

Water and Soil Resources

Projects Summary

(\$ in thousands)

Project Title	Rank	Fund	Project Requests for State Funds			Gov's Rec	Gov's Planning Estimates	
			2018	2020	2022	2018	2020	2022
Reinvest in Minnesota - CREP	1	GO	30,000	0	0	30,000	0	0
Local Government Roads Wetland Replacement	2	GO	16,380	11,000	11,000	5,000	5,000	5,000
Asset Preservation of Conservation Structures	3	GO	2,000	0	0	0	0	0
Water Retention and Treatment Program	4	GO	7,500	10,000	10,000	0	0	0
Total Project Requests			55,880	21,000	21,000	35,000	5,000	5,000
General Obligation Bonds (GO) Total			55,880	21,000	21,000	35,000	5,000	5,000

<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
- Centered 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
- Focus on 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.

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.
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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>)

M.S. 114D (<https://www.revisor.mn.gov/statutes/?id=114>)

At A Glance

- Mission: Improve and protect Minnesota's water and soil resources by working in partnership with local organizations and private landowners.
- Agency Strategic Plan issues:
 1. Broaden and enhance local delivery system and strengthen partnerships to accomplish our mission;
 2. Redeveloping and delivering our conservation programs to maximize their impact on land and water resources;
 3. Making needs and accomplishments well known and understood.

Agency goals and objectives achieved through capital projects include:

- Protecting or retiring marginal and environmentally sensitive lands;
- Targeting conservation projects to the highest priority sites and to local governments with a track record of delivering results;
- Restoring natural retention systems to cost-effectively improve surface water quality, enhance groundwater recharge, and prevent flood damage;
- Achieving the state's policy of no net loss of wetlands while minimizing federal regulatory and administrative burdens on local public road authorities;
- Leveraging federal, state and local financial resources that enhance the State's investment.

Factors Impacting Facilities or Capital Programs

- **Science-based targeting:** Minnesota has completed a number of systematic assessments and plans on nutrient and sediment issues, grasslands, wetlands, and other topics that have helped focus prioritization of restoration and protection areas to the critical places where they are most needed and most cost effective.
- **Federal Conservation Reserve (CRP) lands are decreasing.** There was once over 1.8 million acres of land enrolled in this short-term federal set-aside program. As these contracts begin expiring there is financial pressure for landowners to return these lands—many of them marginal farm land—to production. Currently there are more than 500,000 acres of CRP expiring over the next 5 years. This decline will have adverse effects on habitat, biodiversity, water quality, groundwater recharge, and flood protection currently provided by these lands.
- **Agricultural land values continue to rise.** Rental rates and land values have ascended as demand for food, livestock, and biofuel industries seek larger supplies of primarily corn and soybeans. This pressure results in marginal or highly erodible lands being brought into row crop production.
- **Funding for multi-benefit conservation and clean water projects.** Minnesota's Conservation Reserve Enhancement Program (MN CREP), a federal-state partnership agreement signed by the governor in January 2017, is positioned to leverage state capital investment funding with significant USDA FSA federal funding and with constitutionally derived Legacy funds. This partnership is bringing in federal dollars to directly address resource problems with strategic, long term solutions.
- **Increased landowner willingness to take action.** Minnesotans are aware of environmental concerns, particularly water quality. Interest in the state's Reinvest in Minnesota (RIM) program, which provides durable, permanent conservation easements, greatly exceeds available funding. Residents are more aware of the need to protect marginal lands, especially those close to critical water resources. The agricultural community has increased acceptance of the need to remove marginal agricultural lands from production in order to improve production efficiency and water quality.
- **Local program delivery readiness:** USDA, local Soil and Water Conservation Districts and Watershed Districts, state agencies, and non-governmental organizations have a strong field-based presence. Local government officials and staff have advantages that the state does not – they have knowledge of local resources and attitudes, community relationships, an awareness of local needs and priorities and authority over local land use decisions. Local

government capabilities in resource management have grown significantly. They are now at a point, however, where they need a wider variety of training and assistance in technical, leadership, and management issues.

- **Minnesota's buffer law:** Originated in 2015, and amended most recently in 2017, Minnesota's buffer law enables increased statewide water quality protection, and programs like the MN CREP and RIM are a key option for landowners looking for assistance in complying with the law.

