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Board of Water and Soil Resources

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

AT A GLANCE

- Small agency of conservation professionals
- Local conservation delivery system
- Governing board of local officials, citizens, and agency partners
- Focus on conservation of private lands (78 percent of Minnesota)
- Transition to comprehensive watershed plans by 2025 (61 plans in total). Since 2014:
 - 27 approved *One Watershed, One Plan* plans
 - 23 *One Watershed, One Plan* plans in progress
- Collaborative model for results including, since 1987:
 - 66,421 conservation practices installed
 - 8,522 easements funded
 - 21,353 wetland credits deposited into the state's wetland bank
- 238 local government accountability assessments completed annually

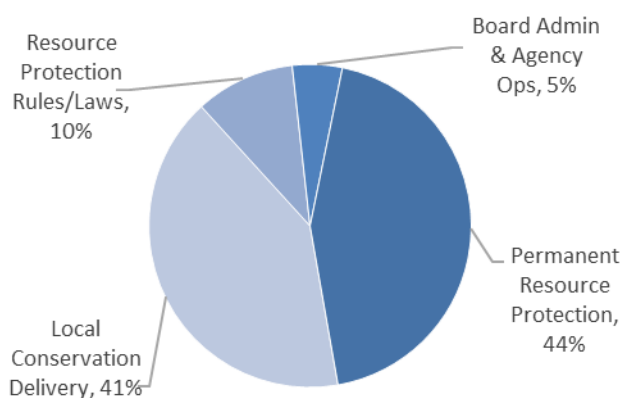
PURPOSE

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.

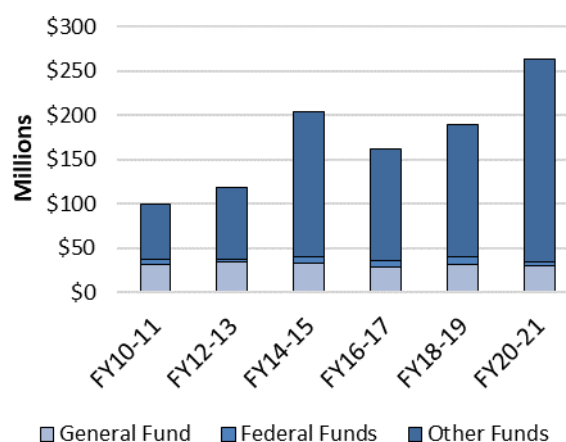
BUDGET

**Spending by Program
FY 2021 Actual**



Source: Budget Planning and Analysis System (BPAS)

Historical Spending



Other Funds includes BWSR's CWF and OHF Legacy appropriations
Source: Consolidated Fund Statement

Funding for agency operations and conservation activities comes from a mix of state and federal funds. The clean water fund (CWF) and outdoor heritage fund (OHF) make up the majority of BWSR's 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 83 percent of BWSR's budget is distributed to local governments and landowners for conservation programs, projects, and easements. The remaining 17 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>

Water and Soil Resources, Board of

Agency Expenditure Overview

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base | | Governor's Recommendation | |
|--|----------------|----------------|----------------|------------------|---------------|---------------|------------------------------|----------------|
| | | | | | FY24 | FY25 | FY24 | FY25 |
| <u>Expenditures by Fund</u> | | | | | | | | |
| 1000 - General | 21,096 | 8,728 | 22,276 | 12,796 | 15,268 | 15,268 | 65,466 | 65,654 |
| 2000 - Restrict Misc Special Revenue | 1,115 | 2,388 | 1,339 | 1,562 | 1,111 | 1,111 | 1,111 | 1,111 |
| 2001 - Other Misc Special Revenue | 4,853 | 10,507 | 7,874 | 11,810 | 6,468 | 4,193 | 6,468 | 4,193 |
| 2050 - Environment & Natural Resources | 7,938 | 3,337 | 4,322 | 5,309 | | | | |
| 2300 - Outdoor Heritage | 19,462 | 18,608 | 10,609 | 49,583 | | | | |
| 2302 - Clean Water | 75,884 | 84,947 | 57,898 | 117,075 | | | 78,064 | 78,063 |
| 3000 - Federal | 3,723 | 1,646 | 3,869 | 2,204 | 1,682 | 1,550 | 1,682 | 1,550 |
| Total | 134,070 | 130,161 | 108,186 | 200,339 | 24,529 | 22,122 | 152,791 | 150,571 |
| Biennial Change | | | | 44,294 | | (261,874) | | (5,163) |
| Biennial % Change | | | | 17 | | (85) | | (2) |
| Governor's Change from Base | | | | | | | | 256,711 |
| Governor's % Change from Base | | | | | | | | 550 |
| <u>Expenditures by Program</u> | | | | | | | | |
| Local Conservation Delivery | 59,531 | 53,401 | 58,460 | 101,849 | 5,929 | 5,929 | 97,952 | 97,958 |
| Resource Protection Rules and Law | 13,461 | 12,557 | 17,566 | 10,216 | 11,729 | 9,380 | 12,979 | 10,630 |
| Board Administration and Agency Operations | 6,074 | 6,265 | 5,443 | 8,105 | 5,434 | 5,434 | 6,873 | 7,054 |
| Long-term Resource Protection | 55,005 | 57,938 | 26,718 | 80,169 | 1,437 | 1,379 | 34,987 | 34,929 |
| Total | 134,070 | 130,161 | 108,186 | 200,339 | 24,529 | 22,122 | 152,791 | 150,571 |
| <u>Expenditures by Category</u> | | | | | | | | |
| Compensation | 12,447 | 12,857 | 12,693 | 15,030 | 7,223 | 7,100 | 17,370 | 17,732 |
| Operating Expenses | 6,789 | 6,634 | 6,804 | 10,116 | 2,630 | 2,622 | 4,273 | 4,225 |
| Grants, Aids and Subsidies | 63,503 | 52,676 | 67,752 | 104,479 | 11,523 | 11,522 | 96,830 | 96,678 |
| Capital Outlay-Real Property | 46,816 | 51,963 | 19,100 | 68,666 | 3,151 | 876 | 33,786 | 31,404 |
| Other Financial Transaction | 4,514 | 6,031 | 1,836 | 2,048 | 2 | 2 | 532 | 532 |
| Total | 134,070 | 130,161 | 108,186 | 200,339 | 24,529 | 22,122 | 152,791 | 150,571 |
| Total Agency Expenditures | 134,070 | 130,161 | 108,186 | 200,339 | 24,529 | 22,122 | 152,791 | 150,571 |
| Internal Billing Expenditures | | | | | | | 5 | 5 |
| Expenditures Less Internal Billing | 134,070 | 130,161 | 108,186 | 200,339 | 24,529 | 22,122 | 152,786 | 150,566 |

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base | | Governor's Recommendation | |
|-------------------------------------|----------------|----------------|----------------|------------------|---------------|-------|------------------------------|--------|
| | | | | | FY24 | FY25 | FY24 | FY25 |
| <u>Full-Time Equivalents</u> | 112.05 | 110.82 | 108.22 | 120.35 | 55.62 | 52.52 | 137.72 | 134.12 |

Water and Soil Resources, Board of

Agency Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------------------|---------------|
| | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY24 | FY25 |
| 1000 - General | | | | | | | | |
| Balance Forward In | 180 | 2,116 | 286 | 3,895 | | | | |
| Direct Appropriation | 23,046 | 7,033 | 25,884 | 8,901 | 15,268 | 15,268 | 65,466 | 65,654 |
| Cancellations | 0 | 174 | | | | | | |
| Balance Forward Out | 2,129 | 247 | 3,894 | | | | | |
| Expenditures | 21,096 | 8,728 | 22,276 | 12,796 | 15,268 | 15,268 | 65,466 | 65,654 |
| Biennial Change in Expenditures | | | 5,248 | | (4,536) | | 96,048 | |
| Biennial % Change in Expenditures | | | 18 | | (13) | | 274 | |
| Governor's Change from Base | | | | | | | 100,584 | |
| Governor's % Change from Base | | | | | | | 329 | |
| Full-Time Equivalents | 36.64 | 35.97 | 37.16 | 37.53 | 36.18 | 34.91 | 60.18 | 58.41 |

2000 - Restrict Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 1,715 | 1,917 | 3,835 | 2,259 | 1,500 | 1,285 | 1,500 | 1,285 |
| Receipts | 681 | 3,669 | 1,408 | 1,076 | 1,096 | 1,096 | 1,096 | 1,096 |
| Transfers In | 745 | 1,185 | | | | | | |
| Transfers Out | 109 | 698 | 1,644 | 273 | 200 | 200 | 200 | 200 |
| Balance Forward Out | 1,916 | 3,685 | 2,260 | 1,500 | 1,285 | 1,070 | 1,285 | 1,070 |
| Expenditures | 1,115 | 2,388 | 1,339 | 1,562 | 1,111 | 1,111 | 1,111 | 1,111 |
| Biennial Change in Expenditures | | | | (602) | | (679) | | (679) |
| Biennial % Change in Expenditures | | | | (17) | | (23) | | (23) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 8.16 | 8.33 | 4.67 | 4.84 | 4.58 | 4.35 | 4.58 | 4.35 |

2001 - Other Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|--------------|---------------|--------------|---------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 2,783 | 3,435 | 1,046 | 5,759 | 420 | 315 | 420 | 315 |
| Receipts | 6,455 | 8,924 | 10,410 | 5,726 | 5,618 | 3,343 | 5,618 | 3,343 |
| Transfers In | 922 | | 4,011 | 6,195 | 745 | 745 | 745 | 745 |
| Transfers Out | 1,992 | 922 | 1,832 | 5,450 | | | | |
| Balance Forward Out | 3,315 | 930 | 5,762 | 420 | 315 | 210 | 315 | 210 |
| Expenditures | 4,853 | 10,507 | 7,874 | 11,810 | 6,468 | 4,193 | 6,468 | 4,193 |
| Biennial Change in Expenditures | | | | 4,324 | | (9,023) | | (9,023) |
| Biennial % Change in Expenditures | | | | 28 | | (46) | | (46) |

Water and Soil Resources, Board of

Agency Financing by Fund

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base FY24 FY25 | | Governor's Recommendation FY24 FY25 | |
|-------------------------------|----------------|----------------|----------------|------------------|----------------------------|------|---|------|
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 5.49 | 5.08 | 11.44 | 15.16 | 9.84 | 9.59 | 9.84 | 9.59 |

2050 - Environment & Natural Resources

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|---|---------|---|---------|
| Balance Forward In | 13,318 | 5,740 | 4,593 | 1,074 | | | | |
| Direct Appropriation | 94 | 868 | 993 | 4,268 | 0 | 0 | 0 | 0 |
| Transfers In | | 922 | | | | | | |
| Transfers Out | 169 | | 189 | 33 | | | | |
| Cancellations | 20 | | 2 | | | | | |
| Balance Forward Out | 5,286 | 4,193 | 1,074 | | | | | |
| Expenditures | 7,938 | 3,337 | 4,322 | 5,309 | | | | |
| Biennial Change in Expenditures | | | | (1,643) | | (9,631) | | (9,631) |
| Biennial % Change in Expenditures | | | | (15) | | (100) | | (100) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | 2.89 | 2.31 | 1.39 | 2.16 | | | | |

2300 - Outdoor Heritage

| | | | | | | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|---|----------|---|----------|
| Balance Forward In | 38,164 | 27,369 | 23,528 | 30,589 | | | | |
| Direct Appropriation | 5,963 | 11,661 | 19,604 | 21,589 | 0 | 0 | 0 | 0 |
| Transfers Out | 457 | | 530 | 2,595 | | | | |
| Cancellations | 5 | | 1,405 | | | | | |
| Balance Forward Out | 24,203 | 20,422 | 30,588 | | | | | |
| Expenditures | 19,462 | 18,608 | 10,609 | 49,583 | | | | |
| Biennial Change in Expenditures | | | | 22,122 | | (60,192) | | (60,192) |
| Biennial % Change in Expenditures | | | | 58 | | (100) | | (100) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | 12.12 | 9.03 | 6.48 | 9.43 | | | | |

2302 - Clean Water

| | | | | | | |
|--------------------|--------|--------|--------|--------|--|--|
| Balance Forward In | 48,634 | 51,417 | 38,134 | 46,681 | | |
|--------------------|--------|--------|--------|--------|--|--|

Water and Soil Resources, Board of

Agency Financing by Fund

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base FY24 FY25 | | Governor's Recommendation FY24 FY25 | |
|-----------------------------------|----------------|----------------|----------------|------------------|----------------------------|-----------|---|---------------|
| Direct Appropriation | 71,950 | 66,484 | 68,584 | 73,216 | 0 | 0 | 78,064 | 78,063 |
| Transfers In | 2,851 | 3,466 | 3,168 | 2,674 | | | 1,505 | 1,505 |
| Transfers Out | 3,146 | 3,466 | 4,280 | 5,496 | | | 1,505 | 1,505 |
| Cancellations | | 50 | 1,024 | | | | | |
| Balance Forward Out | 44,405 | 32,903 | 46,683 | | | | | |
| Expenditures | 75,884 | 84,947 | 57,898 | 117,075 | | | 78,064 | 78,063 |
| Biennial Change in Expenditures | | | | 14,142 | | (174,973) | | (18,846) |
| Biennial % Change in Expenditures | | | | 9 | | (100) | | (11) |
| Governor's Change from Base | | | | | | | | 156,127 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | 41.13 | 44.48 | 40.87 | 44.97 | | | 58.10 | 58.10 |

3000 - Federal

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 289 | 208 | 547 | 474 | 104 | | 104 | |
| Receipts | 3,695 | 1,783 | 3,794 | 1,834 | 1,578 | 1,550 | 1,578 | 1,550 |
| Balance Forward Out | 262 | 345 | 473 | 104 | | | | |
| Expenditures | 3,723 | 1,646 | 3,869 | 2,204 | 1,682 | 1,550 | 1,682 | 1,550 |
| Biennial Change in Expenditures | | | | 703 | | (2,841) | | (2,841) |
| Biennial % Change in Expenditures | | | | 13 | | (47) | | (47) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 5.62 | 5.62 | 6.21 | 6.26 | 5.02 | 3.67 | 5.02 | 3.67 |

(Dollars in Thousands)

| | FY23 | FY24 | FY25 | Biennium 2024-25 |
|---|---------------|---------------|---------------|---------------------|
| Direct | | | | |
| Fund: 1000 - General | | | | |
| FY2023 Appropriations | 8,901 | 8,901 | 8,901 | 17,802 |
| Base Adjustments | | | | |
| All Other One-Time Appropriations | | (1,000) | (1,000) | (2,000) |
| Current Law Base Change | | (472) | (472) | (944) |
| Biennial Appropriations | | 7,839 | 7,839 | 15,678 |
| Forecast Base | 8,901 | 15,268 | 15,268 | 30,536 |
| Change Items | | | | |
| Maintain Current Service Levels | | 189 | 370 | 559 |
| Climate – Accelerated Soil Health Practices | | 13,580 | 13,580 | 27,160 |
| Climate Adaptation – Accelerated Water Storage and Treatment | | 8,500 | 8,500 | 17,000 |
| Climate - Habitat Enhancement Landscape Program | | 4,500 | 4,500 | 9,000 |
| Climate – Private Lands Grassland/Working Land Restoration Easements for Carbon Sequestration | | 11,000 | 11,000 | 22,000 |
| Climate – Private lands Peatland Restoration for Carbon Sequestration | | 7,500 | 7,500 | 15,000 |
| Climate - Mitigation and Resiliency for RIM Easements | | 3,550 | 3,550 | 7,100 |
| Support for Tribal Liaison | | 129 | 136 | 265 |
| Natural Resources Block Grant (NRBG) Increase | | 1,250 | 1,250 | 2,500 |
| Total Governor's Recommendations | 8,901 | 65,466 | 65,654 | 131,120 |
| Fund: 2050 - Environment & Natural Resources | | | | |
| FY2023 Appropriations | 4,268 | 4,268 | 4,268 | 8,536 |
| Base Adjustments | | | | |
| All Other One-Time Appropriations | | (4,268) | (4,268) | (8,536) |
| Forecast Base | 4,268 | 0 | 0 | 0 |
| Total Governor's Recommendations | 4,268 | 0 | 0 | 0 |
| Fund: 2300 - Outdoor Heritage | | | | |
| FY2023 Appropriations | 21,589 | 21,589 | 21,589 | 43,178 |
| Base Adjustments | | | | |
| One-Time Legacy Fund Appropriations | | (21,589) | (21,589) | (43,178) |
| Forecast Base | 21,589 | 0 | 0 | 0 |
| Total Governor's Recommendations | 21,589 | 0 | 0 | 0 |
| Fund: 2302 - Clean Water | | | | |
| FY2023 Appropriations | 73,216 | 73,216 | 73,216 | 146,432 |
| Base Adjustments | | | | |
| One-Time Legacy Fund Appropriations | | (73,216) | (73,216) | (146,432) |
| Forecast Base | 73,216 | 0 | 0 | 0 |
| Change Items | | | | |

Water and Soil Resources, Board of

Agency Change Summary

(Dollars in Thousands)

| | FY23 | FY24 | FY25 | Biennium 2024-25 |
|--|---------------|---------------|---------------|---------------------|
| Clean Water Legacy - Accelerated Implementation | | 5,500 | 5,500 | 11,000 |
| Clean Water Legacy - Watershed Based Implementation | | 39,500 | 39,500 | 79,000 |
| Clean Water Legacy – Surface and Drinking Water Protection Restoration (Projects and Practices) | | 8,500 | 8,500 | 17,000 |
| Clean Water Legacy – Watershed Management Transition | | 1,750 | 1,750 | 3,500 |
| Clean Water Legacy - Measures Results and Accountability | | 1,250 | 1,250 | 2,500 |
| Clean Water Legacy – Shoreland Buffer Compliance | | 2,000 | 2,000 | 4,000 |
| Clean Water Legacy - Critical Shoreland Protection | | 1,500 | 1,500 | 3,000 |
| Clean Water Legacy - Wetland Restoration Easements | | 5,000 | 5,000 | 10,000 |
| Clean Water Legacy - Floodplain Easements | | 2,500 | 2,500 | 5,000 |
| Clean Water Legacy - Targeted Wellhead Drinking Water Source Protection | | 2,500 | 2,500 | 5,000 |
| Clean Water Legacy - Watershed Partners Legacy | | 500 | 500 | 1,000 |
| Clean Water Legacy – Tillage and Erosion Survey | | 425 | 425 | 850 |
| Clean Water Legacy – Enhancing Landowner Adoption of Soil Health Practices | | 6,039 | 6,038 | 12,077 |
| Clean Water Legacy - Conservation Drainage Management and Assistance | | 1,000 | 1,000 | 2,000 |
| Clean Water Legacy - Technical Evaluation | | 100 | 100 | 200 |
| Total Governor's Recommendations | 73,216 | 78,064 | 78,063 | 156,127 |
| <i>Dedicated</i> | | | | |
| Fund: 2000 - Restrict Misc Special Revenue | | | | |
| Planned Spending | 1,562 | 1,111 | 1,111 | 2,222 |
| Forecast Base | 1,562 | 1,111 | 1,111 | 2,222 |
| Total Governor's Recommendations | 1,562 | 1,111 | 1,111 | 2,222 |
| Fund: 2001 - Other Misc Special Revenue | | | | |
| Planned Spending | 10,300 | 5,623 | 3,348 | 8,971 |
| Forecast Base | 10,300 | 5,623 | 3,348 | 8,971 |
| Total Governor's Recommendations | 10,300 | 5,623 | 3,348 | 8,971 |
| Fund: 2302 - Clean Water | | | | |
| Planned Spending | 81 | | | |
| Forecast Base | 81 | | | |
| Total Governor's Recommendations | 81 | | | |
| Fund: 3000 - Federal | | | | |
| Planned Spending | 2,204 | 1,682 | 1,550 | 3,232 |
| Forecast Base | 2,204 | 1,682 | 1,550 | 3,232 |
| Total Governor's Recommendations | 2,204 | 1,682 | 1,550 | 3,232 |

