



Minnesota Board of Water and Soil Resources.
Minutes.

Copyright Notice:

This material may be protected by copyright law (U.S. Code, Title 17). Researchers are liable for any infringement. For more information, visit www.mnhs.org/copyright.



Southbridge Office Building
155 S. Wabasha Street
Suite 104
St. Paul, MN 55107
(612) 296-3767
Fax (612) 297-5615

Field Offices

Northern Region:

394 S. Lake Avenue
Room 403
Duluth, MN 55802
(218) 723-4752
Fax (218) 723-4794

3217 Bemidji Avenue N.
Bemidji, MN 56601
(218) 755-4235
Fax (218) 755-4201

217 S. 7th Street
Suite 202
Brainerd, MN 56401-3660
(218) 828-2383
Fax (218) 828-6036

Southern Region:

P.O. Box 756
Highway 15 S.
New Ulm, MN 56073
(507) 359-6074
Fax (507) 359-6018

1200 S. Broadway
Room 144
Rochester, MN 55904
(507) 285-7458

P.O. Box 267
1400 E. Lyon Street
Marshall, MN 56258
(507) 537-6060
Fax (507) 537-6368

Metro Region:

Southbridge Office Building
155 S. Wabasha Street
Suite 104
St. Paul, MN 55107
(612) 296-3767
Fax (612) 297-5615

An Equal
Opportunity Employer

Printed on recycled paper

DATE: August 17, 1993

TO: Board of Water and Soil Resources Members, Advisors,
and Staff

FROM: Ronald D. Harnack, Executive Director

SUBJECT: August 25th Meeting

The Board of Water and Resources (BWSR) will meet on Wednesday, August 25, 1993, beginning at 9:00 a.m. The meeting will be held in Room 112 (Senate Hearing Room) of the State Capitol. Parking is available in Lot Q (one block northeast of the State Capitol). The agenda and informational materials are enclosed for your review.

AGENDA SUMMARY

1 - REDING GUIDELINES

The BWSR is required to adopt guidelines for the implementation of certain water conservation practices during the development of lands that exceed a given amount of impervious surfaces. Staff has previously reviewed these draft guidelines with the Board and has circulated the draft for review by other agencies and interests. Bruce Sandstrom has revised the guidelines based on additional input. The guidelines build on the local water planning efforts past, present and future. **DECISION ITEM.**

2 - AFFIRMATIVE ACTION PLAN

A few months ago staff submitted to the Board a draft affirmative action plan for review. Since that time we have had the plan reviewed by the Department of Employee Relations and incorporated their comments. The plan will ensure that we actively pursue implementation of policies and procedures that will achieve the objectives of the plan. Staff recommends approval of the plan. **DECISION ITEM.**

3 - COTTAGE GROVE RAVINE WATERSHED DISTRICT PETITION

The record for the hearing is complete and the Board committee has developed a findings of fact, conclusions and order for the establishment of the watershed district and the appointment of the first board of managers. Please read the complete recommended decision of the committee and if you have any questions please contact me or Bruce Sandstrom. **DECISION ITEM.**

4 - EMERGENCY FLOOD RESPONSE - SPECIAL RIM SIGN-UP

In response to the recent flooding in Minnesota some 40 plus counties have been declared presidential disasters and another 10 plus have been declared agriculture disasters. The plight of landowners is significant and Governor Carlson has asked each of the agencies to do what they can to focus resources on the flooded areas to assist the victims of the flood. RIM reserve offers a unique opportunity for BWSR to provide financial assistance to economically stressed landowners as well as achieving natural resources benefits. To focus the available dollars it is recommended that the special RIM sign-up be limited to cropped riparian lands, wetland restorations and for permanent wetland preserves to cropped floodplain wetlands. In addition, the landowner would be paid for a portion of the easement payment upon signing of the easement agreement. This would permit BWSR to put dollars in the hands of the landowners at the earliest possible time. Staff recommends the following:

- 1 - BWSR authorize a special RIM/PWP sign-up for the disaster declared counties for September/October 1993;
 - 2 - The sign-up be limited to cropped riparian lands and wetland restoration for RIM and to cropped floodplain wetlands for PWP;
 - 3 - BWSR authorizes the payment of 50% or \$20,000 which ever is less upon execution of the respective easement agreement;
 - 4 - BWSR requests the Governor to issue an executive order authorizing BWSR to implement this effort.
- DECISION ITEM.**

5 - EMERGENCY FLOOD RESPONSE - RIM EASEMENT GRAZING AND HAYING

BWSR has received a few requests from landowners to hay and graze RIM reserves lands. Under the law the BWSR has the authority to allow grazing of lands in natural disaster situations, however, does not have the authority to grant haying of these lands. In the disaster counties landowners are being authorized to hay and graze set-a-side lands and CRP lands which amounts to in excess of 1,000,000 acres. RIM includes only 50,000 acres by comparison and it is believed that the RIM lands would not significantly contribute to the needs of the landowners and the impact to the RIM lands by grazing could adversely affect the lands. In addition, we have talked to several soil and water conservation districts (SWCDs), Department of Natural Resources, and conservation groups who do not support allowing grazing of the RIM lands. Staff believes that there are sufficient lands available to address the landowner needs for grazing and RIM lands should not be opened for grazing. **DECISION ITEM.**

6 - EMERGENCY FLOOD RESPONSE - COST-SHARE

Many of the SWCD's have indicated that it has been impossible to have contracts for conservation practices completed because of the wet conditions. It is anticipated that it will take two construction seasons to be assured of getting these practices in place. With saturated conditions going into the fall we can expect that next spring will also be wet thereby delaying construction. In addition, the flooding has resulted in significant increases in erosion and sedimentation; and failure to past conservation practices. Therefore, it is recommended that the BWSR authorize:

- 1 - cost-share grants to SWCD's be extended through December 199⁵~~3~~, to permit them to address the timely construction of conservation practices delayed by the flooding and wet weather;
- 2 - SWCD's are authorized to extend contracts with landowners for the construction of conservation practices through December 199⁵~~3~~, where flooding and wet conditions have prevented completion of the contracts within the specified time;
- 3 - SWCD's are authorized to modify contracts with landowners to change the conservation practice and practice location to address more critical conservation needs resulting from the flooding.
- 4 - ~~SWCD's to exceed the normal cost-share limits in those unique situations where the landowner is not financially capable of providing the normal cost-share support.~~ The SWCD is authorized to cost-share up to 100% for the repair previously cost-shared projects damaged by the flooding; and to cost-share up to 100% for new projects where the landowner is unable, due to economic conditions resulting from the flooding, to meet their share and federal dollars are available to make up the difference.
- 5 - Request the Governor to authorize, by executive order, BWSR to implement the cost-share program special provisions. **DECISION ITEM.**

7 - COST-SHARE PROGRAM CHANGES

As you recall the Minnesota Association of Soil and Water Conservation Districts (MASWCD) has requested that the BWSR make changes to the cost-share program criteria and allocation policies and procedures. We laid out a schedule that would provide for the adoption of appropriate changes prior to the 1994 cost-share allocation. Dave Behm will review with you some of the issues relating to the cost-share program that will be considered in this evaluation and review process. **DISCUSSION ITEM.**

8 - EDUCATION PROGRAM UPDATE

Barb Liukkonen will review with you her activities of the last few months.

BWSR Members, Advisors, and Staff
August 17, 1993
Page Four

9 - BLOCK GRANTS ALLOCATION/WCA/WATER PLANNING/Shoreland

Staff have met with representatives of the Association of Minnesota Counties (AMC), Minnesota Association of Soil and Water Conservation Districts (MASWCD), Minnesota Association of Conservation District Employees (MACDE), Minnesota Association of County Planning and Zoning Administrators (MACPZA), League of Minnesota Cities (LMC) to discuss the allocation of grants for the Wetland Conservation Act. The criteria used by staff includes acreage of wetlands in private ownership, population growth, and number of building permits issued. It is believed that this provides the best estimate of wetland conservation act activities. Although one could argue the merits of each it was believed by the group that this was a reasonable approach for the first year and that the process could be refined in future years to reflect actual work effort on the part of local government. The packet spells out the issues before the Board for decision. Staff recommends that the Board;

- 1 - authorize the allocation for the block grant;
- 2 - authorize the wetland allocation based on the criteria shown;
- 3 - adopt the procedure having counties coordinate the seamless coverage and local coordination and grant process.