Self-Assessment of Agency Facilities and Assets

Local Wetland Road Replacement Program. Current projected surplus/deficit wetland replacement credits estimate by bank service area:

Bank Service Area:	Avg Annual Demand	Current Balance	Anticipated Credits 2017	Anticipated Credits 2018	Anticipated Credits 2019	Projected Balances 2017	Projected Balances 2017	Projected Balances 2019
1 - Great Lakes	7.0	3.9	16.1	0.0	0.0	18.2	11.2	0.0
2 - Rainy River	7.0	10.3	0.0	0.0	0.0	8.6	1.6	0.0
3 - Red River North	29.0	35.8	33.5	15.5	0.0	59.5	36.0	0.0
4 - Red River South	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5 - Upper Mississippi North	22.0	38.5	41.0	0.0	0.0	70.7	35.7	0.0
6 - St. Croix River	13.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7 - Upper Mississippi South	50.0	24.7	8.3	61.7	40.3	20.5	32.1	0.4
8 - Lower Mississippi	5.0	10.3	10.3	7.3	0.0	19.4	11.5	0.5
9 - Minnesota River	28.0	0.0	10.1	14.7	0.0	3.1	0.0	0.0
10 - Missouri River	2.0	2.0	4.7	0.0	0.0	6.2	4.2	0.0

Projected Balance: When the balance in a BSA is insufficient to meet the average annual demand credits were taken from the closest BSA with a positive balance. Anticipated Additional Credits does not include any credits from 2017 bonding funds. Credits from these projects would most likely begin to be deposited in 2020.

Reinvest in Minnesota (RIM) Reserve Conservation Easement Program. Since 2001, capital investment appropriations have included these funding levels:

RIM Reserve bond fund history (in \$,000)		
Legislative Session Year	Regular	Disaster Relief
2000	\$21,000	-
2001	\$51,500	-
2003	\$1,000	-
2005	\$23,000	-
2007	-	\$1,000
2008	\$25,000	-
2009	\$500	\$500
2010	-	\$10,000
2011	\$21,600	-
2012	\$6,000	\$1,500
2013	-	-
2014	\$6,000	-
2015	-	\$4,700
2016	-	-
2017	\$10,000	-

Agency Process for Determining Capital Requests

In January 2017, Governor Dayton signed a CREP agreement between the State of Minnesota and the United States Dept. of Agriculture (USDA). The MN CREP is an important, bi-partisan initiative focusing on the highest priority areas for reducing nitrogen, phosphorus and sediment; protecting vulnerable drinking water; and enhancing grassland and wetland habitats. At current CRP rates, to secure the full \$350 million in federal leverage, the state's commitment is \$150 million. Additional state resources estimated at \$25 million that are not eligible for federal match are needed to provide state easement roundouts for water quality, habitat protection, and land management. Capital investment dollars are a key component of that funding strategy.

The amount of the Local Government Roads Wetlands Replacement request is based on current shortfalls and estimated average annual demand. Maintaining this credit balance is essential to achieving replacement of wetlands prior to the loss and preventing increased costs and project delays.

Major Capital Projects Authorized in 2016 and 2017

In 2017, BWSR was appropriated \$10 million in Reinvest in Minnesota (RIM) Reserve Program funding in support of the Conservation Reserve Enhancement Program (CREP). \$5 million for the Local Government Roads Wetland Replacement Program. (In addition there was a \$5 million appropriation in General Fund for the Local Roads Program in 2017.)

Reinvest in Minnesota - CREP

AT A GLANCE

2018 Request Amount: \$30,000

Priority Ranking: 1

Project Summary: \$30 million is requested to acquire permanent easements for water quality and wildlife habitat purposes in the west central and southern agricultural portions of the state. This is part of a state-federal partnership known as the Minnesota Conservation Reserve Enhancement Program (MN CREP), putting 60,000 acres of buffers, wetland restorations, wellhead protection, and wildlife habitat on the ground in the next five years leveraging federal funding at approximately \$2.30 for every state dollar.

Project Description

In February 2017, Governor Dayton announced an ambitious water quality improvement goal of 25% improvement by the year 2025. This request for \$30M in state funds is one component of our work toward that goal. There are two purposes for this bonding request: to acquire RIM easements at the 2.3:1 leverage of USDA funds, and for state easement roundouts for water quality, habitat protection, and land management. The MN CREP is voluntary, locally-driven, and targets the most environmentally sensitive acres as part of the United States Department of Agriculture (USDA) Conservation Reserve Program (CRP) and state Reinvest In Minnesota (RIM) Reserve program. The RIM program compensates landowners for permanent conservation easements and establishing native vegetation in riparian areas, on economically marginal, flood-prone, environmentally sensitive or highly erodible lands.