(Dollars in Thousands)

| | FY23 | FY24 | FY25 | Biennium 2024-25 |
|---|-------|-------|-------|---------------------|
| Revenue Change Summary | | | | |
| Dedicated | | | | |
| Fund: 2000 - Restrict Misc Special Revenue | | | | |
| Forecast Revenues | 1,076 | 1,096 | 1,096 | 2,192 |
| Total Governor's Recommendations | 1,076 | 1,096 | 1,096 | 2,192 |
| Fund: 2001 - Other Misc Special Revenue | | | | |
| Forecast Revenues | 5,726 | 5,618 | 3,343 | 8,961 |
| Total Governor's Recommendations | 5,726 | 5,618 | 3,343 | 8,961 |
| Fund: 3000 - Federal | | | | |
| Forecast Revenues | 1,834 | 1,578 | 1,550 | 3,128 |
| Total Governor's Recommendations | 1,834 | 1,578 | 1,550 | 3,128 |
| Non-Dedicated | | | | |
| Fund: 1000 - General | | | | |
| Forecast Revenues | 20 | | | |
| Total Governor's Recommendations | 20 | | | |

Board of Water and Soil Resources

FY 2024-25 Biennial Budget Change Item

Change Item Title: Maintain Current Service Levels

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 189 | 370 | 370 | 370 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 189 | 370 | 370 | 370 |
| FTEs | 0 | 0 | 0 | 0 |

Recommendation:

The Governor recommends additional funding of \$189,000 in FY 2024 and \$370,000 in each subsequent year from the general fund to maintain the current level of service delivery at the Board of Water and Soil Resources (BWSR).

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. For BWSR, the following efficiencies have been implemented to help offset rising operating costs:

- Invested in technology-based training
- Increased use of interagency agreements and contracting
- Accomplished several program assessments and adjustments for efficiency

However, cost growth typically outstrips efficiencies, and without additional resources added to agency budgets, service delivery erodes.

For BWSR, operating cost pressures exist in multiple categories—increases in compensation and insurance costs at the agency, increasing costs to maintain our current staff complement in a challenging labor market, and increasing IT costs. If an operational increase is not provided, the services BWSR delivers to Minnesotans will be impacted. Some examples of potential impacts include:

- Holding position vacancies open.
- Decreasing ability to meet statutory obligations and requirements as defined in Minnesota Statutes 103A – 103G.

Proposal:

The Governor recommends increasing agency operating budgets to support maintaining the delivery of current services. For BWSR, this funding will cover expected and anticipated employee compensation growth and known cost increases for IT services.

Results:

This proposal is intended to allow BWSR to continue to provide current levels of service and information to the public.

Board of Water and Soil Resources

FY 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Accelerated Implementation

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 5,500 | 5,500 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 5,500 | 5,500 | 0 | 0 |
| FTEs | 8.5 | 8.5 | 0 | 0 |

Recommendation:

The Governor recommends \$11,000,000 million from the Clean Water Fund (as recommended by the Clean Water Council) for the FY2024-2025 biennium to enhance the capacity of local governments to accelerate implementation of water quality projects and activities. The recommendation includes 8.5 FTE for this program.

Rationale/Background:

Most of the 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. An existing gap this program is addressing is providing technical assistance and a training delivery program to ensure the local government staff have these necessary skills. Current Clean Water goals are very ambitious. The State will struggle to achieve these goals unless we increase capacity to deliver meaningful and measurable projects implemented by local governments in partnership with private landowners. This activity is the primary means for the State to accomplish these goals.

Ensuring the work of local government has the on-the-ground impact and resulting environmental outputs desired from implementation funds granted to local governments, there is a need for 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/revisions or otherwise be incorporated into routine implementation activities to increase the effectiveness of water quality protection or accelerated water quality restoration.

Proposal:

This program is a continuation and expansion of a highly successful Clean Water program. Under the continuation component of this program, funds are used to enhance the capacity of local governments to accelerate implementation of projects and activities that supplement or exceed current state standards for protection, enhancement, and restoration of water quality in lakes, rivers, streams, and groundwater. Activities include 1) increasing technical assistance through regional technical service areas (TSAs), 2) technical training and certification, 3) inventories of potential restoration or protection sites, and 4) developing and using analytical targeting tools that fill an identified gap. The proposed appropriation will support critical infrastructure of the agency such the targeting tool Prioritize, Target, and Measure Application (PTMApp) and eLINK as well as funding to local governments to support staff participation in training and increased capacity to deliver priority water quality projects.

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. We also will measure progress against the long-term goals outlined in the Clean Water Roadmap.

Goal 3, Strategy 2: Fund the completion of comprehensive watershed management plans for all 80 major watersheds, including those under One Watershed One Plan, by 2025.

Impact on Children and Families:

The multiple benefits (water quality, climate change mitigation, landscape resiliency, and soil health) of targeted conservation practice implementation are long-lasting and thus accrue to multiple generations of Minnesota children and families. The scale and scope of this initiative's is statewide, and the impact will be dependent on voluntary landowner participation.

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.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

This is a continuation of an existing program.

| Category | FY 2024 (\$000s) | FY 2025 (\$000s) | FY 2026 (\$000s) | FY 2027 (\$000s) | FY 2028 (\$000s) | FY 2029 (\$000s) |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Payroll | | | | | | |
| Professional/Technical Contracts | 530 | 530 | 580 | 580 | 580 | |
| Infrastructure | | | | | | |
| Hardware | 10 | 10 | | | | |
| Software | 10 | 10 | | | | |
| Training | | | | | | |
| Enterprise Services | | | | | | |
| Staff costs (MNIT or agency) | 217 | 215 | 207 | 200 | 202 | |
| Total | | | | | | |
| MNIT FTEs | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | |
| Agency FTEs | .25 | .25 | .25 | .25 | .25 | |

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. We also will measure progress against the long-term goals outlined in the Clean Water Roadmap.

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Current</i> | <i>Future</i> | <i>Dates</i> |
|------------------------|--|----------------|---------------|--------------|
| 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% | 60% | By 2034 |

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy – Watershed Based Implementation

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|-----------|-----------|----------|----------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 39,500 | 39,500 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 39,500 | 39,500 | 0 | 0 |
| FTEs | 13 | 13 | 0 | 0 |

Recommendation:

The Governor recommends \$79,000,000 from the Clean Water Fund (as recommended by the Clean Water Council) for the FY2024- 2025 biennium to provide grants to implement watershed-based plans. The recommendation includes 13.0 FTE staff time to implement the program.

Rationale/Background:

Comprehensive watershed based implementation plans, developed under the One Watershed, One Plan program provide the best mechanism possible 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 to inform the building of a focused watershed implementation plan that is science-based, spatially and numerically explicit, with an implementation plan that is prioritized, targeted and capable of achieving measurable improvement in water quality, flood control, and groundwater protection.

Providing systematic Clean Water funding for the growing number of local water management authorities with developed comprehensive watershed reports identifying prioritized projects will increase achievement of Minnesota's water quality goals in addition to other 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 may also provide greater opportunities for local governments to leverage federal and private funding.

This effort is recommended for funding by the Clean Water Council and addresses the following strategies noted in their 2020 strategic plan:

Goal 1, Strategy 4: Implement the Nitrogen Fertilizer Management Plan (NFMP) to promote vegetative cover and advanced nitrogen fertilizer management tools to protect private wells in vulnerable areas.

Goal 2, Strategy 4: Prioritize the sealing of unused groundwater wells that present a risk to drinking water aquifers by 2034.

Goal 2, Strategy 6: Adopt BMPs for water efficiency, water use reduction, and irrigation water management, and prioritize them in areas of high-water use intensity by agricultural irrigators, highly sensitive areas, Groundwater Management Areas (GWMAs), and highly vulnerable Drinking Water Source Management Areas (DWSMAs).

Goal 3, Strategy 3: Protect 100,000 priority acres and restore 100,000 priority acres in the Upper Mississippi River headwaters basin with a combination of public and private funding to ensure high quality water by 2034.

Goal 3, Strategy 4: Invest in activities and research that can accelerate improvement in water quality through new approaches (e.g., perennial crops and other “landscape drivers”, chloride management or alternatives, etc.).

Goal 3, Strategy 12: Support in-lake treatment and restoration activities that only address water quality impairments and are supported by comprehensive plans, including One Watershed One Plan.

Goal 3, Strategy 13: Support state-federal cooperative programs, actions, and priorities outlined in the Great Lakes Restoration Initiative’s Action Plan.

Goal 4, Strategy 4: Plan for program resilience after expiration of Legacy Amendment in 2034 and discourage Clean Water Fund applicants from relying on 100% CWF funding.

Proposal:

This program is a continuation of a Clean Water grant program where projects are identified in a water or comprehensive watershed plan developed by local governments and approved by the Board of Water and Soil Resources. This includes state-approved plans under the One Watershed, One Plan or under the Metropolitan Surface Water Management frameworks, metro conservation district plans, and county groundwater plans. The planning requirement ensures that state funded projects are targeted to address water quality restoration or protection needs most effectively. The State’s investment will leverage local and federal funds as the grants require a match.

Watershed-based implementation funding is an alternative to the current project-by-project competitive grant processes used to fund water quality improvement projects. The watershed-based funding approach depends on comprehensive watershed management plans developed by local partnerships under the One Watershed, One Plan program or the Metropolitan Surface Water or Groundwater Management framework to provide assurance that actions are prioritized, targeted, and measurable. BWSR is moving toward watershed-based implementation funding to accelerate water management outcomes, enhance accountability, improve consistency and efficiency across the state, and to provide predictable funding for implementation of local priorities. This approach allows more projects to be implemented and helps local governments spend limited resources where they are most needed.

As Minnesota transitions to comprehensive watershed management planning through One Watershed, One Plan, the proportion of competitive funding available decreases and the proportion of watershed-based implementation funding increases. In order to meet the One Watershed, One Plan implementation goals, the total funds available as a combination of competitive and watershed-based funds must increase over time, to an estimated \$120 million in FY 28-29.

Watershed-Based Implementation Funding Trajectory: The Clean Water Council recommends spending a minimum of available Clean Water Fund revenue for implementation of priorities in approved comprehensive watershed management plans:

- 40 percent in FY24-25
- 50 percent in FY26-27
- 55 percent in FY28-29
- 60 percent in FY30-31
- 60 percent in FY32-33

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. We also will measure progress against the long-term goals outlined in the Clean Water Roadmap.

Impact on Children and Families:

The multiple benefits (water quality, climate change mitigation, landscape resiliency, and soil health) of targeted conservation practice implementation are long-lasting and thus accrue to multiple generations of Minnesota children and families. The scale and scope of this initiative’s is statewide and the impact will be dependent on voluntary landowner participation.

Water that is fishable, swimmable, and drinkable benefits all Minnesotans.

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.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- ☒ Yes
- ☐ No

Water quality is a shared priority of all tribal nations and the state. The state and tribes have the opportunity to collaborate and support each other in protecting and restoring Minnesota’s water resources. While no formal Consultations have occurred to date, the agency plans on communicating and engaging the MN Indian Affairs Council and MN Tribal Environmental Committee and consulting with individual tribal nations on matters of importance and specific to that tribal nation.

IT Costs

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. We also will measure progress against the long-term goals outlined in the Clean Water Roadmap.

| Type of Measure | Name of Measure | Current | Future | Dates |
|-----------------|--|---------|--------|---------|
| 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 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy – Surface and Drinking Water Protection Restoration (Projects and Practices)

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 8,500 | 8,500 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 8,500 | 8,500 | 0 | 0 |
| FTEs | 6 | 6 | 0 | 0 |

Recommendation:

The Governor recommends \$17,000,000 from the Clean Water Fund (as recommended by the Clean Water Council) for the FY2024-2025 biennium for Surface and Drinking Water Protection and Restoration Grants (Projects and Practices). The recommendation includes 6.0 FTE for this effort.

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. Today, about half of Minnesota's surface waters have been assessed for water quality, and of those, about 40% do not meet basic water quality standards.

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

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

Local governments have been aggressive in identifying projects to address water quality needs. For FY2022 local governments proposed more than \$25.8 million in projects under this program, while \$9.5 million of State Clean Water Funds were available, resulting in funding only 36% of project requests.

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

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

Proposal:

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

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

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.

The FTEs requested for this program cover not only the grants awarded this biennium, but also provides accountability for grants awarded in past biennia that are still active.

This program addresses the following goals and strategies in the Clean Water Council's strategic plan:

Goal 1, Strategy 4: Implement the Nitrogen Fertilizer Management Plan (NFMP) to promote vegetative cover and advanced nitrogen fertilizer management tools to protect private wells in vulnerable areas.

Goal 3, Strategy 1: Fund the completion of Watershed Restoration and Protection Strategies (WRAPS) for all 80 major watersheds by 2023.

Goal 3, Strategy 3: Protect 100,000 priority acres and restore 100,000 priority acres in the Upper Mississippi River headwaters basin with a combination of public and private funding to ensure high quality water by 2034.

Goal 3, Strategy 4: Invest in activities and research that can accelerate improvement in water quality through new approaches (e.g., perennial crops and other "landscape drivers", chloride management or alternatives, etc.).

Goal 3, Strategy 10: Enroll 6,500,000 acres and 5,100 Minnesota farms in the Minnesota Agricultural Water Quality Certification Program (MAWQCP) by 2030.

Goal 3, Strategy 12: Support in-lake treatment and restoration activities that only address water quality impairments and are supported by comprehensive plans, including One Watershed One Plan.

Goal 3, Strategy 13: Support state-federal cooperative programs, actions, and priorities outlined in the Great Lakes Restoration Initiative's Action Plan.

Goal 4, Strategy 4: Plan for program resilience after expiration of Legacy Amendment in 2034 and discourage Clean Water Fund applicants from relying on 100% CWF funding.

Impact on Children and Families:

The benefits (water quality, climate change mitigation, landscape resiliency, and soil health) of targeted conservation practice implementation are long-lasting and thus accrue to multiple generations of Minnesota children and families. The scale and scope of this initiative's impact will be dependent on voluntary landowner participation.

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.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

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. We also will measure statewide progress against the long-term goals outlined in the Clean Water Roadmap.

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Current</i> | <i>Future</i> | <i>Dates</i> |
|------------------------|--|----------------|---------------|--------------|
| Quantity | Number of conservation practices installed | 17,500 | 20,000 | 2022-2023 |
| Results | Amount of nutrients removed compared to state goals | | | 2022-2023 |
| | Phosphorus (pounds) | 271,200 | 15% | |
| | Nitrogen (pounds) | 698,400 | 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 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy – Watershed Management Transition

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|------------|------------|----------|----------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 1,750 | 1,750 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 1,750 | 1,750 | 0 | 0 |
| FTEs | 5.7 | 5.7 | 0 | 0 |

Recommendation:

The Governor recommends \$3,500,000 from the Clean Water Fund (as recommended by the Clean Water Council) for the FY2024-2025 biennium to implement the permanent One Watershed, One Plan program. The recommendation includes 5.7 FTE for this effort.

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 (1W1P) allowed BWSR to move from a pilot program in FY2014-2015 to a permanent program in FY2016-2017. The permanent program will continue work with local units of government on the transition to watershed-based plans, leading to 1) a reduction from 200+ geo-political boundary plan to 60+ comprehensive watershed management plans, 2) future efficiencies that are both scientifically and economically sound, and 3) targeting of private, local, and state investments towards water quality and quantity problems that can demonstrate success.

To recognize both restoring those waters (both surface water and groundwater) that are impaired and protecting those waters that are threatened but not yet impaired, we need to employ a holistic and comprehensive watershed planning and implementation approach. The One Watershed, One Plan builds off exiting studies and assessments being done by MPCA, DNR, MDH & MDA and create focused watershed implementation plans that are prioritized, targeted and capable of achieving measurable results.

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 milestone measures for the expected outcome with full scale development, adoption, and implementation of One Watershed, One Plans state-wide.

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota waters. This program specifically works to achieve the Clean Water Council Strategic Plan Goal 1 - *Drinking water is safe for everyone, everywhere in Minnesota*; Goal 2 – *Groundwater is clean and available to all* and Goal 3 - *Surface waters are swimmable and fishable throughout the State*.

Proposal:

The One Watershed, One Plan program was initiated in FY 2014 with Clean Water Funds with the development of guiding principles, operating procedures, required plan content and piloting in five major watershed areas. The

current proposal is implementation of the permanent program. The proposed funding will be used to develop and approve 6 to 10 plans each year with all 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, PCA, MDA, and MDH will also be partners and will participate through the establishment of a formal agency team assigned to work with each watershed area.

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

Impact on Children and Families:

This proposal does not significantly impact children, youth, and families.

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.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

Water quality is a shared priority of all tribal nations and the state. The state and tribes have the opportunity to collaborate and support each other in protecting and restoring Minnesota's water resources. While no formal Consultations have occurred to date, the agency plans on communicating and engaging the MN Indian Affairs Council and MN Tribal Environmental Committee and consulting with individual tribal nations on matters of importance and specific to that tribal nation.

IT Costs

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 comprehensive watershed management plan and take action for clean water.

In 2015, the Legislature modified the state's water management statutes, specifically creating Minnesota Statutes §103B.801. This statute defines the purposes and further outlines the structure for the 1W1P Program. It also directs BWSR to develop a transition plan with a goal of a statewide transition to comprehensive watershed management by 2025.

