

Table of Contents

Board of Water and Soil Resources

Agency Profile	1
Agency Expenditure Overview	3
Agency Financing by Fund	5
Agency Change Summary	8
<u>Change Item(s)</u>	11
<i>Operating Adjustment</i>	11
<i>Base Adjustment for Fiscal Services</i>	13
<i>Critical IT Repairs and Cybersecurity</i>	14
<i>Easement Stewardship</i>	16
<i>Clean Water Fund - Water Management Transition (One Watershed, One Plan)</i>	18
<i>Clean Water Fund - Grants with Multi-Year Plans</i>	20
<i>Clean Water Fund - Accelerated Implementation</i>	22
<i>Clean Water Fund - Conservation Drainage Management and Assistance</i>	24
<i>Clean Water Fund - Conservation Reserve Enhancement Program (CREP)</i>	26
<i>Clean Water Fund - Critical Shoreland Protection Permanent Conservation</i>	28
<i>Clean Water Fund - Measures, Results, and Accountability</i>	30
<i>Clean Water Fund - Shoreland Buffer Compliance</i>	32
<i>Clean Water Fund - Water Quality Buffers Permanent Conservation Easements</i>	34
<i>Clean Water Fund - Surface and Drinking Water Protection and Restoration Grants</i>	36
<i>Clean Water Fund - Water Legacy Grants</i>	38
<i>Clean Water Fund - Enhancing Landowner Adoption of Cover Crops</i>	40
<i>Clean Water Fund - Targeted Wellhead and Drinking Water Protection</i>	42
<i>Clean Water Fund - Tillage and Erosion Transects</i>	44
<i>Clean Water Fund - Technical Evaluation</i>	47
<i>Buffer Credit for Agricultural Land</i>	49
<u>Program</u>	51
Land & Water Cons. Projects	51
<i>Program Narrative</i>	51
Program Expenditure Overview	53
Program Financing by Fund	54
<u>Program</u>	56
Resource Protection Rules/Law	56
<i>Program Narrative</i>	56
Program Expenditure Overview	59
Program Financing by Fund	60
<u>Program</u>	62
Board Admin & Agency Ops	62
<i>Program Narrative</i>	62
Program Expenditure Overview	64
Program Financing by Fund	65
<u>Program</u>	67
Permanent Resource Protection	67
<i>Program Narrative</i>	67

Program Expenditure Overview	69
Program Financing by Fund	70
<u>Program</u>	72
Local Water Management	72
<i>Program Narrative</i>	72
Program Expenditure Overview	74
Program Financing by Fund	75
<u>Additional Documents</u>	77
<i>Federal Funds Summary</i>	77

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 conservation of private lands (78 percent of Minnesota)
- Collaborative model for results including, since 1987:
 - 29,650 conservation practices installed
 - 7,793 easements funded
 - 275 local water management plans approved
 - 16,144 wetland credits deposited into the state’s wetland bank
- 240 local government accountability assessments completed annually

PURPOSE

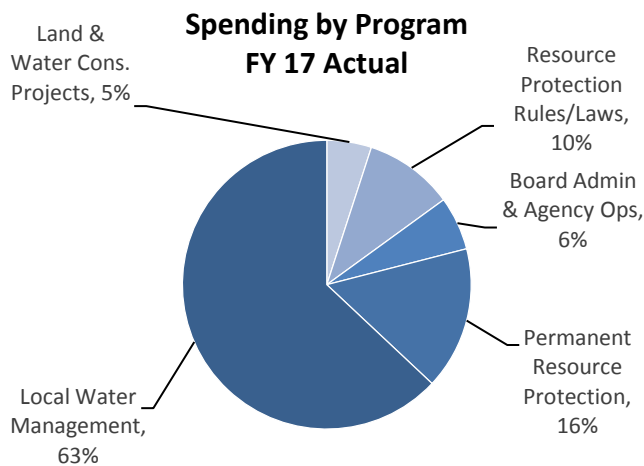
The Board of Water and Soil Resources’ (BWSR’s) mission is to improve and protect Minnesota’s water and soil resources by working in partnership with local organizations and private landowners. The agency has a unique business model that is designed to:

- Operate as an efficient state-level source of technical and financial assistance to the local government delivery system.
- Target implementation of conservation practices and projects that support local goals and meet state objectives.
- Focus on Minnesota’s private lands.

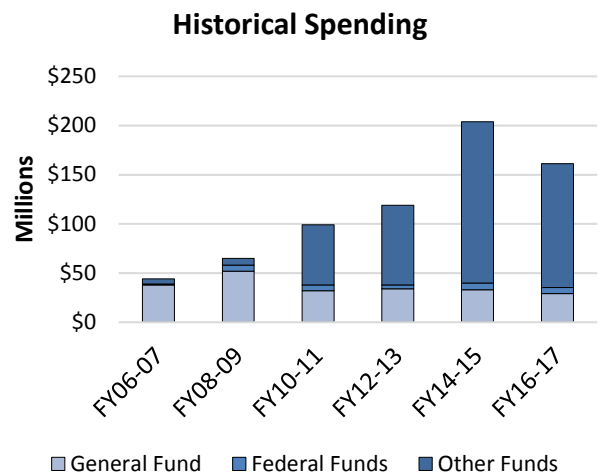
BWSR contributes to the statewide outcome of **a clean, healthy environment with sustainable uses of natural resources** by providing for targeted resource planning, protecting and restoring important water and habitat resources, and ensuring compliance with environmental laws, rules, and regulations.

BWSR also contributes 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



Source: Budget Planning and Analysis System (BPAS)



Legacy Funds are reflected in FY 10-17 in “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 since FY08-09, and today the clean water fund and outdoor heritage fund make up the majority of BWSR's current budget. The other funds category is made up of these two legacy funds in addition to transfers from other agencies, the environment and natural resources trust fund, and special revenue funds.

Approximately 85 percent of BWSR's budget is granted 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 other 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

BWSR accomplishes its 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, including 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>)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	13,117	16,141	23,280	8,993	14,181	14,181	17,788	15,548
2000 - Restrict Misc Special Revenue	519	465	868	1,924	1,783	1,783	1,783	1,783
2001 - Other Misc Special Revenue	4,150	4,319	4,324	2,098	1,605	1,599	1,605	1,599
2050 - Environment & Natural Resources	1,504	1,097	2,674	18,290				
2300 - Outdoor Heritage	22,768	6,010	13,777	53,910				
2302 - Clean Water	37,820	47,250	41,514	93,446			67,840	62,340
3000 - Federal	3,849	2,309	3,105	3,261	2,937	2,733	2,937	2,733
Total	83,726	77,591	89,542	181,922	20,506	20,296	91,953	84,003
Biennial Change				110,147		(230,662)		(95,508)
Biennial % Change				68		(85)		(35)
Governor's Change from Base								135,154
Governor's % Change from Base								331

Expenditures by Program

Land & Water Cons. Projects	2,316	4,048	6,118	1,535	1,800	1,800	3,300	3,300
Resource Protection Rules/Law	7,610	7,672	11,800	3,750	6,095	6,089	6,095	6,089
Board Admin & Agency Ops	4,458	4,368	5,472	5,406	4,800	4,550	5,987	5,542
Permanent Resource Protection	27,828	12,455	20,781	104,099	4,290	4,336	44,590	39,636
Local Water Management	41,514	49,048	45,372	67,132	3,521	3,521	31,981	29,436
Total	83,726	77,591	89,542	181,922	20,506	20,296	91,953	84,003

Expenditures by Category

Compensation	8,551	9,835	11,500	12,732	5,694	5,400	12,198	11,663
Operating Expenses	3,613	5,643	7,546	6,796	2,420	2,504	4,471	4,461
Grants, Aids and Subsidies	45,095	51,551	49,600	69,860	9,040	9,040	70,482	63,077
Capital Outlay-Real Property	22,662	9,795	14,797	76,152	3,000	3,000	4,450	4,450
Other Financial Transaction	3,805	767	6,100	16,382	352	352	352	352
Total	83,726	77,591	89,542	181,922	20,506	20,296	91,953	84,003

Total Agency Expenditures	83,726	77,591	89,542	181,922	20,506	20,296	91,953	84,003
Internal Billing Expenditures	19							

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Expenditures Less Internal Billing	83,707	77,591	89,542	181,922	20,506	20,296	91,953	84,003
<u>Full-Time Equivalents</u>	87.29	96.38	115.34	126.93	57.06	54.61	121.21	117.46

Water and Soil Resources, Board of

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	715	1,106	3,812	2,664				
Direct Appropriation	13,337	18,794	22,149	6,337	14,189	14,189	17,796	15,556
Receipts	1							
Transfers Out			8	8	8	8	8	8
Cancellations		6	9					
Balance Forward Out	935	3,752	2,664					
Expenditures	13,117	16,141	23,280	8,993	14,181	14,181	17,788	15,548
Biennial Change in Expenditures				3,015		(3,911)		1,063
Biennial % Change in Expenditures				10		(12)		3
Governor's Change from Base								4,974
Governor's % Change from Base								18
Full-Time Equivalents	34.94	39.09	43.53	41.64	39.97	39.97	42.37	42.17

2000 - Restrict Misc Special Revenue

Balance Forward In	107	34	286	1,144	939	855	939	855
Receipts	440	705	783	719	699	699	699	699
Transfers In		4	942	1,000	1,000	1,000	1,000	1,000
Transfers Out		4						
Balance Forward Out	27	274	1,143	939	855	771	855	771
Expenditures	519	465	868	1,924	1,783	1,783	1,783	1,783
Biennial Change in Expenditures				1,807		774		774
Biennial % Change in Expenditures				184		28		28
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.83	4.37	5.13	9.50	9.50	9.50	9.50	9.50

2001 - Other Misc Special Revenue

Balance Forward In	2,690	1,345	740	1,684	1,194	879	1,194	879
Receipts	4,034	3,957	4,246	1,425	1,290	1,290	1,290	1,290
Transfers In	19	56	1,023	183				
Transfers Out	19	358						
Balance Forward Out	2,574	681	1,685	1,194	879	570	879	570
Expenditures	4,150	4,319	4,324	2,098	1,605	1,599	1,605	1,599

Water and Soil Resources, Board of

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Biennial Change in Expenditures				(2,048)		(3,218)		(3,218)
Biennial % Change in Expenditures				(24)		(50)		(50)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.55	4.90	3.94	3.98	3.22	3.22	3.22	3.22