The MN CREP is focused on nutrient and sediment reduction priorities and habitat goals identified in local and statewide management strategies and plans. It uses riparian buffer, wetland restoration, and other practices to address areas of critical riparian protection and areas with water quality impairments due to modifications in hydrology, sedimentation, and nutrient transport. To support the goal of 60,000 acres of permanent protection in 54 counties, the state has established strong partnerships with agencies, producers (and producer organizations), soil and water conservation districts and non-governmental organizations. 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.

BWSR has worked closely with the Commissioners of DNR, Agriculture, Health, and PCA to develop the program. In January 2017, Governor Dayton and Acting USDA Secretary Scuse signed the MN CREP Agreement for 60,000 acres at an estimated cost of approximately \$500 million over the next five years. A combination of USDA CRP payments and incentives and state funding will be necessary to achieve a potential 70:30 federal to state match. The State has already made a significant commitment through a mixture of Bonding, Outdoor Heritage Fund, Clean Water Fund and Environment and Natural Resources Trust Funds to meet our obligation, but we haven't reached our target. Because of the short-term duration of a CREP (five years) and the length of time that it takes to complete easement transactions on a large scale (1-2 years), it is important to secure as much state funding in the beginning so that we can enter into agreements with landowners for easements and

begin easement transaction work as soon as possible. Once the easements are recorded, restoration work can then begin.

Project Rationale

The MN CREP Agreement was signed by Governor Dayton and Acting Secretary of USDA Scuse in January of 2017. It approves the MN CREP and proposes 60,000 acres being covered by a short term CRP contract in combination with a perpetual RIM Reserve Conservation easement. It estimates costs to be \$350 million from USDA and \$150 million from the State. This request will assist the State in reaching the match required to fully utilize the USDA funding. It is estimated that \$30 million of bonding funding will leverage \$69.9 million of USDA funds.

The state has invested heavily in conducting assessments of water quality and wildlife habitat throughout the state in the last few years. There are numerous reports that document various water quality impairments in the agricultural region of the state. This project will improve water quality, protect water courses and provide wildlife habitat through buffers, wetland restorations, wellhead protection strategies and floodplain restorations.

Project Timeline

General MN CREP Timeline

January 2017 – MN CREP Agreement Signed by Governor and USDA

May 2017 – Continuous Sign-up Began

December 31, 2020 – 60,000 acres enrolled

December 31, 2023 – 60,000 acres restored

Typical MN CREP landowner timeline

Sign-up occurs

CRP contract begins and RIM easement recorded – within 1 to 2 years

Restoration completed – within 1 to 3 years after RIM easement recorded

Other Considerations

This is an opportunity to leverage federal funds, \$2.3 for every state dollar. MN CREP easements with riparian buffer practices can be used to satisfy the buffer law. It is critical to secure the full state commitment this funding cycle because federal dollars are only released proportionally to what the state appropriates and the state must have the funds appropriated to obligate for landowner payments.

Landowner interest continues to be strong as they enter marginal lands into the MN CREP and continue to produce agricultural products on their better land. This long-term trend is expected to continue through the life of the MN CREP.

Impact on Agency Operating Budgets

This is an opportunity to leverage federal funds, \$2.3 for every state dollar. MN CREP easements with riparian buffer practices can be used to satisfy the buffer law. It is critical to secure the full state commitment this funding cycle because federal dollars are only released proportionally to what the state appropriates and the state must have the funds appropriated to obligate for landowner

payments.

Landowner interest continues to be strong as they enter marginal lands into the MN CREP and continue to produce agricultural products on their better land. This long-term trend is expected to continue through the life of the MN CREP.