DECISION ITEM.

10 - CAPITOL BUDGET AND LEGISLATION FOR FY 1995

We are again approaching the time for consideration of policy legislation for the next session. Staff is currently reviewing some possible legislative initiatives for consideration. Included are special budget items for addressing the flooding issues; RIM reserve legislation to reflect the retooling effort; changes to cost-share to reflect current needs; and capitol budget. The capitol budget is back on schedule with an anticipated \$450,000,000 to \$600,000,000 package likely. RIM, PWP, Area II, and Cost-Share are elements for consideration. **DISCUSSION ITEM.**

If you have any questions or need additional clarification, please feel free to give me a call. Travel safely; I look forward to seeing you on the 25th!

RDH:mja
Enc.

**BOARD OF WATER AND SOIL RESOURCES
ROOM 112, STATE CAPITOL
ST. PAUL, MINNESOTA
AUGUST 25, 1993**

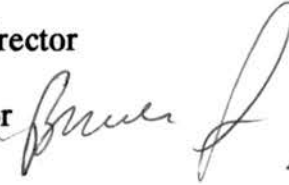
PRELIMINARY AGENDA

- | | | |
|------------|-----|---|
| 9:00 a.m. | 1. | Call Meeting to Order |
| | 2. | Adopt Agenda |
| | 3. | Approve Minutes of June 25, 1993 |
| | 4. | Reports <ul style="list-style-type: none">● Chairman's Report - Jim Nielsen● Executive Director's Report - Ron Harnack● Committee Reports |
| 9:30 a.m. | 5. | Reding Guidelines - Bruce Sandstrom |
| | 6. | Affirmative Action Plan - Ron Harnack |
| 10:00 a.m. | 7. | Cottage Grove Ravine - Bruce Sandstrom
Action Item |
| 10:15 a.m. | 8. | Emergency Flood Response - Ron Harnack <ul style="list-style-type: none">a) Special RIM Sign-Upb) RIM Easement Grazing and Hayingc) Cost-Share |
| | 9. | Cost-Share Program Changes - Dave Behm |
| 11:15 a.m. | 10. | Education Program Update - Barbara Liukkonen |
| 11:30 a.m. | 11. | WCA Grant Allocation - John Jaschke |
| Noon | | LUNCH |
| 1:00 p.m. | 12. | Advisory Report Analysis of Alternatives for Financing Maintenance
and Repair of Public Ditches - Elizabeth Carlson |
| | 13. | Capitol Budget and Legislation for FY 1995 - Ron Harnack |
| 2:00 p.m. | 14. | Advisor Comments <ul style="list-style-type: none">● Curt Borchert, MACDE● Gary Nordstrom, SCS● Marlin Libbesmeier, MAT● Howard Peterson, MAWD● Allan Oehlke, MASWCD● Pat Wulff, MLA |
| | 15. | Board Issues - discussion, comments, action needed |
| 3:00 p.m. | | ADJOURN |

August 12, 1993

To: Ron Harnack, Executive Director

From: Bruce Sandstrom, Supervisor
BWSR Metro Region



Subject: August Board Mailing

I have three items for the August Board Meeting agenda:

1. Cottage Grove Ravine Watershed District Order: Enclosed is a copy of the draft order I am recommending that the hearing panel and the Board adopt. The order should be sent with the mailing. I have talked with Barbara Cobb, Dwain Otte and Howard Peterson have received no negative feedback and support the order as drafted as of 2:30, August 12. In your memo to the Board you should recommend that the hearing panel meet 15 minutes or so before the regular meeting to discuss how they want to present their findings and to approve the hearing minutes.
2. I will be asking that the Board adopt the 3rd draft of the guidelines that I sent out to them on July 26, 1993. I expect some minor revisions to be recommended by MDNR, MPCA and MDOT prior to the Board meeting, thus I intend to recommend to the Board such minor amendments as are appropriate in light of any additional comments. I anticipate that most of the comment will focus on the use of wetlands for storm water management. "To use or not to use, that is the question!" (Bill Shakespeare, aka BS) At any rate, you need to impress upon them that we need to get these guidelines on the street ASAP and we can't wait until everybody agrees to every word or concept.
3. I want Beth Carlson to be on the agenda to give an informational overview of the CURA ditch financing study. Enclosed is a copy of the title page and Executive Summary to be included in the Board mailing. She's planning on a 10 minute overview and up to 10 minutes of Q&A.

Encl - CGRWD Order
- Exec. Summary

cc Jim B.

a:august.mtg

**Minnesota Board of Water and Soil Resources
155 South Wabasha Street, Suite 104
St. Paul, Minnesota, 55107**

In the Matter of the Petition of the
Cities of the Cottage Grove, Lake Elmo,
Oakdale, and Woodbury for the
establishment of the Cottage Grove
Ravine Watershed District pursuant to
Minnesota Statutes, Section 103D.225.

**ORDER
ESTABLISHING THE
COTTAGE GROVE RAVINE
WATERSHED DISTRICT**

Whereas, the Board of Water and Soil Resources (Board) has received a petition dated may 5, 1993 from the Cities of Cottage Grove, Lake Elmo, Oakdale, and Woodbury for the establishment of a watershed district pursuant to Chapter 103D of the Minnesota Statutes, and

Whereas, the on June 24, 1993 the Board held a hearing on the matter beginning at 7:00 P.M. at the Middleton Elementary School at 9105 Lake Road, Woodbury, Minnesota 55125,

Now Therefore, the Board issues the following Findings of Fact, Conclusions and Order.

FINDINGS OF FACT

1. The Board received separate petitions from the Cities of Woodbury, Cottage Grove, Oakdale, and Lake Elmo requesting the establishment of a watershed district called the Cottage Grove Ravine Watershed District. The petitions were identical with each other except for the names of nominees for the District's first board of managers. The petitions were signed by the mayors and chief administrators of each city and dated April 15, 1993 (Woodbury), May 5, 1993 (Cottage Grove), March 9, 1993 (Oakdale) and March 16, 1993 (Lake Elmo). They were combined and filed as one petition as provided by MS Section 103D.205, Subd. 5 and identified as Exhibit 1a, 1b, 1c, and 1d, respectively, and hereinafter referred to as the Petition. The proposed District is approximately 53.5 square miles in size affecting each city as follows:

<u>City</u>	<u>Area in District (mi.2)</u>	<u>Percentage District</u>
Afton	0.8	1.5 %
Cottage Grove	25.5	47.7 %
Lake Elmo	1.5	2.8 %

Oakdale	0.3	0.6 %
Woodbury	25.4	47.5 %

2. At its regular meeting on May 26, 1993 the Board determined that the petition met the requirements of MS Section 103D.225 and consequently ordered a hearing be held on the matter on June 24, 1993 at the Middleton Elementary School in the City of Woodbury in accordance with applicable law. The Board also assigned three board members to serve as the hearing panel on behalf of the Board. Howard Peterson was appointed as chair of the panel and Barbara Cobb and Dwain Otte served as members.
3. At the hearing, Board staff introduced certain procedural and factual documents as exhibits for the Board to consider in its deliberations. Below is a brief description of the exhibits introduced by staff:

- Exhibit 1 - Petitions from the Cities of Woodbury, Cottage Grove, Oakdale and Lake Elmo for the creation of the Cottage Grove Ravine Watershed District. (Exhibits 1a, 1b, 1c, & 1d, respectively)
- Exhibit 2 - Affidavit of service of the nominating petition on the Commissioner of Natural Resources, and the Washington County Auditor dated May 13, 1993 and the transmittal letter thereof dated May 17, 1993.
- Exhibit 3 - Copy of a letter from the City Administrator of the City of Lake Elmo to the City administrator of Woodbury dated March 22, 1993 stating that Lake Elmo was unable to nominate a manager for the proposed watershed district.
- Exhibit 4 - The BWSR's Order For and Notice of Hearing in the matter of the establishment of the proposed Cottage Grove Ravine Watershed District dated May 27, 1993.
- Exhibit 5 - BWSR's affidavit of mailing of the Order For and Notice of Hearing dated May 28, 1993 signed by Lorrie Bauers, a BWSR staff person.
- Exhibit 6 - A copy of the Affidavit of Publication of the Order For and Notice of Hearing from the Stillwater Evening Gazette stating that the Order and Notice was published in the Gazette on Wednesday, June 2 and Wednesday, June 9, 1993.
- Exhibit 7 - Copies of letters from BWSR staff dated May 27, 1993 requesting publication in the Oakdale/Lake Elmo Review on June 2 and June 9, 1993 and in the Cottage Grove Bulletin and the Woodbury Bulletin on June 9, 1993. No affidavits of publication have yet been received from these

newspapers.