2050 - Environment & Natural Resources

Balance Forward In	761	1,511	3,626	12,690				
Direct Appropriation	2,203	3,272	12,311	5,600	0	0	0	0
Transfers Out			33					
Cancellations	42	85	541					
Balance Forward Out	1,418	3,601	12,689					
Expenditures	1,504	1,097	2,674	18,290				
Biennial Change in Expenditures				18,364		(20,964)		(20,964)
Biennial % Change in Expenditures				706		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.09	0.19	4.00	3.35				

2300 - Outdoor Heritage

Balance Forward In	27,987	15,408	34,394	36,771				
Direct Appropriation	7,513	23,061	17,260	17,154	0	0	0	0
Transfers Out		39	906	15				
Cancellations	100	281	200					
Balance Forward Out	12,632	32,140	36,771					
Expenditures	22,768	6,010	13,777	53,910				
Biennial Change in Expenditures				38,910		(67,687)		(67,687)
Biennial % Change in Expenditures				135		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	12.85	12.53	6.92	13.64				

2302 - Clean Water

Water and Soil Resources, Board of

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Balance Forward In	12,072	30,267	40,074	44,017				
Direct Appropriation	56,841	56,322	45,911	49,597	0	0	67,840	62,340
Receipts	17	110	10					
Transfers In	2,731	3,470	5,017	2,850				
Transfers Out	2,231	3,643	5,101	3,018				
Cancellations	3,691	31	379					
Balance Forward Out	27,918	39,244	44,016					
Expenditures	37,820	47,250	41,514	93,446			67,840	62,340
Biennial Change in Expenditures				49,890		(134,960)		(4,780)
Biennial % Change in Expenditures				59		(100)		(4)
Governor's Change from Base								130,180
Governor's % Change from Base								
Full-Time Equivalents	26.54	33.88	47.93	48.05	1.04	1.04	62.79	61.69

3000 - Federal

Balance Forward In	136	151	129	113	5,199	4,512	5,199	4,512
Receipts	3,864	2,287	3,089	8,347	2,250	2,000	2,250	2,000
Balance Forward Out	150	129	113	5,199	4,512	3,779	4,512	3,779
Expenditures	3,849	2,309	3,105	3,261	2,937	2,733	2,937	2,733
Biennial Change in Expenditures				208		(696)		(696)
Biennial % Change in Expenditures				3		(11)		(11)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.49	1.42	3.89	6.77	3.33	0.88	3.33	0.88

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	6,337	6,337	6,337	12,674
Base Adjustments				
Pension Allocation		13	13	26
Biennial Appropriations		7,839	7,839	15,678
Forecast Base	6,337	14,189	14,189	28,378
Change Items				
Operating Adjustment		748	563	1,311
Base Adjustment for Fiscal Services		170	170	340
Critical IT Repairs and Cybersecurity		269	259	528
Easement Stewardship		375	375	750
Buffer Credit for Agricultural Land		2,045		2,045
Total Governor's Recommendations	6,337	17,796	15,556	33,352
Fund: 2050 - Environment & Natural Resources				
FY2019 Appropriations	5,600	5,600	5,600	11,200
Base Adjustments				
All Other One-Time Appropriations		(5,600)	(5,600)	(11,200)
Forecast Base	5,600	0	0	0
Total Governor's Recommendations	5,600	0	0	0
Fund: 2300 - Outdoor Heritage				
FY2019 Appropriations	17,154	17,154	17,154	34,308
Base Adjustments				
One-Time Legacy Fund Appropriations		(17,154)	(17,154)	(34,308)
Forecast Base	17,154	0	0	0
Total Governor's Recommendations	17,154	0	0	0
Fund: 2302 - Clean Water				
FY2019 Appropriations	49,597	49,597	49,597	99,194
Base Adjustments				
One-Time Legacy Fund Appropriations		(49,597)	(49,597)	(99,194)
Forecast Base	49,597	0	0	0
Change Items				
Clean Water Fund - Water Management Transition (One Watershed, One Plan)		2,270	2,270	4,540
Clean Water Fund - Grants with Multi-Year Plans		14,711	14,711	29,422
Clean Water Fund - Accelerated Implementation		6,050	6,050	12,100
Clean Water Fund - Conservation Drainage Management and Assistance		1,500	1,500	3,000
Clean Water Fund - Conservation Reserve Enhancement Program (CREP)		12,500	7,500	20,000

Water and Soil Resources, Board of

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Clean Water Fund - Critical Shoreland Protection Permanent Conservation		1,750	1,750	3,500
Clean Water Fund - Measures, Results, and Accountability		1,000	1,000	2,000
Clean Water Fund - Shoreland Buffer Compliance		2,500	2,500	5,000
Clean Water Fund - Water Quality Buffers Permanent Conservation Easements		4,875	4,875	9,750
Clean Water Fund - Surface and Drinking Water Protection and Restoration Grants		16,300	16,300	32,600
Clean Water Fund - Water Legacy Grants		1,000	1,000	2,000
Clean Water Fund - Enhancing Landowner Adoption of Cover Crops		500		500
Clean Water Fund - Targeted Wellhead and Drinking Water Protection		2,375	2,375	4,750
Clean Water Fund - Tillage and Erosion Transects		425	425	850
Clean Water Fund - Technical Evaluation		84	84	168
Total Governor's Recommendations	49,597	67,840	62,340	130,180
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	688	658	658	1,316
Forecast Base	688	658	658	1,316
Total Governor's Recommendations	688	658	658	1,316
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	2,098	1,605	1,599	3,204
Forecast Base	2,098	1,605	1,599	3,204
Total Governor's Recommendations	2,098	1,605	1,599	3,204
Fund: 2302 - Clean Water				
Planned Spending	5			
Forecast Base	5			
Total Governor's Recommendations	5			
Fund: 3000 - Federal				
Planned Spending	3,261	2,937	2,733	5,670
Forecast Base	3,261	2,937	2,733	5,670
Total Governor's Recommendations	3,261	2,937	2,733	5,670
<i>Revenue Change Summary</i>				
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	719	699	699	1,398
Total Governor's Recommendations	719	699	699	1,398

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	1,425	1,290	1,290	2,580
Total Governor's Recommendations	1,425	1,290	1,290	2,580
Fund: 3000 - Federal				
Forecast Revenues	8,347	2,250	2,000	4,250
Total Governor's Recommendations	8,347	2,250	2,000	4,250

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	748	563	563	563
Revenues	0	0		
Other Funds			0	0
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	748	563	563	563
FTEs	0	0	0	0

Recommendation:

The Governor recommends appropriating \$748,000 from the General Fund in FY20 and \$563,000 in FY21 to cover agency compensation cost and lease increases, MNIT cost increases, the performance assessment statutory mandate, and retirement costs to maintain the current level of service delivery for the Board of Water and Soil Resources (BWSR).

Rationale/Background:

Increases to staff salaries, MNIT costs, lease costs, and staff retirement costs, has left the agency in a position where it is unable to cover these costs going into the next biennium. Continued shortages would significantly compromise the agency's ability to implement its responsibilities.

Much of BWSR's non-general fund budget is pass-through dollars from constitutionally-dedicated funds. While BWSR's overall budget has increased to support these supplemental programs and requirements, those funding sources (non-general fund) - cannot support some vital activities related to the work of the agency. The agency takes its commitment to Minnesota's taxpayers seriously and must have appropriate funding to support the agency's financial management so that staff may be the best steward possible of these resources.

Proposal:

Salary Base Adjustment

An increase of \$130,000 this biennium and of \$65,000 annually thereafter will cover rising staff compensation and fringe benefits. BWSR's funding source-complexity has magnified over the past eight years and several of these sources provide limited operational support, such as the Environment and Natural Resources Trust Fund, bonding, federal funds, and other dedicated funds. General agency staffing cost increases average 2 percent per year. This investment will benefit state and local governments by maintaining the agency's capacity for basic financial services, budget management and analysis, grant allocations, and effective internal and external processes.

MNIT Base Adjustment

An increase of \$276,000 this biennium and of \$141,000 annually thereafter will cover basic system and server requirements along with increased rates for MN.IT services in maintenance, standardized equipment, workstation support, fiscal administration, and program management. This request includes \$62,000 in FY20 and \$68,200 in FY21 and ongoing to provide secure servers and database. It also includes general agency staffing increases averaging 2 percent per year for MN.IT@BWSR staff and \$67,000 each in FY20 and FY21 to fully cover the agency's support of the MNIT@BWSR IT manager position.

Retirement Costs

An increase of \$185,000 this biennium and of \$37,000 annually thereafter will cover the expected costs of retirement payouts for agency and MNIT employees. This includes \$65,400 for a one-time payout in FY20 for retirement obligations for a long-time state employee. Further, this includes \$36,500 per year ongoing to cover expected retirement payouts. This amount assumes two retirements per biennium and is based on an average cost to the agency. Lastly, this includes a one-time retirement payout for an IT manager assigned to BWSR by MN.IT Enterprise.

Lease Increases

An increase of \$278,000 this biennium and of \$99,000 annually thereafter will fund rising lease and sub-lease expenses. \$22,000 each year provides for increased obligations in eight field offices; the St. Paul office has additional obligations including a square footage correction, lease increase, and maintenance obligation that has resulted in \$107,000 additional cost in FY20 and \$77,000 each additional year; Finally, a one-time cost for a FY20 planned co-location with other agencies in Rochester.

Maintenance of Project Tracking and Reporting Databases

An increase of \$442,000 this biennium and \$221,000 annually thereafter will support critical software infrastructure. These costs are ongoing and maintain BWSR's current service levels.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

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.

Statutory Change(s):

Not applicable.

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Base Adjustment for Fiscal Services

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	170	170	170	170
Revenues	0	0		
Other Funds			0	0
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	170	170	170	170
FTEs	2	2	2	2

Recommendation:

The Governor recommends \$170,000 annually from the General Fund starting in FY20 and ongoing to cover immediate agency fiscal service needs.

Rationale/Background:

The Board of Water and Soil Resources (BWSR) has historically approached agency operations with a minimalist lens, focusing on implementing programs by sending most of its appropriations to local governments. This is still the main objective of its operations, however several drivers must now also be considered.

