person may not cause excessive soil loss. The law encouraged local governments to adopt soil erosion ordinances and could not be implemented without one. Under the revised law, implementation moves from a county ordinance approach to a complaint-based process. BWSR is charged with implementing these changes.

Drainage Management

We provide essential support to public drainage authorities and stakeholders through:

- advisory review of watershed district engineers' reports and plans for drainage, flood damage reduction, water quality, and other natural resource enhancement projects
- collection of Ditch Buffer Strip Annual Reports, a requirement of county and watershed district public drainage authorities to report miles of buffer strips established in accordance with statute, as well as system inspections and enforcements actions
- facilitation of the Drainage Work Group, which provides a forum for agency and stakeholder representatives to discuss and develop recommendations for updates to drainage law, and the Drainage Management Team, which coordinates information and technical assistance to local governments

Natural Resources Block Grants

A number of state resource management programs are implemented by counties, as required by statute. To create efficiency, we coordinate and package the financial support for these programs in cooperation with the Department of Natural Resources (DNR) and the Pollution Control Agency (PCA). These programs include:

- Comprehensive Local Water Management
- Wetland Conservation Act
- Shoreland Management
- Subsurface Sewage Treatment Systems

RESULTS

The measures detailed below represent the key goal of this budget program, which is to ensure effective local implementation of state resource management laws, rules, and programs. Specifically, we aim to maintain and protect Minnesota's wetlands and the benefits they provide, as well as to ensure that Minnesota has an effective stakeholder forum (the Drainage Work Group) through which consensus can be achieved on issues related to drainage law and policy and an updated Public Drainage Manual that promotes uniformity in interpretation and implementation of drainage law. We also strive for agency coordination and efficiency through a composite of five grants to local governments that helps reduce the administrative costs of these state natural resource programs

Type of Measure	Name of Measure	Previous	Current	Dates
Result	Percent gain of wetland acres between 2006 and 2011*	NA	0.02%	2006-2011
Quality	Number of wetland appeals	9	11**	2013, 2015
Quality	Percent Road Program credit demand met	100% (161 credits)	69%*** (57 credits)	2013,2015

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Percent of drainage authorities reporting on ditch buffers	100% counties 100% watershed districts	100% counties 100% watershed districts	2013, 2015
Result	Success of Drainage Work Group legislative initiatives	Passed - split vote	Passed - unanimous	2007, 2014
Result	Percent of Public Drainage Manual updated	2%	20%	2014, 2015
Quantity	Number of block grants issued to local governments for state resource management programs	87	87	2014, 2015
Result	Percent of required buffers installed	NA	TBD****	

*Status and Trends of Wetlands in Minnesota: Wetland Quantity Trends from 2006-2011. Minnesota Department of Natural Resources. May 2013.

**The number of wetland appeals can be used as one measure of the effectiveness of local Technical Evaluation Panels implementing the Wetland Conservation Act (a low number of appeals is desirable). A statewide increase of only two appeals statewide does not demonstrate a significant increase.

***The decrease in Road Program credit demand met is a result of availability of funding.

**** Measuring the status of MS103F.48 will require BWSR to track buffer installation over the next two years.

The legal authority for the Resource Protection Rules and Laws program comes from Minnesota Statutes, Chapter 103E (<https://www.revisor.mn.gov/statutes/?id=103E>) and 103G, (<https://www.revisor.mn.gov/statutes/?id=103G>) Minnesota Administrative Rules, chapter 8420 (<https://www.revisor.mn.gov/rules/?id=8420>)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	3,974	3,976	4,258	4,496	4,381	4,350	4,381	4,350
2000 - Restrict Misc Special Revenue	559	633	469	437	410	433	410	433
2001 - Other Misc Special Revenue	4,396	5,290	2,883	2,545	2,545	2,545	2,545	2,545
2050 - Environment & Natural Resource	0	230	0	110	0	0	0	0
3000 - Federal	67	0	1	0	0	0	0	0
Total	8,996	10,128	7,610	7,588	7,335	7,327	7,335	7,327
<i>Biennial Change</i>				(3,927)		(535)		(535)
<i>Biennial % Change</i>				(21)		(4)		(4)
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Budget Activity

Budget Activity: Resource Protection Rules/Laws	8,996	10,128	7,610	7,588	7,335	7,327	7,335	7,327
Total	8,996	10,128	7,610	7,588	7,335	7,327	7,335	7,327