As of October 2022, 54 partnerships (90% of planning boundaries) are participating in the transition which is consistent with the pace of progress outlined in the transition plan. BWSR expects nearly full or

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Current</i> | <i>Future</i> | <i>Dates</i> |
|------------------------|--|----------------|---------------|--------------|
| Quantity | Number of One Watershed, One Plans in development | 54 | 6 | By 2025 |
| Quality | State approved based on established plan content requirements | 28 | 32 | By 2025 |
| 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 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy – Measures Results and Accountability

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 1,250 | 1,250 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 1,250 | 1,250 | 0 | 0 |
| FTEs | 8.2 | 8.2 | 0 | 0 |

Recommendation:

The Governor recommends \$2,500,000 from the Clean Water Fund (as recommended by the Clean Water Council) for the FY2022-2023 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 recommendation includes 8.2 FTE to implement this component of the Clean Water Fund.

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. Today, about half of Minnesota's surface waters have been assessed for water quality, and of those, about 40% do not meet basic water quality standards.

Local governments are foundational to delivering the results of the state's conservation programs that implement water quality solutions. BWSR provides 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 online 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.

Impact on Children and Families:

This program does not significantly impact children, youth, and families.

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.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

Not applicable.

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. Funding availability is dependent on the existence of the Clean Water Fund and Legacy Amendment. BWSR reports on outcomes and performance annually to the Legislative Coordinating Commission and biennially to the Legislature.

Statutory Change(s):

Not applicable.

Board of Water and Soil Resources

FY 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy – Shoreland Buffer Compliance

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 2,000 | 2,000 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 2,000 | 2,000 | 0 | 0 |
| FTEs | 3 | 3 | 0 | 0 |

Recommendation:

The Governor recommends \$4,000,000 from the Clean Water Fund (as recommended by the Clean Water Council) for the FY2024-2025 biennium to support local government work to implement compliance with the riparian buffer or alternative best management practice requirements for state required buffers and soil erosion enacted into law in 2015. The recommendation includes 3 FTE for this program.

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. Today, about half of Minnesota's surface waters have been assessed for water quality, and of those, about 40% do not meet basic water quality standards.

Too often our 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. The law established a November 1, 2017, timeline for establishing buffers on public waters and a November 1, 2018, timeline for establishing buffers on public drainage systems. As of January 2022, approximately 99% of all parcels adjacent to Minnesota waters are compliant with the Buffer Law.

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's technical assistance to landowners, on-going monitoring and tracking of compliance and assistance in local enforcement of the buffer law. Funding availability is dependent on the existence of the Clean Water Fund and Legacy Amendment. BWSR reports on outcomes and performance annually to the Legislative Coordinating Commission and biennially to the Legislature. Overall, these are high compliance numbers. However, there remains thousands of parcels that are listed as not compliant and enforcement work is ongoing.

The CWF Shoreland Buffer Compliance funding is used for grantmaking to SWCDs and to support SWCD implementation. BWSR works to develop and maintain various aspects of program implementation guidance and support documents. BWSR also plays a role in assisting facilitation between local governments at the request of those looking for agency or state perspective. One key aspect of this role is acting as a repository for what local governments are doing that is working so they can be used as resources by others in similar situations or with similar programmatic hurdles. BWSR maintains and hosts a statewide implementation tracking system used by

SWCDs to monitor landowner progress toward compliance with the law and to meet their statutory obligation to track progress.

Impact on Children and Families:

The multiple benefits (water quality, climate change mitigation, landscape resiliency, and soil health) of buffers are long-lasting and thus accrue to multiple generations of Minnesota children and families.

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.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- ☐ Yes
- ☒ No

IT Costs

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. We also will measure progress against the long-term goals outlined in the Clean Water Roadmap.

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Current</i> | <i>Future</i> | <i>Dates</i> |
|------------------------|--|----------------|---------------|--------------|
| 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 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy – Critical Shoreland Protection

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|---------|---------|---------|---------|
| 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 | 1.25 | 1.25 | 0 | 0 |

Recommendation:

The Governor recommends \$3,000,000 from the Clean Water Fund (as recommended by the Clean Water Council) for the FY2024-2025 biennium to purchase permanent conservation easements on lands adjacent to public waters with good water quality but threatened with degradation. The recommendation includes 1.25 FTE for this program.

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. Lakes and rivers in the forested region of the state are 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 is a continuation of an easement program that provides voluntary shoreland protection on water bodies, with an emphasis on shoreland in watersheds that are critical in protecting the Mississippi River as a drinking water source.

Using the Reinvent in Minnesota (RIM) program, conservation easements are acquired on critical shoreland areas, targeting the highest priority areas through science-based conservation methods. Conservation activities are prioritized based on a methodology that determines the areas 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). Dollars are primarily used for easement payments to landowners and program implementation.

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 of all conservation easements. Baseline, monitoring, and geospatial data is maintained.

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota waters. To measure the success of this program, we will look at the number of acres protected, with the goal being 1300 acres over the biennium. The Critical Shorelands Protection program works to achieve the following Clean Water Council Strategic Plan goals:

Goal 1 - Drinking water is safe for everyone, everywhere in Minnesota

Goal 3, Strategy 3 - Protect 100,000 priority acres in the Upper Mississippi River headwaters basin with a combination of public and private funding to ensure high quality water.

Impact on Children and Families:

The benefits (climate change mitigation, landscape resiliency, water quality and soil health) of permanent land protection program are long-lasting and thus accrue to multiple generations of Minnesota children and families. The scale and scope of this initiative's impact will be dependent on voluntary landowner participation.

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.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

Not applicable.

Results:

This proposal is estimated to protect approximately 1,600 acres on 20 easements.

Statutory Change(s):

Not applicable.

Board of Water and Soil Resources

FY 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy – Wetland Restoration Easements

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 5,000 | 5,000 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 5,000 | 5,000 | 0 | 0 |
| FTEs | 3.5 | 3.5 | 0 | 0 |

Recommendation:

The Governor recommends \$10,000,000 from the Clean Water Fund (as recommended by the Clean Water Council) for the FY2024-2025 biennium to purchase permanent conservation easements to protect and restore wetlands and associated uplands. The recommendation includes 3.5 FTE for this program.

Rationale/Background:

Minnesota has lost an estimated 42% of its original 16 million acres of wetlands to drainage or fill activities. The loss of wetlands is most severe in the prairie regions of the state (approximately 90% loss). Prairies once comprised nearly 20 million acres in Minnesota. Less than 1% of this native prairie remains.

The program enrolls drained and farmed wetlands and associated uplands that offer no water quality benefits, and little or no habitat and ecological benefits in their current state. Through a combination of eligibility screening and a scoring and ranking process, the program evaluates applications and selects the applications that provide the greatest environmental and habitat benefits after enrollment in a BWSR RIM Reserve easement. The RIM Reserve wetlands program protects and restores wetlands and adjacent upland areas. These restored wetlands and grassland complexes will provide water quality improvements, and habitat for wetland dependent wildlife species. RIM is a local-state partnership delivered by SWCDs and BWSR. BWSR staff provide program oversight and manage the easement acquisition process and restoration design. Local staff promote RIM Reserve easements, assist with easement processing and provide technical assistance and project management services.

Proposal:

RIM Reserve has been successfully protecting and restoring degraded wetlands for almost 30 years. This is the second biennium of funding from the Clean Water Fund for this important work of the RIM Reserve program.

The program funding will be used to purchase permanent conservation easements to restore wetlands. This 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 wetlands.

While other agencies (DNR, MDA, and federal NRCS and USFWS) and NGOs are working toward similar goals of water quality protection using easements, BWSR's niche is conservation easements on private lands.

Impact on Children and Families:

This proposal does not significantly impact children, youth, and families.

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.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

Not applicable

Results:

Acres protected as well as progress toward the long-term water quality goals for surface water will be tracked.

Program enrollment will continue as funding is available (program is currently established but accepting new applications is dependent on having funds available), with easements secured by summer 2026.

Restoration/implementation of conservation plan will be implemented after easements are secured. Restoration will be completed by 2030. As easements will be permanent, the benefits will be retained in perpetuity. We anticipate enrolling approximately 1800 acres with 30 easements.

Statutory Change(s):

Not applicable.

Board of Water and Soil Resources

FY 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy – Floodplain Easements

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 2,500 | 2,500 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 2,500 | 2,500 | 0 | 0 |
| FTEs | 2 | 2 | 0 | 0 |

Recommendation:

The Governor recommends \$5,000,000 from the Clean Water Fund (as recommended by the Clean Water Council) for FY2024-2025 for a Floodplain Easement program. The recommendation includes 2 FTE to implement this program.

Rationale/Background:

With more than 10,000 lakes and 100,000 river and stream miles, water is a major part of Minnesota's culture, economy and ecosystems. Protecting and restoring riparian areas are one of the most effective and proven methods to address surface water quality degradation by establishing perennial cover on these environmentally sensitive and/or highly erodible soils along rivers and streams.

In addition, major riparian river corridors tend to have wide swaths of flat farmable ground that has the potential to be both productive and frequently flooded. When flood waters deposit debris into farm fields it can make for a difficult harvest if crops aren't flooded out. The fertile ground can be highly productive in years when it doesn't flood and provides a critical source of income for many farmers. Finding ways to offer continued economic activities in these lands is a key component to incentivizing landowner interest when looking at setting aside land that can be productive under certain circumstances.

The purpose of this program is to remove riparian and frequently flooded lands from row crop production. These areas will either be placed into perpetual or long-term RIM Reserve conservation easements that will allow farmers to utilize these landscapes to provide a reasonable source of income while at the same time preventing additional water quality impacts which can occur in frequently flooded row crops.

Proposal:

The Floodplain Easement program is an expansion of the previous Buffer Easement program funded by the Clean Water Fund. This expanded program will continue to allow for enrollment of traditional lands that meet the riparian buffer criteria but will also allow for larger whole field enrollment. The whole field enrollment option allows landowners to continue income-producing conservation practices (e.g. silviculture, grazing, and/or haying) under a reduced easement payment rate or a traditional conservation easement. It also allows for a landowner to select a limited term easement option.

This program is part of a comprehensive clean water strategy to prevent sediment and nutrients from entering Minnesota's lakes, rivers and streams; reduce aquatic impairments; and protect wetlands. Studies show that perennial vegetation in riparian areas reduces sediment and nutrients entering waterways, stabilizes streambanks, and provides food and habitat for many species of wildlife. Through the Reinvest in Minnesota (RIM) Reserve Program and in partnership with soil and water conservation districts and private landowners, conservation easements are purchased, and vegetated riparian corridors are established replacing row crop agriculture with perennial, managed vegetation (trees, shrubs, native grasses).

The program addresses the Clean Water Council's Strategic Plan Goal 3, Strategy 6 - Support effective science-based responses to emerging threats or contaminants of emerging concern.

Impact on Children and Families:

This program does not significantly impact children, youth, and families.

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 disparity.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

Not applicable.

Results:

Land is placed in perpetual or long-term RIM Reserve conservation easements that will allow landowners to utilize these landscapes to provide a reasonable source of income while at the same time preventing additional water quality impacts which can occur in frequently flooded row crops.

Statutory Change(s):

Not applicable.

Board of Water and Soil Resources

FY 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy – Targeted Wellhead Drinking Water Source Protection

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 2,500 | 2,500 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 2,500 | 2,500 | 0 | 0 |
| FTEs | .75 | .75 | 0 | 0 |

Recommendation:

The Governor recommends \$5,000,000 from the Clean Water Fund (as recommended by the Clean Water Council) for the FY2024-2025 biennium for permanent conservation easements or grants to local government to protect land in vulnerable wellhead or source water protection areas to protect drinking water supplies. The recommendation includes 0.75 FTE per year to implement the program.

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.

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota's drinking water. This effort addresses the Clean Water Council's Strategic Plan Goal 1, Strategy 5 - *Protect the approximately 400,000 acres of vulnerable land surrounding drinking water wellhead areas statewide by 2034.*

Proposal:

This proposal is a continuation of a successful Clean Water Fund easement and grant program. The purpose of this targeted program is to ensure that the land use within a drinking water supply management area is conducive to protecting or improving the drinking water that is impacted by the land use in areas that are vulnerable to surface contamination and protect the land via RIM easement or grants to local governments.

Priority is placed on land located where the vulnerability of the drinking water supply is designated as high or very high by the commissioner of health; where the drinking water supply is identified as Mitigation Level 1 or 2 by the Minnesota Groundwater Rule; where monitoring has shown elevated nitrate levels; where drinking water protection plans have identified specific activities that will achieve long-term protection; and/or on lands with expiring Conservation Reserve Program contracts.

BWSR will continue to work with Minnesota Department of Health, Minnesota Department of Agriculture, and the Minnesota Rural Water Association to determine projects within targeted areas. BWSR also works with soil and water conservation districts (SWCDs), LGUs and/or other community partners in those areas to secure long-term protection on lands and reduce nitrates entering drinking water supplies. This work may include conservation easements, as well as grants for land acquisition via purchase, easement or contract completed locally.

Impact on Children and Families:

The benefits of this land protection program are long-lasting. The scale and scope of this initiative's impact will be dependent on voluntary landowner participation.

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.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

Not applicable.

Results:

The program will help ensure land use within a drinking water supply management area is conducive to protecting, or improving the drinking water that is impacted by the land use in areas that are vulnerable to surface contamination and protect the land through RIM easement or grants to local governments.

Statutory Change(s):

Not applicable.

Board of Water and Soil Resources

FY 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy – Watershed Partners Legacy

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|------------|------------|----------|----------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 500 | 500 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 500 | 500 | 0 | 0 |
| FTEs | 1.5 | 1.5 | 0 | 0 |

Recommendation:

The Governor recommends \$1,000,000 from the Clean Water Fund (as recommended by the Clean Water Council) for the FY2024-2025 biennium for a small grants program that is expanding partnerships for clean water. The recommendation includes 1.5 FTE staff time to develop the program and provide additional administration and oversight of grants with the expansion of the program to include granting of funds directly to non-governmental organizations.

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. Today, about half of Minnesota's surface waters have been assessed for water quality, and of those, about 40% do not meet basic water quality standards.

Achieving the long-term goals of clean lakes, rivers and drinking water is not attainable without active and engaged citizens and communities. This proposal will use existing program delivery mechanisms to address a current funding gap and allow citizens to act in managing and protecting their local water resources.

The Water Legacy Grants Program increases citizen participation in implementing water quality projects and programs to increase long term sustainability of water resources. 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. This effort will be delivered through local collaboration using a 'small grants partners' program.

Proposal:

This proposal is a Clean Water Council priority for a program based on an existing Clean Water Fund grant program for small projects (Community Partners Program). This program will broaden the scope to ensure that tribal governments and community groups such as non-governmental organizations wishing to implement projects, programs, community service and education can be direct recipients of the funds.

This program provides competitive grants or contracts to, non-governmental and tribal governments 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 requires a match. The program will be administered at the same time as the agency does with its other Clean Water Funds Programs which is a through a competitive application process.

Impact on Children and Families:

The multiple benefits (water quality, climate change mitigation, landscape resiliency, and soil health) of targeted conservation practice implementation are long-lasting and thus accrue to multiple generations of Minnesota children and families. The scale and scope of this initiative’s is statewide and the impact will be dependent on voluntary landowner participation

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.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

Water quality is a shared priority of all tribal nations and the state. The state and tribes have the opportunity to collaborate and support each other in protecting and restoring Minnesota’s water resources. While no formal Consultations have occurred to date, the agency has communicated with the MN Indian Affairs Council and MN Tribal Environmental Committee and will continue to communicate with individual tribal nations on matters of importance and specific to that tribal nation.

IT Costs

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. We also will measure progress against the long-term goals outlined in the Clean Water Roadmap.

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Current</i> | <i>Future</i> | <i>Dates</i> |
|------------------------|--|----------------|---------------|--------------|
| 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 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy – Tillage and Erosion Survey

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|------------|------------|----------|----------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| 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 from the Clean Water Fund (as recommended by the Clean Water Council) for the FY2024-2025 biennium to continue to systematically collect data and produce statistically valid estimates of the rate of soil erosion state-wide and tracking the adoption of high residue cropping systems in the 67 counties with greater than 30% of land in agricultural row crop production. The recommendation includes 0.5 FTE to accomplish this component of the Clean Water Fund.

Rationale/Background:

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

The Tillage and Soil Erosion Survey is a comprehensive long-term program to systematically collect data and produce county, watershed, and state-wide estimates of soil erosion caused by water and wind along with tracking adoption of high residue cropping systems 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, 2020), Sediment Reduction Strategy for the Minnesota River and 360South Metro Mississippi River (2014), Watershed Restoration and Protection Strategies (WRAPS), and Total Maximum Daily Loads (TMDL's). This data allows tracking of local trends in adoption of conservation practices, effectiveness of local targeting efforts and to help set local and State priorities.

This effort addresses the Clean Water Council's strategic plan:

Goal 3, Strategy 5 - Include climate impacts as one of multiple benefits of protection and restoration and incorporate climate resilience into comprehensive watershed management plans.

Goal 3, Strategy 6 - Support effective science-based responses to emerging threats or contaminants of emerging concern.

Goal 3, Strategy 10 - Enroll 6,500,000 acres and 5,100 Minnesota farms in the Minnesota Agricultural Water Quality Certification Program (MAWQCP) by 2030.

This critical data is not collected anywhere else. The current trend in soil erosion statewide has largely gone unchanged, since 1982 and is over twice the amount considered to be tolerable as established by the United States Department of Agriculture.

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% of land dedicated to agricultural row crop production.

The principal result of the program is 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 enhance 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 (water quality goals by comparing current conditions with potential management scenarios designed to reach sediment and nutrient reduction goals. These efforts will help address the following statewide goals:

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

Impact on Children and Families:

This program does not significantly impact children, youth, and families.

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.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

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

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>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 |

Statutory Change(s):

Not applicable.

Board of Water and Soil Resources

FY 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy – Enhancing Landowner Adoption of Soil Health Practices

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 6,039 | 6,038 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 6,039 | 6,038 | 0 | 0 |
| FTEs | 3.5 | 3.5 | 0 | 0 |

Recommendation:

The Governor recommends \$12,077,000 from the Clean Water Fund (as recommended by the Clean Water Council) for the FY2024-2025 biennium for grants to enhance landowner adoption of soil health management practices as prioritized in comprehensive watershed management plans. The recommendation includes 3.5 FTE for this effort.

Rationale/Background:

This program contributes to part of a comprehensive clean water strategy to reduce nutrients and sediment from entering drinking water supplies. Incorporating soil health management practices such as cover crops into row crop rotations 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 concern 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 MPCA 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 our landscape are bare. Given the significant influence of land uses on water quality, this study and several other reports, such as the EQB 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.