Exhibit 8 - An advisory report from the Department of Natural Resources dated June 21, 1993 which contains a map of the boundary of the proposed watershed District. The boundary shown as a dashed line on a map identified as Department of Natural Resources, Division of Waters Drawing No. D-1599. The report supports the creation of the District but cautions that the boundaries of the District should be carefully reviewed by the BWSR, the affected cities and watershed management organizations to make certain the boundaries are accurate.

Exhibit 9 - A letter dated May 7, 1993 from the City of Afton transmitting a copy of City of Afton Resolution 1993-11 (undated) which resolves that the area of Afton within the proposed watershed be instead annexed with the Lower St. Croix River Watershed Management Organization.

Exhibit 10 - A letter dated June 14, 1993 transmitting Washington County Board Resolution No. 93-073 supporting the request of the City of Afton to be annexed with the Lower St. Croix River Watershed Management Organization.

Exhibit 11 - Background Information Sheets and Resumes received to date from manager nominees listed in the petition from the cities. (Tom Ash, Robert Dresch, Christian Hiniker, Donald Lindeman, James Wilson, all from Woodbury; Patrick Rice from Cottage Grove; and Robert Koch from Oakdale.)

4. During the hearing parties who testified entered the following documents as exhibits for the hearing panel's consideration:

Exhibit 12 - A copy of a resolution from the Board of Commissioners of Washington County dated April 20, 1993 stating its support for the creation of the District as petitioned for by the Cities of Cottage Grove, Lake Elmo, Oakdale and Woodbury.

Exhibit 13 - A map labeled Figure 16, dated January, 1988 and entitled "Cottage Grove Ravine Watershed Storm Drainage Plan" which shows 33 separate subwatersheds within the proposed District.

Exhibit 14 - Copies of letters and correspondence submitted by Alex Wickstrom, Afton City Administrator relating to the proposed District, including:

a. A letter from Alex Wickstrom to Bruce Sandstrom of the Board transmitting City Resolution 1993-11, a petition stating the City's desire to

- b. have the affected portion of Afton be annexed to the Lower St. Croix Watershed Management Organization instead of the proposed District. A portion of the minutes of the City Council of Afton dated Dec. 17, 1991 which discussed the impasse of the Cottage Grove Ravine Watershed Management Organization (CGRWMO, now defunct) to be able to adopt a watershed management plan.
- c. A copy of an unsigned, unnumbered petition from the Washington County Board dated June 8, 1993 requesting that the affected portion of Afton be annexed to the Lower St. Croix River Watershed Management Organization.
- d. A copy of an undated letter from Afton Mayor Kenneth Kopitzke to Woodbury City Administrator Barry Johnson which outlines the rationale of Afton's objection to the draft plan of the CGRWMO.
- e. A copy of a letter dated January 25, 1993 from Tim Fredbo on behalf of the Lower St. Croix River WMO (SCRWMO) stating their deference to Afton's request to annex the portion of Afton affected by the proposed District into the LSCWMO if the Board doesn't object to such action.

Exhibit 15 - The original of Exhibit 14, e., above.

Exhibit 16 - A map showing 17 acres of property owned by Mr. Jim Mitchell, 7767 N. 15th Street, Oakdale that is largely subject to wetness or flooding.

Exhibit 17 - A photo copy of two portions of the US Geological Survey Quadrangle maps taped together showing the proposed watershed legal boundary of the District in relation to the natural watershed boundary as it affects the City of Afton.

5. The chair of the panel adjourned the hearing at 8:55 P.M. on June 24, 1993 with the understanding that the Board would establish a deadline for submittal of additional submittals for the record. The next day at its regular meeting on June 25, 1993 the Board ruled that the hearing record should remain open until 4:30 P.M., July 9, 1993 for written submittals. Consequently the following documents were submitted and entered as additional exhibits for the Board to consider.

Exhibit 18 - A letter dated July 8, 1993 from the Ramsey - Washington Metro Watershed District (RWMWD) stating that at the present the RWMWD is not interested in consolidation with the proposed District.

Exhibit 19 - A letter dated July 6, 1993 from the Valley Branch Watershed District (VBWD) that supports the creation of the District and further requests that a portion of the boundary common to the VBWD and the proposed District be changed to more closely reflect the actual hydrologic boundary. The letter transmitted a half section map for the north 1/2 of Section 29,

T. 29 N., R. 21 W. showing the exact location of where the boundary should be. The boundary change would diminish the size of the VBWD by about 15 acres and increase the size of the proposed District by a like amount.

- Exhibit 20 - A background information sheet from Mr. Rufus H. Brown, 4787 Tower Drive, Woodbury, MN 55125. Mr. Brown is a nominee for manager nominated by the City of Woodbury.
- Exhibit 21 - A letter dated July 9, 1993 from the City of Woodbury Public Works Director David R. Jessup transmitting a watershed boundary map for the proposed District showing the hydrologic boundaries of 5 distinct hydrologic areas suggested to be used for the basis of appointing managers.
- Exhibit 22 - A letter from Afton City Administrator Alex Wickstrom transmitted via phone facsimile to Bruce Sandstrom, BWSR staff, which expressed the City's inability to nominate a potential manager for the proposed District and requested that the Board consider appointing a person with a rural, agricultural background and perspective to reflect the interests of affected landowners in the City of Afton.
6. During the hearing, Woodbury City Administrator Barry Johnson spoke on behalf of the petitioners in support of establishment of the proposed District. Mr. Joseph C. Anderlik, an engineering consultant for the City of Woodbury, testified that the District was needed primarily to deal with future storm water problems the petitioners anticipate as a result of the fairly rapid urbanization of the area. He also advised that portions of the District are essentially land-locked. It is anticipated that the District is needed to help finance the construction of needed ponds and piping to treat and convey storm runoff to the Mississippi River. Further, it is the intention of the Cities of Cottage Grove and Woodbury to provide staff assistance and office space to the District to lessen administrative costs related to the District.
7. The Petition listed thirteen specific reasons why establishment would promote the public health and welfare. These included but were not limited to alleviating flood damage, providing water supply for irrigation, conservation of water supplies, regulating various activities affecting water resources and protecting wetlands. The Petition also listed a number of contemplated improvements that the District might consider including, but not limited to: controlling pollution, improving recreational use of lakes and streams, establishing water storage areas, and providing a coordinated overall approach for managing water resources.
8. The purposes of the proposed District include such functions control of such itmes as flooding of land, control of erosion of soil and subsequent siltation, and

improving water quality. To exclude the affected area of the City of Afton from the proposed District would impair the ability of the District to accomplish such tasks since the affected area discharges runoff into said District.

CONCLUSIONS

1. The Petition for the creation of the District is valid in all respects in accordance with Minnesota Statutes Section 103D.205, Subd. 3, (3).
2. Proper notice of hearing was given and the hearing was held in accordance with all applicable laws.
3. The establishment of the District would promote the public health, safety and welfare and would provide a functional alternative to the now defunct Cottage Grove Ravine Watershed Organization that was operating under a joint powers agreement.
4. The proposed District will enable the affected area to eventually come into compliance with Minnesota Statutes Section 103B.201 to 103B.255, also known as the Metropolitan Water Management Act.
5. The affected area within Afton cannot be excluded from the proposed District as it would be contrary to applicable law.