BWSR's funding source complexity has magnified over the past eight years, and several of these sources provide limited operational support, such as the Environment and Natural Resources Trust Fund, bonding, federal funds, and other dedicated funds. The agency needs General Fund sources for some of the administrative work that originates from these funding sources. Compounding this complexity, while BWSR's overall budget has increased, the agency's base General Fund has declined. These limitations have had a substantial impact on the agency's ability to hire sufficient fiscal staff to meet statutory, legal, and MMB requirements for proper compliance. The agency urgently needs to build capacity to meet existing needs.

Proposal:

Salary Base Adjustment

This request funds salaries, benefits, and overhead for two fiscal staff. This investment, also recommended by the Office of the Legislative Auditor, will benefit the state and local governments by increasing the agency's capacity to meet its basic financial services: budget management and analysis, grant allocations, and internal and external processes.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

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.

Statutory Change(s):

Not applicable.

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Critical IT Repairs and Cybersecurity

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	269	259	60	60
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	269	259	60	60
FTEs	.4	.2	.1	.1

Recommendation:

The Governor recommends \$269,000 from the General Fund in FY20 and \$259,000 in FY21 to cover critical IT repairs and cybersecurity measures.

Rationale/Background:

This request covers two components:

MN.IT eLINK and PTM app development (One-time)

\$51,000 in FY20 and \$161,000 in FY21 will cover General Fund-related costs of upgrades and security improvements to BWSR's main statewide technology project for local grant management and reporting, called eLINK. The current version will be over eight years old when a new version is released. The overall need is \$2.1 million, and this portion covers the general fund use of the system.

Online Permitting System and Wetland Banking Database

\$218,000 in the first year and \$98,000 in the second year and \$60,000 ongoing will be used to develop a wetland banking database to replace the existing outdated, vulnerable, and unsupported system and to complete a business analysis and development plan for an on-line application, permitting, and reporting system for projects impacting wetlands.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll	80	40	20	20	20	20
Professional/Technical Contracts	181	211	40	40	40	40
Enterprise Services	8	8	0	0	0	0
Total	269	259	60	60	60	60
MNIT FTEs	.4	.2	.1	.1	.1	.1
Agency FTEs	.4	.2	.1	.1	.1	.1

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.

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Easement Stewardship

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	375	375	375	375
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	375	375	375	375
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$750,000 this biennium to fund easement stewardship activities for Reinvest In Minnesota (RIM) Reserve easements that do not already have a stewardship endowment.

Rationale/Background:

Easement monitoring and enforcement activities include ongoing easement inspections, maintenance, repair, enhancements, or lawsuits. Since 2004, the number of easements has steadily increased and the amount available for monitoring and enforcement has declined to less than \$50 per easement per year. Each easement inspection costs \$300.

In its 2013 evaluation report, “Conservation Easements,” the Office of the Legislative Auditor (OLA) recommended that 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 noted that while BWSR has implemented a long-term easement stewardship plan, the agency does not have sufficient dedicated funding for this purpose.

In 2015, MS 103B.103 established a stewardship account for monitoring and enforcement purposes, stating “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 over-recovers nor under-recovers 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). Using a version of the Land Trust Alliance easement stewardship calculator modified to fit state government and RIM program needs, the BWSR Board determined the necessary one-time stewardship account deposit to be \$6,500 per easement. These calculations are based upon a 5 percent rate of return and a 5 percent appropriation back to BWSR from the State Board of Investment annually.

MMB has determined that bonding funds may not be used for easement stewardship. This reduces the agency’s availability of stewardship funds. Bonding has historically been the most significant source of funding for the RIM program. There are approximately 7,500 easements taken by the RIM program. Of that, 6,663 RIM easements do not have dedicated easement stewardship dollars.

Proposal:

This \$750,000 will increase the agency's ability to fund ongoing monitoring costs for perpetual easements.

BWSR protocol is to monitor easements every year for the first five years and then once every three years thereafter. At a state and local cost of \$300 per monitoring event, and approximately 2,500 easements monitored each year based on this rotation, the ongoing agency cost is \$750,000 per year. BWSR contracts with local Soil and Water Conservation Districts (SWCDs) because of two key benefits: 1) travel costs are greatly reduced and, 2) SWCD personnel work in the local area, which is important to cultivating good working relationships with landowners.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

N/A

Results:

- An additional 1,250 easements monitored per year (at \$300 per easement).
- Continued monitor of older RIM easements.
- Capacity to address conservation concerns found through monitoring.
- Added capacity for tracking.

Statutory Change(s):

None required

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

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

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	2,270	2,270	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,270	2,270	0	0
FTEs	5	5	0	0

Recommendation:

The Governor recommends \$4.54 million from the Clean Water Fund for the FY20-21 biennium to implement the permanent One Watershed, One Plan program. This represents a \$550,000 increase from the FY18-19 biennium. The agency also requests 5.0 FTE, which represents an increase of 0.5 FTE from the FY18-19 biennium, primarily associated with an increase in watershed areas participating in the 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 it to move from a pilot program in FY14-15 to a permanent program in FY16-17. The program will continue work with local units of government on the transition to watershed-based plans, leading to 1) a reduction from 200 plans based on geopolitical boundaries to around 60 plans based on watershed boundaries; 2) future efficiencies that are both scientifically and economically sound; and 3) targeting of private, local, and state investments towards restored and protected water quality.

The current system of local water management in greater Minnesota is largely along county boundaries, yet water is defined by natural boundaries called watersheds. The One Watershed, One Plan builds off existing studies and assessments being done by Minnesota Pollution Control Agency (MPCA), Department of Natural Resources (DNR), Minnesota Department of Health (MDH) and Minnesota Department of Agriculture (MDA) and creates 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 2025. Long-term success will be measured by how many lakes and streams are meeting water quality standards and drinking water supplies are protected.

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 state’s clean water goals.

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

Proposal:

The proposed funding will be used to develop and approve six to 10 plans each year with all of greater Minnesota watersheds completed by 2025. 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, MPCA, 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.

These types of focused watershed-based implementation plans provide the best mechanism to advance state investments in Watershed Restoration and Protection Strategies (WRAPS) and other state studies and plans. They inform development of a focused watershed implementation plan that is science-based, prioritized, targeted, and capable of achieving measureable improvement in water quality, flood control, and groundwater protection.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Not applicable

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 to collaboratively work with their upstream and downstream neighbors to develop a compressive watershed management plan and take action for clean water.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Goal</i>	<i>Dates</i>
Quantity	Number of One Watershed, One Plans in development	22	33-36	By 2022
Quality	State approved based on established plan content requirements	5	19	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

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund - Grants with Multi-Year Plans

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	14,711	14,711	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	14,711	14,711	0	0
FTEs	8.5	8.5	0	0

Recommendation:

The Governor recommends \$29.422 million from the Clean Water Fund for the FY20-21 biennium. This request represents an \$18,422,000 increase from the FY18-19 appropriation. This increase represents implementation of prioritized and targeted conservation activities associated with grants and grant administration, and is in response to an increase in the number of areas across the state that will complete a comprehensive watershed management plan under the One Watershed, One Plan program.

Rationale/Background:

Comprehensive watershed based implementation plans, like those developed under One Watershed, One Plan, provide the best mechanism to build off current state investments being made in Watershed Restoration and Protection Strategies (WRAPS) and Groundwater Restoration and Protection Strategies (GRAPS) as well as other state studies and plans. They inform the building of a focused watershed implementation plan that is science-based, prioritized, targeted, and capable of achieving measureable improvement in water quality, flood control, and groundwater protection.

Providing systematic funding for local water management authorities on a watershed basis will improve water management outcomes. The efficiencies created by this change will benefit both organizations and landowners by streamlining processes, which will allow more projects to be implemented in a timely manner and ensure limited resources are spent where they are needed most. This funding will also provide greater opportunities for local governments to leverage federal and private funding.

Proposal:

This program is a continuation of a Clean Water pilot grant program that based eligibility for these funds contingent on a state approved and locally adopted water management plan developed under the One Watershed, One Plan or the Metropolitan Surface Water and Groundwater Management framework. 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 because the grants require a match.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Not applicable

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. Short-term success will be measured by the prioritized projects and activities that are completed and associated pollution reduction estimations.-. BWSR 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>Goal</i>	<i>Dates</i>
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

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Accelerated Implementation

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	6,050	6,050	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	6,050	6,050	0	0
FTEs	8	8	0	0

Recommendation:

The Governor recommends \$12.1 million from the Clean Water Fund for the FY20-21 biennium. This represents a \$4,100,000 and 0.6 FTE increase from the FY18-19 appropriation for accelerating targeted local resource protection and enhancement, statewide program supplements for groundwater and drinking water technical assistance, and building a capable local workforce through a technical training and certification program, database, and targeting tool enhancements.

Rationale/Background:

A 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 addresses an existing gap in technical assistance and training to ensure local government staff have these necessary skills to deliver meaningful and measurable projects.

Advanced inventories, diagnostic and feasibility studies, and targeting tools to assist in building prioritized, targeted, and measurable strategies into water management or comprehensive plan amendment and revisions, and routine implementation activities, will increase the effectiveness of water quality protection or accelerate water quality restoration.

Proposal:

This program contributes to a strategic approach of local water management implementation. Funds are used to enhance the capacity of local governments to accelerate implementation, including: 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. This funding will support critical infrastructure of the agency such the targeting tool Prioritize, Target, and Measure Application (PTMApp) and eLINK. It will also provide 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 state approved and locally adopted water management plans-- the plans that link scientific information and citizen priorities including 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.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

This IT proposal is for the enhancement of the targeting tool PTMap and the grant tracking database eLINK.

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll						
Professional/Technical Contracts	\$750,000	\$1,000,000				
Infrastructure	\$32,000	\$32,000				
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)	\$60,000	\$60,000				
Total	\$842,000	\$1,092,000				
MNIT FTEs	.4	.4				
Agency FTEs						

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. BWSR will also 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>
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

FY 2020-21 Biennial Budget Change Item

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

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	1,500	1,500	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,500	1,500	0	0
FTEs	1.75	1.75	0	0

Recommendation:

The Governor recommends \$3 million from the Clean Water Fund for the FY20-21 biennium to provide funding for Minnesota drainage authorities under M.S. 103E to plan and construct drainage water quality management practices into drainage system projects. The request represents a \$1.5 million and .25 FTE increase from the FY18-19 appropriation.

Rationale/Background:

Recent studies indicate that the observed increase in stream flows in Minnesota can be attributed to post-European settlement changes in land use, connected to agricultural practices, wetland drainage, and expansion of artificial drainage networks. These land use changes have caused decreased surface water storage and evaporation from fields due to crop conversion.