Description of Previous Appropriations

1996 - \$11.5 million
1998 - \$15.0 million
2000 - \$21 million (\$20 million for CREP)
2001 - \$51.4 million (CREP)
2003 - \$1 million
2005 - \$23 million
2007 - \$1 million (SE flood response)
2008 - \$25 million
2009 – \$0.5 million (NW Flood Recovery)
2010 - \$10 million (Southern MN Flood Response)
2011 - \$20 million
2011 - \$1.614 million (Grass Lake Kandiyohi County)
2012 - \$6 million
2012 - \$ 1.5 million (2012 flood response)
2014 - \$6 million
2015 - \$4.7 million (37 county 2014 flood response)
2017 - \$10 million (MN CREP)

Project Contact Person

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Governor's Recommendation

The Governor recommends \$30 million in general obligation bonds for this request.

Water and Soil Resources

Project Detail

(\$ in thousands)

Reinvest in Minnesota - CREP

PROJECT FUNDING SOURCES

Funding Source	Prior Years	FY 2018	FY 2020	FY 2022
State Funds Requested				
General Obligation Bonds	\$ 23,500	\$ 30,000	\$ 0	\$ 0
Funds Already Committed				
Pending Contributions				
Federal Funds	\$ 0	\$ 69,000	\$ 0	\$ 0
TOTAL	\$ 23,500	\$ 99,000	\$ 0	\$ 0

TOTAL PROJECT COSTS

Cost Category	Prior Years	FY 2018	FY 2020	FY 2022
Property Acquisition	\$ 18,800	\$ 93,000	\$ 0	\$ 0
Predesign Fees	\$ 0	\$ 0	\$ 0	\$ 0
Design Fees	\$ 0	\$ 0	\$ 0	\$ 0
Project Management	\$ 2,350	\$ 3,000	\$ 0	\$ 0
Construction	\$ 2,350	\$ 3,000	\$ 0	\$ 0
Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0
One Percent for Art	\$ 0	\$ 0	\$ 0	\$ 0
Occupancy Costs	\$ 0	\$ 0	\$ 0	\$ 0
Inflationary Adjustment	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 23,500	\$ 99,000	\$ 0	\$ 0

IMPACT ON STATE OPERATING COSTS

Cost Category	FY 2018	FY 2020	FY 2022
IT Costs	\$ 0	\$ 0	\$ 0
Operating Budget Impact (\$)	\$ 0	\$ 0	\$ 0
Operating Budget Impact (FTE)	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

	Amount	Percent of Total
General Fund	\$ 30,000	100 %
User Financing	\$ 0	0 %

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

Is this project exempt from legislative review under M.S. 16B.335 subd. 1a?	No
Predesign Review (M.S. 16B.335 subd. 3):	
Does this request include funding for predesign?	N/A
Has the predesign been submitted to the Department of Administration?	N/A
Has the predesign been approved by the Department of Administration?	N/A
Will the project design meet the Sustainable Building Guidelines under M.S. 16B.325?	N/A
Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources (M.S. 16B.335 subd. 4 and 16B.32)?	N/A
Have Information Technology Review Preconditions been met (M.S. 16B.335 subd. 5 & 6 and 16E.05 subd. 3)?	N/A
Will the project meet public ownership requirements (M.S. 16A.695)?	Yes
Will a use agreement be required (M.S. 16A.695 subd. 2)?	No
Will program funding be reviewed and ensured (M.S. 16A.695 subd. 5)?	N/A
Will the matching funds requirements be met (M.S. 16A.86 subd. 4)?	N/A
Will the project be fully encumbered prior to the Cancellation Deadline (M.S. 16A.642): December 31, 2022?	Yes
M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required	Yes
M.S. 174.93: Guideway Project	
Is this a Guideway Project?	No
Is the required information included in this request?	N/A

Local Government Roads Wetland Replacement

AT A GLANCE**2018 Request Amount:** \$16,380**Priority Ranking:** 2

Project Summary: \$16.38 million is requested to restore and permanently protect 600 to 1,000 acres of wetlands, resulting in the generation of approximately 450 wetland replacement (mitigation) credits for the Local Government Roads Wetland Replacement Program (LGRWRP) to meet state and federal requirements. This program provides planned and funded local public road improvement projects with the wetland mitigation necessary to obtain permits and complete construction, as required by State/Federal law.

Project Description

Local public road improvement projects often include unavoidable impacts to wetlands and the State has a statutory obligation to provide the necessary mitigation for the wetlands lost to these local road projects. Since its inception in 1996, the program has provided approximately 4,500 compensatory wetland mitigation credits to offset 3,100 acres of wetlands impacted by eligible public road projects.