ORDER

- I. The proposed District is hereby established and given the corporate name of "Cottage Grove Ravine Watershed District." The District shall have the all the powers, duties and purposes provided by law.
- II. The boundary of the Cottage Grove Ravine Watershed District (CGRWD) shall be as shown on Department of Natural Resources, Division of Waters drawing D-1599, dated June, 1993, a copy of which is hereto attached, except for the addition of 15 acres of land in a platted area in the SW 1/4 of the NE 1/4 of Section 29, Township 29 North, Range 21 West, Washington County, as further defined in Attachment A to this order. (Attachment A is based on an annotated half-section map submitted by the Valley Branch Watershed District as a part of Exhibit 19.) For purposes of nomination and appointment of future managers, the five hydrologic areas identified in Exhibit 21 are hereby established.
- III. In consideration of Exhibits 1, 11, 19, and 20 the first board of managers of the CGRWD shall be as follows for the terms specified:

Hydrologic Area	Name	Length of First Term
1	Robert Koch 1424 Hilo Ave. Oakdale, MN 55128	2 years
2	Christian Hiniker 8968 St. Croix Road Woodbury, MN 55125	2 years
3	James Wessman 11063 Bailey Road Woodbury, MN 55125	3 years
4	Richard Hamer 9147 78th St. South Cottage Grove, MN 55016	3 years
5	Patrick Rice 7836 E. Point Douglas Rd Cottage Grove, MN 55016	1 year

- IV. Within 90 days of this order, the CGRWD is directed to:
- a. prepare an accurate map of the boundary of the District including the five hydrologic areas identified in Exhibit 20 for purposes of future appointment of managers;
 - b. develop a complete list of the parcels of land that are within the District; and
 - c. provide one true and correct copy said map and list of parcels to the Board, the Department of Natural Resources, the Washington County Board, each city affected, and each adjoining watershed district or watershed management organization.

It is so ordered this 25th day of August, 1993.

Minnesota Board of Water and Soil Resources

By: D. James Nielsen
Chairman

Attachments: DNR Drawing D-1599
Attachment A (hydrologic boundaries)
a:cgrwd.ord

AGENCY CAPITAL BUDGET BRIEF
Strategic Planning Summary
Fiscal Years 1994-99

Form A

1. **AGENCY:** Water and Soil Resources, Board of 439-sps.hei
08-09-93 12:30pm cm

2. **AGENCY MISSION STATEMENT:**

The mission of the Board of Water and Soil Resources (BWSR) is to provide leadership enabling local governments to properly manage water and soil resources and to help all citizens be stewards of our irreplaceable natural resources.

Although other agencies are involved in resource management, the BWSR is unique in that it is the only agency that accomplishes its goals through increasing the capabilities of local government units. This approach makes sense for a number of reasons.

First, local ownership of natural resource management activities is an important component of the success of such efforts. Rather than resentment at a state mandate that local personnel perceive they are being forced to carry out, a state-local partnership fosters feelings of pride and local responsibility.

Second, since resource management is primarily a land use issue, and local government is the land use authority in Minnesota, it makes sense to focus resource management assistance at the local level. Local governments, through their widespread planning and zoning authorities, make the vast majority of land use decisions. Sound land use management at the local level will protect soil, lakes, rivers, and streams, and sustain agriculture, forestry and development.

Finally, we enter a time of increased environmental awareness-but dwindling resources to address these concerns. Partnerships and strong working relationships are an effective way of leveraging our talents, resources, and finances to achieve the greatest results.

Recognizing the advantages of local resource management, the legislature in 1987 created the BWSR to facilitate local government effort and to ensure coordination of state, local, federal and private resource management initiatives. To accomplish this, the membership of the BWSR

includes representatives from local government, citizens, 4 state agencies and the University of Minnesota Extension. This composition provides a unique opportunity for communication of issues and concerns, policy discussions on resource management, and generally enhancing state/local/private partnerships.

To reach these objectives, the BWSR:

- promotes communication and partnerships among state, local, and federal governments, as well as private organizations;
- administers a number of grant programs providing funding to local governments for resource management;
- conducts training sessions and provides technical assistance to local units of government; and
- coordinates state government activities as they affect local governments.

3. **TRENDS, POLICIES AND OTHER ISSUES AFFECTING THE DEMAND FOR SERVICES, FACILITIES OR CAPITAL PROGRAMS:**

The following trends are shaping the development of policies and programs at the BWSR:

1. *Reduced state and federal government funding for local governments, and increased expectations of local responsibilities.* As more of the financial and administrative burdens of resource management fall on local governments, they need to increase their capability to handle the myriad demands of those responsibilities, and be supported by capital programs such as those administered by BWSR.
2. *Increased awareness among the general public, including landowners, of resource problems, and increased willingness to make reasonable efforts to accomplish resource conservation.* More Minnesotans are becoming concerned about our environment, particularly water quality-many people have noticed deteriorating conditions in their favorite lakes or fishing streams. As these concerns surface, more people are willing to make reasonable efforts and contributions to protect and improve their environment.

AGENCY CAPITAL BUDGET BRIEF
Strategic Planning Summary (Cont'd.)
Fiscal Years 1994-99

Form A

439-sps.hei
08-09-93 12:30pm cm

3. *Movement from planning to implementation phase of non-point source pollution prevention strategy.* As Minnesota moves from the planning to the implementation stage of its non-point source strategy, BWSR's local government network increases in importance as a means of disseminating financial and technical aid to local governments. The BWSR has the structure and the relationships needed to address non-point concerns at the local level.

4. *Federal Actions.* Federal actions continue to affect BWSR local government programs in a wide variety of ways. Some examples of this are the recent funding cuts to the Conservation Reserve Program and the Wetland Reserve Program. Decreasing federal participation in flood control and related efforts has also resulted in a greater need for state participation. The BWSR must take this into consideration as it anticipates funding, programmatic and staffing needs, as well as an increased demand for state set-aside dollars, over the next bienniums.

4. **PROVIDE A SELF-ASSESSMENT OF THE CONDITION, SUITABILITY AND FUNCTIONALITY OF PRESENT FACILITIES, CAPITAL PROJECTS OR ASSETS:**

Since the inception of the RIM Reserve program in 1986, landowner interest in enrolling acreage into conservation easements has consistently exceeded appropriations. As of May, 1993, approximately \$62 million of applications have been received in consideration of approximately \$30 million appropriated. The board anticipates that this level of landowner interest in the program will be sustained for the foreseeable future.

The Area II Minnesota River grant-in-aid program administered and technically supported by the BWSR has proven to be an effective partnership for flood control, floodplain management and related erosion control and water quality improvements. The member counties of the Area II joint powers board remain focussed on their mission and have the desire and capability to support an expanded local/state partnership in a large portion of the Minnesota River basin. Existing studies by the Soil Conservation Service, Corps of Engineers and local governments have

identified numerous potential project sites.

In the past, the Streambank, Lakeshore and Roadside (SLR) and Abandoned Well Sealing programs have not been directly funded by bonding. In recent years, demand for these programs has exceeded available funding by more than 2:1.

To date, the capital funds appropriated for the permanent wetland preserve program have been adequate to meet landowner interest in the program (\$7 million appropriated).

5. **DESCRIBE THE AGENCY'S LONG-RANGE STRATEGIC GOALS AND CAPITAL BUDGET PLAN:**

The BWSR intends to use bonding to the extent possible to fund projects on public property or projects on private land with a long term public benefit; to protect the public interest, projects on private land will be done through easement acquisition.

The BWSR Strategic Plan (attachment A) identifies resource management strategies and related goals of the agency. The resource management strategies specified are education, incentives and regulation. The plan also identifies a number of goals (by resource area such as water quality management) that focus on assisting local governments and landowners in solving and preventing natural resource management problems. The projects outlined in this capital budget request utilize the "incentive strategy" as tools available to local government to enhance local program delivery. Incentives should provide opportunities to dissuade harmful and encourage beneficial land and water use activities. Incentives should also encompass urban as well as rural values, and loans as well as grants.

Some of the goals identified in the Strategic Plan that are achieved through the capital projects include:

- Protecting or retiring existing marginal agricultural lands and highly sensitive lands.
- Targeting land retirement programs to the highest priority marginal

AGENCY CAPITAL BUDGET BRIEF
Strategic Planning Summary (Cont'd.)
Fiscal Years 1994-99

Form A

agricultural lands and sensitive lands.