Cover crops are known to be an effective means to reduce nitrogen loss. A recent report from the Freshwater Society *The Water Underground* cites that cover crops have been shown to reduce nitrogen loads by 30% compared to 15% for nitrogen fertilizer management alone.

Proposal:

This program provides both applied research by the Minnesota Office for Soil Health (MOSH) and implementation of soil health practices to improve groundwater and surface water quality. The MOSH is a collaboration between

BWSR and the University of Minnesota Water Resources Center and works towards healthy farms and ecosystems by delivering soil education, promoting grower networks, and researching best practices. MOSH's role in applied research and education on Minnesota's agroecosystems and soil health management systems is critical to demonstrating the water quality benefits of soil health practices and helping producers adopt soil health practices.

This program is a continuation of a targeted effort to increase cover crop adoption and related soil health practices on highly erodible lands or in drinking water management areas. This program provides an opportunity for a large acre and participant increase in cover crop and soil health practice adoption. Cover crop adoption improves groundwater and surface water quality and benefits drinking water supply areas. 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 NRCS 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 and other soil health management practices installed with appropriated funds.

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota waters and addresses the following Clean Water Council's Strategic Plan Goals:

Goal 1, Strategy 4: Implement the Nitrogen Fertilizer Management Plan (NFMP) to promote vegetative cover and advanced nitrogen fertilizer management tools to protect private wells in vulnerable areas.

Goal 3, Strategy 10: Enroll 6,500,000 acres and 5,100 Minnesota farms in the Minnesota Agricultural Water Quality Certification Program (MAWQCP) by 2030.

Goal 3, Strategy 11: Fund technical assistance and local demonstration sites to assure that application of crop fertilizer uses the best available science

Goal 3, Strategy 12: Support in-lake treatment and restoration activities that only address water quality impairments and are supported by comprehensive plans, including One Watershed One Plan.

Goal 3, Strategy 13: Support state-federal cooperative programs, actions, and priorities outlined in the Great Lakes Restoration Initiative's Action Plan.

Impact on Children and Families:

This program protects drinking water supplies by reducing nutrients and sediment entering groundwater and surface water. Widespread soil health management adoption can improve both groundwater and surface water quality and benefits Minnesota children and families who rely on those water resources for their drinking water. The scale and scope of this initiative's impact will be dependent on voluntary landowner participation.

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.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

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 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>Future</i> | <i>Dates</i> |
|------------------------|--|----------------|---------------|--------------|
| Results | Nitrate levels in groundwater reduced by 20% | | | By 2034 |
| | Wells meeting standards in SE MN | 89% | 95% | |
| | Wells meeting standards in Central Sands | 96% | 98% | |
| 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 2024-25 Biennial Budget Change Item

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

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|------------|------------|----------|----------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 1,000 | 1,000 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 1,000 | 1,000 | 0 | 0 |
| FTEs | 0.7 | 0.7 | 0 | 0 |

Recommendation:

The Governor recommends \$2,000,000 from the Clean Water Fund (as recommended by the Clean Water Council) for the FY2024-2025 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 recommendation includes 0.7 FTE for this program.

Rationale/Background:

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

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

Studies, such as the MPCA Sediment Reduction Strategy for the Minnesota River Basin, 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, several 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/infrastructures. These BMPs are based on research and demonstration projects in Minnesota and other states having extensive drainage infrastructure.

Proposal:

This program is a continuation from FY2022-2023 and provides for 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 that will result in water quality improvements. These practices promote retention of rainfall and runoff on the land, soil erosion reduction, and water quality

improvement in drainage systems and receiving waters while maintaining agricultural production. The program is implemented through partnering with the State’s public drainage system authorities, principally counties and watershed districts. The State’s investment leverages local investment as the grants require a 25% local match.

Impact on Children and Families:

The multiple benefits (water quality, climate change mitigation, landscape resiliency, and soil health) of targeted conservation practice implementation are long-lasting and thus accrue to multiple generations of Minnesota children and families. The scale and scope of this initiative’s is statewide and the impact will be dependent on voluntary landowner participation

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.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- ☐ Yes
- ☒ No

IT Costs

Not applicable.

Results:

| Type of Measure | Name of Measure | Current | Future | Dates |
|-----------------|--|---------|--------|---------|
| Quantity | Number of drainage systems with drainage water quality practices implemented | 23 | 30+ | By 2024 |
| 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 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy – Technical Evaluation

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|----------|----------|----------|----------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 100 | 100 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 100 | 100 | 0 | 0 |
| FTEs | 0 | 0 | 0 | 0 |

Recommendation:

The Governor recommends \$200,000 from the Clean Water Fund (as recommended by the Clean Water Council) for the FY2024-2025 biennium for the evaluation of a sample of habitat restoration projects completed with Clean Water Funding, as required by M.S. 114D.50, Subd.6. The agency also contributes to a joint position with the DNR to lead the evaluation effort.

Rationale/Background:

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

Proposal:

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

The evaluation panel is responsible for:

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

This program evaluates the effectiveness of habitat restorations funded through the Clean Water Fund, thereby helping to measure the performance of projects in meeting habitat goals and providing recommendations to improve the effectiveness of future projects. The findings of the evaluation panel are summarized in an annual report to the legislature and governing councils. Initial findings of these evaluations have found that all projects evaluated were determined to have been implemented in compliance with applicable appropriation laws and reporting requirements, including presenting measurable outcomes and planning to evaluate results. Recommendations for the future include: 1) All project narratives should include

site specific outcome based goals; 2) Project reporting should include essential information on project implementation for ongoing management; 3) Current knowledge of applied restoration practice, including lessons learned from field practice and restoration evaluations, should be disseminated through Statewide restoration training programs; 4) Selected subset of evaluated projects should be reevaluated in future years to track critical aspects of project effectiveness; and 5) The use of more comprehensive, multidisciplinary project teams.

Impact on Children and Families:

This proposal does not significantly impact children, youth, and families.

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.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

Not applicable.

Results:

This program evaluates the effectiveness of habitat restorations funded through the Clean Water Fund, thereby helping to measure the performance of projects in meeting habitat goals and providing recommendations to improve the effectiveness of future projects. The findings of the evaluation panel are summarized in an annual report to the legislature and governing councils. Initial findings of these evaluations have found that all projects evaluated were determined to have been implemented in compliance with applicable appropriation laws and reporting requirements, including presenting measurable outcomes and planning to evaluate results. Recommendations for the future include: 1) All project narratives should include site specific outcome based goals; 2) Project reporting should include essential information on project implementation for ongoing management; 3) Current knowledge of applied restoration practice, including lessons learned from field practice and restoration evaluations, should be disseminated through Statewide restoration training programs; 4) Selected subset of evaluated projects should be reevaluated in future years to track critical aspects of project effectiveness; and 5) The use of more comprehensive, multidisciplinary project teams.

Statutory Change(s):

Not applicable.

Board of Water and Soil Resources

FY 2024-25 Biennial Budget Change Item

Change Item Title: Climate – Accelerated Soil Health Practices

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 13,580 | 13,580 | 13,580 | 13,580 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 13,580 | 13,580 | 13,580 | 13,580 |
| FTEs | 5 | 4.5 | 4.5 | 4.5 |

Recommendation:

The Governor recommends \$13,580,000 per year from the General Fund in FY2024-2025 and \$13,580,000 each year thereafter for an Accelerated Soil Health Practices initiative. The recommendation includes 5 FTE in FY2024 and 4.5 FTE thereafter for this program.

Rationale/Background:

One of the most effective ways to improve soil health is to keep farmland covered with vegetation for much of the year. Soil health management practices such as incorporation of perennial vegetation (known as continuous living cover), reduced tillage, and cover crops protect soil from water and wind erosion, reduce nutrient loss, and store carbon. The Clean Water Council Strategic Plan identifies a goal of five million acres of row crop agriculture using cover crops or continuous living cover by 2034. Minnesota's Nutrient Reduction strategy identifies a goal of 1.9 million new acres utilizing cover crops and other soil health practices by 2025 and over 10 million acres by 2040. The MPCA study, "Greenhouse Gas Reduction Potential of Agricultural Best Management Practices," estimates a reduction of 0.20 US tons per acre per year – (20,474 tons per 100,000 acres) for cover crop implementation.

Improving soil health on every acre is a process that takes time to see success. For example, cover crops are grown mainly for soil health purposes rather than as a primary commodity crop and can take time and resources to establish. USDA farm census data indicates that less than 2% of Minnesota producers use cover crops on their land. Financial assistance, technical support, agronomic support, and farmer to farmer information exchange are just some of the key aspects of a robust soil health program. Providing these support components to build owner/operator confidence as they adapt their operational systems to incorporate soil health principles is a key to seeing systematic large-scale change over time.

Increased intensity and duration of rain events due to climate change can reduce surface and groundwater quality by increasing nutrient and sediment runoff. Water quantity is also expected to be impacted with more erosion and flooding. Healthy soil contains high levels of organic matter that 1) retains water, reduces the speed and volume of runoff and the need for structural water storage; 2) increases the availability of water to plants, which can increase yield and improve resilience during dry spells, 3) reduces the need for supplemental irrigation, and 4) reduces nutrient losses into surface water and groundwater. Additionally, healthy soil practices can store large amounts of carbon, potentially offsetting greenhouse gas emissions.

Agricultural best management practices that contribute to soil health include no till or reduced tillage, cover crops, crop rotations that include perennials, and installation of vegetative buffers along streambanks and lakeshores.

This Soil Health Program proposal will establish the statutory foundation for an ongoing program to increase cover crops and other soil health practices that will slow and hold water and reduce nutrient movement through the landscape and increase carbon sequestration. This program will utilize funds that are biennially appropriated for soil health purposes.

Proposal:

As recommended by the Climate Change Subcabinet, this BWSR Soil Health Program proposal will improve soil health via cover crops and related tillage practices on sensitive lands to slow water and nutrient movement through the landscape while increasing carbon sequestration. Experience gained via an FY20 demonstration grant pilot for cover crop adoption has informed the development of this proposal.

The requested funding and policy language will support initiatives designed to reduce hurdles to implementation by building local knowledge, facilitating partnerships, and identifying methods to increase long term implementation and sustainability. The associated funding request will provide incentives and technical assistance to accelerate soil health practice adoption. Agricultural best management practices that contribute to soil health include no till or reduced tillage, cover crops, crop rotations that include perennials, and installation of vegetative along riparian areas.

Increasing public and private sector capacity through state incentives and technical assistance will be important to help Minnesota farmers and other landowners obtain additional funding available through the federal Inflation Reduction Act (IRA).

Impact on Children and Families:

This proposal does not directly impact the state’s efforts to increase equity and bridge the opportunity gap for children and families. Feedback local government hosted community meetings indicates a high level of interest in pursuing this kind of conservation work on a larger scale. The clean water and climate adaptation benefits of healthy soils are long-lasting and thus accrue to multiple generations of Minnesota children and families. The scale and scope of this initiative’s impact will be dependent on voluntary landowner participation.

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. The program could be structured to prioritize projects that include emerging farmers as identified by Minnesota Department of Agriculture (including historically underserved communities).

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- ☐ Yes
- ☒ No

IT Costs

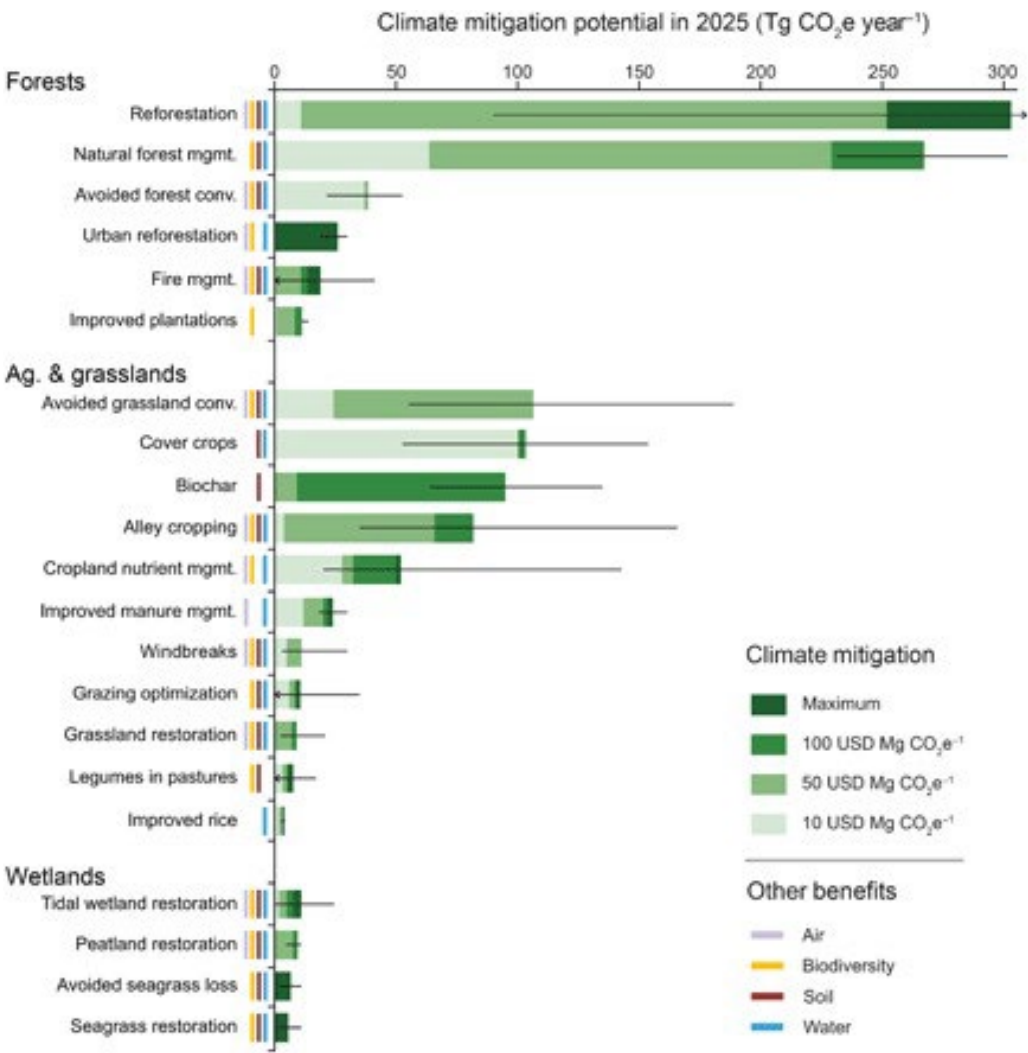
Not applicable.

Results:

| Type of Measure | Name of Measure | Amount | Dates |
|-----------------|---|---------|-------------|
| Quantity | Acres with durable soil health practices (with Fed/State combo) | 350,000 | 2023 - 2025 |

See Fig 1. Source: Natural climate solutions for the United States.

Fig. 1



Statutory Change(s):

Establishing a Soil Health Practices Program in Chapter 103F.

Board of Water and Soil Resources

FY 2024-25 Biennial Budget Change Item

Change Item Title: Climate Adaptation – Accelerated Water Storage and Treatment

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 8,500 | 8,500 | 480 | 480 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 8,500 | 8,500 | 480 | 480 |
| FTEs | 3 | 3 | 3 | 3 |

Recommendation:

The Governor recommends \$17,000,000 from the General Fund for FY2024-2025, and \$480,000 per year thereafter for a Climate Action Accelerated Water Storage initiative. These funds will be used as provided in Minn. Stat. 103F.05 to construct water storage projects and practices. This includes 3 FTE ongoing to support this effort.

Rationale/Background:

This statewide climate mitigation and water quality proposal is to develop and implement durable projects that will leverage local, federal and private sector funds to slow and hold water via retention basins, wetlands, ponds, and other practices. This proposal aligns with the Governor's priority of addressing climate change through mitigation and resiliency. It is also found in the state Climate Action Framework's *Climate-smart natural and working lands: Sustainable landscapes and water management* (initiative 2.4).

A key next step to accelerate climate adaptation and resiliency is providing additional options for retaining water to address hydrologic impacts due to land development and drainage activities, increasing climate-driven rainfalls and storm event intensity. Key concepts for this proposed program are identified in numerous reports and watershed plans.

In order to enable and enhance agricultural production, the construction of drainage ditches began before Minnesota became a state. Ditches connected natural stream networks to previously unconnected depressions and wetlands. The network of ditches has been augmented by installation of subsurface drainage tiles. With the development of drainage pipe and mechanized installation equipment, drainage systems have expanded to systematically remove excess soil profile water from watersheds across much of the state. While the drainage of Minnesota's croplands provides production benefits, there may be downstream issues with unmanaged or uncontrolled water flow, which in combination with increased storm intensity, may increase flooding, affect available water recharge to wetlands, impact migrating waterfowl populations in the spring, and degrade downstream water quality (see: <https://www.pca.state.mn.us/water/minnesota-river-basin>).

Proposal:

The 2021 legislative session created a water storage program and policy. Through this proposal, BWSR will accelerate implementation of water storage projects. Acceleration of funding will expand the geographic area of the program to demonstrate the benefits and effectiveness of this work.

Funds will be allocated for high priority projects through a competitive process to request applications from local governments (counties, soil and water conservation districts, watershed districts, cities) that will control water rates and/or volumes to protect infrastructure, improve water quality and related public benefits, and adapt to the impacts of climate change. Development and implementation of the Governors' water storage initiative will be instrumental in making these funds available for local government led priority projects.

Successful applicants will be required to have a state approved and locally adopted water management plan, a feasibility study showing the project will result in changes to the rate and volume of water movement, provide a match, be able to demonstrate meeting environmental and public benefits, and operate and maintain the project for its estimated lifespan.

Increasing the use of water storage and flood retention structures of various sizes can provide an opportunity to mitigate the impacts of uncontrolled or unmanaged agricultural drainage and climate-driven increased runoff. This addresses One Minnesota goals by addressing two important Minnesota environment needs: climate mitigation and water quality. We propose this program to be statewide in scope through targeted watershed implementation to deliver climate mitigation, resiliency, and water quality and improvements.

Impact on Children and Families:

The clean water and climate adaptation benefits of water storage projects are long-lasting and thus accrue to multiple generations of Minnesota children and families. The scale and scope of this initiative's impact will be dependent on voluntary landowner participation.

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.

BWSR will use criteria to target funding of resiliency and adaptation and water storage projects to help mitigate climate change impacts, build resiliency, and improve livability for these groups.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

Not applicable

Results:

For BWSR's water storage grants, project effectiveness documentation will include the extent to which priority projects from local water plans are implemented, the amount of water storage and the rate at which the stored water is released downstream. Prioritization, targeting, and measures will be included in MN Statute Chapter 103B Comprehensive Watershed Management plans that are state-approved and locally adopted.