Expenditures by Category

Compensation	1,033	1,059	1,145	1,223	1,117	1,140	1,117	1,140
Operating Expenses	133	354	164	247	219	219	219	219
Other Financial Transactions	0	0	11	0	0	0	0	0
Grants, Aids and Subsidies	7,819	8,714	6,289	6,117	5,999	5,968	5,999	5,968
Capital Outlay-Real Property	11	2	0	0	0	0	0	0
Total	8,996	10,128	7,610	7,588	7,335	7,327	7,335	7,327

Full-Time Equivalents

	11.4	11.3	10.7	10.7	10.7	10.7	10.7	10.7
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1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	57	56	187	31	0	31	0
Direct Appropriation	3,975	3,975	4,389	4,339	4,350	4,350	4,350	4,350
Expenditures	3,974	3,976	4,258	4,496	4,381	4,350	4,381	4,350
Balance Forward Out	1	56	187	31	0	0	0	0
<i>Biennial Change in Expenditures</i>				804		(23)		(23)
<i>Biennial % Change in Expenditures</i>				10		0		0
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	5.7	5.9	5.9	5.9	5.9	5.9	5.9	5.9

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	251	227	72	2	24	73	24	73
Receipts	516	471	399	459	459	459	459	459
Expenditures	559	633	469	437	410	433	410	433
Balance Forward Out	208	66	2	24	73	99	73	99
<i>Biennial Change in Expenditures</i>				(286)		(63)		(63)
<i>Biennial % Change in Expenditures</i>				(24)		(7)		(7)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	4.0	5.4	4.8	4.8	4.8	4.8	4.8	4.8

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1,698	1,778	1,244	1,736	1,736	1,736	1,736	1,736
Receipts	4,407	4,756	3,375	2,545	2,545	2,545	2,545	2,545
Expenditures	4,396	5,290	2,883	2,545	2,545	2,545	2,545	2,545
Balance Forward Out	1,710	1,244	1,736	1,736	1,736	1,736	1,736	1,736
<i>Biennial Change in Expenditures</i>				(4,258)		(338)		(338)
<i>Biennial % Change in Expenditures</i>				(44)		(6)		(6)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2050 - Environment & Natural Resource

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Direct Appropriation	0	230	0	110	0	0	0	0
Expenditures	0	230	0	110	0	0	0	0
<i>Biennial Change in Expenditures</i>				(120)		(110)		(110)
<i>Biennial % Change in Expenditures</i>				(52)		(100)		(100)

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	1	1	0	0	0	0	0
Receipts	67	0	0	0	0	0	0	0
Expenditures	67	0	1	0	0	0	0	0
Balance Forward Out	0	1	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(67)		(1)		(1)
<i>Biennial % Change in Expenditures</i>				(99)		(100)		(100)
Full-Time Equivalents	1.6	0.0						

Program: Board Administration and Agency Operations

<http://www.bwsr.state.mn.us/>

AT A GLANCE

- 20-member governing board includes local officials, citizens, and agency partners
- 104 staff in 9 offices
- 1,061 grants to local governments issued in 2015

PURPOSE & CONTEXT

Our goal is to advance the agency mission by providing high quality, timely and cost-effective operational and administrative service.

In addition to providing resources to agency staff, we provide direct support to the 20-member Board, as well as support

and information to external partners such as local governments, non-governmental and other community groups, businesses, legislators, and citizens.

SERVICES PROVIDED

Administrative Services

We provide human resources, labor relations, budgeting, payroll, purchasing, contracting, accounting, facilities, motor pool service, and financial reporting services to the agency.

Board Operations

The Board, as appointed by the governor, provides direction and governance on policy development, grant funds to implement the state's conservation programs, and regulatory decisions. The 20-member board is comprised of citizens, representatives from local governments (city, county, township, watershed district and soil and water conservation district), and a state agency representative from Department of Agriculture, Department of Natural Resources, Pollution Control Agency, Department of Health, and University of Minnesota Extension Service. Staff provides operational and logistical support to the Board.

Agency Leadership and External Relations

Our Executive Team provides leadership and direction for the agency, develops and implements Board policies, manages regulatory and legislative affairs, and represents the agency in interactions with stakeholders and local, state and federal agencies.

Internal Controls/ Evaluation

We provide appropriate internal control policies and related oversight and accountability for agency programs, financial oversight and verification of grants to local governments, and assessment of local government performance.

Information Technology

We provide direction to MN.IT@BWSR and the business-side expertise to develop and implement essential programming systems, coordinate geographic information systems, and manage telecommunication and network infrastructure.