- Retiring marginal agricultural lands and highly sensitive lands to permit land managers to focus their stewardship efforts on more productive lands.
- Creating and protecting natural retention systems to aid in the management of surface water runoff and enhance groundwater recharge.
- Striving towards a "net gain" of wetland resources.
- Installing best management practices on Minnesota lands.
- Targeting land treatment cost-share programs to erosion-prone productive lands.
- Reducing soil loss at or below the soil loss tolerance level by the year 2000.
- Managing runoff to minimize property loss and environmental damage.
- Reducing groundwater contamination by sealing abandoned wells.

The requests included in this capital budget are a reflection of programs that have been successful in achieving the objectives outlined above. Wetland restoration, erosion control projects, well sealing and RIM have been specifically identified in local comprehensive water management programs as key incentives to realizing state and local water resource objectives.

6. AGENCY PROCESS USED TO ARRIVE AT THESE CAPITAL REQUESTS:

Budget requests were based on historic requests from local governments for financial assistance.

To determine the capital budget request for the RIM Reserve program goal acreage was extrapolated from the program's Five Year Plan (attachment

B). The acreage was derived through a collaborative effort of LGU representatives and the BWSR RIM Reserve Strategic Planning Committee which considered the amount of eligible land for the program and forecasted landowner interest.

Information was provided by the Washington County Soil and Water Conservation District for the St. Croix River SLR request.

Area II requests were based on short and long range work plans which reflect project priorities and available capabilities. Abandoned wells information was derived from local water plans.

Internal agency estimates were used to arrive at the amount requested for the permanent wetland preserve program.

- All requests are a reflection of demands for service or assistance of local government and citizens.
- The county water plans, work plans of SWCDs, watershed districts, and watershed management organizations were key sources for these requests.

7. AGENCY CAPITAL BUDGET PROJECTS DURING THE LAST SIX YEARS (1988-1993):

RIM Reserve received \$29.9 million from bonding between 1986 and the most recent appropriation in 1993, of these funds, 95% have been committed to specific easements. Please refer to the RIM Reserve, and Permanent Wetland Preserve project details for funding history by year.

The Wellner-Hageman multiple purpose reservoir received \$1,645,000 from bonding in 1990. This reservoir was completed in 1992.

Permanent wetland preserves has received \$7 million in FY 1993-94. One million has been reserved for permit denial compensation, with \$2.8 million committed to easements in FY 1993 and \$3.2 million available to fund easement applications in FY 1994.

AGENCY CAPITAL BUDGET BRIEF
Strategic Planning Summary (Cont'd.)
Fiscal Years 1994-99

Form A

439-sps.hei
08-09-93 12:30pm cm

AGENCY CAPITAL BUDGET BRIEF
Projects Summary
Fiscal Years 1994-99
Dollars in Thousands (\$137,500 = \$138)

Form B

AGENCY: Water and Soil Resources, Board of

439-psum.hei
08-09-93 3:53pm cm

Project Title	Project Type*	1994-95 Agency Priority Ranking	Agency Project Request (\$ by FY)				Statewide Score	Governor's Recommendation (\$ by FY)			
			1994-95	1996-97	1998-99	Agency Total \$		1994-95	1996-97	1998-99	Governor's Total \$
Streambank, Lakeshore and Roadside Erosion Control	NB	2	\$1,200	\$1,500	\$1,200	\$3,900					
Abandoned Well Sealing	NB	4	\$250	\$250	\$250	\$750					
Reinvest In Minnesota Reserve	NB	1	\$14,240	\$20,090	\$18,010	\$52,340					
Permanent Wetland Preserves	NB	5	\$5,530	\$3,960	\$1,190	\$10,680					
Area II Minnesota River Basin	NB	3	\$1,900	\$2,300	\$2,450	\$6,650					
Total Project Requests:			\$ 23,120	\$ 28,100	\$ 23,100	\$ 74,320		\$	\$	\$	\$

Project Type*	F.Y. 1994-95	F.Y. 1996-97	F.Y. 1998-99
Construction of a new facility	\$	\$	\$
Adaption of an existing facility for new, expanded or enhanced programs or uses	\$	\$	\$
Adaption of an existing facility for code-required changes or liability purposes	\$	\$	\$
Renewal of existing facilities or assets and CAPRA requests (no program changes)	\$	\$	\$
Non-building projects, grants-in-aids, funds to other government units	\$ 23,120	\$ 28,100	\$ 23,100
Total	\$ 23,120	\$ 28,100	\$ 23,100

* Project Types (choose one for each project or program):

- C = Construction of a new facility for new program/uses or for expanded /enhanced programs/uses or for replacement purposes.
- AP = Adaption of an existing facility for a new program/use or for program expansion/enhancement purposes.
- AC = Adaption of an existing facility for code-required changes, handicapped access or legal liability purposes.
- R = Renewal of existing facilities or assets (no program expansion) and CAPRA requests.
- NB = Non-building projects, grant-in-aid programs, capital project funding to other government jurisdictions.

AGENCY CAPITAL BUDGET REQUEST
Non-Building Project Detail

Fiscal Years 1994-99

Dollars in Thousands (\$137,500 = \$138)

Form G-1

AGENCY: Water and Soil Resources, Board of

PROJECT TITLE: Reinvest In Minnesota (RIM) Reserve Program

PROJECT COSTS:

F.Y. 1994-95	\$ 14,240
F.Y. 1996-97	\$ 20,049
F.Y. 1998-99	\$ 18,010
Total	\$ 52,340

439-nb03.hei
08-09-93 2:23pm cm

LOCATION (CITY, COUNTY): Statewide

AGENCY PRIORITY (for F.Y. 1994-95 requests only):

1 of 5 requests

1. PROJECT DESCRIPTION:

RIM Reserve was established in 1986 (M.S. 103F.505 to 103F.531, as amended) "to keep certain marginal agricultural land out of crop production to protect soil and water quality and support fish and wildlife habitat." The requested funds will be utilized to acquire conservation easements from private landowners on marginal lands to restore wetlands and to establish permanent vegetative cover. Marginal lands targeted for acquisition include sensitive groundwater areas, riparian lands, drained restorable wetlands, and marginal agricultural croplands. In addition, the total dollar amount requested includes professional service costs associated with acquiring easements and conducting related engineering functions (12% for wetland easements and 10% for non-wetland easements).

2. PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC GOALS AND CAPITAL PLAN:

The RIM Reserve program conforms with the Board of Water and Soil Resources' (BWSR's) long-range plan by providing an incentive tool for local resource managers to utilize to protect and improve their water and soil resources. RIM Reserve is implemented at the local level by soil and water

conservation districts (SWCDs).

RIM promotes the retirement of marginal intensive-use lands by reimbursing landowners to cease cropping and grazing, and establish conservation practices. This conserving use reduces runoff, erosion and sedimentation, and benefits land, water, fish and wildlife resources. Specific benefits to the public include:

- prevention of groundwater contamination to surficial and bedrock aquifers through the retirement of cropland overlying wellhead protection areas or in the immediate proximity of sinkholes;
- prevention of further surface water quality degradation resulting from sedimentation through the retirement of riparian land and marginal agricultural cropland;
- enhancement of fish habitat due to reductions in sediment loadings through the retirement of riparian lands; and
- enhancement of upland game and nongame wildlife habitat due to increased permanent vegetative cover.

The Five-Year Program Plan 1993-1997 (see attachment B) sets forth both long-term and short-term goals and objectives. Long-term goals estimate resource protection needs based on an approximation of the acreage that meets land eligibility criteria. These acres have been factored by a percentage estimated to reflect the lands most in need of protection. Achievement of the long-term goals and objectives, as well as the time-frame, will be dependent on:

1. The state's financial commitment to the program.
2. The economic appeal of the program in relation to a landowner's management decisions.
3. The degree to which other conservation agencies and organizations contribute to the protection of the identified acres.

AGENCY CAPITAL BUDGET REQUEST **Non-Building Project Detail (Cont'd.)**

Form G-1

Fiscal Years 1994-99

Dollars in Thousands (\$137,500 = \$138)

Short term goals (1993-1997) identified in the program plan represent the progress toward the long-term goals that the BWSR believes is realistic considering the past program activity and present program staff capability.