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY 2024-25 Biennial Budget Change Item

Change Item Title: Climate - Habitat Enhancement Landscape Program

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 4,500 | 4,500 | 1,000 | 1,000 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 4,500 | 4,500 | 1,000 | 1,000 |
| FTEs | 2.5 | 2.5 | 2.5 | 2.5 |

Recommendation:

The Governor recommends \$9,000,000 from the General Fund for FY2024-2025, and \$1,000,000 per year thereafter for a Habitat Enhancement Landscape Program (HELP). This includes 2.5 FTE to support this effort.

Rationale/Background:

The decline of wildlife populations, including beneficial insects (pollinators, butterflies, dragonflies, etc.), birds, amphibians and other species, is a significant concern for conservation professionals and residents of Minnesota. These species provide a foundation for food production, food webs and native ecosystems. Their loss results from a variety of factors including habitat loss, invasive species, pesticides, climate change, and diseases.

As noted in the Minnesota Climate Action Framework, it is important to encourage individual actions that increase carbon storage and increase opportunities for a variety of landscapes to conserve and enhance biodiversity.

This program fills a need for a state program focused on establishing targeted, high diversity pollinator and beneficial habitat on residential property, conservation lands, parklands and natural areas, that include riparian areas, prairies, savannas, wetlands or forests, and utility installations. The program provides co-benefits of resiliency to climate change, carbon sequestration and water quality and is also part of efforts to update state seed mixes to maximize diversity levels, refine restoration methods and identify lands that are a high priority for restoration.

Development of this program is informed by data about current pollinator populations and research about where the enhancement of habitat can have the greatest impact. Project monitoring will also provide valuable information about program results and ways that strategies can evolve to increase effectiveness.

Population declines of pollinators such as monarch butterflies, bumblebees, and other beneficial insects are getting national and international attention leading to programs in many states to address this topic. The impact of climate change on biodiversity is also getting national attention and leading to efforts to increase the resiliency of landscapes.

In the case of Minnesota's State Bee, the Rusty Patched Bumblebee, its populations have decreased about 80% over 20 years demonstrating the urgency of the problem. The results of this effort will be to help stabilize populations of at-risk species such as many of Minnesota's 450 species of native bees. These species pollinate about 30% of food crops so the health of their populations has a direct connection to the health and well-being of

Minnesota residents. There will also be direct outcomes from this project related to increases in plant diversity which supports the resiliency of landscapes.

Proposal:

This proposal will provide statutory authority and continued funding for technical assistance and grants or payments to establish or enhance areas of diverse native vegetation to support declining populations of bees, butterflies, dragonflies, birds and other wildlife species essential for ecosystems and food production across a wide range of landscape types. This proposal would establish through statute and provide an overarching structure to implement different approaches depending on the participants. BWSR is currently implementing the following program areas:

Habitat Enhancement Landscape Pilot – This program fills a need for a state program focused on establishing targeted, high diversity pollinator and beneficial habitat on conservation lands, parklands and natural areas, that include riparian areas, prairies, savannas, wetlands or forests. The program provides co-benefits of resiliency to climate change, carbon sequestration and water quality and is also part of efforts to update state seed mixes to maximize diversity levels, refine restoration methods and identify lands that are a high priority for restoration.

Lawns to Legumes - This program offers a combination of workshops, coaching, planting guides and cost-share funding (individual support grants) for installing pollinator-friendly native plantings in residential lawns. The program also includes demonstration neighborhoods, which are pollinator programs run by local governments and nonprofit organizations with support from BWSR to build habitat corridors for the Rusty Patched Bumblebee and other at-risk pollinators, and a public education campaign to raise awareness about creating pollinator habitat and inspire DIY projects. BWSR is partnering with Metro Blooms and Blue Thumb – Planting for Clean Water to administer the program

Habitat Friendly Utilities Program - The successful revegetation of utility projects such as solar, wind, pipelines and electrical transmission corridors play an important role in ensuring the resiliency of landscapes and the health of soil and water resources. They also have the potential to support pollinator and other wildlife through effective planning, installation, and management. Minnesota developed the first Habitat Friendly Solar standard in the United States (216B.1642) and the Habitat Friendly Utilities Program proposes an expansion of the effort for other types of utility projects to further protect soil and water resources, enhance carbon sequestration, increase landscape resiliency and protect pollinator populations. This program will focus on increasing collaboration between utility companies and the conservation community in Minnesota through trainings, technical outreach, and development of a Habitat or Landscape Friendly Utilities standard to help guide the success of a wide range of utility projects.

An interagency team focused on ensuring the success of vegetation on utility projects has identified the need for further collaboration with the conservation community to increase the success and landscape benefits of projects. The state's Interagency Pollinator Protection Team and many conservation partners are also looking for innovative ways to incorporate pollinator habitat into landscapes.

All Minnesota residents would benefit by enhanced ecological services as part of utility projects. The success of revegetation efforts on solar projects is getting national attention and there are now 18 states with a Habitat Friendly Solar Standard. Utility corridors can become pathways for invasive plants and this topic is also getting national attention.

Impact on Children and Families:

Healthy ecosystems, food systems and nearby nature are all essential to a healthy start for children. Families and the public across the state have been strong supporters of efforts to protect pollinators.

Lawns to Legumes program will have an emphasis on establishing habitat for pollinators and other beneficial insects with an emphasis on a connection to community spaces and educational landscapes to providing educational opportunities and pollinator services for community gardens and orchards. Plantings will also provide valuable “nearby nature” that has been shown to provide benefits to the wellbeing and development of children.

The loss of pollinator populations is a significant risk for the next generation as it could result in limited food supplies (particularly fruits and vegetables) and degraded ecosystems with decreased abilities to filter water, sequester carbon and provide other important functions.

Equity and Inclusion:

While these efforts will equally benefit all Minnesota residents by helping sustain the integrity of ecosystems and food production, there is an opportunity with this program for BWSR to collaborate with many stakeholders including Tribal Nations, Native, Black, Latine/Latinx, Asian American Minnesotans, people with disabilities, people in the LGBTQ+ community, other protected classes, and veterans. The protection of pollinators and culturally significant plants and ecosystems is a topic that engages all residents of the state.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

The Lawns to Legumes program is an opportunity for the planting and protection of culturally significant native plants. There is tribal involvement with the Lawns to Legumes advisory team and the Fond du Lac tribe is partnering on a demonstration neighborhood project. The Lawns to Legumes program has a communications plan but it needs to be updated to include further tribal input.

IT Costs

Not applicable.

Results:

The intended results are successfully established resiliency through diverse and stable native vegetation on a variety of projects that establish habitat for pollinators and other wildlife and provide multiple landscape benefits. This will result in more stable pollinator populations, and healthier native plant communities, soils, and water.

Statutory Change(s):

Updates to 103B creating pollinator habitat programs.

Board of Water and Soil Resources

FY 2024-25 Biennial Budget Change Item

Change Item Title: Climate – Private Lands Grassland/Working Land Restoration Easements for Carbon Sequestration

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 11,000 | 11,000 | 400 | 400 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 11,000 | 11,000 | 400 | 400 |
| FTEs | 2.5 | 2.5 | 2 | 2 |

Recommendation:

The Governor recommends \$22,000,000 from the General Fund for FY2024-2025, and \$400,000 per year thereafter for Reinvest in Minnesota (RIM) Grasslands/Working Lands Easements Program. These funds will be used as provided in Minn. Stat. 103F. This includes 2.5 annual FTEs in the first two years and 2 FTE thereafter to support this effort.

Rationale/Background:

Within the Minnesota Climate Action Framework, it is recognized that efforts are needed to enhance climate benefits by absorbing and storing carbon, reducing emissions, and sustaining resilient landscapes. The Climate-smart natural and working lands initiative 2.1 in the plan calls for carbon sequestration and storage in forested lands, grasslands, and wetlands. It acknowledges the importance of grasslands to ecosystems and to livestock production. In Minnesota, farms, forests, and wetlands are natural parts of our climate solution.

Proposal:

RIM Reserve has been successfully protecting and restoring private lands via easements for over 30 years.

Grassland and working land restorations can store carbon via higher native plant species diversity which provides greater value for wildlife and pollinators. In connection with the Climate Action Plan Sub-initiative 2.1.3, to *protect, restore, and manage grasslands*, program funding will be used to purchase conservation easements to protect and/or restore grasslands while allowing limited haying and grazing uses.

While other agencies are working toward similar climate mitigation goals, BWSR's niche is conservation easements on private lands.

Impact on Children and Families:

This proposal does not significantly impact children, youth, and families.

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.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

Not applicable.

Results:

Acres protected as well as progress toward the long-term climate mitigation goals for surface water will be tracked. We anticipate enrolling approximately 5000 acres on 60 easements with the biennium funding.

Statutory Change(s):

Not applicable.

Board of Water and Soil Resources

FY 2024-25 Biennial Budget Change Item

Change Item Title: Climate – Private lands Peatland Restoration for Carbon Sequestration

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 7,500 | 7,500 | 710 | 710 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 7,500 | 7,500 | 710 | 710 |
| FTEs | 4.5 | 4.5 | 4.5 | 4.5 |

Recommendation:

The Governor recommends \$15,000,000 from the General Fund for FY2024-2025, and \$710,000 per year thereafter for Reinvest in Minnesota (RIM) Peatland Easements Program. These funds will be used as provided in Minn. Stat. 103F. This includes 4.5 FTE annually ongoing to support this effort.

Rationale/Background:

According to the Minnesota Climate Action Framework, peatlands (bogs and fens) hold some of Minnesota's largest carbon reserves but emit large quantities of carbon when ditched and drained. Protecting existing peatlands and other wetlands and restoring drained, farmed, or pastured peatlands and wetlands will increase carbon storage.

Restoring/rewetting drained peatlands and organic soil wetlands that were once used for farming can contribute to reducing carbon dioxide emissions, according to recent studies. According to MPCA estimates, peatland restoration offers the largest opportunity to reduce GHG emissions in the natural and working lands sector.

Proposal:

RIM Reserve has been successfully protecting and restoring degraded wetlands for over 30 years.

In connection with the Climate Action Plan Sub-initiative 2.1.2, to *protect, restore, and manage peatlands and other wetlands*, program funding will be used to purchase permanent conservation easements to protect or restore wetlands with a focus on peatlands.

While other agencies are working toward similar goals of climate mitigation, BWSR's niche is conservation easements on private lands.

Impact on Children and Families:

The clean water and climate mitigation benefits of protecting and restoring peatlands are perpetual and thus accrue to multiple generations of Minnesota children and families. The scale and scope of this initiative's impact is dependent on voluntary landowner participation.

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.

BWSR will use criteria to target funding of resiliency and wetland protection and/or restoration projects with a focus on peatlands to help mitigate climate change impacts, build resiliency, and improve livability for these groups.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

Not applicable.

Results:

Acres protected as well as progress toward the long-term climate mitigation goals will be tracked. As easements will be permanent, the benefits will be retained in perpetuity. With this proposal (\$15M) we anticipate enrolling approximately 2700 acres with more than 40 easements.

Statutory Change(s):

Not applicable.

Board of Water and Soil Resources

FY 2024-25 Biennial Budget Change Item

Change Item Title: Climate - Mitigation and Resiliency for RIM Easements

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 3,550 | 3,550 | 480 | 480 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 3,550 | 3,550 | 480 | 480 |
| FTEs | 3 | 3 | 3 | 3 |

Recommendation:

The Governor recommends \$7,100,000 from the General Fund for FY2024-2025, and \$480,000 per year thereafter for a Climate Mitigation and Resiliency for Reinvest in Minnesota (RIM) Easements. These funds will be used as provided in Minn. Stat. 103F to enhance existing easements to increase biodiversity and accommodate more intense rainfall events. This includes 3 FTE ongoing to support this effort.

Rationale/Background:

We know now that part of making our landscapes resilient includes adding and maintaining water storage to the landscape. Rehab or enhancement of structures on state-held easements are necessary to maintain the public benefits of water quality and wildlife habitat. This primarily includes water control structures that have lasted beyond their expected lifespan and fixing or replacing them will save the state money by avoiding costly expenditures associated with structural failures. Rehab or enhancement of these structures will provide as much benefit as new structures but at a lower cost.

In addition, these structures were designed and constructed at a time where the effects of climate change were not fully understood nor predicted. If the state needs to repair a failing structure, that will be an advantageous time to also improve the structure for our new climate conditions by increasing the biodiversity key areas within the over 6000 RIM conservation easements held by the State.

Proposal:

This proposal will include efforts to inspect aging infrastructure, evaluate and design repairs to rehab or enhance infrastructure or make improvements so they will be more resilient to a changing climate, and to fund construction of that work using local businesses and contractors.

Also, in recent years the program's focus has expanded to include additional protection areas that may be environmentally beneficial. These changes occurred over time, with coordination, and at the request of our federal, local, and non-profit partners, as well as at the direction of the legislature. For example, funding for a working lands easement program was established in a 2019 bonding appropriation to the Board of Water and Soil Resources.

Existing statute for implementing this program could be enhanced to accommodate more utilization and public benefit. The RIM easement program protects and restores sensitive natural areas on private lands. The statute updates will allow the program, that has a significant benefit for climate mitigation and adaptation, to be more encompassing in the types of easements acquired. Current statute language for the RIM program can be found in

Chapter 103F, sections 501 through 535. Created in 1990, with the most significant revisions in 2009 and 2010, additional updates are needed to reflect the addition of working lands including, for example, for grazing and haying.

Impact on Children and Families:

This proposal does not directly impact the state's efforts to increase equity and bridge the opportunity gap for children and families.

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.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

Not applicable.

Results:

Carbon sequestration, biodiversity and water storage increased in key areas on state-held easement lands.

Statutory Change(s):

This proposal recommends creating a new section that would accommodate working lands provisions in MN Statute 103F. Other minor revisions throughout the RIM statute (103F.501-.535) may also be necessary.

Board of Water and Soil Resources

FY 2024-25 Biennial Budget Change Item

Change Item Title: Conservation Easement and Wetland Stewardship Account

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|----------|----------|----------|----------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 0 | 0 | 0 | 0 |
| FTEs | 0 | 0 | 0 | 0 |

Recommendation:

The Governor recommends amending Minn. Stat. 103B.103 to establish a means to accomplish proactive and preemptive protection of State of Minnesota held conservation easements for wetland banking and Reinvest in Minnesota (RIM) Reserve sites. This proposal has a narrow fiscal impact and the agency is not requesting General Fund or other funds.

Rationale/Background:

This is a budget neutral policy proposal modifying BWSR's existing statutorily prescribed easement stewardship investment accounts to allow funds to be used for maintenance and repair activities on easements to maintain hydrology and vegetation.

Current statutory stewardship mechanisms (Minn. Stat. 103B.103) only provide for long-term funding for "costs associated with monitoring, landowner contacts, records storage and management, processing landowner notices, requests for approval or amendments, enforcement, and legal services associated with easement management activities". This proposal would establish the authority to collect and manage funds to address critical water control structures rehabilitation and repair needs as they occur. BWSR manages all easements and needs are identified through this activity. This proposed change will help ensure that we have the financial capacity to implement necessary maintenance and repair activities. The result will be being a "good neighbor" and ensuring that the state's investments in easement provide the intended wildlife habitat, water quality and other benefits.

BWSR uses an existing statutorily prescribed dedicated investment "stewardship account" for long-term conservation easement and wetland site management (Minn. Stat. 103B.103). The state board of investment manages the accounts and distributes 5% of the principal to BWSR every year. This proposal allows the agency to use the current 5% distribution to also address vegetative management, hydrology, and structural maintenance on associated easements.

Proposal:

Adjust policy to allow, when needed, access to existing dedicated investment funds to accomplish rehabilitation and repair of structures.

Impact on Children and Families:

This proposal does not directly impact the state's efforts to increase equity and bridge the opportunity gap for children and families. The proposal will allow the agency to manage state-held conservation easements to maintain public benefits, such as water quality, carbon storage, and wildlife habitat, in perpetuity.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial, or other minority group nor would it eliminate or reduce any disparities.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

Not applicable

Results:

This change will help address critical water control structures rehabilitation and repair needs as they occur.

Statutory Change(s):

Minn. Stat. 103B.103

Board of Water and Soil Resources

FY 2024-25 Biennial Budget Change Item

Change Item Title: Support for Tribal Liaison

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 129 | 136 | 144 | 144 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 129 | 136 | 144 | 144 |
| FTEs | 1 | 1 | 1 | 1 |

Recommendation:

The Governor recommends \$129,000 in FY24, \$136,000 in FY25, and \$144,000 annually thereafter from the General Fund to support one FTE as the agency's tribal relations liaison and coordinator to initiate, develop, and maintain the agency's statutorily required tribal consultation.

Rationale/Background:

The 2021 Minnesota Legislature added the MN Board of Water and Soil Resources to list agencies required to consult with Minnesota Tribal governments via Laws of Minnesota First Special Session, Chapter 14, Article 11, Section 5 (Minnesota Statutes, Section 10.65).

The statute describes consultation as the direct and interactive involvement of the Minnesota Tribal governments in the development of policy on matters that have Tribal implications. Consultation is the proactive, affirmative process of identifying and seeking input from appropriate Tribal governments and considering their interest as a necessary and integral part of the decision-making process.

During a consultation, the burden is on the agency to show that it has made a good faith effort to elicit feedback. Consultation is a formal engagement between agency officials and the governing body or bodies of an individual Minnesota Tribal government that the agency or an individual Tribal government may initiate. Formal meetings or communication between top agency officials and the governing body of a Minnesota Tribal government is a necessary element of consultation. Additionally, the agency must develop and implement Tribal consultation policies to comply with statute and guide the agency's work with Minnesota Tribal governments, and must submit these policies to the governor's office. Tribal consultation policies should address the communication protocols for each Minnesota Tribal government, which should be developed in coordination with representatives of each Minnesota Tribal government.

The agency must update the Tribal consultation policies as often as required in order to facilitate timely and meaningful consultation, but no less than biannually. The agency must consult with each of the 11 federally recognized Indian Tribes as often as is required to address matters that have Tribal implications, and at least annually.

Consultation duties also include coordination with the governing bodies of Minnesota Tribal governments, such as the Minnesota Indian Affairs Council or the Minnesota Chippewa Tribe; interaction on legislative and fiscal matters that affect one or all Minnesota Tribal governments, and proactive engagement of legislative and fiscal

proposals. The agency must consider input gathered from Tribal consultation into our decisions-making process, with the goal of achieving mutually beneficial solutions.