Together those changes have resulted in increased river flows and increased erosion, sedimentation, and nutrients to downstream waters. Regardless of the exact increased flow cause, strategies that increase the amount of time water sits on the landscape will have a positive impact on controlling stream flows. Similarly, widespread expansion of water storage mechanisms will be particularly important if increasing precipitation patterns continue as part of climate change.

The Minnesota Pollution Control Agency Sediment Reduction Strategy for the Minnesota River Basin and other studies identify that public and private drainage infrastructure can affect peak channel flows, soil erosion, and water quality, including both surface ditches and subsurface tile. In recent years, a number of 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.

Proposal:

This program provides financial and technical assistance to Minnesota’s Public Drainage Authorities and Soil and Water Conservation Districts to facilitate planning, design, and installation of conservation practices on drainage systems resulting 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 percent local match.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Not applicable

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Goal</i>	<i>Dates</i>
Quantity	Number of drainage systems with drainage water quality practices implemented	16	30+	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

FY 2020-21 Biennial Budget Change Item

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

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	12,500	7,500	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	12,500	7,500	0	0
FTEs	9	8	0	0

Recommendation:

The Governor recommends \$20 million from the Clean Water Fund for FY20-21 to implement a Minnesota Conservation Reserve Enhancement Program (MN CREP) in partnership with the United States Department of Agriculture (USDA), local governments, state agencies, and landowners.

Rationale/Background:

The MN CREP aims 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 MN CREP includes 54 counties that have phosphorus or nitrogen problems as determined by the Minnesota Nutrient Reduction Strategy or Watershed Restoration and Protection Strategies, vulnerable drinking water areas, and Prairie Corridor areas.

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 the USDA Farm Service Agency (FSA), local soil and water conservation districts, and several nongovernmental organizations.

With over 12,400 acres already enrolled, the state is well-positioned to continue 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 have ramped up with the technical and financial assistance services necessary to provide landowners and producers the information they will need to secure their interest.

Proposal:

The MN CREP will benefit water quality by protecting critical riparian areas and address water quality impairments due to modifications in hydrology, sedimentation, and nutrient transport. This program will focus on three practices: buffers, wetlands, and wellhead protection areas – all in environmentally sensitive and important areas. 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. MN 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 permanent conservation easements.

Equity and Inclusion:

The CREP provisions offer eligibility waivers to landowners who are socially disadvantaged, have limited resources, or are a beginning farmer or rancher as defined by the USDA so that their application will be included in this scoring process. Other groups are not impacted negatively by the CREP.

IT Related Proposals:

Not Applicable

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, BWSR will look at the number of acres permanently protected. BWSR 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>Goal</i>	<i>Dates</i>
Quantity	Total acres protected under the CREP initiative	12,200 acres	60,000 total acres	2025
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

FY 2020-21 Biennial Budget Change Item

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

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
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	3.0	3.0	0	0

Recommendation:

The Governor recommends \$3.5 million from the Clean Water Fund for the FY20-21 biennium to purchase permanent conservation easements on lands adjacent to public waters with good water quality, but threatened with degradation. The agency also requests 3.0 FTEs for the biennium. The request represents a \$1.5 million and 1.1 FTE increase to the FY2018-2019 appropriation, associated with easement purchase and easement administration and processing.

Rationale/Background:

With more than 10,000 lakes, 100,000 river and stream miles, and extensive groundwater systems, water is a major part of Minnesota’s culture, economy, and natural ecosystems. About half of Minnesota’s surface waters have been assessed for water quality, and of those, about 40 percent do not meet basic water quality standards.

Shallow lakes and rivers in the forest are very susceptible to the impacts of shoreline development. The alteration of shoreline vegetation, construction of impervious surfaces, placement of in-lake structures, and increased boat and water-based recreation can result in a reduction in emergent and floating plant abundance; mixing of bottom sediments, increased nutrient loading (including substantial changes in phosphorous) and shoreline erosion. The impact of development is cumulative, and over time, such changes can severely reduce water quality of these important water bodies.

Proposal:

This easement program helps fill the need for shoreland protection on key 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. Voluntary, incentive-based conservation protection options for shoreland landowners are few. Unlike the prairie portion of the state where state funded easement options exist for conservation-minded landowners, private land protection options are limited for shoreland in the forest due to funding constraints. Further, many easement programs are targeted for restoration and not protection.

Using the Reinvest 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 where dollars spent maximize return on investment. The thousands of acres of restored wetlands, adjacent native grassland and buffers on privately-

owned lands remain on local tax rolls. Dollars are primarily used for easement payments to landowners and program implementation (surveying, engineering designs, and realty transactions). Local SWCDs perform regular monitoring inspections of all conservation easements and the state will maintain baseline, monitoring, and geospatial data.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Not applicable

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, BWSR will look at the number of acres protected, with the goal being 1,100 acres over the biennium. The agency 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>Goal</i>	<i>Dates</i>
Quantity	Acres protected in easements	138	1,110	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

FY 2020-21 Biennial Budget Change Item

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

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
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	7	7	0	0

Recommendation:

The Governor recommends \$2 million from the Clean Water Fund for the FY20-21 biennium to implement a comprehensive program of conservation quality control and assurance through oversight, assessment, assistance, and reporting and communication of local government performance and results. The agency requests 7 FTE to implement this component of the Clean Water Fund. The fiscal request is an increase of \$100,000 from the previous biennium to help ensure functionality of BWSR’s oversight tools (such as eLINK database).

Rationale/Background:

With more than 10,000 lakes, 100,000 river and stream miles, and extensive groundwater systems, water is a major part of Minnesota’s culture, economy, and natural ecosystems. About half of Minnesota’s surface waters have been assessed for water quality, and of those, about 40 percent do not meet basic water quality standards.

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
3. Evaluating the success and value of on-the-ground restoration and protection activities in order to better target implementation funds
4. Communicating information about its grants to local governments and the environmental outcomes achieved through multiple media venues.

Proposal:

This proposal is a continuation of BWSR’s previous efforts to provide oversight and accountability for grants to local governments and to measure, track, and communicate results of projects funded with Clean Water funds. Central to BWSR’s effort is the agency’s eLINK, an on-line conservation tracking system, which features grants tracking from application to reporting, contract management, tracking of water plans goals and outcomes, including estimates of pollution reductions.

Another component of this proposal is BWSR’s grant reconciliation process, through which BWSR staff conducts field visits with local governments 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” program and by working with local units of government to highlight work in their community newspapers and other media.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

This IT proposal is for on-going maintenance of eLINK.

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll						
Professional/Technical Contracts	130,000	80,000				
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	\$130,000	\$80,000				
MNIT FTEs						
Agency FTEs						

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.

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Shoreland Buffer Compliance

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	2,500	2,500	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,500	2,500	0	0
FTEs	4	4	0	0

Recommendation:

The Governor recommends \$5 million for the FY20-21 biennium from the Clean Water Fund to support local government work to facilitate compliance with state riparian buffer or alternative best management practice requirements. This funding request matches the FY18-19 appropriation.

Rationale/Background:

Often Minnesota’s lakes, streams, and ditches do not have sufficient riparian buffers. Minnesota’s buffer initiative, which was signed into law in 2015, will help protect the state’s water resources from erosion and runoff pollution by establishing roughly 110,000 acres of buffer along waterways. Statewide compliance for public waters is 99 percent. Preliminary compliance for public ditches is 84 percent.

Proposal:

This existing program is part of a comprehensive clean water strategy to prevent sediment and nutrients from entering Minnesota’s lakes, rivers, streams, and ditches. Funding supports soil and water conservation district monitoring and technical assistance to landowners to achieve full and ongoing compliance of buffer and soil erosion laws.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Not applicable.

Results:

BWSR 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>Goal</i>	<i>Dates</i>
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

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Water Quality Buffers – Conservation Easements

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water				
Expenditures	4,875	4,875	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	4,875	4,875	0	0
FTEs	4.4	4.4	0	0

Recommendation:

The Governor recommends \$9.75 million from the Clean Water Fund for the FY20-21 biennium to purchase and restore conservation easements on riparian lands adjacent to public waters. This funding request matches the FY18-19 appropriation.

Rationale/Background:

Minnesota has more than 10,000 lakes, 100,000 river and stream miles, and extensive groundwater systems. About half of Minnesota’s surface waters have been assessed for water quality, and of those, about 40 percent do not meet basic water quality standards.

This problem is further compounded by changes in land use that affect the quality of water. Minnesota currently 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.

Studies show that buffers in riparian areas reduce sediment and nutrients entering waterways, stabilize streambanks, and provide food and habitat for many species of wildlife. Buffers are an effective and proven method to protect surface water quality in environmentally sensitive or highly erodible soils along rivers and streams.

Proposal:

This existing and ongoing program is part of a comprehensive habitat and clean water strategy to prevent sediment and nutrients from entering Minnesota’s lakes, rivers and streams; enhance fish and wildlife habitat; and protect groundwater and wetlands. For example, one of the unique features of the water quality buffer easement program is that it is the only program that can leverage 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. In addition, this statewide program may leverage the Minnesota Conservation Reserve Enhancement Program and other critical multi-benefit programs.

Through the Reinvest in Minnesota (RIM) Reserve Program and in partnership with soil and water conservation districts and private landowners, the state will purchase conversation easements and may establish native plant buffers.

This program is highly targeted and is prioritized based on current land use, erodibility, priority in other plans, the most critical expiring CRP acres and/or water quality impairment.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Not applicable

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.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Goal</i>	<i>Dates</i>
Quantity	Acres protected in Legacy-funded buffers	5,431	7,500	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

FY 2020-21 Biennial Budget Change Item

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

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	16,300	16,300	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	16,300	16,300	0	0
FTEs	7	7	0	0

Recommendation:

The Governor recommends \$32.6 million from the Clean Water Fund for the FY20-21 biennium for Surface and Drinking Water Protection and Restoration Grants. This represents an increase of \$13,100,000 and 3.2 FTE which reflects an increase in the amount of funding for grants and associated grant administration.

Rationale/Background:

Minnesota has more than 10,000 lakes, 100,000 river and stream miles, and extensive groundwater systems. . About half of Minnesota’s surface waters have been assessed for water quality, and of those, about 40 percent do not meet basic water quality standards.