The program is out of credits in areas of the state and is nearing default statewide. In 2016, the state began closing bank service areas until 2017 legislation required re-opening of them all. This means spending of remaining credits will happen ever faster. The program also has a debt of approximately \$1.5 million in wetland credits to the Minnesota Department of Transportation (MnDOT) resulting from credits previously loaned to the program to help temporarily offset the funding shortage. After accounting for the 2017 appropriations, debt, and projected demand, the program is expected to run a deficit of 430 credits by the end of 2020. In addition to unpaid debt, this means that approximately 171 local road projects will be unable to obtain permits, unless and until alternative mitigation is obtained. The current funding request is part of the agency's long-term plan to bring the program into statewide solvency and meet the State's statutory obligation.

The agency's 2018 request accounts for the 2016/2017 funding deficit and inflation. The current request of \$16.38 million will provide for the planning, design, construction, restoration, and permanent protection of 600 to 1,000 acres of wetlands to generate approximately 450 wetland replacement credits over seven years for compliance with State and Federal permitting requirements for public road improvement projects. The wetland restoration projects are completed in accordance with State and Federal rules and credits are typically allocated two to seven years after initiation of the project, necessitating a long-term approach to program planning and funding.

Project Rationale

While local road improvement projects are necessary for public safety and transportation, both State and Federal law require any associated wetland impacts to be "replaced" with other wetland resources (e.g. a previously drained wetland that has been restored). Lacking these replacement wetlands, local

road authorities cannot obtain the necessary permits to complete construction of planned road improvement projects.

Public benefits generated by the program include the following:

- On-time and on-budget completion of local public transportation projects.
- More efficient permitting due to agreements and coordination with the U.S. Army Corps of Engineers (responsible for issuing permits under Section 404 of the Federal Clean Water Act).
- Mitigation is provided at a significantly lower public cost due to program efficiencies and economies of scale.
- Higher quality, more sustainable and environmentally beneficial replacement wetlands.

Project Timeline

Wetland replacement projects typically involve the restoration of previously drained or filled wetlands that have been converted to another land use. A typical project will take six to eight years from initiation to completion (final deposit of credits in the Wetland Bank). Assuming an appropriation at the beginning of FY19, the following is an approximate expected timeline:

- FY19: Issue request for proposals and solicit projects, review and accept proposals, and begin the project design and permitting process.
- FY20: Project design and permitting, easement establishment, construction planning, and possibly initiate some construction activities.
- FY21: Construction, construction certification, monitoring, and initial credit releases.
- FY22: Complete any remaining construction activities, corrective actions, monitoring, credit releases, and use of credits.
- FY23: Monitoring, credit releases, and use of credits.
- FY24: Monitoring, credit releases, and use of credits.
- FY25: Monitoring, credit releases, and use of credits.

The project timeline for each individual site will be affected by permitting processes and the wetland banking requirements of U.S. Army Corps of Engineers. Various other factors will also affect timelines, from weather (construction) to addressing pre-existing property rights (easement establishment).

Other Considerations

Without a full State funding commitment to this program, planned and funded local road improvement projects will either not be completed, or will be delayed and incur substantially increased costs.

Specifically, a lack of full State funding will result in the following negative consequences:

- Increased costs of mitigation that will be transferred to local governments.
- Increased permitting costs and timelines due to elimination of the streamlined process that currently exists with the U.S. Army Corps of Engineers.
- Increased program implementation costs for local, state, and federal agency staff due to the elimination of program efficiencies.
- Decreased wetland mitigation quality, resulting in a loss of public value.
- Reversal of the stakeholder consensus that resulted in wetland regulatory reforms (Laws 1996, Chap. 462 and Laws 2000, Chap. 382).

It is also important to note that a lack of credits in certain areas due to inadequate funding

necessitates use of credits from other geographic areas, resulting in the State incurring a penalty in the form of a higher replacement ratio (additional credits are required for the same impact). These penalties use credits at a faster rate and increase the cost to taxpayers.

Impact on Agency Operating Budgets

All of the requested funds will be allocated to the planning, establishment, and use of replacement wetlands by local road authorities in accordance with the following approximate distribution:

- 13% for planning, design, permitting, monitoring, and other replacement wetland establishment activities.
- 82% for construction and acquisition of necessary property rights (i.e. perpetual conservation easements).
- 5% for allocating the resulting credits to local road projects and general administration of the statutory requirement.