The statute also requires the agency to designate a Tribal liaison to assume responsibility for implementation of the Tribal consultation policy and to serve as the principal point of contact for Minnesota Tribal governments. The Tribal liaison must be able to directly and regularly meet and communicate with the agency's Executive Director and Assistant Directors in order to appropriately conduct government-to-government consultation and cooperation.

Proposal:

This recommendation is to support one FTE as the agency's tribal relations liaison and coordinator. This proposal represents the salary and associated benefits, equipment, supplies, rent, travel, and IT. A 6% increase per year will help support inflationary expenses, salary step increase, and cost of living adjustments.

This requirement is necessary for BWSR to meet the statutory requirements described above.

Impact on Children and Families:

This proposal does not directly impact the state's efforts to increase equity and bridge the opportunity gap for

Equity and Inclusion:

This proposal is designed to reduce tribal-related inequities and build inclusion to the agency's relationship with Minnesota's federally recognized Indian Tribes. The State of Minnesota acknowledges and supports the unique status of the Minnesota Tribes and their absolute right to existence, self-governance, and self-determination. The State of Minnesota and the Minnesota Tribal governments significantly benefit from working together, learning from one another, and partnering where possible.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

This proposal is designed to reduce tribal-related inequities and build inclusion to the agency's relationship with Minnesota's federally recognized Indian Tribes. The State of Minnesota acknowledges and supports the unique status of the Minnesota Tribes and their absolute right to existence, self-governance, and self-determination. The State of Minnesota and the Minnesota Tribal governments significantly benefit from working together, learning from one another, and partnering where possible.

Results:

Government to Government tribal relations statutory requirements accomplished via Laws of Minnesota 2021, 1st Spec. Sess. chapter 14, article 11, section 5.

Statutory Change(s):

Not applicable.

Board of Water and Soil Resources

FY 2024-25 Biennial Budget Change Item

Change Item Title: Grant Making to Tribes and NGOs

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|----------|----------|----------|----------|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 0 | 0 | 0 | 0 |
| FTEs | 0 | 0 | 0 | 0 |

Recommendation:

The Governor recommends modifying Minnesota Statute 103B.101 to identify Tribal Governments and other organizations as eligible entities for funding programs in this budget neutral proposal.

Rationale/Background:

The Board of Water and Soil Resources grant mechanisms under MN Statutes 103B.101 was established prior to the enactment of the Legacy Amendment and the expansion of the involvement of non-government organizations and Tribal governments in water management. This has highlighted how funding through the Board of Water and Soil Resources is delivered to these organizations, including the recently enacted Minnesota Statutes, section 10.65.

This change would impact Tribal governments and could impact other protected classes by allowing greater access to state funding opportunities through the Board of Water and Soil Resources.

This policy request is not specifically data driven but is based on the identified need of the importance of further building partnerships in development of comprehensive watershed management plans developed through the One Watershed, One Plan program.

Through this change, anticipated results would allow BWSR to provide more opportunities for Tribal governments and non-governmental organizations to receive state funding to protect and improve water and soil resources throughout the state. This would allow for additional collaboration and partnerships between these groups and state government resulting in more work being completed across the state to protect and improve soil and water resources.

Proposal:

This is a new initiative to clarify existing statute to increase partnership opportunities and increase equity to protect and restore Minnesota's soil and water resources through existing programs.

Impact on Children and Families:

This proposal does not directly impact the state's efforts to increase equity and bridge the opportunity gap for children and families. However, funding opportunities to implement conservation practice implementation that are long-lasting would accrue to help multiple generations of Minnesota children and families over time.

Equity and Inclusion:

Funding opportunities through the Board of Water and Soil Resources have traditionally gone to local governments. This proposal would expand Tribal governments and other organizations access to state funding to protect and improve Minnesota's soil and water resources.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

This proposal would expand Tribal governments and other organizations access to state funding to protect and improve Minnesota's soil and water resources. While no formal Consultations have occurred to date, the agency plans on communicating and engaging the MN Indian Affairs Council and MN Tribal Environmental Committee.

IT Costs

N/A

Results:

This proposal would expand Tribal governments and other organizations access to state funding to protect and improve Minnesota's soil and water resources.

Statutory Change(s):

Changes include Minnesota Statutes 103B.101

Board of Water and Soil Resources

FY 2024-25 Biennial Budget Change Item

Change Item Title: Natural Resources Block Grant (NRBG) Increase

| Fiscal Impact (\$000s) | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 1,250 | 1,250 | 1,250 | 1,250 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 1,250 | 1,250 | 1,250 | 1,250 |
| FTEs | 0 | 0 | 0 | 0 |

Recommendation:

The Governor recommends \$2,500,000 from the General Fund for the FY2024-2025 biennium and \$1,250,000 per year thereafter to increase funding to the Natural Resources Block Grant (NRBG) program.

Rationale/Background:

State funding to support 87 counties with implementation of state regulatory and conservation programs through the NRBG has been cut several times since 2002, resulting in a 35% reduction in funding between 2002 (\$5.36 million) and 2023 (\$3.43 million). The effects of these reductions are felt statewide and result in reduced landowner service and effectiveness of state-mandated programs intended to protect the environment and human health.

Proposal:

This long-standing program supports local implementation of and compliance with environmental protection laws, rules and regulations of multiple agencies. Local implementation of these state resource management programs allows for regulation to occur in close proximity to the regulated activity and is more cost effective than state implementation.

To create efficiency, we coordinate and package the financial support to counties 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 (BWSR)
- Wetland Conservation Act (BWSR)
- Shoreland Management (DNR)
- Subsurface Sewage Treatment Systems (PCA pass-through)

As noted above, the BWSR portion of this program (Comprehensive Local Water Management and Wetland Conservation Act) has been cut 35% since 2002. Meanwhile, state expectations for local implementation of these programs have remained the same or increased. With the state's transition to a watershed approach for water management, BWSR's One Watershed, One Plan initiative is placing a greater importance on the need for more coordination between counties and carrying out of these state mandated water and land related regulations to achieve watershed restoration and protection goals for surface water and groundwater resources.

It is therefore more important than ever to ensure local implementation is adequately funded to meet state goals for water quality, water management, and wetland protection.

Impact on Children and Families:

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.

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.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

Not applicable.

Results:

Recognizing the One Minnesota priority of Minnesota's Environment, a goal of the NRBG program is to ensure effective local implementation of state resource management laws, rules, and programs. Specifically, we aim to maintain and protect Minnesota's wetlands and the benefits they provide as well as ensure effective local water management planning. We also strive for agency coordination and efficiency through a composite of grants to local governments that helps reduce the administrative costs of these state natural resource programs.

Statutory Change(s):

Not applicable.

Program: Local Conservation Delivery

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

AT A GLANCE

- 27 approved *One Watershed, One Plan* plans, 23 plans in process
- 90 Conservation Delivery grants issued in FY22, totaling \$1.7 million
- 31 Clean Water Fund (CWF) Projects and Practices grants, totaling \$11.67 million, issued in FY22
- \$43.56 million in grants for watershed-based implementation funding
- \$12 million in capacity funding annually for soil and water conservation districts statewide
- Delivered conservation programs through local governments, in cooperation with private landowners
- Implemented high priority erosion control, native buffers, feedlot, and weed management projects

PURPOSE AND CONTEXT

The goal of this program is to meet state objectives for clean water, productive soil, and abundant fish and wildlife habitat and maintain local capacity to protect and enhance Minnesota's water and soil resources via the state partnerships with local governments. The Board of Water and Soil Resources (BWSR) works to achieve this goal by implementing targeted projects and practices on private lands to prevent soil erosion and pollution from entering surface and ground water. BWSR ensures adequate technical resources and capacity are in place at the local level by providing training, oversight, and accountability.

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 with a focus on priority concerns, targeted response, and measurable outcomes. Projects are implemented through grants to local governments, including soil and water conservation districts, counties, cities, watershed districts, and watershed management organizations.

SERVICES PROVIDED**Conservation Projects Cost Share Program**

This program "shares" the cost of implementation between the state, local governments, and landowners. 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, cover cropping, 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.
- *Ensure biological diversity:* protection of native plants and animals and their habitats is accomplished through installation of permanent native vegetation buffers and cooperative weed management programs addressing invasive species management.
- *Maintain stream integrity:* healthy stream hydrology and abundant fish populations are achieved through streambank and shore stabilization.

BWSR works through local government partners to ensure private landowners have access to a local, trusted natural resource professional 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.

Conservation Delivery Grants

These General Fund 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 supports 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.

Watershed-Based Implementation

The watershed-based implementation funding model provides local governments throughout Minnesota with efficient, transparent and stable funding. To achieve this, BWSR is transitioning from project-by-project competitive grants to a coordinated watershed funding approach designed to increase water management outcomes, enhance accountability, and improve consistency and efficiency across the state. This approach depends on plans developed under the 1W1P Program or the Metropolitan Surface Water Management Act to provide assurance that actions are prioritized, targeted, and measurable. The efficiencies benefit both organizations and landowners by streamlining processes, shortening implementation timelines, and ensuring limited resources are spent where they are needed most. Watershed-based funding provides greater opportunities for local governments to leverage federal and private funding.

Water Quality Projects Implementation

Working through the local conservation delivery system, BWSR provides grants for local governments to execute 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 other 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.

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.

Pass-Through Grant Management

This area includes pass-through funding for two local water entities: Area II Minnesota River Basin Projects 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. Level I performance dropped in 2021 to 82% compliance due in large part due to a change in SWCD audit requirements.

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 around 66 percent, while trust in state and federal government has shown considerably more variation, with the current level at 54 percent trusting in state government, and 32 percent trusting in the federal government.

| Type of Measure | Name of Measure | Previous | Current | Dates |
|------------------------|--|--------------------------|---------------------------|-----------------------------|
| Result | Amount of phosphorus removed. <i>compared to state goals*</i> | 497,769 pounds annually | 486,855 pounds annually | 2010-2019, 2010-2021 |
| Result | Amount of nitrogen removed <i>compared to state goals*</i> | 1,05,606 pounds annually | 1,205,741 pounds annually | 2010-2019, 2010-2021 |
| Quality | SWCDs meeting basic performance and accountability requirements | 96% | 82% | 2019, 2021 |
| Quantity | Number of overdue water plans | 0 | 2 | 2019, 2021 |

**Statewide goals for phosphorus and nitrogen reduction as found in the Nutrient Reduction Strategy*

* <https://www.pca.state.mn.us/water/nutrient-reduction-strategy> MPCA's Nutrient Reduction Strategy indicates a goal of Phosphorus reduction statewide by 1.4 million pounds, and Nitrogen reduction statewide by 42.5 million pounds.

** https://bwsr.state.mn.us/sites/default/files/2022-03/2021_PRAP_Legislative_Report.pdf BWSR 2021 Performance Review and Assistance Program Report to Minnesota Legislature.

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>).

Local Conservation Delivery

Program Expenditure Overview

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base | | Governor's Recommendation | |
|--|----------------|----------------|----------------|------------------|---------------|--------------|------------------------------|---------------|
| | | | | | FY24 | FY25 | FY24 | FY25 |
| <u>Expenditures by Fund</u> | | | | | | | | |
| 1000 - General | 8,216 | 2,180 | 8,358 | 5,590 | 5,359 | 5,359 | 32,068 | 32,075 |
| 2000 - Restrict Misc Special Revenue | 44 | 10 | 22 | 179 | 105 | 105 | 105 | 105 |
| 2001 - Other Misc Special Revenue | 269 | 246 | 193 | 3,762 | 65 | 65 | 65 | 65 |
| 2050 - Environment & Natural Resources | 893 | 5 | 2,249 | 4,103 | | | | |
| 2302 - Clean Water | 49,088 | 50,612 | 47,193 | 87,436 | | | 65,314 | 65,313 |
| 3000 - Federal | 1,020 | 347 | 445 | 779 | 400 | 400 | 400 | 400 |
| Total | 59,531 | 53,401 | 58,460 | 101,849 | 5,929 | 5,929 | 97,952 | 97,958 |
| Biennial Change | | | | 47,377 | | (148,451) | | 35,601 |
| Biennial % Change | | | | 42 | | (93) | | 22 |
| Governor's Change from Base | | | | | | | | 184,052 |
| Governor's % Change from Base | | | | | | | | 1,552 |

Expenditures by Activity

| | | | | | | | | |
|-----------------------------|---------------|---------------|---------------|----------------|--------------|--------------|---------------|---------------|
| Local Conservation Delivery | 59,531 | 53,401 | 58,460 | 101,849 | 5,929 | 5,929 | 97,952 | 97,958 |
| Total | 59,531 | 53,401 | 58,460 | 101,849 | 5,929 | 5,929 | 97,952 | 97,958 |

Expenditures by Category

| | | | | | | | | |
|------------------------------|---------------|---------------|---------------|----------------|--------------|--------------|---------------|---------------|
| Compensation | 3,588 | 3,767 | 3,917 | 4,648 | 416 | 417 | 7,160 | 7,325 |
| Operating Expenses | 3,605 | 2,353 | 3,708 | 3,877 | 189 | 189 | 1,331 | 1,324 |
| Grants, Aids and Subsidies | 52,333 | 47,280 | 50,832 | 93,317 | 5,321 | 5,320 | 89,378 | 89,226 |
| Capital Outlay-Real Property | | | | 5 | 2 | 2 | 2 | 2 |
| Other Financial Transaction | 5 | 1 | 2 | 2 | 1 | 1 | 81 | 81 |
| Total | 59,531 | 53,401 | 58,460 | 101,849 | 5,929 | 5,929 | 97,952 | 97,958 |

| | | | | | | | | |
|---|---------------|---------------|---------------|----------------|--------------|--------------|---------------|---------------|
| Total Agency Expenditures | 59,531 | 53,401 | 58,460 | 101,849 | 5,929 | 5,929 | 97,952 | 97,958 |
| Internal Billing Expenditures | | | | | | | 5 | 5 |
| Expenditures Less Internal Billing | 59,531 | 53,401 | 58,460 | 101,849 | 5,929 | 5,929 | 97,947 | 97,953 |

Full-Time Equivalents

| | | | | | | | |
|--------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|
| 30.46 | 31.58 | 30.92 | 37.43 | 3.73 | 3.71 | 57.63 | 57.11 |
|--------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|

Local Conservation Delivery

Program Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|--------------|--------------|--------------|--------------|---------------|--------------|---------------------------|---------------|
| | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY24 | FY25 |
| 1000 - General | | | | | | | | |
| Balance Forward In | 177 | 1,687 | 286 | 3,175 | | | | |
| Direct Appropriation | 9,572 | 740 | 11,247 | 2,415 | 5,359 | 5,359 | 32,068 | 32,075 |
| Cancellations | | 0 | | | | | | |
| Balance Forward Out | 1,533 | 247 | 3,175 | | | | | |
| Expenditures | 8,216 | 2,180 | 8,358 | 5,590 | 5,359 | 5,359 | 32,068 | 32,075 |
| Biennial Change in Expenditures | | | | 3,551 | | (3,230) | | 50,195 |
| Biennial % Change in Expenditures | | | | 34 | | (23) | | 360 |
| Governor's Change from Base | | | | | | | | 53,425 |
| Governor's % Change from Base | | | | | | | | 498 |
| Full-Time Equivalents | 0.05 | | | 0.17 | 0.10 | 0.10 | 11.60 | 11.10 |

2000 - Restrict Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|-----------|-----------|-----------|------------|------------|------------|------------|------------|
| Balance Forward In | 21 | 32 | 22 | 99 | 20 | 15 | 20 | 15 |
| Receipts | 55 | (1) | 99 | 100 | 100 | 100 | 100 | 100 |
| Balance Forward Out | 32 | 22 | 99 | 20 | 15 | 10 | 15 | 10 |
| Expenditures | 44 | 10 | 22 | 179 | 105 | 105 | 105 | 105 |
| Biennial Change in Expenditures | | | | 147 | | 9 | | 9 |
| Biennial % Change in Expenditures | | | | 273 | | 4 | | 4 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 0.01 | 0.18 | 0.06 | 0.24 | 0.23 | 0.22 | 0.23 | 0.22 |

2001 - Other Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|------------|------------|------------|--------------|-----------|-----------|-----------|-----------|
| Balance Forward In | 128 | 145 | 183 | 3,678 | 20 | 15 | 20 | 15 |
| Receipts | 286 | 254 | 3,690 | 104 | 60 | 60 | 60 | 60 |
| Balance Forward Out | 145 | 153 | 3,679 | 20 | 15 | 10 | 15 | 10 |
| Expenditures | 269 | 246 | 193 | 3,762 | 65 | 65 | 65 | 65 |
| Biennial Change in Expenditures | | | | 3,439 | | (3,825) | | (3,825) |
| Biennial % Change in Expenditures | | | | 667 | | (97) | | (97) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 1.80 | 1.59 | 1.20 | 0.40 | 0.20 | 0.19 | 0.20 | 0.19 |

Local Conservation Delivery

Program Financing by Fund

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base FY24 FY25 | | Governor's Recommendation FY24 FY25 | |
|--|----------------|----------------|----------------|------------------|----------------------------|--|---|--|
|--|----------------|----------------|----------------|------------------|----------------------------|--|---|--|

2050 - Environment & Natural Resources

| | | | | | | | | |
|-----------------------------------|------------|----------|--------------|--------------|---|---------|---|---------|
| Balance Forward In | 806 | 7 | 1,843 | 585 | | | | |
| Direct Appropriation | 94 | 868 | 993 | 3,518 | 0 | 0 | 0 | 0 |
| Transfers In | | 922 | | | | | | |
| Cancellations | | | 2 | | | | | |
| Balance Forward Out | 7 | 1,792 | 585 | | | | | |
| Expenditures | 893 | 5 | 2,249 | 4,103 | | | | |
| Biennial Change in Expenditures | | | | 5,454 | | (6,352) | | (6,352) |
| Biennial % Change in Expenditures | | | | 607 | | (100) | | (100) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | 0.15 | 0.15 | 0.22 | 0.20 | | | | |

2302 - Clean Water

| | | | | | | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|---|-----------|---------------|---------------|
| Balance Forward In | 9,818 | 15,640 | 18,873 | 28,023 | | | | |
| Direct Appropriation | 51,450 | 51,234 | 57,294 | 59,406 | 0 | 0 | 65,314 | 65,313 |
| Transfers In | 2,031 | 1,856 | 1,910 | 1,910 | | | 1,213 | 1,213 |
| Transfers Out | 2,024 | 1,850 | 1,903 | 1,903 | | | 1,213 | 1,213 |
| Cancellations | | 45 | 957 | | | | | |
| Balance Forward Out | 12,186 | 16,222 | 28,024 | | | | | |
| Expenditures | 49,088 | 50,612 | 47,193 | 87,436 | | | 65,314 | 65,313 |
| Biennial Change in Expenditures | | | | 34,928 | | (134,629) | | (4,002) |
| Biennial % Change in Expenditures | | | | 35 | | (100) | | (3) |
| Governor's Change from Base | | | | | | | | 130,627 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | 25.71 | 27.40 | 26.65 | 33.17 | | | 42.40 | 42.40 |

3000 - Federal

| | | | | | | | | |
|---------------------|--------------|------------|------------|------------|------------|------------|------------|------------|
| Balance Forward In | 163 | 113 | 291 | 279 | | | | |
| Receipts | 1,025 | 347 | 433 | 500 | 400 | 400 | 400 | 400 |
| Balance Forward Out | 168 | 113 | 279 | | | | | |
| Expenditures | 1,020 | 347 | 445 | 779 | 400 | 400 | 400 | 400 |

Local Conservation Delivery

Program Financing by Fund

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|----------------|----------------|----------------|------------------|---------------|-------|------------------------------|-------|
| | | | | | FY24 | FY25 | FY24 | FY25 |
| Biennial Change in Expenditures | | | | (143) | | (424) | | (424) |
| Biennial % Change in Expenditures | | | | (10) | | (35) | | (35) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 2.74 | 2.26 | 2.79 | 3.25 | 3.20 | 3.20 | 3.20 | 3.20 |

Program: Resource Protection Rules and Law<https://www.bwsr.state.mn.us/>**AT A GLANCE**

- Assists and oversees with the implementation of state laws by local governments, including rules concerning the Wetland Conservation Act, Shoreland Management, Drainage Law, Subsurface Sewage Treatment Systems, and Riparian Protection.