Communications

We provide for strategic agency communication, including implementing the Governor's directive to use social media as part of the agency's External Communications Plan.

Training

We provide high quality and intentional training for both our staff and our local government partners to increase their effectiveness in implementing their work to improve and protect our state's soil and water resources.

RESULTS

To understand the impact of this budget program, we review agency operations for efficiency and adequate internal controls. This includes completing our agency Risk Management Plan and implementing an annual internal control self-assessment certification. We also seek to understand the public's awareness of our work. Our communications work is directed by an External Communications Plan. Finally, we also review the efficiency and program effectiveness of our local government grantees. Since 2007, we have been methodically assessing the performance of the local units of government that constitute Minnesota's delivery system for conservation of water and soil resources. We also review grants for full compliance with the Office of Grants Management policy and other management best practices.

Type of Measure	Name of Measure	Previous	Current	Dates
Quality	Percent of total budget spent on local program implementation (grants/projects)	88%	85%	2013, 2015
Quantity	Number of overdue local water plans	7	6	2013, 2015
Quantity	Media Coverage			
	Print Media (population reached)	2.8 million	5.5 million	2014, 2015
	Social Media (Facebook/Twitter followers)	576	911	2014, 2015
Quality	Number of findings in internal controls audits	9 (all resolved)	2 (all resolved)	2010,2014
Quality	Percent grant funds to local governments reconciled (should be at least 10% per Office of Grants Management policy)	11.84%	10.69%	2012,2014

The legal authority for the Board of Water and Soil Resources comes from Minnesota Statutes Chapter 103B (<https://www.revisor.mn.gov/statutes/?id=103B>).

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	3,708	3,836	3,898	4,195	3,898	3,898	4,706	4,772
2001 - Other Misc Special Revenue	0	0	40	47	45	0	45	0
2302 - Clean Water Fund	2,437	2,726	2,761	2,851	0	0	0	0
3000 - Federal	0	0	0	182	441	441	441	441
Total	6,145	6,562	6,699	7,274	4,384	4,339	5,192	5,213
<i>Biennial Change</i>				1,266		(5,251)		(3,569)
<i>Biennial % Change</i>				10		(38)		(26)
<i>Governor's Change from Base</i>								1,682
<i>Governor's % Change from Base</i>								19

Expenditures by Budget Activity

Budget Activity: Board Admin & Agency Ops	6,145	6,562	6,699	7,274	4,384	4,339	5,192	5,213
Total	6,145	6,562	6,699	7,274	4,384	4,339	5,192	5,213

Expenditures by Category

Compensation	4,685	4,957	5,091	5,533	2,886	2,902	3,309	3,392
Operating Expenses	1,426	1,536	1,540	1,696	1,228	1,167	1,613	1,551
Other Financial Transactions	32	68	67	46	20	20	20	20
Grants, Aids and Subsidies	3	1	0	0	0	0	0	0
Capital Outlay-Real Property	0	0	0	0	250	250	250	250
Total	6,145	6,562	6,699	7,274	4,384	4,339	5,192	5,213
Total Agency Expenditures	6,145	6,562	6,699	7,274	4,384	4,339	5,192	5,213
Internal Billing Expenditures	11	13	(1)	0	0	0	0	0
Expenditures Less Internal Billing	6,134	6,548	6,700	7,274	4,384	4,339	5,192	5,213

Full-Time Equivalents

	51.4	52.1	53.6	53.6	28.7	28.7	29.2	29.2
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1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	66	0	34	0	0	0	0
Direct Appropriation	3,770	3,770	3,932	4,160	3,898	3,898	4,706	4,772
Receipts	0	0	1	0	0	0	0	0
Cancellations	0	0	0	0	0	0	0	0
Expenditures	3,708	3,836	3,898	4,195	3,898	3,898	4,706	4,772
Balance Forward Out	62	0	34	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				548		(297)		1,385
<i>Biennial % Change in Expenditures</i>				7		(4)		17
<i>Gov's Exp Change from Base</i>								1,682
<i>Gov's Exp % Change from Base</i>								22
Full-Time Equivalents	29.2	28.8	28.7	28.7	28.7	28.7	29.2	29.2