Target enrollments are identified for marginal lands (including groundwater sensitive lands, riparian lands and highly erodible lands) and wetland restorations. The short-term goals also identify the need to sustain land presently in conserving-use but slated to expire from Conservation Reserve Program (CRP) contracts and RIM Reserve limited-duration easements. Conversion of these contracts to perpetual RIM Reserve easements is efficient because the land is already in conserving use, negating the need to expend dollars for the establishment of conservation practices. Only the most environmentally sensitive lands will be targeted for conversion, which can be defined as those lands that significantly contribute to the degradation of ground and surface water resources. Some counties have included these resource sensitive areas as priorities in their local water plans. Typically these lands are prone to erosive forces that detach sediment (often latent with nutrients and pesticides), and a direct transportation route between the land and a water body exists.

Acres scheduled for release from CRP and RIM limited-duration easements:

YEAR	CRP Acres	RIM Acres	Total Acres
1994	-0-	-0-	-0-
1995	-0-	-0-	-0-
1996	136,000	110	136,110
1997	1,007,000	8,120	1,015,120
1998	341,000	100	341,100
1999	221,000	100	221,100
TOTAL	1,705,000	8,430	1,713,430

439-nb03.hei

08-09-93 2:23pm cm

Program plan acreage enrollment goals:

YEAR	MARGINAL LAND ACRES	WETLAND ACRES	CRP ACRES	RIM ACRES	TOTAL ACRES
1994	6,000	2,000	-0-	-0-	8,000
1995	6,000	2,000	-0-	-0-	8,000
1996	6,000	2,000	720	55	8,775
1997	6,000	2,000	4,085	4,060	16,145
1998	6,000	2,000	2,845	50	10,895
1999	6,000	2,000	2,845	50	10,895
TOTAL	36,000	12,000	10,495	4,215	62,710

Average cost per acre:

Land Type	Cost/Acre
Marginal Land	\$791.00
Wetland	\$1,186.00
CRP/RIM	\$652.00

While maintaining these acres in conserving use requires a significant investment, it is important to recognize that lands reverting to intensive use, such as cropping and grazing, will undoubtedly result in costly off-site impacts such as sedimentation and water quality degradation.

The BWSR acknowledges that alternative resource management techniques should be employed in conjunction with RIM Reserve to protect environmentally sensitive lands slated to expire from conservation programs. Comprehensive resource management techniques should include local adoption and enforcement of an ordinance to reduce erosion and sedimentation, and to promote maintenance of flood plain hardwood forests. An advisory committee is currently drafting a model *Agricultural Erosion control*

AGENCY CAPITAL BUDGET REQUEST **Non-Building Project Detail (Cont'd.)**

Fiscal Years 1994-99

Dollars in Thousands (\$137,500 = \$138)

Form G-1

Ordinance for counties to voluntarily adopt. The BWSR believes that regulatory approaches, such as ordinances, are only successful if implemented in conjunction with educational efforts and incentive programs. In addition, SWCDs and counties must possess the base-capability of adequate numbers of properly trained technical staff to execute these resource management strategies.

Since its inception in 1986, RIM's funding source has largely been from the sale of bonds with limited support funding appropriated from the Environmental Trust fund for RIM. The BWSR submitted a \$12 million request for FYs 1992-93 and received \$1,000,000. For FYs 1994-95 \$10 million was requested, of which \$823,000 (Legislative Commission on Minnesota Resources) was appropriated. In addition, the BWSR has solicited and received matching funds \$850,000 for wetland restoration in the Minnesota River Basin from the North American Wetlands Conservation Act (NAWCA). The BWSR continues to seek grants from NAWCA to fund conservation easements within priority watersheds. This matching program requires a 2.5:1 match to be competitive nationally.

It is anticipated that conservation groups, such as Pheasants Forever, Ducks Unlimited, Isaac Walton League, Minnesota Waterfowl Association, Trout Unlimited and the U.S. Fish and Wildlife Service will continue to leverage dollars towards the establishment of conservation practices on RIM easements. During FYs 1992-93 these organizations directly contributed approximately \$186,000 to the program, with more dollars donated in the form of grass seed and in-kind services. The BWSR continues to actively seek funding from these groups.

3. OTHER CONSIDERATIONS (OPTIONAL):

RIM Reserve has been a popular program stemming from the 1984 Citizens Commission report on the Governor to Promote Hunting and Fishing in Minnesota. Many individuals and organizations praised the report for its insightful recommendations, and as a result created a coalition to promote the passage of the landmark legislation that created RIM. The demise of this program would eliminate a vital incentive tool utilized in promoting good land and water stewardship. In addition, a growing partnerships with other public and private organizations would be greatly diminished.

Program accomplishments and trends:

LAWS OF: APPROPRIATIONS (millions)			LANDOWNER INTEREST 4 (MILLIONS)	
			1986	25.5
1987	9.0	Bonding	1987	5.5
1988	-0-		1988	5.0
1989	1.5	Bonding	1989	6.3
1990	0.75	Bonding	1990	4.2
1991	6.9	Bonding	1991	7.8
1991	1.0	Env. Trust Fund		
1992	1.25	Bonding	1992	3.7
1993	0.82	Env. & Future	1993	4.2*
		Resources Trust Funds	1993	5.0**
	0.50	Bonding		
	0.85	NAWCA (federal grant)		

* A fall sign-up for 1993 is scheduled.

** The recent flooding in the southern half of the state will place substantially more pressure on the RIM Reserve Program. It is the only program that can focus on the floodplain riparian lands and flooded farmlands (wetland restoration) and put funding in the hands of economically stressed farmers at a critical time and at the same time achieve significant resource protection and enhancement.

439-nb03.hei

08-09-93 2:23pm cm

**AGENCY CAPITAL BUDGET REQUEST
Non-Building Project Detail (Cont'd.)**

Form G-2

Fiscal Years 1994-99

Dollars in Thousands (\$137,500 = \$138)

TYPE OF REQUEST (Check all that apply):

- ☒ Acquisition of State Assets
☐ Development of State Assets
☐ Maintenance of State Assets
☒ Grants to Local Governments
☐ Loans to Local Governments
☐ Other Grants (specify):

PROJECT CHARACTERISTICS (Check all that apply):

- ☐ Health and Safety
☐ Provision of New Program/Services
☒ Expansion of Existing Program/Services
☐ Other (specify):

PROPOSED METHOD(S) OF FINANCING (check one):

- ☐ Cash: Fund _____
☒ Bonds: Tax Exempt _____ Taxable _____

DEBT SERVICE PAYMENTS (Check all that apply):

- ☐ General Fund % of total _____
☐ User Financing % of total _____
Source of funds _____

NON-STATE PARTICIPATION:

- \$ _____ Total Project Cost
\$ _____ State funding
\$ _____ Federal funding
\$ _____ Local gov't funding
\$ _____ Private funding

439-nb03.hei
08-09-93 2:23pm cm

Agency Data Prepared by: <u>Marybeth Block</u>	<u>Easement Coordinator</u>	<u>297-7965</u>	<u>7-23-93</u>
Name	Title	Telephone	Date

**AGENCY CAPITAL BUDGET REQUEST
Non-Building Project Detail (Cont'd.)**

Form G-3

Fiscal Years 1994-99

Dollars in Thousands (\$137,500 = \$138)

DEPARTMENT OF FINANCE ANALYSIS:

Statewide Score	
Criteria	Points
Total	

GOVERNOR'S RECOMMENDATION:

439-nb03.hei

08-09-93 2:23pm cm

AGENCY CAPITAL BUDGET REQUEST
Non-Building Project Cash Flow
Fiscal Years 1994-99
Dollars in Thousands (\$137,500 = \$138)

Form H

AGENCY: Water and Soil Resources, Board of
PROJECT TITLE: Reinvest In Minnesota Reserve Program
PREPARED BY: Marybeth Block
PHONE NUMBER: 297-7965