PURPOSE AND CONTEXT

The Resource Protection Rules and Law program supports state and local implementation of and compliance with environmental protection laws, rules, and regulations such as the Wetland Conservation Act, drainage law, and riparian protection.

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 PROVIDED**Oversight of the Wetland Conservation Act**

The purpose of Minnesota's Wetland Conservation Act (WCA) is to retain the benefits of wetlands and prevent the 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.
- administering the state wetland banking system; approving applications and managing credit accounting.
- providing 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

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).

As of summer 2022, nearly 99 percent of land adjacent to public waters and public ditches was in compliance with the law.

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 public drainage authorities, of miles of buffer strips established in accordance with statute, as well as inspections and enforcement actions.
- Facilitation of the Drainage Work Group (agency and stakeholder representatives) to develop recommendations of updates to drainage law and of the Public Drainage Manual, to promote uniformity in interpretation and implementation of drainage law; and facilitation of the Drainage Management Team, which coordinates local government information and technical assistance.

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;
- 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
- strive for agency coordination and efficiency through a composite of grants to local governments that helps reduce the administrative costs of these state natural resource programs.

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Previous</i> | <i>Current</i> | <i>Dates</i> |
|------------------------|---|---------------------------|---------------------------|--------------|
| Quality | Number of wetland appeals made of local unit of government decisions** | 7 | 9 | 2019, 2021 |
| Quantity | Percent of drainage authorities reporting on ditch buffers | 100% counties 100% WDs | 100% counties 100% WDs | 2019, 2021 |
| Quantity | Number of block grants issued to local governments for state resource management programs | 87 | 87 | 2020, 2022 |
| Result | Percent of Public Waters buffers compliance statewide | 99.5% | 99.5% | 2020, 2022 |
| Result | Percent of Public Ditches buffer preliminary compliance statewide | 96% | 98.5% | 2020, 2022 |

****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>

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

Resource Protection Rules and Law

Program Expenditure Overview

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base | | Governor's Recommendation | |
|--|----------------|----------------|----------------|------------------|---------------|--------------|------------------------------|---------------|
| | | | | | FY24 | FY25 | FY24 | FY25 |
| <u>Expenditures by Fund</u> | | | | | | | | |
| 1000 - General | 7,741 | 878 | 9,133 | 968 | 4,350 | 4,350 | 5,600 | 5,600 |
| 2000 - Restrict Misc Special Revenue | 992 | 1,134 | 562 | 1,147 | 1,006 | 1,006 | 1,006 | 1,006 |
| 2001 - Other Misc Special Revenue | 4,504 | 10,111 | 7,467 | 7,735 | 6,149 | 3,874 | 6,149 | 3,874 |
| 2050 - Environment & Natural Resources | 11 | | | | | | | |
| 3000 - Federal | 213 | 435 | 404 | 366 | 224 | 150 | 224 | 150 |
| Total | 13,461 | 12,557 | 17,566 | 10,216 | 11,729 | 9,380 | 12,979 | 10,630 |
| Biennial Change | | | | 1,763 | | (6,673) | | (4,173) |
| Biennial % Change | | | | 7 | | (24) | | (15) |
| Governor's Change from Base | | | | | | | | 2,500 |
| Governor's % Change from Base | | | | | | | | 12 |

Expenditures by Activity

| | | | | | | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|
| Resource Protection Rules and Law | 13,461 | 12,557 | 17,566 | 10,216 | 11,729 | 9,380 | 12,979 | 10,630 |
| Total | 13,461 | 12,557 | 17,566 | 10,216 | 11,729 | 9,380 | 12,979 | 10,630 |

Expenditures by Category

| | | | | | | | | |
|------------------------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|
| Compensation | 2,206 | 2,198 | 2,698 | 3,221 | 2,488 | 2,419 | 2,488 | 2,419 |
| Operating Expenses | 435 | 558 | 603 | 1,205 | 740 | 735 | 740 | 735 |
| Grants, Aids and Subsidies | 9,946 | 3,172 | 11,382 | 3,366 | 6,202 | 6,202 | 7,452 | 7,452 |
| Capital Outlay-Real Property | 871 | 6,628 | 2,882 | 2,424 | 2,299 | 24 | 2,299 | 24 |
| Other Financial Transaction | 4 | 0 | 0 | | | | | |
| Total | 13,461 | 12,557 | 17,566 | 10,216 | 11,729 | 9,380 | 12,979 | 10,630 |

Full-Time Equivalents

| | | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| | 20.55 | 19.29 | 21.84 | 26.14 | 19.36 | 17.76 | 19.36 | 17.76 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|

Resource Protection Rules and Law

Program Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|--------|--------|--------|----------|---------------|---------|---------------------------|-------|
| | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY24 | FY25 |
| 1000 - General | | | | | | | | |
| Balance Forward In | 2 | 36 | | 41 | | | | |
| Direct Appropriation | 7,773 | 927 | 9,173 | 927 | 4,350 | 4,350 | 5,600 | 5,600 |
| Cancellations | 0 | 86 | | | | | | |
| Balance Forward Out | 34 | | 40 | | | | | |
| Expenditures | 7,741 | 878 | 9,133 | 968 | 4,350 | 4,350 | 5,600 | 5,600 |
| Biennial Change in Expenditures | | | | 1,482 | | (1,401) | | 1,099 |
| Biennial % Change in Expenditures | | | | 17 | | (14) | | 11 |
| Governor's Change from Base | | | | | | | | 2,500 |
| Governor's % Change from Base | | | | | | | | 29 |
| Full-Time Equivalents | 6.90 | 6.30 | 6.15 | 6.41 | 6.14 | 5.88 | 6.14 | 5.88 |

2000 - Restrict Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 1,503 | 1,612 | 2,881 | 1,924 | 1,480 | 1,270 | 1,480 | 1,270 |
| Receipts | 465 | 1,770 | 1,249 | 976 | 996 | 996 | 996 | 996 |
| Transfers In | 745 | 1,185 | | | | | | |
| Transfers Out | 109 | 698 | 1,644 | 273 | 200 | 200 | 200 | 200 |
| Balance Forward Out | 1,611 | 2,735 | 1,924 | 1,480 | 1,270 | 1,060 | 1,270 | 1,060 |
| Expenditures | 992 | 1,134 | 562 | 1,147 | 1,006 | 1,006 | 1,006 | 1,006 |
| Biennial Change in Expenditures | | | | (417) | | 303 | | 303 |
| Biennial % Change in Expenditures | | | | (20) | | 18 | | 18 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 8.15 | 7.90 | 4.37 | 4.56 | 4.31 | 4.09 | 4.31 | 4.09 |

2001 - Other Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 662 | 2,367 | 830 | 2,022 | 400 | 300 | 400 | 300 |
| Receipts | 6,089 | 8,488 | 6,480 | 5,368 | 5,304 | 3,029 | 5,304 | 3,029 |
| Transfers In | | | 2,180 | 745 | 745 | 745 | 745 | 745 |
| Balance Forward Out | 2,247 | 744 | 2,023 | 400 | 300 | 200 | 300 | 200 |
| Expenditures | 4,504 | 10,111 | 7,467 | 7,735 | 6,149 | 3,874 | 6,149 | 3,874 |
| Biennial Change in Expenditures | | | | 587 | | (5,179) | | (5,179) |
| Biennial % Change in Expenditures | | | | 4 | | (34) | | (34) |
| Governor's Change from Base | | | | | | | | 0 |

Resource Protection Rules and Law

Program Financing by Fund

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base FY24 FY25 | | Governor's Recommendation FY24 FY25 | |
|-------------------------------|----------------|----------------|----------------|------------------|----------------------------|------|---|------|
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 2.94 | 2.17 | 8.66 | 13.00 | 7.90 | 7.68 | 7.90 | 7.68 |

2050 - Environment & Natural Resources

| | | | | | | | | |
|-----------------------------------|-----------|------|--|------|--|---|--|---|
| Balance Forward In | 31 | | | | | | | |
| Cancellations | 20 | | | | | | | |
| Expenditures | 11 | | | | | | | |
| Biennial Change in Expenditures | | | | (11) | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | 0.03 | 0.01 | | | | | | |

3000 - Federal

| | | | | | | | | |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Balance Forward In | 126 | 95 | 88 | 78 | 46 | | 46 | |
| Receipts | 180 | 403 | 394 | 334 | 178 | 150 | 178 | 150 |
| Balance Forward Out | 93 | 62 | 78 | 46 | | | | |
| Expenditures | 213 | 435 | 404 | 366 | 224 | 150 | 224 | 150 |
| Biennial Change in Expenditures | | | | 122 | | (396) | | (396) |
| Biennial % Change in Expenditures | | | | 19 | | (51) | | (51) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 2.53 | 2.91 | 2.66 | 2.17 | 1.01 | 0.11 | 1.01 | 0.11 |

Program: Board Administration and Agency Operations<https://www.bwsr.state.mn.us/>**AT A GLANCE**

- 20-member governing board includes local officials, citizens, and agency partners
- 133 staff in ten offices
- 1,808 grants to local governments issued in FY20/21
- 354 easements recorded on 23,470 acres in FY20/21

PURPOSE AND CONTEXT

The goal of the Administration and Agency Operations program at the Board of Water and Soil Resources (BWSR) is to provide high-quality, timely, and cost-effective services.

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 PROVIDED**Administrative Services**

Administrative Services provides budgeting, payroll, purchasing, contracting, accounting, facilities management, human resources, labor relations, fleet 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 to implement the BWSR's conservation and regulatory programs. The Board membership comprises of 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 the Department of Agriculture, Department of Natural Resources, Pollution Control Agency, Department of Health, and University of Minnesota. 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. Agency leadership values and therefore prioritizes the Increasing Diversity in Environmental Careers program, tribal relations training, and affirmative action.

Internal Controls/Evaluation

Per Minnesota Statute 103B.101, BWSR is required to provide oversight and accountability for agency programs and grants to local governments. 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. Communications staff tell the story via print and social media to the informed public and legislators on the work of locally led conservation outcomes.

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. During the last biennium, BWSR provided over 21,000 hours of technical training to more than 4,000 local government partners through the Technical Training and Certification Program.

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) | 83% | 83% | 2019, 2021 |
| Quantity | Number of overdue local water plans | 0 | 2 | 2019, 2021 |
| Quantity | Social Media Coverage | 5,773 Facebook, Twitter, Instagram, YouTube followers | 7,536 Facebook, Twitter, Instagram, YouTube followers | 2019, 2021 |
| Quantity | Social Media Impressions | 24,067 YouTube impressions | 28,294 YouTube impressions, 89,989 Facebook Reach | 2019, 2021 |
| Quality | Percent grant funds subject to reconciliation to local governments (at least 10% per Office of Grants Management) | 23% | 29% | FY17-19, FY19-21 |

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 Administration and Agency Operations

Program Expenditure Overview

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base | | Governor's Recommendation | |
|--|----------------|----------------|----------------|------------------|---------------|------|------------------------------|------|
| | | | | | FY24 | FY25 | FY24 | FY25 |

Expenditures by Fund

| | | | | | | | | |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 1000 - General | 5,091 | 5,466 | 4,662 | 6,111 | 5,434 | 5,434 | 5,623 | 5,804 |
| 2000 - Restrict Misc Special Revenue | | | 50 | | | | | |
| 2302 - Clean Water | 983 | 798 | 731 | 1,994 | | | 1,250 | 1,250 |
| Total | 6,074 | 6,265 | 5,443 | 8,105 | 5,434 | 5,434 | 6,873 | 7,054 |
| Biennial Change | | | | 1,209 | | (2,680) | | 379 |
| Biennial % Change | | | | 10 | | (20) | | 3 |
| Governor's Change from Base | | | | | | | | 3,059 |
| Governor's % Change from Base | | | | | | | | 28 |

Expenditures by Activity

| | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Board Administration and Agency Operations | 6,074 | 6,265 | 5,443 | 8,105 | 5,434 | 5,434 | 6,873 | 7,054 |
| Total | 6,074 | 6,265 | 5,443 | 8,105 | 5,434 | 5,434 | 6,873 | 7,054 |

Expenditures by Category

| | | | | | | | | |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Compensation | 4,263 | 4,534 | 3,976 | 4,587 | 3,875 | 3,875 | 5,089 | 5,321 |
| Operating Expenses | 1,798 | 1,727 | 1,462 | 3,492 | 1,558 | 1,558 | 1,783 | 1,732 |
| Other Financial Transaction | 13 | 3 | 5 | 26 | 1 | 1 | 1 | 1 |
| Total | 6,074 | 6,265 | 5,443 | 8,105 | 5,434 | 5,434 | 6,873 | 7,054 |

Full-Time Equivalents

| | | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| | 37.56 | 35.14 | 35.23 | 35.54 | 29.00 | 28.00 | 39.70 | 38.70 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|

Board Administration and Agency Operations

Program Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|--------|--------|--------|----------|---------------|-------|---------------------------|-------|
| | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY24 | FY25 |
| 1000 - General | | | | | | | | |
| Balance Forward In | | 313 | | 677 | | | | |
| Direct Appropriation | 5,576 | 5,241 | 5,339 | 5,434 | 5,434 | 5,434 | 5,623 | 5,804 |
| Cancellations | | 88 | | | | | | |
| Balance Forward Out | 485 | | 677 | | | | | |
| Expenditures | 5,091 | 5,466 | 4,662 | 6,111 | 5,434 | 5,434 | 5,623 | 5,804 |
| Biennial Change in Expenditures | | | | 215 | | 95 | | 654 |
| Biennial % Change in Expenditures | | | | 2 | | 1 | | 6 |
| Governor's Change from Base | | | | | | | | 559 |
| Governor's % Change from Base | | | | | | | | 5 |
| Full-Time Equivalents | 29.69 | 28.70 | 30.05 | 30.00 | 29.00 | 28.00 | 31.50 | 30.50 |

2000 - Restrict Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|--|--|-----------|----|--|------|--|------|
| Receipts | | | 50 | | | | | |
| Expenditures | | | 50 | | | | | |
| Biennial Change in Expenditures | | | | 50 | | (50) | | (50) |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |

2001 - Other Misc Special Revenue

| | | | | | | | | |
|---------------------|---|---|---|--|--|--|--|--|
| Balance Forward In | 0 | 0 | 0 | | | | | |
| Transfers Out | | | 0 | | | | | |
| Balance Forward Out | 0 | 0 | | | | | | |

2302 - Clean Water

| | | | | | | | | |
|-----------------------------------|------------|------------|------------|--------------|---|---------|--------------|--------------|
| Balance Forward In | 9 | 28 | 225 | 744 | | | | |
| Direct Appropriation | 1,000 | 1,000 | 1,250 | 1,250 | 0 | 0 | 1,250 | 1,250 |
| Cancellations | | 5 | 0 | | | | | |
| Balance Forward Out | 26 | 225 | 743 | | | | | |
| Expenditures | 983 | 798 | 731 | 1,994 | | | 1,250 | 1,250 |
| Biennial Change in Expenditures | | | | 944 | | (2,725) | | (225) |
| Biennial % Change in Expenditures | | | | 53 | | (100) | | (8) |
| Governor's Change from Base | | | | | | | | 2,500 |

Board Administration and Agency Operations

Program Financing by Fund

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base FY24 FY25 | | Governor's Recommendation FY24 FY25 | |
|-------------------------------|----------------|----------------|----------------|------------------|----------------------------|--|---|------|
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | 7.87 | 6.44 | 5.18 | 5.54 | | | 8.20 | 8.20 |

Program: Long-term Resource Protection<https://www.bwsr.state.mn.us/>**AT A GLANCE**

- Uses science-based conservation methods to achieve multiple benefits:
 - Creates and restores wildlife habitat
 - Improves hunting and fishing
 - Reduces soil erosion and improves water quality
 - Provides flood retention
 - Enhances groundwater recharge
 - Creates and sustains Minnesota jobs
- Funded more than 8,520 easements, protecting more than 333,000 acres since 1986

PURPOSE AND CONTEXT

The Permanent Resource Protection 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 Reserve 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.

Anchored in the work of local soil and water conservation districts, the RIM Reserve program uses an effective system of local delivery and key federal and non-governmental organization partnerships.

SERVICES PROVIDED**Conservation 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 has permanently protected 35,000 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. A federal economic assessment¹ by David Buland, USDA-NRCS Regional Economist, found that for every \$107,000 spent on easement-based conservation projects, one job is created or maintained. Applying this model to the \$62 million in conservation easement funding in FY20/21 approximately 580 jobs were created or maintained. 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 easement 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 | 307,881 | 331,351 | 2020, 2022 |
| Quality | Percent easements monitored on schedule | 100% | 99% | 2019, 2021 |
| Results | Percent of easements with compliance issues (should be <5%) | 0.7% | 1% | 2019, 2021 |

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>).

¹ References for this assessment and other USDA-NRCS IMPLAN analyses are available at: <http://www.economics.nrcs.usda.gov/technical/implan/>.