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	1	0	0	0	0
Receipts	0	0	41	46	46	0	46	0
Expenditures	0	0	40	47	45	0	45	0
Balance Forward Out	0	0	1	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				87		(42)		(42)
<i>Biennial % Change in Expenditures</i>						(48)		(48)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2302 - Clean Water Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1,476	1,300	1,120	0	0	0	0	0
Net Transfers	2,220	2,525	1,984	2,851	0	0	0	0
Cancellations	0	0	343	0	0	0	0	0
Expenditures	2,437	2,726	2,761	2,851	0	0	0	0
Balance Forward Out	1,259	1,099	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				449		(5,613)		(5,613)
<i>Biennial % Change in Expenditures</i>				9		(100)		(100)
<i>Gov's Exp Change from Base</i>								0

2302 - Clean Water Fund

<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	22.1	23.3	24.9	24.9	0.0	0.0	0.0	0.0

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Receipts	0	0	0	182	441	441	441	441
Expenditures	0	0	0	182	441	441	441	441
<i>Biennial Change in Expenditures</i>				182		701		701
<i>Biennial % Change in Expenditures</i>						386		386
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

Program: Permanent Resource Protection

<http://www.bwsr.state.mn.us/>

AT A GLANCE

- Uses science-based conservation methods to achieve multiple benefits:
 - Creates and restores wildlife habitat
 - Improves hunting and fishing
 - Reduces soil erosion and improves water quality
 - Provides flood retention
 - Enhances groundwater recharge
 - Creates and sustains Minnesota jobs
- Funded more than 7,000 easements, protecting more than 250,000 acres

PURPOSE & CONTEXT

This program is a critical component of the state's goals to protect and improve water quality, protect and enhance wildlife habitat, and reduce flooding. Through the Reinvest in Minnesota (RIM) Reserve program, we acquire conservation easements to permanently protect, restore, and manage resources while keeping private ownership of the land. Specifically, RIM easements protect the state's water and soil resources by:

- Retiring marginal agricultural lands
- Restoring drained wetlands and associated buffers
- Acquiring buffers in sensitive landscapes
- Reducing flood potential by expanding flood retention areas along rivers

Today, RIM is the largest non-federal private lands permanent protection program in the country. Anchored in the work of local soil and water conservation districts, the program uses an effective system of local delivery and key federal and non-governmental organization partnerships.

SERVICES PROVIDED

Conservation Easement Acquisition

The RIM program consists of several sub-programs aimed at protecting and restoring wetlands, wild rice lakes, and areas along lakes, rivers, and streams. We also work to protect lands from intensive development within a three-mile radius around Camp Ripley, ensuring both the protection of high quality wildlife habitat and continued use of Camp Ripley as a National Guard training facility. RIM targets the highest priority areas through science-based conservation methods. Conservation activities are prioritized based on a methodology that determines the areas where dollars spent maximize return on investment. Agency staff provide the necessary administrative, legal, and engineering expertise to secure perpetual conservation easements with private landowners through local soil and water conservation districts (SWCDs). The thousands of acres of restored wetlands, adjacent native grassland and buffers on privately-owned lands remain on local tax rolls. RIM dollars are primarily used for easement payments to landowners, project construction costs associated with restoring wetland basins and establishing native vegetation, and program implementation (surveying, engineering designs, and realty transactions).

Conservation Easement Management

Effective long-term easement management requires documenting baseline conditions at the time of acquisition as well as regular ongoing monitoring, and enforcement when necessary, to ensure compliance. Local SWCDs perform regular monitoring inspections of all conservation easements. We maintain baseline, monitoring, and geospatial data.

RESULTS

Measuring performance of this program is guided by progress toward goals outlined in state habitat and water quality plans and strategies, like the Minnesota Prairie Conservation Plan and Nutrient Reduction Strategy, which call for increasing connected areas of wildlife habitat and using conservation easements in strategic locations to reduce the amount of pollutants reaching Minnesota's waters. For example, according to the MPCA study on Nitrogen in Minnesota Surface Waters, the two most

significant treatments for reducing nitrogen are putting riparian land that is currently in corn into grass and putting into perennials those areas where corn grows only marginally. We also aim to create and sustain Minnesota jobs. Based on a report from the Natural Resources Conservation Service (NRCS), for every \$100,000 in RIM funding, one new job is created or maintained and \$128,000 in total economic output is achieved. Finally, in order to make sure this program is effective into the future, we need to ensure the long-term integrity of conservation easements. We accomplish this through regular monitoring.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Acres protected under RIM Reserve	277,411	263,750	2014, 2015
Quality	Percent easements monitored on schedule	100% (2,337)	100% (3,105)	2013,2015
Quality	Percent of easements with compliance issues (should be <5%)	0.15%	0.5%	2014, 2015

The legal authority for the Permanent Resource Protection Program is found in Minnesota Statutes, Chapter 103F.501-103F.535 (<https://www.revisor.leg.state.mn.us/statutes/?id=103F>).