Description of Previous Appropriations

A one-time \$5 million catch-up was appropriated from the General Fund in 2017 to keep the program operational. Previous capital appropriations include:

<u>Year</u>	<u>Agency Request</u>	<u>Bonding Appropriation</u>
2008	8,500,000	3,480,000
2010	8,420,000	2,500,000
2012	13,100,000	6,000,000
2014	5,400,000	2,000,000
2016	10,330,000	0
2017	10,330,000	5,000,000

Project Contact Person

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Governor's Recommendation

The Governor recommends \$5 million in general obligation bonds for this request. Also included are budget estimates of \$5 million for each planning period for 2020 and 2022.

Water and Soil Resources

Project Detail

(\$ in thousands)

Local Government Roads Wetland Replacement

PROJECT FUNDING SOURCES

Funding Source	Prior Years	FY 2018	FY 2020	FY 2022
State Funds Requested				
General Obligation Bonds	\$ 13,000	\$ 16,380	\$ 11,000	\$ 11,000
Funds Already Committed				
Pending Contributions				
TOTAL	\$ 13,000	\$ 16,380	\$ 11,000	\$ 11,000

TOTAL PROJECT COSTS

Cost Category	Prior Years	FY 2018	FY 2020	FY 2022
Property Acquisition	\$ 8,600	\$ 9,828	\$ 6,600	\$ 6,600
Predesign Fees	\$ 0	\$ 0	\$ 0	\$ 0
Design Fees	\$ 500	\$ 1,638	\$ 1,100	\$ 1,100
Project Management	\$ 1,050	\$ 819	\$ 550	\$ 550
Construction	\$ 2,850	\$ 4,095	\$ 2,750	\$ 2,750
Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0
One Percent for Art	\$ 0	\$ 0	\$ 0	\$ 0
Occupancy Costs	\$ 0	\$ 0	\$ 0	\$ 0
Inflationary Adjustment	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 13,000	\$ 16,380	\$ 11,000	\$ 11,000

IMPACT ON STATE OPERATING COSTS

Cost Category	FY 2018	FY 2020	FY 2022
IT Costs	\$ 0	\$ 0	\$ 0
Operating Budget Impact (\$)	\$ 0	\$ 0	\$ 0
Operating Budget Impact (FTE)	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

	Amount	Percent of Total
General Fund	\$ 16,380	100 %
User Financing	\$ 0	0 %

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

Is this project exempt from legislative review under M.S. 16B.335 subd. 1a?	No
Predesign Review (M.S. 16B.335 subd. 3):	
Does this request include funding for predesign?	N/A
Has the predesign been submitted to the Department of Administration?	N/A
Has the predesign been approved by the Department of Administration?	N/A
Will the project design meet the Sustainable Building Guidelines under M.S. 16B.325?	N/A
Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources (M.S. 16B.335 subd. 4 and 16B.32)?	N/A
Have Information Technology Review Preconditions been met (M.S. 16B.335 subd. 5 & 6 and 16E.05 subd. 3)?	N/A
Will the project meet public ownership requirements (M.S. 16A.695)?	Yes
Will a use agreement be required (M.S. 16A.695 subd. 2)?	No
Will program funding be reviewed and ensured (M.S. 16A.695 subd. 5)?	N/A
Will the matching funds requirements be met (M.S. 16A.86 subd. 4)?	N/A
Will the project be fully encumbered prior to the Cancellation Deadline (M.S. 16A.642): December 31, 2022?	Yes
M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required	Yes
M.S. 174.93: Guideway Project	
Is this a Guideway Project?	No
Is the required information included in this request?	N/A

Asset Preservation of Conservation Structures**AT A GLANCE****2018 Request Amount:** \$2,000**Priority Ranking:** 3**Project Summary:** \$2 million in state funds is requested for the repair and renovation of outlet structures, earthen embankments, and other structural and related conservation practices located on perpetual conservation easements to ensure the state's investment in these properties, and their conservation outcomes, continue to be preserved.**Project Description**

The agency's \$2 million request will fund repair/preservation of water control structures and other conservation practices that support soil and water conservation, waterfowl habitat on key restored shallow lakes, and wetlands on state-held perpetual easements. BWSR manages and oversees hundreds of such structures and practices across the state. The structures needing asset preservation funds are degraded or deteriorating, and require repair or replacement to maintain the state's commitment to its restored natural resource goals.