439-nb03.cf
08-09-93 3:50pm cm

	Total Agency Request \$	Fiscal Year 1995					Fiscal Year 1996					Fiscal Year 1997				
		Qtr Beg 07/94	Qtr Beg 10/94	Qtr Beg 01/95	Qtr Beg 04/95	FY Total	Qtr Beg 07/95	Qtr Beg 10/95	Qtr Beg 01/96	Qtr Beg 04/96	FY Total	Qtr Beg 07/96	Qtr Beg 10/96	Qtr Beg 01/97	Qtr Beg 04/97	FY Total
Cash flow for 1994-95 request	\$14,240	0	0	0	\$712	\$712	\$2,136	\$2,136	\$1,068	\$1,780	\$7,120	\$2,136	\$2,136	\$712	\$712	\$5,696
Cash flow for 1996-97 request.	\$20,090	N.A.	N.A.	N.A.	N.A.	N.A.	0	0	0	\$1,507	\$1,507	\$3,013	\$3,014	\$1,507	\$2,511	\$10,045
Cash flow for 1998-99 request.	\$18,010	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Totals	\$52,340	0	0	0	\$712	\$712	\$2,136	\$2,136	\$1,068	\$3,287	\$8,627	\$5,149	\$5,150	\$2,219	\$3,223	\$15,741

	Total Agency Request \$	Fiscal Year 1998					Fiscal Year 1999					Fiscal Year 2000				
		Qtr Beg 07/97	Qtr Beg 10/97	Qtr Beg 01/98	Qtr Beg 04/98	FY Total	Qtr Beg 07/98	Qtr Beg 10/98	Qtr Beg 01/99	Qtr Beg 04/99	FY Total	Qtr Beg 07/99	Qtr Beg 10/99	Qtr Beg 01/2000	Qtr Beg 04/2000	FY Total
Cash flow for 1994-95 request	\$14,240	\$356	\$356	0	0	\$712										
Cash flow for 1996-97 request.	\$20,090	\$3,013	\$3,014	\$1,507	\$1,004	\$8,538										
Cash flow for 1998-99 request.	\$18,010	0	0	0	\$1,351	\$1,351	\$2,701	\$2,702	\$1,351	\$2,251	\$9,005	\$2,701	\$2,702	\$1,351	\$900	\$7,654
Totals	\$52,340	\$3,369	\$3,370	\$1,507	\$2,355	\$10,601	\$2,701	\$2,702	\$1,351	\$2,251	\$9,005	\$2,701	\$2,702	\$1,351	\$900	\$7,654

AGENCY CAPITAL BUDGET REQUEST
Non-Building Project Detail

Fiscal Years 1994-99

Dollars in Thousands (\$137,500 = \$138)

Form G-1

AGENCY: Water and Soil Resources, Board of
PROJECT TITLE: Erosion Control Cost-Share
PROJECT COSTS:

439-nb05.hei
08-09-93 3:16pm cm

F.Y. 1994-95	\$ 2,200
F.Y. 1996-97	\$ 1,500
F.Y. 1998-99	\$ 1,200
Total	\$ 3,900

LOCATION (CITY, COUNTY): Statewide

AGENCY PRIORITY (for F.Y. 1994-95 requests only):

2 of 5 requests

1. PROJECT DESCRIPTION:

Eligible projects under the BWSR's cost-share programs include eroding sites on streambank, lakeshore and roadside areas. The program has statewide applicability with focus on lakes and rivers. Sites on public property are eligible, sites on private land are eligible if access--for maintenance--and use of the sites are restricted by easement.

The amount requested above for each of the next three bienniums is intended as grants to soil and water conservation districts (SWCDs) for cost-sharing with landowners at a 75%/25% (state/local private share) rate. The Board of Water and Soil Resources (BWSR) proposes that up to 20% of bond proceeds be used for the technical assistance necessary to survey and design the projects. This percentage is consistent with M.S. 103C.5-01, Cost-Sharing Contracts.

2. PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC GOALS AND CAPITAL PLAN:

The BWSR strategic plan states that programs should be available to assist local units of government in correcting problems on lakes and rivers. The

sites that would be addressed by this proposal are locally identified by SWCDs as priority areas. The BWSR and its predecessor agency the Soil and Water Conservation Board (SWCB) has provided grants to SWCDs for streambank, lakeshore and roadside projects since the late 1970's. The LCMR provided the initial funding to the SWCB of \$150,000 and \$250,000 per year, respectively, over two biennia. Since then, annual funding has averaged about \$159,000. The BWSR allocates funds to SWCDs on a request basis. For fiscal year 1994, SWCDs requested \$573,000 for 29 projects. The BWSR funded 12 requests for \$159,000. This trend of requests exceeding funding by a 3.5:1 ratio has existed for several years and the basis for part of this proposal. An additional \$400,000 per year is needed to fund requests.

The other component of this proposal regards the St. Croix River south of Stillwater. Estimates provided by local government personnel suggest that there are about 100 sites that need stabilization at an average cost of \$10,000 per site including cost of easements for access and restricted use. One million dollars is needed to complete these projects over the next 6 years.

The recent flooding in the state has contributed to significant erosion of streambanks and lakeshores, resulting in sedimentation of lakes and streams and diminished water quality and recreational capacity of the resources. Although the majority of the impact is on private land, significant public lands have been destroyed or severely damaged requiring repair and maintenance. Increased resources are necessary to restore lands to pre-flood conditions.

3. OTHER CONSIDERATIONS (OPTIONAL):

Local governments and BWSR have used other funds to augment this effort (e.g., local water planning and federal erosion control cost-share dollars). Lake Superior and Coastal Management funds are also leveraged by these requests. Shifting monies from other cost-share components is viable, however would detract from equally or higher priority areas.

**AGENCY CAPITAL BUDGET REQUEST
Non-Building Project Detail (Cont'd.)**

Form G-2

Fiscal Years 1994-99

Dollars in Thousands (\$137,500 = \$138)

TYPE OF REQUEST (Check all that apply):

- ☒ Acquisition of State Assets
- ☐ Development of State Assets
- ☐ Maintenance of State Assets
- ☒ Grants to Local Governments
- ☐ Loans to Local Governments
- ☐ Other Grants (specify):

PROJECT CHARACTERISTICS (Check all that apply):

- ☐ Health and Safety
- ☐ Provision of New Program/Services
- ☒ Expansion of Existing Program/Services
- ☐ Other (specify):

PROPOSED METHOD(S) OF FINANCING (check one):

- ☐ Cash: Fund _____
- ☒ Bonds: Tax Exempt _____ Taxable _____

DEBT SERVICE PAYMENTS (Check all that apply):

- ☒ General Fund % of total 100
- ☐ User Financing % of total _____

Source of funds _____

NON-STATE PARTICIPATION:

\$ _____ Total Project Cost
\$ _____ State funding
\$ _____ Federal funding
\$ _____ Local gov't funding
\$ _____ Private funding

439-nb05.hei
08-09-93 3:16pm cm

Agency Data Prepared by: Greg Larson
Name

Head, Water and Land Section
Title

296-0882
Telephone

7-23-93
Date

**AGENCY CAPITAL BUDGET REQUEST
Non-Building Project Detail (Cont'd.)**

Form G-3

Fiscal Years 1994-99

Dollars in Thousands (\$137,500 = \$138)

DEPARTMENT OF FINANCE ANALYSIS:

Statewide Score	
Criteria	Points
Total	

GOVERNOR'S RECOMMENDATION:

439-nb05.hei
08-09-93 3:16pm cm

Form H

439-nb01.cf
08-09-93 4:00pm cm

[illegible]

AGENCY CAPITAL BUDGET REQUEST
Non-Building Project Detail

Fiscal Years 1994-99

Dollars in Thousands (\$137,500 = \$138)

Form G-1

AGENCY: Water and Soil Resources, Board of

PROJECT TITLE: Area II Minnesota River Basin Grant-in-Aid Program

PROJECT COSTS:

F.Y. 1994-95	\$ 1,900	439-nb01.hei
F.Y. 1996-97	\$ 2,300	08-09-93 3:25pm cm
F.Y. 1998-99	\$ 2,450	
Total	\$ 6,650	

LOCATION (CITY, COUNTY): Five major subbasins of the Minnesota River between Ortonville and Mankato, Minnesota

AGENCY PRIORITY (for F.Y. 1994-95 requests only):

3 of 5 requests

1. PROJECT DESCRIPTION:

In 1978, the legislature created a pilot grant-in-aid program to cost-share with local units of government for floodwater retarding and retention structures within five major subbasins of the Minnesota River. The current authorizing statutes are M.S. 103F.171 - 103F.187. The project area is characterized by: broad upland and lowland plains connected by a steep transition known as the Coteau des Prairies; fertile soils; frequent flooding, including many interbasin floodwater overflows; and substantial erosion. These five subbasins were referred to as Study Area II in the Minnesota River Basin Study conducted by the U.S. Soil Conservation Service. A ten-county joint powers board "Area II Minnesota River Basin Projects, Inc." was established in 1978 to coordinate local implementation and cost sharing for the program, which is administered by the Board of Water and Soil Resources (BWSR).