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	728	223	0	0	0	0	5,255	125
2000 - Restrict Misc Special Revenue	0	19	10	4	0	0	0	0
2001 - Other Misc Special Revenue	698	877	244	479	334	337	334	337
2300 - Outdoor Heritage Fund	44,878	31,480	22,768	35,691	0	0	0	0
2302 - Clean Water Fund	6,310	7,202	1,158	37,040	0	0	17,750	17,750
3000 - Federal	2,237	4,235	3,848	3,401	2,045	2,045	2,045	2,045
Total	54,851	44,037	28,027	76,615	2,379	2,382	25,384	20,257
<i>Biennial Change</i>				5,754		(99,880)		(59,000)
<i>Biennial % Change</i>				6		(95)		(56)
<i>Governor's Change from Base</i>								40,880
<i>Governor's % Change from Base</i>								859

Expenditures by Budget Activity

Budget Activity: Permanent Protection	54,851	44,037	28,027	76,615	2,379	2,382	25,384	20,257
Total	54,851	44,037	28,027	76,615	2,379	2,382	25,384	20,257

Expenditures by Category

Compensation	1,209	1,404	1,799	6,638	444	447	1,565	1,376
Operating Expenses	1,582	1,542	933	268	11	11	853	846
Other Financial Transactions	54	2,754	3,613	2,200	0	0	0	0
Grants, Aids and Subsidies	3,123	944	1,079	1,544	0	0	6,602	1,700
Capital Outlay-Real Property	48,882	37,392	20,603	65,965	1,925	1,925	16,365	16,336
Total	54,851	44,037	28,027	76,615	2,379	2,382	25,384	20,257

Full-Time Equivalents

	12.7	12.5	19.7	19.4	4.6	4.6	15.1	13.1
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1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	3,022	2,295	0	0	0	0	0	0
Direct Appropriation	0	0	0	0	0	0	5,255	125
Receipts	(1)	0	0	0	0	0	0	0
Net Transfers	0	(146)	0	0	0	0	0	0
Cancellations	0	1,926	0	0	0	0	0	0
Expenditures	728	223	0	0	0	0	5,255	125
Balance Forward Out	2,295	0	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(950)				5,380
<i>Biennial % Change in Expenditures</i>				(100)				
<i>Gov's Exp Change from Base</i>								5,380
Full-Time Equivalents	0.5	0.4	0.0	0.0	0.0	0.0	2.0	0.0

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	12	33	14	4	0	0	0	0
Receipts	21	0	0	0	0	0	0	0
Expenditures	0	19	10	4	0	0	0	0
Balance Forward Out	33	14	4	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(6)		(14)		(14)
<i>Biennial % Change in Expenditures</i>				(29)		(100)		(100)

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	560	704	711	717	488	404	488	404
Receipts	250	250	250	250	250	250	250	250
Net Transfers	0	377	0	0	0	0	0	0
Expenditures	698	877	244	479	334	337	334	337
Balance Forward Out	112	454	717	488	404	317	404	317
<i>Biennial Change in Expenditures</i>				(852)		(51)		(51)
<i>Biennial % Change in Expenditures</i>				(54)		(7)		(7)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	3.3	2.8	2.4	2.4	2.4	2.4	2.4	2.4

2300 - Outdoor Heritage Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	29,031	35,405	27,987	12,632	0	0	0	0
Direct Appropriation	21,690	16,422	7,513	23,061	0	0	0	0
Net Transfers	0	(377)	0	0	0	0	0	0
Cancellations	212	93	100	3	0	0	0	0
Expenditures	44,878	31,480	22,768	35,691	0	0	0	0
Balance Forward Out	5,630	19,877	12,632	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(17,900)		(58,458)		(58,458)
<i>Biennial % Change in Expenditures</i>				(23)		(100)		(100)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	4.6	5.7	12.9	12.5	0.0	0.0	0.0	0.0

2302 - Clean Water Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	2,361	4,802	20,785	0	0	0	0
Direct Appropriation	7,800	7,800	16,625	16,625	0	0	17,750	17,750
Receipts	0	0	16	0	0	0	0	0
Net Transfers	262	165	500	(276)	0	0	0	0
Cancellations	0	0	0	94	0	0	0	0
Expenditures	6,310	7,202	1,158	37,040	0	0	17,750	17,750
Balance Forward Out	1,752	3,269	20,785	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				24,685		(38,198)		(2,698)
<i>Biennial % Change in Expenditures</i>				183		(100)		(7)
<i>Gov's Exp Change from Base</i>								35,500
Full-Time Equivalents							8.5	8.5