Project Rationale

Since 1986, the Reinvest in Minnesota (RIM) Reserve program has been securing perpetual conservation easements on private lands. The program is approaching 300,000 acres of perpetual easements, almost 50% of which include restored wetlands. Many of the outlet structures, earthen embankments, and related conservation practices installed on these acres as part of the program's restoration efforts have deteriorated or aged beyond their usefulness and/or expected lifespan and are in need of repair, replacement, or reestablishment to help preserve the state's investment on these properties.

For example, in 2016 alone, repair or replacement needs were reported on over 60 of these projects with costs to correct and/or replace these practices estimated at over \$500,000.

Project Timeline

FY19: Prioritize and scale asset preservation activities to appropriation amount.

Other Considerations**Impact on Agency Operating Budgets**

This will have minimal impact on operating budgets.

Description of Previous Appropriations

N/A

Project Contact Person

Angie Becker Kudelka
Assistant Director for Strategy and Operations
612-616-5112
angie.beckerkudelka@state.mn.us

Governor's Recommendation

The Governor does not recommend capital funding for this request.

Water and Soil Resources

Project Detail

(\$ in thousands)

Asset Preservation of Conservation Structures

PROJECT FUNDING SOURCES

Funding Source	Prior Years	FY 2018	FY 2020	FY 2022
State Funds Requested				
General Obligation Bonds	\$ 0	\$ 2,000	\$ 0	\$ 0
Funds Already Committed				
Pending Contributions				
TOTAL	\$ 0	\$ 2,000	\$ 0	\$ 0

TOTAL PROJECT COSTS

Cost Category	Prior Years	FY 2018	FY 2020	FY 2022
Property Acquisition	\$ 0	\$ 0	\$ 0	\$ 0
Pre-design Fees	\$ 0	\$ 0	\$ 0	\$ 0
Design Fees	\$ 0	\$ 200	\$ 0	\$ 0
Project Management	\$ 0	\$ 200	\$ 0	\$ 0
Construction	\$ 0	\$ 1,600	\$ 0	\$ 0
Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0
One Percent for Art	\$ 0	\$ 0	\$ 0	\$ 0
Occupancy Costs	\$ 0	\$ 0	\$ 0	\$ 0
Inflationary Adjustment	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 0	\$ 2,000	\$ 0	\$ 0

IMPACT ON STATE OPERATING COSTS

Cost Category	FY 2018	FY 2020	FY 2022
IT Costs	\$ 0	\$ 0	\$ 0
Operating Budget Impact (\$)	\$ 0	\$ 0	\$ 0
Operating Budget Impact (FTE)	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

	Amount	Percent of Total
General Fund	\$ 2,000	100 %
User Financing	\$ 0	0 %

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

Is this project exempt from legislative review under M.S. 16B.335 subd. 1a?	No
Predesign Review (M.S. 16B.335 subd. 3):	
Does this request include funding for predesign?	N/A
Has the predesign been submitted to the Department of Administration?	N/A
Has the predesign been approved by the Department of Administration?	N/A
Will the project design meet the Sustainable Building Guidelines under M.S. 16B.325?	N/A
Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources (M.S. 16B.335 subd. 4 and 16B.32)?	N/A
Have Information Technology Review Preconditions been met (M.S. 16B.335 subd. 5 & 6 and 16E.05 subd. 3)?	N/A
Will the project meet public ownership requirements (M.S. 16A.695)?	Yes
Will a use agreement be required (M.S. 16A.695 subd. 2)?	No
Will program funding be reviewed and ensured (M.S. 16A.695 subd. 5)?	N/A
Will the matching funds requirements be met (M.S. 16A.86 subd. 4)?	N/A
Will the project be fully encumbered prior to the Cancellation Deadline (M.S. 16A.642): December 31, 2022?	Yes
M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required	Yes
M.S. 174.93: Guideway Project	
Is this a Guideway Project?	No
Is the required information included in this request?	N/A

Water Retention and Treatment Program**AT A GLANCE****2018 Request Amount:** \$7,500**Priority Ranking:** 4**Project Summary:** \$7.5 million in state funds is requested for grants to cities, counties, soil and water conservation districts, and watershed districts. Projects include various water volume and rate control structures and retention practices. \$7.5 million would complete an estimated fifty projects.**Project Description**

Achieving a 25 percent improvement in water quality statewide will require Minnesota to take aggressive yet achievable action. These projects would help Minnesota meet existing commitments to reduce phosphorus 12 percent by 2025 and nitrogen 45 percent by 2040 in the Mississippi River. The projects would be long-term infrastructure investments, managed and maintained by local government authorities.