Protecting and restoring Minnesota’s waters is a collaborative effort between federal, state, and local partners. 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 FY18-19, local governments proposed more than \$53 million in projects under this program, while \$20 million of State Clean Water Funds were available, resulting in funding only 38 percent of project requests. 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.

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, subsurface sewage treatment system 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 percent match.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Not applicable

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. Short-term success will be measured by the number of projects and activities that are completed with appropriated funds. BWSR 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>Goal</i>	<i>Dates</i>
Quantity	Number of conservation practices installed	7,000	7,500	2020-2021
Results	Amount of nutrients removed compared to state goals Phosphorus (pounds)	178,156 (15%)	20%	2020-2021
	Nitrogen (pounds)	111,429 (<1%)	2%	
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

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Water Legacy Grants

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
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	1	1	0	0

Recommendation:

The Governor recommends \$2 million from the Clean Water Fund for the FY20-21 biennium for a small grants program that expands partnerships for clean water. This includes 1 FTE staff time to cover staff time required to provide additional administration and oversight of grants with the expansion of the program to include direct grants to non-governmental organizations.

Rationale/Background:

Minnesota has more than 10,000 lakes, 100,000 river and stream miles, and extensive groundwater systems. About half of Minnesota’s surface waters have been assessed for water quality, and of those, about 40 percent do not meet basic water quality standards.

Active and engaged citizens and communities help achieve long-term clean water goals. This proposal will use existing program delivery mechanisms to address a current funding gap and allow citizens to take action in managing and protecting their local water resources through a ‘small grants partners’ program.

The efforts and resources of active and engaged community groups, such as lake associations, non-profits, conservation groups and tribal government, will be supported through this program.

Proposal:

This is a new program adapted from a former Clean Water Fund small projects grant program (Community Partners Program). It will ensure that community groups such as non-governmental organizations wishing to implement projects, programs, community service, and education can be direct recipients of these funds.

This program provides competitive grants or contracts of up to \$100,000 to governmental, non-governmental, and tribal organizations for implementation projects that protect, enhance, and restore water quality or protect groundwater and drinking water sources from degradation. The State’s investment leverages local and federal funds as the grants require a match.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Not applicable

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. Short-term success will be measured by the number of projects and activities that are completed with appropriated funds. BWSR will also 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>Goal</i>	<i>Dates</i>
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

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Funds – Enhancing Landowner Adoption of Cover Crops

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	500	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	500	0	0	0
FTEs	.1	0	0	0

Recommendation:

The Governor recommends \$500,000 from the Clean Water Fund for the FY20-21 biennium (available in year one) for grants to enhance landowner adoption of cover crops in areas where there are direct benefits to public water supplies. The agency requests 0.1FTE to support program implementation.

Rationale/Background:

Access to safe and reliable drinking water is essential to the health of Minnesotans and the vitality of our communities. This program is part of a comprehensive clean water strategy to reduce nutrients and sediment from entering drinking water supplies. Incorporating cover crops into row crop rotations within drinking water supply management areas can improve water quality by decreasing nitrogen losses, reducing runoff and improving soil health.

Vulnerabilities of drinking water systems have come into the spotlight over the last several years. While Minnesota has not experienced a large scale drinking water crisis, the risk of drinking water contamination is of particular concerns in some areas of Minnesota. Several Minnesota communities have seen increased water treatment rates due to contamination of ground water from excess nitrate coming from agricultural areas. These incidents are indicative of the widespread vulnerability of many rural communities because much of Minnesota’s rural landscape is heavily dominated by intensive row-crop agriculture.

Reports, such as the Minnesota Pollution Control Agency Nutrient Reduction Strategy, indicate that despite widespread best management practice (BMP) adoption, nitrate levels in Minnesota are not decreasing. Even perfect timing, rate, and placement of nitrogen fertilizer won’t stop all the leaks in the current cropping systems. For a good portion of each spring and fall, large portions of the landscape are bare. Given the significant influence of land uses on water quality, this study and several other reports, such as the Environmental Quality Board Water Policy Report and the Clean Water Council’s Living Cover for Drinking Water Protection policy, indicate that to reduce nitrate from leaching into our groundwater and running off into our surface waters, a shift in the cropping systems will be required. One component of this shift is the recommended use of cover crops to scavenge excess nitrogen from the soil.

Proposal:

This new cover crops initiative is highly targeted and will provide an opportunity for a large acre and participant increase in areas where there will be benefits to a drinking water supply. Clean Water Funds will be made to eligible landowners and retailers to plant cover crops, provide payments to reduce risk, and purchase specialized inter-seeding equipment in one or two targeted areas within the state.

This initiative can leverage existing Natural Resources Conservation Service financial assistance programs and will be implemented by soil and water conservation districts (SWCDs). Short term success will be measured by the number of acres of cover crops installed with appropriated funds. Long term success will be measured against the long-term groundwater goals set by the Clean Water Road map.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Not Applicable

Results:

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota waters. BWSR will track the acres of cover crops established in wellhead and source water protection areas as well as track progress toward the long-term goals for groundwater set forth 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	# of acres		Up to an additional 2,000 acres	
Results	Nitrate levels in groundwater reduced by 20% Wells meeting standards in SE MN Wells meeting standards in Central Sands	89% 96%	95% 98%	By 2034

Statutory Change(s):

Not Applicable

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

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

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water				
Expenditures	2,375	2,375	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,375	2,375	0	0
FTEs	2.5	2.5	0	0

Recommendation:

The Governor recommends \$4,750,000 from the Clean Water Fund for the FY20-21 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. The agency also requests 2.5 FTE to implement the program.

Rationale/Background:

As noted by our interagency water discussions, groundwater in Minnesota is at risk of overuse and contamination. This program is part of a comprehensive clean water strategy to prevent sediment and nutrients from entering drinking water supplies. Restoring and permanently protecting land, or implementing best management practices, within drinking water supply management areas improves water quality by increasing the distance between drinking water sources and agricultural chemical uses.

Proposal:

This proposal is a continuation of a successful Clean Water Fund easement program. The purpose of this highly targeted 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. BWSR will continue to work with Minnesota Department of Health and Minnesota Department of Agriculture to determine the list of targeted areas. The agency will then work with soil and water conservation districts (SWCDs) or other community partners in those areas to implement the needed solutions and reduce nutrients and sediment from entering drinking water supplies. 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.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Not applicable

Results:

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota waters. BWSR will track the acres of wellhead and source water protection areas protected as well as track progress toward the long-term goals for groundwater set forth in the Clean Water Roadmap.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Goal</i>	<i>Dates</i>
Results	Nitrate levels in groundwater reduced by 20%	89%	95%	By 2034
	Wells meeting standards in SE MN	96%	98%	
	Wells meeting standards in Central Sands			

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

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

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water				
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 for the FY20-21 biennium to continue implementation of a systematic survey of annual soil erosion rates, adoption of crop residue management practices, and cover crops in 67 Minnesota counties. This funding request matches the FY18-19 appropriation.

Rationale/Background:

About half of Minnesota’s surface waters have been assessed for water quality, and of those, about 40 percent do not meet basic water quality standards.

Soil erosion, and the nutrients carried with it, are 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 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 and implementation of cover crops. Tillage and cover crop trend data and soil erosion data are critical to measuring progress towards 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 Strategies (WRAPS), and Total Maximum Daily Loads (TMDLs). This data allows tracking of local trends in adoption of conservation practices, effectiveness of local targeting efforts, and helps set local and state priorities.

This critical data is not collected anywhere else. The last statewide effort 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 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, cover crop 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 and cover crops. Tillage, cover crop, and soil erosion data will be collected in the 67 Minnesota counties with greater than 30 percent of land dedicated to agricultural row crop production.

The principal result 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 and cover crops. 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 percent in available area.
 - Increase and Target Living Cover – cover crop adoption rate of 10 percent.
- *Minnesota Nutrient Reduction Strategy – Achieving nitrogen phase 1 milestones:*
 - Increase and Target Living Cover – cover crop adoption rate of 10 percent.
- *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.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Not applicable

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, the agency will look at soil erosion rates by county and by watershed, and measure progress against the long-term goals outlined in the Clean Water Roadmap.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Soil erosion rates by county/watershed	7.28 tons/acre/yr.	3 to 5 tons/acre/yr.	By 2034
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

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund - Technical Evaluation

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water				
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 FY20-21 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 Department of Natural Resources (DNR) (equivalent to 0.5 FTE) to lead the evaluation effort. This funding request matches the FY18-19 appropriation.

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). 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 have combined 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 is 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.

Equity and Inclusion:

Not applicable

IT Related Proposals:

Not applicable

Results:

This program evaluates the effectiveness of habitat restorations funded through the Clean Water Fund, helping to measure the performance of projects in meeting habitat goals and providing recommendations to improve effectiveness of future projects. Findings are summarized in an annual report to the legislature and governing councils. All projects evaluated thus far have been implemented in compliance with applicable appropriation laws and reporting requirements, including presenting measurable outcomes and planning to evaluate results.

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Buffer Credit for Agricultural Land

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures (BWSR)	2,045	0	0	0
Expenditures (Tax Aids, Credits and Refunds)	0	15,800	15,800	15,800
Revenues (Tax Aids, Credits and Refunds)	0	550	550	550
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,045	15,250	15,250	15,250
FTEs	0	0	0	0

Recommendation:

The Governor recommends creating an ongoing property tax credit to compensate landowners required to maintain riparian buffers or a water quality equivalent on agricultural land. In addition, the Governor recommends appropriating \$2.045 million from the general fund to the Board of Water and Soil Resources (BWSR) in FY 2020 to provide payments to local soil and water conservation districts (SWCDs). SWCDs will be responsible for reporting landowner noncompliance with the buffer law to counties.

Rationale/Background:

Laws enacted during the 2015 legislative session require riparian buffers or a water quality equivalent to be established on many public waters and drainage systems. Owners of agricultural land abutting public waters must have had buffers in place by November 1, 2017. For land abutting public drainage systems, the deadline was November 1, 2018.

Proposal:

Under this proposal, landowners can claim a property tax credit of \$50 per acre for land required to be maintained as a riparian buffer. Alternatively, landowners can claim an equivalent tax credit if they choose to instead implement an alternative practice with equivalent water quality benefits.