3000 - Federal

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	528	1,528	135	150	0	0	0	0
Receipts	1,856	2,821	3,864	3,251	2,045	2,045	2,045	2,045
Expenditures	2,237	4,235	3,848	3,401	2,045	2,045	2,045	2,045

3000 - Federal

Balance Forward Out	146	114	150	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				777		(3,159)		(3,159)
<i>Biennial % Change in Expenditures</i>				12		(44)		(44)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalent	4.4	3.6	4.5	4.5	2.2	2.2	2.2	2.2

Program: Local Water Management

<http://www.bwsr.state.mn.us/>

AT A GLANCE

- One Watershed One Plan begins transition from five pilots to statewide program
- 90 Conservation Delivery grants issued in 2015, totaling \$1,765,001
- 64 grants to improve and protect Minnesota’s waters issued in 2016, totaling \$11,979,333.
- \$11 million in capacity funding for soil and water conservation districts statewide

PURPOSE & CONTEXT

The goal of this program is to develop and maintain local capacity to protect and enhance Minnesota’s water and soil resources. We do this by ensuring adequate technical resources and capacity are in place to implement protection and restoration projects at the local level and by providing adequate training, oversight, and accountability.

This includes the capacity to plan and implement local water management plans. We have oversight responsibilities to ensure that local water plans are prepared and coordinated

with existing local and state efforts and that plans are implemented effectively. These local plans focus on priority concerns, defined goals and objectives, and measurable outcomes.

SERVICES PROVIDED

Conservation Delivery Grants

These grants represent a long-standing partnership between state, local and federal governments to provide base-level resources for operating expenses associated with the local delivery of state conservation programs by providing each soil and water conservation district (SWCD) with a certain degree of funding stability. These funds help provide shared engineering and technical assistance for SWCDs through eight regional Technical Service Areas (TSA). They also provide resources for SWCD staff to monitor Reinvest in Minnesota (RIM) Reserve conservation easements to ensure compliance with those easements.

Water Management Planning

Protecting and restoring Minnesota’s water resources relies on the knowledge, authorities, partnerships, commitment and resources of state and local governments. Working with local governments on their water management plans ensures the water resources of the state will be effectively managed. Specifically, we guide local government staff and boards as they develop comprehensive water management plans that address local priorities while meeting state requirements and goals. Local water plans include Comprehensive Local Water Management Plans (County Water Plans), Watershed District Watershed Management Plans, Metro Watershed Management Plans, Metro County Groundwater Management Plans, and Soil and Water Conservation Comprehensive Plans. Our Board reviews and approves local water plans. Agency staff provide overall program guidance, process affiliated grants, and provide plan review and comments.

The One Watershed, One Plan concept was initiated in 2011 by the Local Government Water Roundtable, authorized by the Legislature in 2012, and formally launched in 2013. We now have started the transition from its pilot phase (which included five watersheds), to a statewide program. The program moves the planning and implementation of water management from county boundaries to a watershed scale.

Water Management Implementation

Working through the local conservation delivery system, we provide grants that allow local governments to fund water quality projects that are prioritized and targeted to the most critical source areas. These grants include projects and practices that protect and restore surface and drinking water, water quality-focused easements, conservation drainage, and work that accelerates implementation. This strategic approach helps to meet locally-identified water quality goals within the larger scope of Minnesota’s clean water efforts, helping to meet statewide water quality goals through the prevention and reduction of non-point source pollution.

Pass-through Grant Management

This area includes pass-through funding for two local water entities: Area II and the Red River Basin Commission. Area II was formed in 1978 as a non-profit organization and works to alleviate the recurrent flood problems in southwestern Minnesota – specifically in Brown, Cottonwood, Lac qui Parle, Lincoln, Lyon, Murray, Pipestone, Redwood, and Yellow Medicine counties. The Red River Basin Commission works toward comprehensive and integrated natural resource planning, management and implementation in the Red River Basin.