Project Rationale

Governor Dayton's "25 by 25" Water Quality Goal calls for Minnesota to accelerate the pace of progress towards clean water quality, spurring collaboration and action to improve Minnesota's water quality 25 percent by 2025. Without additional action, the quality of Minnesota's waters is expected to improve only 6 to 8 percent by 2034. One of the key ideas emerging from Town Halls and listening sessions held in support of this goal was retention and treatment of water in many places using varied approaches in a watershed to slow and clean up water before it is discharged downstream.

Project Timeline**Other Considerations**

A local matching amount would be required. Structures would be designed and built using private sector designers and contractors.

Impact on Agency Operating Budgets

There will be a minimal impact on operating budgets.

Description of Previous Appropriations

N/A

Project Contact Person

Angie Becker Kudelka
Assistant Director

612-616-5112
angie.beckerkudelka@state.mn.us

Governor's Recommendation

The Governor does not recommend capital funding for this request.

Water and Soil Resources

Project Detail

(\$ in thousands)

Water Retention and Treatment Program

PROJECT FUNDING SOURCES

Funding Source	Prior Years	FY 2018	FY 2020	FY 2022
State Funds Requested				
General Obligation Bonds	\$ 0	\$ 7,500	\$ 10,000	\$ 10,000
Funds Already Committed				
Pending Contributions				
TOTAL	\$ 0	\$ 7,500	\$ 10,000	\$ 10,000

TOTAL PROJECT COSTS

Cost Category	Prior Years	FY 2018	FY 2020	FY 2022
Property Acquisition	\$ 0	\$ 1,000	\$ 2,000	\$ 2,000
Predesign Fees	\$ 0	\$ 0	\$ 0	\$ 0
Design Fees	\$ 0	\$ 400	\$ 900	\$ 900
Project Management	\$ 0	\$ 100	\$ 100	\$ 100
Construction	\$ 0	\$ 6,000	\$ 7,000	\$ 7,000
Relocation Expenses	\$ 0	\$ 0	\$ 0	\$ 0
One Percent for Art	\$ 0	\$ 0	\$ 0	\$ 0
Occupancy Costs	\$ 0	\$ 0	\$ 0	\$ 0
Inflationary Adjustment	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 0	\$ 7,500	\$ 10,000	\$ 10,000

IMPACT ON STATE OPERATING COSTS

Cost Category	FY 2018	FY 2020	FY 2022
IT Costs	\$ 0	\$ 0	\$ 0
Operating Budget Impact (\$)	\$ 0	\$ 0	\$ 0
Operating Budget Impact (FTE)	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS

	Amount	Percent of Total
General Fund	\$ 7,500	100 %
User Financing	\$ 0	0 %

STATUTORY REQUIREMENTS

The following requirements will apply to projects after adoption of the bonding bill.

Is this project exempt from legislative review under M.S. 16B.335 subd. 1a?	No
Predesign Review (M.S. 16B.335 subd. 3):	
Does this request include funding for predesign?	N/A
Has the predesign been submitted to the Department of Administration?	N/A
Has the predesign been approved by the Department of Administration?	N/A
Will the project design meet the Sustainable Building Guidelines under M.S. 16B.325?	N/A
Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources (M.S. 16B.335 subd. 4 and 16B.32)?	N/A
Have Information Technology Review Preconditions been met (M.S. 16B.335 subd. 5 & 6 and 16E.05 subd. 3)?	N/A
Will the project meet public ownership requirements (M.S. 16A.695)?	Yes
Will a use agreement be required (M.S. 16A.695 subd. 2)?	No
Will program funding be reviewed and ensured (M.S. 16A.695 subd. 5)?	Yes
Will the matching funds requirements be met (M.S. 16A.86 subd. 4)?	Yes
Will the project be fully encumbered prior to the Cancellation Deadline (M.S. 16A.642): December 31, 2022?	Yes
M.S. 16A.502 and M.S. 16B.31 (2): Full Funding Required	Yes
M.S. 174.93: Guideway Project	
Is this a Guideway Project?	No
Is the required information included in this request?	N/A