Parcels must meet the following requirements in order to be eligible for the credit:

1. The buffer or alternative practice must be on land classified as 2a agricultural;
2. The buffer or an alternative practice is required under Minnesota Statutes, Section 103F.48, and identified on the state’s buffer-protection map;
3. There are no delinquent taxes on the parcel;
4. The land has not been compensated for damages consistent with Minnesota Statutes, Chapter 103E, for the purposes of installing a buffer; and
5. The SWCD has not found the landowner noncompliant with buffer requirements.

Landowners must apply for the riparian buffer credit and certify their amount of eligible land by December 31, 2019. Landowners only apply for the first year they receive the credit. Once approved, the credit will continue into future years. Beginning in 2020 applications for the buffer tax credit will be allowed only when ownership of the land changes or when compliance with at least one of the above conditions changes.

Counties, in consultation with SWCDs, other local water management authorities, and BWSR, will verify applicants' eligibility for the credit. BWSR will distribute a \$30,000 payment from the general fund to MnGeo and \$2.015 million in payments from the general fund to SWCDs in FY 2020. MnGeo will determine which parcels are both subject to the buffer law and are classified as 2a agricultural land. BWSR will provide \$5,000 to \$40,000 each to 89 SWCDs. The size of the payments will depend on the number of parcels BWSR anticipates the SWCD will review for compliance.

The Department of Natural Resources estimates approximately 317,000 acres will be eligible for this credit. Counties will administer the credit, and the Department of Revenue will reimburse the counties. The state estimates the total value of the credit for landowners will be \$15.8 million annually. In addition, the buffer credit reduces property taxes on farm land. Because property taxes can be claimed as income tax deductions for businesses, the buffer credit will reduce income tax deductions and increase revenue to the state by \$550,000 annually.

Equity and Inclusion:

This proposal will not increase inequities.

Results:

The credit will provide property tax relief for landowners complying with the riparian buffer requirement.

Statutory Change(s):

New section – Minnesota Statutes, Section 273.1388

Minnesota Statutes, Section 273.1393

Program: Land and Water Conservation Projects

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
- Provided 90 grants to local governments that leverage both local and federal dollars to support conservation implementation in FY18

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, the Board of Water and Soil Resources (BWSR) meets 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 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.

BWSR works through local governments to ensure private landowners have access to a local, trusted resource that can help address conservation needs. BWSR provides 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

BWSR uses a comprehensive grant management system to track the use of state funds in the most efficient manner possible. It establishes eligibility criteria, determines grant program policies, reviews work plans, issues grant agreements, and conducts 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 in the table below represent BWSR's 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 is 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 local community. For example, data from an annual Pew Report shows that trust in local government has largely been stable at 70 percent, while trust in state and federal government has shown considerably more variation, with the current level at 57 percent trusting in state government, and 28 percent trusting in the legislative branch of the federal government.

Type of Measure	Name of Measure	Previous	Current	Dates
Result	Amount of phosphorus removed compared to state goals (statewide)	6.4% 79,313 pounds annually	10.7% 116,785 pounds annually	2015, 2017
	Amount of nitrogen removed compared to state goals (statewide)	0.22% 93,667 pounds annually	0.3% 114,429 pounds annually	2015, 2017

**Statewide goals for phosphorus and nitrogen reduction as found in the Nutrient Reduction Strategy (<https://www.pca.state.mn.us/water/nutrient-reduction-strategy>)*

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>).

Land & Water Cons. Projects

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	1,706	3,944	5,865	1,517	1,800	1,800	1,800	1,800
2000 - Restrict Misc Special Revenue			248	2				
2001 - Other Misc Special Revenue	223	3	1	3				
2300 - Outdoor Heritage	199	8	3	8				
2302 - Clean Water	190	93		5			1,500	1,500
Total	2,316	4,048	6,118	1,535	1,800	1,800	3,300	3,300
Biennial Change				1,289		(4,053)		(1,053)
Biennial % Change				20		(53)		(14)
Governor's Change from Base								3,000
Governor's % Change from Base								83

Expenditures by Activity

Projects and Project Mgmt	2,316	4,048	6,118	1,535	1,800	1,800	3,300	3,300
Total	2,316	4,048	6,118	1,535	1,800	1,800	3,300	3,300

Expenditures by Category

Compensation	159	272	206	111			175	175
Operating Expenses	12	153	41	2				
Grants, Aids and Subsidies	1,954	1,945	2,801	1,066	1,800	1,800	3,125	3,125
Capital Outlay-Real Property		1,670	1,161	174				
Other Financial Transaction	192	8	1,909	182				
Total	2,316	4,048	6,118	1,535	1,800	1,800	3,300	3,300

Full-Time Equivalent

	1.03	1.84	1.74	0.98			1.75	1.75
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Land & Water Cons. Projects

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Balance Forward In	640	738	3,793	1,017				
Direct Appropriation	1,660	6,939	3,099	500	1,800	1,800	1,800	1,800
Cancellations			9					
Balance Forward Out	595	3,733	1,017					
Expenditures	1,706	3,944	5,865	1,517	1,800	1,800	1,800	1,800
Biennial Change in Expenditures				1,732		(3,782)		(3,782)
Biennial % Change in Expenditures				31		(51)		(51)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.36	1.83	1.74	0.98				

2000 - Restrict Misc Special Revenue

Balance Forward In			250	2				
Receipts		250						
Balance Forward Out		250	2					
Expenditures			248	2				
Biennial Change in Expenditures				250		(250)		(250)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2001 - Other Misc Special Revenue

Balance Forward In	204	4	4	3				
Receipts	20							
Balance Forward Out	2	1	3					
Expenditures	223	3	1	3				
Biennial Change in Expenditures				(221)		(4)		(4)
Biennial % Change in Expenditures				(98)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.67	0.01						

2300 - Outdoor Heritage

Land & Water Cons. Projects

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Balance Forward In	206	16	11	8				
Balance Forward Out	8	8	8					
Expenditures	199	8	3	8				
Biennial Change in Expenditures				(195)		(11)		(11)
Biennial % Change in Expenditures				(94)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2302 - Clean Water

Balance Forward In	226		5	5				
Direct Appropriation							1,500	1,500
Receipts		97						
Cancellations	36							
Balance Forward Out		5	5					
Expenditures	190	93		5			1,500	1,500
Biennial Change in Expenditures				(277)		(5)		2,995
Biennial % Change in Expenditures				(98)				
Governor's Change from Base								3,000
Governor's % Change from Base								
Full-Time Equivalents							1.75	1.75

Program: Resource Protection Rules and Lawbwsr.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

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. The Board of Water and Soil Resources (BWSR) 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 PROVIDEDOversight 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; BWSR administers the act statewide, and it is enforced by the Department of Natural Resources.

BWSR supports 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.

BWSR also implements the Local Government Roads Wetland Replacement Program, a statutory mandate that requires the state 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. Underfunding has impacted local road authorities' assurance of wetland mitigation for their road projects.

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.
- Protect or provide riparian corridors (the land area adjacent to water).

The original law was signed by the Governor in June 2015. The law was amended by the Legislature in 2016 and 2017 to provide clarifications to several provisions, including the riparian protection requirement by ensuring it only applies to public waters and public ditches, compliance and enforcement responsibilities and processes, and compliance waivers for hardships. As of summer 2018, nearly 99 percent of land adjacent to public waters was in compliance with the law.

BWSR is charged with oversight and implementation of the law, which 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

BWSR provides 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

As required by statute, some state resource management programs are implemented by counties. To create efficiency, BWSR coordinates and packages 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, BWSR aims to maintain and protect Minnesota's wetlands and the benefits they provide, and 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. BWSR also strives 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 over date range of wetland acres in Minnesota*	0.02%	0.04%	2006-2011, 2009-2014
Quality	Number of wetland appeals made of local Technical Evaluation Panel decisions	11	8**	2015, 2017
Quantity	Percent of drainage authorities reporting on ditch buffers	100% counties 100% watershed districts	100% counties 100% watershed districts	2015, 2017
Result	Percent of Public Drainage Manual updated	20%	100%	2015, 2016
Quantity	Number of block grants issued to local governments for state resource management programs	87	87	2015, 2018
Result	Percent of Public Waters buffers compliance statewide	94%	98.5%	2017, 2018
Result	Percent of Public Ditches buffer preliminary compliance statewide	NA	76%	2018

*[Monitoring Changes in Minnesota Wetland Area and Type from 2006 to 2014](https://files.dnr.state.mn.us/eco/wetlands/monitoring-wetland-changes.pdf). Minnesota Department of Natural Resources. September 2017. <https://files.dnr.state.mn.us/eco/wetlands/monitoring-wetland-changes.pdf>

**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).

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>)

Resource Protection Rules/Law

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	4,258	4,527	7,788	930	4,350	4,350	4,350	4,350
2000 - Restrict Misc Special Revenue	469	410	564	1,849	1,739	1,739	1,739	1,739
2001 - Other Misc Special Revenue	2,883	2,736	2,825	343	6		6	
2050 - Environment & Natural Resources			622	628				
3000 - Federal	1							
Total	7,610	7,672	11,800	3,750	6,095	6,089	6,095	6,089
Biennial Change				268		(3,366)		(3,366)
Biennial % Change				2		(22)		(22)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Resource Protection Rules/Law	7,610	7,672	11,800	3,750	6,095	6,089	6,095	6,089
Total	7,610	7,672	11,800	3,750	6,095	6,089	6,095	6,089

Expenditures by Category

Compensation	1,145	1,201	1,394	1,725	1,712	1,712	1,712	1,712
Operating Expenses	164	242	109	326	213	207	213	207
Grants, Aids and Subsidies	6,289	6,230	10,296	1,599	4,070	4,070	4,070	4,070
Capital Outlay-Real Property	0							
Other Financial Transaction	11		1	100	100	100	100	100
Total	7,610	7,672	11,800	3,750	6,095	6,089	6,095	6,089

Full-Time Equivalent

	10.72	11.68	13.08	17.00	16.90	16.90	16.90	16.90
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Resource Protection Rules/Law

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Balance Forward In	56	208	18	3				
Direct Appropriation	4,389	4,339	7,773	927	4,350	4,350	4,350	4,350
Cancellations		3						
Balance Forward Out	187	18	3					
Expenditures	4,258	4,527	7,788	930	4,350	4,350	4,350	4,350
Biennial Change in Expenditures				(66)		(18)		(18)
Biennial % Change in Expenditures				(1)		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	5.89	7.31	7.85	7.40	7.40	7.40	7.40	7.40