RESULTS

This program aims to ensure that SWCDs have a base level of capacity to address water and soil resource concerns. Since 2007 we have been methodically assessing the performance of the local units of government that constitute Minnesota’s delivery system for conservation of water and soils resources through the Performance Review and Assistance Program (PRAP). We also aim to enhance management of water resources due to long-range plans being in place according to the 10-year planning cycle. Plans are improving by becoming more focused and watershed-based: The One Watershed One Plan program was adopted by the Board in April 2016 and anticipates providing funding for 12-14 new watershed planning areas over FY16-FY17.

Type of Measure	Name of Measure	Previous	Current	Dates
Quality	SWCDs meeting basic performance and accountability requirements	82%	87%	2013, 2015
Quantity	Number of overdue water plans	7	6	2013, 2015

Minnesota Statutes, Chapter 103B (<https://www.revisor.mn.gov/statutes/?id=103b>); Minnesota Statutes, Chapter 103C (<https://www.revisor.mn.gov/statutes/?id=103c>); Minnesota Statutes, Chapter 103D (<https://www.revisor.mn.gov/statutes/?id=103d>)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	3,336	3,336	3,256	3,474	14,356	14,356	14,356	14,356
2000 - Restrict Misc Special Revenue	34	41	41	57	43	40	43	40
2001 - Other Misc Special Revenue	495	473	761	602	529	529	529	529
2050 - Environment & Natural Resource	3,338	785	1,504	1,851	0	0	0	0
2302 - Clean Water Fund	24,094	24,807	33,702	44,246	0	0	27,276	31,642
Total	31,298	29,442	39,264	50,231	14,929	14,926	42,205	46,568
<i>Biennial Change</i>				28,755		(59,641)		(723)
<i>Biennial % Change</i>				47		(67)		(1)
<i>Governor's Change from Base</i>								58,918
<i>Governor's % Change from Base</i>								197

Expenditures by Budget Activity

Budget Activity: BWSR Operations	133	886	466	5,348	0	0	3,050	3,050
Budget Activity: Grants To Local Govt	31,165	28,556	38,798	44,883	14,928	14,925	39,154	43,517
Total	31,298	29,442	39,264	50,231	14,929	14,926	42,205	46,568

Expenditures by Category

Compensation	207	101	357	1,884	8	8	3,678	3,755
Operating Expenses	1,019	1,310	964	3,847	120	117	1,280	1,261
Other Financial Transactions	2	291	112	0	0	0	0	0
Grants, Aids and Subsidies	25,941	25,021	35,773	44,500	14,801	14,801	37,247	41,552
Capital Outlay-Real Property	4,129	2,718	2,059	0	0	0	0	0
Total	31,298	29,442	39,264	50,231	14,929	14,926	42,205	46,568
Total Agency Expenditures	31,298	29,442	39,264	50,231	14,929	14,926	42,205	46,568
Internal Billing Expenditures	0	0	21	14	0	0	0	0
Expenditures Less Internal Billing	31,298	29,442	39,243	50,217	14,929	14,926	42,205	46,568

Full-Time Equivalents

	2.5	1.5	2.3	2.4	0.6	0.6	40.6	40.6
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1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	19	19	18	118	0	0	0	0
Direct Appropriation	3,336	3,336	3,356	3,356	14,356	14,356	14,356	14,356
Expenditures	3,336	3,336	3,256	3,474	14,356	14,356	14,356	14,356
Balance Forward Out	19	18	118	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				58		21,982		21,982
<i>Biennial % Change in Expenditures</i>				1		327		327
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	29	27	20	20	3	0	3	0
Receipts	33	34	41	40	40	40	40	40
Net Transfers	0	0	0	0	0	0	0	0
Expenditures	34	41	41	57	43	40	43	40
Balance Forward Out	27	20	20	3	0	0	0	0
<i>Biennial Change in Expenditures</i>				23		(15)		(15)
<i>Biennial % Change in Expenditures</i>				31		(15)		(15)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.0							

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	555	426	532	118	32	19	32	19
Receipts	300	527	348	516	516	516	516	516
Expenditures	495	473	761	602	529	529	529	529
Balance Forward Out	360	480	118	32	19	6	19	6
<i>Biennial Change in Expenditures</i>				396		(305)		(305)
<i>Biennial % Change in Expenditures</i>				41		(22)		(22)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2001 - Other Misc Special Revenue

Full-Time Equivalents	1.2	0.1	0.5	0.6	0.6	0.6	0.6	0.6
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2050 - Environment & Natural Resource