Long-term Resource Protection

Program Expenditure Overview

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|--|---------------|---------------|---------------|---------------|---------------|--------------|---------------------------|---------------|
| | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY24 | FY25 |
| <u>Expenditures by Fund</u> | | | | | | | | |
| 1000 - General | 48 | 203 | 123 | 127 | 125 | 125 | 22,175 | 22,175 |
| 2000 - Restrict Misc Special Revenue | 79 | 1,245 | 704 | 236 | | | | |
| 2001 - Other Misc Special Revenue | 79 | 150 | 213 | 313 | 254 | 254 | 254 | 254 |
| 2050 - Environment & Natural Resources | 7,033 | 3,332 | 2,073 | 1,206 | | | | |
| 2300 - Outdoor Heritage | 19,462 | 18,608 | 10,609 | 49,583 | | | | |
| 2302 - Clean Water | 25,813 | 33,536 | 9,974 | 27,645 | | | 11,500 | 11,500 |
| 3000 - Federal | 2,491 | 864 | 3,020 | 1,059 | 1,058 | 1,000 | 1,058 | 1,000 |
| Total | 55,005 | 57,938 | 26,718 | 80,169 | 1,437 | 1,379 | 34,987 | 34,929 |
| Biennial Change | | | | (6,056) | | (104,071) | | (36,971) |
| Biennial % Change | | | | (5) | | (97) | | (35) |
| Governor's Change from Base | | | | | | | | 67,100 |
| Governor's % Change from Base | | | | | | | | 2,383 |

Expenditures by Activity

| | | | | | | | | |
|-------------------------------|---------------|---------------|---------------|---------------|--------------|--------------|---------------|---------------|
| Permanent Resource Protection | 55,005 | 57,938 | 26,718 | 80,169 | 1,437 | 1,379 | 34,987 | 34,929 |
| Total | 55,005 | 57,938 | 26,718 | 80,169 | 1,437 | 1,379 | 34,987 | 34,929 |

Expenditures by Category

| | | | | | | | | |
|------------------------------|---------------|---------------|---------------|---------------|--------------|--------------|---------------|---------------|
| Compensation | 2,391 | 2,357 | 2,101 | 2,574 | 444 | 389 | 2,633 | 2,667 |
| Operating Expenses | 952 | 1,995 | 1,031 | 1,542 | 143 | 140 | 419 | 434 |
| Grants, Aids and Subsidies | 1,225 | 2,223 | 5,538 | 7,796 | | | | |
| Capital Outlay-Real Property | 45,945 | 45,335 | 16,218 | 66,237 | 850 | 850 | 31,485 | 31,378 |
| Other Financial Transaction | 4,492 | 6,027 | 1,829 | 2,020 | | | 450 | 450 |
| Total | 55,005 | 57,938 | 26,718 | 80,169 | 1,437 | 1,379 | 34,987 | 34,929 |

Full-Time Equivalents

| | | | | | | | |
|--------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|
| 23.48 | 24.81 | 20.23 | 21.24 | 3.53 | 3.05 | 21.03 | 20.55 |
|--------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|

Long-term Resource Protection

Program Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|-----------|------------|------------|------------|---------------|------------|---------------------------|---------------|
| | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY24 | FY25 |
| 1000 - General | | | | | | | | |
| Balance Forward In | | 79 | | 2 | | | | |
| Direct Appropriation | 125 | 125 | 125 | 125 | 125 | 125 | 22,175 | 22,175 |
| Cancellations | | 1 | | | | | | |
| Balance Forward Out | 77 | | 2 | | | | | |
| Expenditures | 48 | 203 | 123 | 127 | 125 | 125 | 22,175 | 22,175 |
| Biennial Change in Expenditures | | | | (1) | | 0 | | 44,100 |
| Biennial % Change in Expenditures | | | | (0) | | (0) | | 17,627 |
| Governor's Change from Base | | | | | | | | 44,100 |
| Governor's % Change from Base | | | | | | | | 17,640 |
| Full-Time Equivalents | | 0.97 | 0.96 | 0.95 | 0.94 | 0.93 | 10.94 | 10.93 |

2000 - Restrict Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|-----------|--------------|------------|------------|------|-------|------|-------|
| Balance Forward In | 191 | 273 | 931 | 236 | | | | |
| Receipts | 161 | 1,900 | 10 | | | | | |
| Balance Forward Out | 273 | 928 | 236 | | | | | |
| Expenditures | 79 | 1,245 | 704 | 236 | | | | |
| Biennial Change in Expenditures | | | | (383) | | (940) | | (940) |
| Biennial % Change in Expenditures | | | | (29) | | (100) | | (100) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | | 0.25 | 0.24 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 |

2001 - Other Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|-----------|------------|------------|------------|------------|------------|------------|------------|
| Balance Forward In | 1,993 | 923 | 33 | 59 | | | | |
| Receipts | 79 | 181 | 240 | 254 | 254 | 254 | 254 | 254 |
| Transfers In | 922 | | 1,831 | 5,450 | | | | |
| Transfers Out | 1,992 | 922 | 1,831 | 5,450 | | | | |
| Balance Forward Out | 923 | 33 | 59 | | | | | |
| Expenditures | 79 | 150 | 213 | 313 | 254 | 254 | 254 | 254 |
| Biennial Change in Expenditures | | | | 298 | | (18) | | (18) |
| Biennial % Change in Expenditures | | | | 130 | | (4) | | (4) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

Long-term Resource Protection

Program Financing by Fund

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base | | Governor's Recommendation | |
|-----------------------|----------------|----------------|----------------|------------------|---------------|------|------------------------------|------|
| | | | | | FY24 | FY25 | FY24 | FY25 |
| Full-Time Equivalents | 0.75 | 1.32 | 1.58 | 1.76 | 1.74 | 1.72 | 1.74 | 1.72 |

2050 - Environment & Natural Resources

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|---|---------|---|---------|
| Balance Forward In | 12,482 | 5,733 | 2,750 | 489 | | | | |
| Direct Appropriation | | | | 750 | 0 | 0 | 0 | 0 |
| Transfers Out | 169 | | 189 | 33 | | | | |
| Balance Forward Out | 5,279 | 2,401 | 489 | | | | | |
| Expenditures | 7,033 | 3,332 | 2,073 | 1,206 | | | | |
| Biennial Change in Expenditures | | | | (7,086) | | (3,279) | | (3,279) |
| Biennial % Change in Expenditures | | | | (68) | | (100) | | (100) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | 2.71 | 2.15 | 1.17 | 1.96 | | | | |

2300 - Outdoor Heritage

| | | | | | | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|---|----------|---|----------|
| Balance Forward In | 38,164 | 27,369 | 23,528 | 30,589 | | | | |
| Direct Appropriation | 5,963 | 11,661 | 19,604 | 21,589 | 0 | 0 | 0 | 0 |
| Transfers Out | 457 | | 530 | 2,595 | | | | |
| Cancellations | 5 | | 1,405 | | | | | |
| Balance Forward Out | 24,203 | 20,422 | 30,588 | | | | | |
| Expenditures | 19,462 | 18,608 | 10,609 | 49,583 | | | | |
| Biennial Change in Expenditures | | | | 22,122 | | (60,192) | | (60,192) |
| Biennial % Change in Expenditures | | | | 58 | | (100) | | (100) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | 12.12 | 9.03 | 6.48 | 9.43 | | | | |

2302 - Clean Water

| | | | | | | | | |
|----------------------|--------|--------|--------|--------|---|---|--------|--------|
| Balance Forward In | 38,807 | 35,749 | 19,036 | 17,914 | | | | |
| Direct Appropriation | 19,500 | 14,250 | 10,040 | 12,560 | 0 | 0 | 11,500 | 11,500 |
| Transfers In | 820 | 1,610 | 1,258 | 764 | | | 292 | 292 |
| Transfers Out | 1,122 | 1,616 | 2,377 | 3,593 | | | 292 | 292 |
| Cancellations | | | 67 | | | | | |

Long-term Resource Protection

Program Financing by Fund

(Dollars in Thousands)

| | Actual FY20 | Actual FY21 | Actual FY22 | Estimate FY23 | Forecast Base FY24 FY25 | | Governor's Recommendation FY24 FY25 | |
|-----------------------------------|----------------|----------------|----------------|------------------|----------------------------|----------|---|---------------|
| Balance Forward Out | 32,192 | 16,457 | 17,916 | | | | | |
| Expenditures | 25,813 | 33,536 | 9,974 | 27,645 | | | 11,500 | 11,500 |
| Biennial Change in Expenditures | | | | (21,730) | | (37,619) | | (14,619) |
| Biennial % Change in Expenditures | | | | (37) | | (100) | | (39) |
| Governor's Change from Base | | | | | | | | 23,000 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | 7.55 | 10.64 | 9.04 | 6.26 | | | 7.50 | 7.50 |

3000 - Federal

| | | | | | | | | |
|-----------------------------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | | | 169 | 117 | 58 | | 58 | |
| Receipts | 2,491 | 1,033 | 2,968 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Balance Forward Out | | 169 | 117 | 58 | | | | |
| Expenditures | 2,491 | 864 | 3,020 | 1,059 | 1,058 | 1,000 | 1,058 | 1,000 |
| Biennial Change in Expenditures | | | | 724 | | (2,021) | | (2,021) |
| Biennial % Change in Expenditures | | | | 22 | | (50) | | (50) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 0.35 | 0.45 | 0.76 | 0.84 | 0.81 | 0.36 | 0.81 | 0.36 |

Board of Water and Soil Resources

Federal Funds Summary

(Dollars in Thousands)

| Federal Agency and CFDA # | Federal Award Name and Brief Purpose | FY 2022 Actual | FY 2023 Budget | FY 2024 Base | FY 2025 Base | Required State Match or MOE? | FTEs |
|---|--|----------------|----------------|--------------|--------------|------------------------------|------|
| Dept. of Agriculture / NRCS CFDA 10.902 (R9PFNRC) | 1. Board Admin and Agency - Expand technical training and certification of conservation professionals. | \$ 383 | \$ 400 | \$ 400 | \$ 400 | 50% match. No MOE. | 3.00 |
| Dept. of Agriculture / NRCS CFDA 10.902 (R9PNRC4) | 2. Watershed Conservation Planning - Establish partnership on activities that involve the planning and implementation of conservation activities on eligible lands. | \$ 12 | \$ 166 | \$ - | \$ - | 50% match. No MOE. | - |
| Dept. of Agriculture / NRCS CFDA 10.902 (R9PNRC5) | 3. 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. | \$ 24 | \$ 50 | \$ - | \$ - | 50% match. No MOE. | 0.25 |
| Dept. of Agriculture / NRCS CFDA 10.924 (R9PNRC6) | 4. Soil Health Assistance - Build knowledge and skills associated with soil health principles and conservation practices. | \$ 26 | \$ 50 | \$ - | \$ - | 52% match. No MOE. | - |
| Dept. of Agriculture / NRCS CFDA 10.924 (R9PNRC7) | 5. 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. | \$ - | \$ - | \$ - | \$ - | 50% match. No MOE. | - |
| Dept. of Agriculture / NRCS CFDA 10.912 (R9PMDA5) | 6. MN Ag Water Quality program. | \$ - | \$ 113 | \$ - | \$ - | 50% match. No MOE. | - |
| | Program Total: Local Conservation Delivery | \$ 445 | \$ 779 | \$ 400 | \$ 400 | | 3.25 |
| U.S. Army Corps of Engineers (COE) CFDA 10.912 (R9PCOEI) | 7. COEI Cooperative Agreement - Work with US Army Corps of Engineers to administer and implement water resource protection in MN per the Clean Water Act, Section 404 program, and MN Wetland Conservation Act. | \$ - | \$ 35 | \$ 36 | \$ - | No match. No MOE. | 0.25 |
| U.S. Environmental Protection Agency (EPA) CFDA 66.461 (R9PFPEA) #1 | 8. Clean Water Act Section 404 Assumption - undertake efforts associated with preparing a package for assuming the Clean Water Act Section 404 program. | \$ 76 | \$ 38 | \$ 27 | \$ - | 25% match. No MOE. | 0.58 |
| U.S. Environmental Protection Agency (EPA) CFDA 66.461 (R9PFPEA) #2 | 9. Compensation Planning Framework Development of the Mississippi River Headwaters Bank Service Area. | \$ 57 | \$ 22 | \$ - | \$ - | 25% match. No MOE. | - |

Board of Water and Soil Resources

Federal Funds Summary

(Dollars in Thousands)

| Federal Agency and CFDA # | Federal Award Name and Brief Purpose | FY 2022 Actual | FY 2023 Budget | FY 2024 Base | FY 2025 Base | Required State Match or MOE? | FTEs |
|--|---|----------------|----------------|--------------|--------------|------------------------------|------|
| U.S. Environmental Protection Agency (EPA) CFDA 66.461 (R9PFEPA) #3 | 10. Assessment of Baseline Vegetative Quality on Wetland Compensatory Mitigation Sites - will provide a status on wetland mitigation condition to compare to statewide monitoring results. | \$ 46 | \$ 46 | \$ 11 | \$ - | 25% match. No MOE. | 0.58 |
| Dept. of Agriculture / NRCS CFDA 10.933 (R9PNRC3) | 11. Wetland Banking - Develop a wetland mitigation bank with credits acceptable for use in USDA wetland compliance. | \$ 155 | \$ 75 | \$ - | \$ - | 9.3% match. No MOE. | 0.65 |
| Dept. of Agriculture / NRCS CFDA 10.933 (R9PFNRS) | 12. Wetland Banking - Deliver wetland mitigation credits for use by agricultural producers through the Ag Bank by building off previous experiences and using new approaches to identify and deliver credits more efficiently. | \$ 70 | \$ 150 | \$ 150 | \$ 150 | 9.3% match. No MOE. | 0.11 |
| | Program Total: Resource Protection Rules and Law | \$ 404 | \$ 366 | \$ 224 | \$ 150 | | 2.17 |
| U.S. Army (ARNG) (ACUB) 12.401 (R9PACB0) | 13. Easement Program in which easements are approved and funded by U.S. Army. | \$ 53 | \$ 59 | \$ 58 | \$ - | No match or MOE | 0.44 |
| U.S. Army (ARNG) (ACUB) CFDA 12.401 (R9PACB3) | 14. Easement Program in which easements are approved and funded by U.S. Army. | \$ 2,968 | \$ 1,000 | \$ 1,000 | \$ 1,000 | No match or MOE | 0.40 |
| | Program Total: Permanent Resource Protection | \$ 3,020 | \$ 1,059 | \$ 1,058 | \$ 1,000 | | 0.84 |
| | Federal Fund – Agency Total | \$ 3,869 | \$ 2,204 | \$ 1,682 | \$ 1,550 | | 6.26 |

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 Technical Training and Certification program agreement with NRCS has increased slightly from FY22 to FY23 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 expenditure estimates are based on the state/federal agreement's budget and incorporated into BWSR's annual spending plan.

2. The Targeted Watershed Based Conservation Planning Program reflects 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 and 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 conservations 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.

3. The Targeted Stories NRCS agreement is a program to increase awareness of NRCS programs and promotes conservation practice adoption. 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 agreement for a targeted communication effort funds 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. There is a 50% match that is supported through Clean Water Funds with no MOE.

4. The Soil Health Assistance program is an agreement with BWSR and the NRCS. Both have a mutual interest to protect and improve soil resources and water quality by developing the knowledge, skill, and ability of local conservationists to more effectively partner with stakeholders and promote sustainable land management. This project is essential to build the knowledge for NRCS employees, Extension Educators, Soil and Water Conservation District (SWCD) staff, and Certified Crop Advisor (CCA) to assist farmers in practical application of soil health practices. There is a 52% state match and no MOE.

5. The Partners in Conservation agreement between Natural Resources Conservation Service (NRCS) and Board of Water and Soil Resources (BWSR) reflects 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. This proposal is for a targeted communication effort to create and share stories on successful partnerships between landowners and local, state, and federal partners on 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. This agreement has a 50% match and there is no MOE.

6. The Minnesota Ag Water Quality Program ended in FY2017. It was a cooperative agreement with the MN Department of Agriculture and the U.S. Department of Agriculture. The BWSR contribution was from the Clean Water Fund. Efforts are being made to close out the agreement.

7. 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. Agreements are short term and estimates are based on history. There is no state match required and the federal work offsets state work time. There is no MOE.

8. EPA supports BWSR with efforts associated with the Section 404 assumption program. It builds upon previous efforts to evaluate and coordinate effort to enable the state of Minnesota to assume the section 404 permitting program of the Federal Clean Water act. The expenditure estimates are based on the state/federal agreement's budget and incorporated into BWSR's annual spending plan. The match requirement is supported by a cooperative agreement with the MN Environmental Quality Board. This agreement has a 25% match and there is no MOE.

9. This EPA agreement is to establish a Compensation Planning Framework (CPF) Development of the Mississippi Headwaters Bank Service Area. BWSR will produce the framework to enable identification and prioritization of wetland restoration opportunities. The expenditure estimates are based on the state/federal agreement's budget and incorporated into BWSR's annual spending plan. The match requirement is supported by a cooperative agreement with the MN Department of Transportation. This agreement has a 25% match and there is no MOE.

10. This EPA agreement is to provide an Assessment of Baseline Vegetative Quality on Wetland Compensatory Mitigation Sites. The project goal is to provide a status of wetland mitigation condition statewide and establish baseline data for trend analysis. The expenditure estimates are based on the state/federal agreement's budget and incorporated into BWSR's annual spending plan. The match requirement is supported by a cooperative agreement with the MN Department of Transportation. This agreement has a 25% match and there is no MOE.

11. The Wetland Banking Mitigation Program is an agreement with NRCS to help agricultural producers to meet wetland conservation requirements 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. The funding estimate is based on the state/federal agreement. There is no state match requirement and carries no MOE.

12. NRCS has identified Minnesota as a high workload state for wetland determinations and mitigation plans under the wetland conservation compliance provisions of the 1985 Food Security Act (Farm Program). The relatively high distribution of farmed wetlands coupled with improvements in agricultural crop production and drainage technology has resulted in high demand for agricultural wetland mitigation in Minnesota. BWSR is uniquely qualified to address this need as the state agency responsible for overseeing implementation of the State's Wetland Conservation Act (WCA), including the Minnesota Wetland Bank, and through a longstanding partnership with the NRCS to establish and grow the Minnesota Agricultural Wetland Bank (Ag Bank). This grant continues to deliver wetland mitigation credits for use by agricultural producers through the Ag Bank by building off previous experiences and using new approaches to identify and deliver credits more efficiently. This agreement has 20% match with no MOE requirements.

13. 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. This reflects a winddown in the use of funds provided by an earlier agreement. There is no state match requirement and no MOE.

14. 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. This reflects a new round of ACUB funding and amounts for FY2023 and beyond are estimates only. There is no state match requirement and no MOE.