2000 - Restrict Misc Special Revenue

Balance Forward In	72	8	22	1,074	884	804	884	804
Receipts	399	411	674	659	659	659	659	659
Transfers In			942	1,000	1,000	1,000	1,000	1,000
Balance Forward Out	2	9	1,074	884	804	724	804	724
Expenditures	469	410	564	1,849	1,739	1,739	1,739	1,739
Biennial Change in Expenditures				1,535		1,065		1,065
Biennial % Change in Expenditures				175		44		44
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.83	4.37	5.13	9.50	9.50	9.50	9.50	9.50

2001 - Other Misc Special Revenue

Balance Forward In	1,244	486	350	349	6		6	
Receipts	3,375	2,545	2,825					
Balance Forward Out	1,736	295	350	6				
Expenditures	2,883	2,736	2,825	343	6		6	
Biennial Change in Expenditures				(2,450)		(3,162)		(3,162)
Biennial % Change in Expenditures				(44)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Resource Protection Rules/Law

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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2050 - Environment & Natural Resources

Balance Forward In			110	28				
Direct Appropriation		110	540	600	0	0	0	0
Balance Forward Out		110	28					
Expenditures			622	628				
Biennial Change in Expenditures				1,250		(1,250)		(1,250)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalent			0.10	0.10				

3000 - Federal

Balance Forward In	1							
Expenditures	1							
Biennial Change in Expenditures				(1)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Program: Board Administration and Agency Operationsbwsr.state.mn.us/**AT A GLANCE**

- 20-member governing board includes local officials, citizens, and agency partners
- 127 staff in nine offices
- 1,183 grants to local governments issued in FY18

PURPOSE & CONTEXT

The goal of Board Administration and Agency Operations is to provide high quality, timely, and cost-effective operational and administrative service.

In addition to providing resources to agency staff, it provides 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 PROVIDEDAdministrative Services

Administrative Services provides 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 and grants funds to implement the state's conservation programs and regulatory decisions. The Board comprises three citizens, representatives from local governments (two city, three county, one township, three watershed district, and three 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

BWSR's 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

Internal Controls provides 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

Information Technology provides 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

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

Training

BWSR provides high quality and intentional training for both its staff and local government partners to increase their effectiveness in implementing their work to improve and protect the state's soil and water resources.

RESULTS

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

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percent of total budget spent on local program implementation (grants and projects)	85%	83%	2015, 2017
Quantity	Number of overdue local water plans	8	3	2016, 2017
Quantity	Print Media Coverage	28 million aggregated people reached	48.2 million aggregated people reached	2017, 2018
Quantity	Social Media Coverage	911 Facebook and Twitter followers	2,380 Facebook and Twitter followers	2015, 2018
Quality	Percent grant funds to local governments reconciled (should be at least 10% per Office of Grants Management policy)	11%	16%	2014, 2017

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>).

Board Admin & Agency Ops

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	3,898	4,197	4,474	4,734	4,550	4,550	5,737	5,542
2001 - Other Misc Special Revenue	40	45	10	1				
2302 - Clean Water	521							
3000 - Federal		125	987	671	250		250	
Total	4,458	4,368	5,472	5,406	4,800	4,550	5,987	5,542
Biennial Change				2,052		(1,528)		651
Biennial % Change				23		(14)		6
Governor's Change from Base								2,179
Governor's % Change from Base								23

Expenditures by Activity

Board Admin & Agency Ops	4,458	4,368	5,472	5,406	4,800	4,550	5,987	5,542
Total	4,458	4,368	5,472	5,406	4,800	4,550	5,987	5,542

Expenditures by Category

Compensation	3,079	3,205	3,517	4,142	3,585	3,335	4,018	3,637
Operating Expenses	1,328	1,093	1,320	1,262	1,213	1,213	1,967	1,903
Grants, Aids and Subsidies			552					
Capital Outlay-Real Property			80					
Other Financial Transaction	50	69	3	2	2	2	2	2
Total	4,458	4,368	5,472	5,406	4,800	4,550	5,987	5,542

Total Agency Expenditures	4,458	4,368	5,472	5,406	4,800	4,550	5,987	5,542
Internal Billing Expenditures	19							
Expenditures Less Internal Billing	4,439	4,368	5,472	5,406	4,800	4,550	5,987	5,542

Full-Time Equivalent

	31.25	30.92	36.35	39.15	35.02	32.57	37.42	34.77
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Board Admin & Agency Ops

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Balance Forward In		41		197				
Direct Appropriation	3,932	4,160	4,680	4,545	4,558	4,558	5,745	5,550
Receipts	1							
Transfers Out			8	8	8	8	8	8
Cancellations		4						
Balance Forward Out	34		198					
Expenditures	3,898	4,197	4,474	4,734	4,550	4,550	5,737	5,542
Biennial Change in Expenditures				1,113		(108)		2,071
Biennial % Change in Expenditures				14		(1)		22
Governor's Change from Base								2,179
Governor's % Change from Base								24
Full-Time Equivalents	28.69	29.95	33.94	33.26	32.57	32.57	34.97	34.77

2001 - Other Misc Special Revenue

Balance Forward In		1	12	1				
Receipts	41	56						
Balance Forward Out	1	12	1					
Expenditures	40	45	10	1				
Biennial Change in Expenditures				(74)		(11)		(11)
Biennial % Change in Expenditures				(87)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents		0.43	0.21					

2302 - Clean Water

Balance Forward In	856							
Cancellations	335							
Expenditures	521							
Biennial Change in Expenditures				(521)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	2.56							

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
3000 - Federal								
Balance Forward In			15					
Receipts		140	971	671	250		250	
Balance Forward Out		15						
Expenditures		125	987	671	250		250	
Biennial Change in Expenditures				1,533		(1,408)		(1,408)
Biennial % Change in Expenditures						(85)		(85)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents		0.54	2.20	5.89	2.45		2.45	

Program: Permanent Resource Protectionbwsr.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 7,700 easements, protecting more than 290,500 acres since 1986

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, the Board of Water and Soil Resources (BWSR) acquires conservation easements to permanently protect, restore, and manage resources while keeping the land in private ownership. 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 PROVIDEDConservation Easement Acquisition

The RIM Reserve program consists of several sub-programs aimed at protecting and restoring wetlands, wild rice lakes, and areas along lakes, rivers, and streams. RIM is the state program that supports the Minnesota Conservation Reserve Enhancement Program (MN CREP), a federal-state partnership launched in 2017 that will permanently protect up to 60,000 acres of environmentally sensitive land in a 54-county area in western and southern Minnesota. The MN CREP will leverage up to \$350 million dollars in federal payments directly to landowners. BWSR also works 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 Reserve 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 State of Minnesota holds conservation easements on restored wetlands, adjacent native grassland and buffers while the land remains in private ownership. RIM Reserve 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. BWSR maintains 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 Minnesota Pollution Control Agency 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. BWSR aims to create and sustain Minnesota jobs. Based on a report from the Natural Resources Conservation Service, for every \$100,000 in RIM funding, one new non-agency 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, BWSR needs to ensure the long-term integrity of conservation easements. BWSR accomplishes 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	263,750	290,500	2015, 2017
Quality	Percent easements monitored on schedule	100%	100%	2015, 2017
Results	Percent of easements with compliance issues (should be <5%)	0.5%	0.5%	2015, 2017

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>).

Permanent Resource Protection

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
2000 - Restrict Misc Special Revenue	10	2	13	32	4	4	4	4
2001 - Other Misc Special Revenue	244	832	1,316	1,600	1,599	1,599	1,599	1,599
2300 - Outdoor Heritage	22,569	6,002	13,774	53,902				
2302 - Clean Water	1,158	3,436	3,560	45,975			40,300	35,300
3000 - Federal	3,848	2,184	2,118	2,590	2,687	2,733	2,687	2,733
Total	27,828	12,455	20,781	104,099	4,290	4,336	44,590	39,636
Biennial Change				84,596		(116,254)		(40,654)
Biennial % Change				210		(93)		(33)
Governor's Change from Base								75,600
Governor's % Change from Base								876

Expenditures by Activity

Permanent Protection	27,828	12,455	20,781	104,099	4,290	4,336	44,590	39,636
Total	27,828	12,455	20,781	104,099	4,290	4,336	44,590	39,636

Expenditures by Category

Compensation	1,799	1,559	1,077	1,707	397	353	3,422	3,278
Operating Expenses	925	336	2,203	2,655	643	733	643	733
Grants, Aids and Subsidies	1,079	1,878	10	20,471			35,825	30,925
Capital Outlay-Real Property	20,603	8,000	13,306	63,168	3,000	3,000	4,450	4,450
Other Financial Transaction	3,422	683	4,185	16,098	250	250	250	250
Total	27,828	12,455	20,781	104,099	4,290	4,336	44,590	39,636

Full-Time Equivalent

	19.70	17.00	11.53	17.83	4.10	4.10	34.00	33.00
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Permanent Resource Protection

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
2000 - Restrict Misc Special Revenue								
Balance Forward In	14	5	5	57	45	41	45	41
Receipts		2	65	20				
Balance Forward Out	4	5	57	45	41	37	41	37
Expenditures	10	2	13	32	4	4	4	4
Biennial Change in Expenditures				34		(37)		(37)
Biennial % Change in Expenditures				297		(82)		(82)
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In	711	730	346	1,315	1,188	879	1,188	879
Receipts	250	750	1,262	1,290	1,290	1,290	1,290	1,290
Transfers In	19	56	1,023	183				
Transfers Out	19	358						
Balance Forward Out	717	346	1,315	1,188	879	570	879	570
Expenditures	244	832	1,316	1,600	1,599	1,599	1,599	1,599
Biennial Change in Expenditures				1,840		282		282
Biennial % Change in Expenditures				171		10		10
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.36	3.59	2.83	3.22	3.22	3.22	3.22	3.22

2300 - Outdoor Heritage

Balance Forward In	27,780	15,392	34,383	36,763				
Direct Appropriation	7,513	23,061	17,260	17,154	0	0	0	0
Transfers Out		39	906	15				
Cancellations	100	281	200					
Balance Forward Out	12,624	32,132	36,763					
Expenditures	22,569	6,002	13,774	53,902				
Biennial Change in Expenditures				39,105		(67,676)		(67,676)
Biennial % Change in Expenditures				137		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Permanent Resource Protection

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Full-Time Equivalents	12.85	12.53	6.92	13.64				