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1,449	820	761	1,418	0	0	0	0
Direct Appropriation	3,771	727	2,203	433	0	0	0	0
Net Transfers	(970)	0	0	0	0	0	0	0
Cancellations	91	1	42	0	0	0	0	0
Expenditures	3,338	785	1,504	1,851	0	0	0	0
Balance Forward Out	820	761	1,418	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(769)		(3,354)		(3,354)
<i>Biennial % Change in Expenditures</i>				(19)		(100)		(100)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	1.2	1.4	0.1	0.1	0.0	0.0	0.0	0.0

2302 - Clean Water Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	7,047	6,340	5,908	7,125	0	0	0	0
Direct Appropriation	23,292	24,537	40,216	39,697	0	0	27,276	31,642
Receipts	0	0	1	0	0	0	0	0
Net Transfers	(1,800)	(2,327)	(1,984)	(2,575)	0	0	0	0
Cancellations	145	0	3,312	0	0	0	0	0
Expenditures	24,094	24,807	33,702	44,246	0	0	27,276	31,642
Balance Forward Out	4,299	3,743	7,125	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				29,048		(77,948)		(19,030)
<i>Biennial % Change in Expenditures</i>				59		(100)		(24)
<i>Gov's Exp Change from Base</i>								58,918
<i>Gov's Exp % Change from Base</i>								9,819,667
Full-Time Equivalents			1.7	1.7	0.0	0.0	40.0	40.0

FY 2018-19 Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
U.S. Army 12.401	Permanent Resource Protection: Grants for permanent easements surround the Camp Ripley National Guard Base	No	3464	3206	2000	2000	No	0.77
U.S. Army, Corp of Eng.(COE) 10.912	Permanent Resource Protection: Interagency agreements with the COE to pay for portions of BWSR staff time in conservation related duties	No	115	50	45	45	No	0.50
EPA 66.461	Board Admin and Agency Ops: Wetland Program Development: To assess the long-term condition of wetland mitigation sites	Yes	0	29	0	0	25% match No MOE	0.75
U.S. Dept Ag, NRCS 10.912	Permanent Resource Protection: Minnesota Ag Water Quality Program.	No	13	113	0	0	State contribution No MOE	0.00
U.S. Dept Ag, NRCS 10.072	Permanent Resource Protection: Wetland Restoration efforts.	No	256	32	0	0	50% match. No MOE	0.00
U.S. Dept Ag, NRCS 10.902	Board Admin and Agency: Expand technical training and certification of conservation professionals.	Yes	0	125	125	125	50% match No MOE	1.00
U.S. Dept Ag NRCS 10.902	Board Admin and Agency Ops: Wetland Mitigation Banking Program	Yes	0	28	316	316	No match or MOE	0.50
Perm Res Prot.	Program Total		3848	3401	2045	2045		1.27
Board Admin	Program Total		0	182	441	441		2.25
	Federal Fund – Agency Total		3848	3583	2486	2486		3.52

Narrative:

Federal funds use is intermittent in the agency. NRCS is the Natural Resource Conservation Service.

The U.S. Army Compatible Use Buffer (ACUB) Program provides funds for purchases of easements. The program is ongoing and entirely dependent on federal fund availability year to year. FY2018 and beyond are estimates only. There is no state match or MOE.

The U.S. Army Corp of Engineers contracts with BWSR to do federal portion of work that is in shared federal/state programs. BWSR already has staff doing the state side of the work, and sometimes the COE enters into Interpersonal Agreements for state staff to do some federal project work. There is no state match required and the federal work offsets state work time. There is no MOE. Agreements are short term and estimates are based on history.

The EPA agreement is new in FY2017. The state and federal government are partners in wetland mitigation and wetland restoration. This agreement will have a 75% contribution. There is no MOE.

The Minnesota Ag Water Quality Program ended in FY2017. It was a cooperative agreement with the MN Department of Agriculture and the U.S. Department of Ag. The BWSR contribution was from the Clean Water Fund.

The Wetland Restoration agreement with the NRCS was in effect multiple years but ended in FY2017.

The Technical Training and Certification agreement with NRCs is new. It will increase training efforts of local government conservation employees who work in partnership with BWSR in conservation efforts. There is a 50% state match and no MOE. The funding estimate is based on the state/federal agreement.

The Wetland Banking Mitigation Program is a new agreement with NRCS to help agricultural producers to meet wetland conservatn complians requirement necessary to remain eligibility for USDA Programs. The goal of the partnership is to increase quality wetland mitigation opportunities for Minnesota producers through the State Agricultural Wetland Bank administered by BWSR. There is no state match requirement and no MOE. The funding estimate is based on the state/federal agreement.