2302 - Clean Water

Balance Forward In	4,802	20,875	33,774	36,868				
Direct Appropriation	16,625	16,625	8,125	10,125	0	0	40,300	35,300
Receipts	16							
Transfers In	500							
Transfers Out		583	1,362	1,018				
Cancellations		9	108					
Balance Forward Out	20,785	33,472	36,868					
Expenditures	1,158	3,436	3,560	45,975			40,300	35,300
Biennial Change in Expenditures				44,942		(49,535)		26,065
Biennial % Change in Expenditures				978		(100)		53
Governor's Change from Base								75,600
Governor's % Change from Base								
Full-Time Equivalents			0.09	0.09			29.90	28.90

3000 - Federal

Balance Forward In	135	151	113	113	5,199	4,512	5,199	4,512
Receipts	3,864	2,147	2,118	7,676	2,000	2,000	2,000	2,000
Balance Forward Out	150	113	113	5,199	4,512	3,779	4,512	3,779
Expenditures	3,848	2,184	2,118	2,590	2,687	2,733	2,687	2,733
Biennial Change in Expenditures				(1,324)		712		712
Biennial % Change in Expenditures				(22)		15		15
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.49	0.88	1.69	0.88	0.88	0.88	0.88	0.88

Program: Local Water Managementbwsr.state.mn.us/**AT A GLANCE**

- Five approved *One Watershed, One Plan* plans, 22 plans in process
- 90 Conservation Delivery grants issued in 2018, totaling \$1.7 million
- 30 grants to improve and protect Minnesota's waters issued in 2017, totaling \$6.5 million
- \$8.7 million in grants for a watershed-based funding pilot program in seven-county metro area and approved *One Watershed, One Plan* plans
- \$11 million in capacity funding annually 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. The Board of Water and Soil Resources does 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. BWSR has 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 PROVIDEDConservation 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. 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, BWSR guides 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. BWSR's 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. The program moves the planning and implementation of water management from county boundaries to a watershed scale. Five plans have been approved and 22 are in process. This year, BWSR launched a watershed-based funding pilot program for the five approved plans and the seven-county metro area that will support conservation work on a watershed scale.

Water Management Implementation

Working through the local conservation delivery system, BWSR provides 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 BWSR has 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. BWSR also aims 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 as demonstrated by the launch of the watershed-based funding pilot program.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	SWCDs meeting basic performance and accountability requirements	87%	90%	2015, 2017
Quantity	Number of overdue water plans	8	3	2016, 2017

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>).

Local Water Management

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	3,256	3,473	5,152	1,812	3,481	3,481	5,901	3,856
2000 - Restrict Misc Special Revenue	41	54	43	41	40	40	40	40
2001 - Other Misc Special Revenue	761	704	170	151				
2050 - Environment & Natural Resources	1,504	1,097	2,052	17,662				
2302 - Clean Water	35,952	43,721	37,954	47,466			26,040	25,540
Total	41,514	49,048	45,372	67,132	3,521	3,521	31,981	29,436
Biennial Change				21,941		(105,462)		(51,087)
Biennial % Change				24		(94)		(45)
Governor's Change from Base								54,375
Governor's % Change from Base								772
<u>Expenditures by Activity</u>								
BWSR Operations	2,706	6,128	9,657	26,337	125	125	18,565	18,565
Grants To Local Govt	38,807	42,920	35,715	40,795	3,396	3,396	13,416	10,871
Total	41,514	49,048	45,372	67,132	3,521	3,521	31,981	29,436
<u>Expenditures by Category</u>								
Compensation	2,369	3,598	5,306	5,047			2,871	2,861
Operating Expenses	1,184	3,820	3,873	2,551	351	351	1,648	1,618
Grants, Aids and Subsidies	35,773	41,498	35,941	46,724	3,170	3,170	27,462	24,957
Capital Outlay-Real Property	2,059	125	249	12,810				
Other Financial Transaction	129	7	3					
Total	41,514	49,048	45,372	67,132	3,521	3,521	31,981	29,436
Total Agency Expenditures	41,514	49,048	45,372	67,132	3,521	3,521	31,981	29,436
Internal Billing Expenditures	0							
Expenditures Less Internal Billing	41,514	49,048	45,372	67,132	3,521	3,521	31,981	29,436
<u>Full-Time Equivalent</u>								
	24.59	34.94	52.64	51.97	1.04	1.04	31.14	31.04

Local Water Management

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Balance Forward In	18	118	2	1,447				
Direct Appropriation	3,356	3,356	6,597	365	3,481	3,481	5,901	3,856
Balance Forward Out	118	2	1,447					
Expenditures	3,256	3,473	5,152	1,812	3,481	3,481	5,901	3,856
Biennial Change in Expenditures				236		(2)		2,793
Biennial % Change in Expenditures				4		(0)		40
Governor's Change from Base								2,795
Governor's % Change from Base								40

2000 - Restrict Misc Special Revenue

Balance Forward In	20	21	9	11	10	10	10	10
Receipts	41	43	44	40	40	40	40	40
Transfers In		4						
Transfers Out		4						
Balance Forward Out	20	9	10	10	10	10	10	10
Expenditures	41	54	43	41	40	40	40	40
Biennial Change in Expenditures				(11)		(4)		(4)
Biennial % Change in Expenditures				(12)		(4)		(4)
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In	532	124	28	16				
Receipts	348	606	159	135				
Balance Forward Out	118	27	16					
Expenditures	761	704	170	151				
Biennial Change in Expenditures				(1,144)		(321)		(321)
Biennial % Change in Expenditures				(78)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.52	0.87	0.90	0.76				

2050 - Environment & Natural Resources

Local Water Management

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Balance Forward In	761	1,511	3,516	12,662				
Direct Appropriation	2,203	3,162	11,771	5,000	0	0	0	0
Transfers Out			33					
Cancellations	42	85	541					
Balance Forward Out	1,418	3,491	12,661					
Expenditures	1,504	1,097	2,052	17,662				
Biennial Change in Expenditures				17,114		(19,714)		(19,714)
Biennial % Change in Expenditures				658		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.09	0.19	3.90	3.25				

2302 - Clean Water

Balance Forward In	6,189	9,391	6,295	7,144				
Direct Appropriation	40,216	39,697	37,786	39,472	0	0	26,040	25,540
Receipts	1	13	10					
Transfers In	2,231	3,470	5,017	2,850				
Transfers Out	2,231	3,060	3,739	2,000				
Cancellations	3,320	23	271					
Balance Forward Out	7,133	5,767	7,143					
Expenditures	35,952	43,721	37,954	47,466			26,040	25,540
Biennial Change in Expenditures				5,747		(85,420)		(33,840)
Biennial % Change in Expenditures				7		(100)		(40)
Governor's Change from Base								51,580
Governor's % Change from Base								
Full-Time Equivalents	23.98	33.88	47.84	47.96	1.04	1.04	31.14	31.04

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
U.S Army (ARNG) (ACUB) 12.401	1. Easement Program in which easements are approved and funded by U.S Army.	No	2,043	2,533	2,633	2,733	No	.36
U.S Army Corps of Engineers (COE) 10.912	2. Work with US Army Corp of engineers on interpersonal agreements	No	75	57	54	0	No	.52
	Program Total: Permanent Resource Protection		2,118	2,590	2,687	2,733		.88
U.S Environmental Protection Agency (EPA) 66.461	3. Wetland Development Program (EPA) To assess the long-term condition of wetland mitigation sites.	No	84	101	0	0	25% match No MOE	1.60
Dept. Ag / NRCS 10.902	4. Board Admin and Agency: Expand technical training and certification of conservation professionals	No	294	364	250	0	50% match. No MOE	3.28
Dept. Ag / NRCS 10.933	5. Developing Wetland Mitigation bank with credits acceptable for use in USDA wetland compliance.	No	57	71	0	0	No	.76
Dept. Ag / NRCS 10.902	6. Training and Certification (Technical) for BWSR staff	No	552	115	0	0	50% match. No MOE	0
Dept. Ag / NRCS 10.902	7. Targeted Stories-To increase conservation practice adoption in MN. To increase awareness of NRCS programs and part. And lead change in social landscape by normalizing the adoption of conservation practices and demonstrating the success of local landowners.	Yes	0	20	0	0	50% match. No MOE	.25
	Program Total: Board Admin & Agency Ops		987	671	250	0		5.89
	Federal Fund – Agency Total		3,105	3,261	2,937	2,733		6.77

Narrative

Federal funds use is intermittent in the agency.

- Natural Resource Conservation Service (NRCS).
- U.S Army Compatible Use Buffer (ACUB)
- U.S Army Corp of Engineers (COE)
- Environmental Protection Agency (EPA)

1. 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.
2. The U.S. Army Corp of Engineers (COE) 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.

3. The Environmental Protection Agency (EPA) agreement has increased from FY18 to FY19. The state and federal government are partners in wetland mitigation and wetland restoration. This agreement will have a 75% contribution. There is no MOE.
4. The Technical Training and Certification program agreement with NRCS has increased from FY18 to FY19 with the addition of staff. 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.
5. The Wetland Banking Mitigation Program is an agreement with NRCS to help agricultural producers to meet wetland conservation compliance requirement necessary to remain eligible 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.
6. The Targeted Watershed Based Conservation Planning Program is an agreement with NRCS to provide landowners in up to eleven sub-watersheds in MN additional technical and financial assistance to conduct on-farm environmental assessment, conservation plans. These assessments and plans will lead to accelerated enrollment in federal and state conservation assistance programs in the targeted watersheds with the goal of scaling up the adopting and implementation of soil and water conservation practices that will have a measurable effect on improving water quality and soil health. BWSR will receive 1.5 million of federal funds from NRCS and will provide 1.5 million in matching funds.
7. The Targeted Stories is a new program to increase conservation practice adoption in Minnesota is an agreement with NRCS. The program is a new program to BWSR. Both BWSR and NRCS have a mutual interest in the furtherance of USDA conservation programs administered by the NRCS to assure they are effectively implemented and address federal, state, and local priorities. The proposal is for a targeted communication effort will fund an information officer to create and share stories on successful partnership and NRCS projects that improve soil and water resources and create wildlife habitat while maintaining farming operations. The stories will be distributed through the media, soil media and local organizations. There is a 50% state match and no MOE. The agreement is 240K with BWSR receiving 120K from NRCS and BWSR will provide 120K in matching funds. Length of agreement (09-01-2018 thru 08/31/2021).