The projects for which funds are being requested include: reservoirs, both with and without permanent pools; "road retention structures" involving temporary floodwater storage upstream from public road crossings, typically constructed during bridge or culvert replacements; and other potential

floodwater and sediment retarding measures such as buffer strips and wetland restorations.

The projects funded through this program are components of a general plan for flood control and floodplain management. The Minnesota River Basin Study identified 81 major floodwater retention sites within the project area. That study, together with a subsequent joint study conducted by the SCS and U.S. Army Corps of Engineers provided technical, environmental and economic analyses of all of these sites and a basis for project prioritization. Road retention structure sites are identified in cooperation with county and state highway departments and selected based on the costs and benefits of the sites. Specific projects and programs for which funding is requested include:

Redwood-22 Reservoir, upstream of Marshall, MN	\$1,625,000
Lac Qui Parle-40 Reservoir	\$ 200,000
Lazarus Creek Reservoir	\$1,125,000
Lac Qui Parle-3 Reservoir	\$1,900,000
Numerous Road Retention Projects	\$1,800,000

The joint SCS/COE study documented recurring severe flood damage and soil loss within the five major Area II watersheds. The average direct flood damages were estimated to total \$8,000,000 annually. An average of 346,000 tons of soil per year were estimated to erode from these watersheds, washing into the Minnesota River. This soil loss was estimated to result in up to \$20,000,000 in annual productivity losses.

2. PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC GOALS AND CAPITAL PLAN:

The severe flooding in the Minnesota River basin in 1993 has highlighted the need to reduce flood damage to roads and bridges, public and private structures, farm fields, river banks and urban centers within the project area. An interagency hazard mitigation team led by the Federal Emergency Management Agency prepared a recent report for Minnesota, including the project area, which identified floodwater retention at roads, flood control reservoirs and wetland restorations as appropriate mitigation measures to

**AGENCY CAPITAL BUDGET REQUEST
Non-Building Project Detail (Cont'd.)**

Fiscal Years 1994-99

Dollars in Thousands (\$137,500 = \$138)

Form G-1

reduce flood damage in the future. The reservoirs and road retention structures constructed under this program retard floodwaters, reduce flooding and allow sediments to settle out. Reduced flood peaks result in reduced direct flood damages to roads, bridges, structures and fields, as well as reduced downstream sedimentation. The sediment trapping efficiencies of these floodwater retarding measures are approximately 50 - 90%, providing significant water quality improvement benefits.

The BWSR strategic plan states: "Runoff should be managed to minimize property loss and environmental damage by moderating high flows and maintaining low flows of streams." Both state and federal floodplain management and flood control programs rely upon local partners and local implementation. The Area II partnerships between local, state and federal governments have resulted in the construction of eight flood control reservoirs and a number of road retention projects, to date. These partnerships have capitalized on the efficiencies of local implementation through focussed efforts, mutual commitment and streamlined processes. Numerous additional road retention projects and reservoirs are planned within Area II.

The basic strategy of the BWSR, as capsulized in its mission statement and outlined in its strategic plan, is to empower local governments and private citizens to be effective resource managers. The state-wide local water planning efforts during the past several years have been very successful in this regard. On a watershed basis, this requires joint efforts among local units of government. The Area II joint powers board and state grant-in-aid program have provided opportunities to achieve local government cooperation for flood control and floodplain management in a priority area. The Area II grant-in-aid program has also provided opportunities for partnerships associated with erosion and sedimentation control, river and reservoir water quality monitoring, streamflow data collection and technical assistance.

The strategic plans for Area II include increased ties to comprehensive local water plans, as well as expanded partnerships under the state's Minnesota River improvement initiative. The board of directors for the Area II joint powers corporation has expressed to the Governor and area legislators, its interest in an expanded role under the Minnesota River improvement initiative.

The requested funding is necessary for continued commitment to the flood control, floodplain management and associated erosion control and water quality partnerships within the project area. Substantial successes have been achieved through these partnerships. Opportunities remain for similar successes and for expanded partnerships with broader successes. The strategic plans for Area II envision more comprehensive projects involving multiple resource management measures and partners.

3. OTHER CONSIDERATIONS (OPTIONAL):

The requested funding would involve a maximum state cost-share of 75% for a specific project, if federal funding *is not* utilized, and maximum 50% state share of the local sponsor cost-share, if federal funding *is* utilized. If no action is taken to fund this project, the viability of the existing successful local and state partnership will be in jeopardy and opportunities for effective flood control and floodplain management in this priority project area will be greatly reduced or completely foregone. In all instances local government and BWSR have leveraged the optimum availability of federal funds.

439-nb01.hei
08-09-93 3:25pm cm

**AGENCY CAPITAL BUDGET REQUEST
Non-Building Project Detail (Cont'd.)**

Form G-2

Fiscal Years 1994-99

Dollars in Thousands (\$137,500 = \$138)

TYPE OF REQUEST (Check all that apply):

- ☐ Acquisition of State Assets
- ☐ Development of State Assets
- ☐ Maintenance of State Assets
- ☒ Grants to Local Governments
- ☐ Loans to Local Governments
- ☐ Other Grants (specify):

PROJECT CHARACTERISTICS (Check all that apply):

- ☒ Health and Safety
- ☐ Provision of New Program/Services
- ☒ Expansion of Existing Program/Services
- ☐ Other (specify):

PROPOSED METHOD(S) OF FINANCING (check one):

- ☐ Cash: Fund _____
- ☒ Bonds: Tax Exempt _____ Taxable _____

DEBT SERVICE PAYMENTS (Check all that apply):

- ☒ General Fund % of total _____
- ☐ User Financing % of total _____

Source of funds _____

NON-STATE PARTICIPATION:

\$ 9,140 Total Project Cost
\$ 6,650 State funding
\$ 300 Federal funding
\$ 2,290 Local gov't funding
\$ 0 Private funding

439-nb01.hei
08-09-93 3:25pm cm

Agency Data Prepared by: Al Kean
Name

Chief Engineer
Title

297-2907
Telephone

7-23-93
Date

**AGENCY CAPITAL BUDGET REQUEST
Non-Building Project Detail (Cont'd.)**

Form G-3

Fiscal Years 1994-99

Dollars in Thousands (\$137,500 = \$138)

DEPARTMENT OF FINANCE ANALYSIS:

Statewide Score	
Criteria	Points
Total	

GOVERNOR'S RECOMMENDATION:

439-nb01.hei
08-09-93 3:25pm cm

AGENCY CAPITAL BUDGET REQUEST
Non-Building Project Cash Flow
Fiscal Years 1994-99
Dollars in Thousands (\$137,500 = \$138)

Form H

AGENCY: Water and Soil Resources, Board of
PROJECT TITLE: Area II Minnesota River Basin Grant-in-Aid Program
PREPARED BY: Al Kean
PHONE NUMBER: 297-2907

439-nb05.cf
08-09-93 3:52pm cm

	Total Agency Request \$	Fiscal Year 1995					Fiscal Year 1996					Fiscal Year 1997				
		Qtr Beg 07/94	Qtr Beg 10/94	Qtr Beg 01/95	Qtr Beg 04/95	FY Total	Qtr Beg 07/95	Qtr Beg 10/95	Qtr Beg 01/96	Qtr Beg 04/96	FY Total	Qtr Beg 07/96	Qtr Beg 10/96	Qtr Beg 01/97	Qtr Beg 04/97	FY Total
Cash flow for 1994-95 request	1900	600	200	300	800	1900										
Cash flow for 1996-97 request.	2300	N.A.	N.A.	N.A.	N.A.	N.A.	200	175	100	500	975	400	200	200	525	1325
Cash flow for 1998-99 request.		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Totals	4200	600	200	300	800	1900	200	175	100	500	975	400	200	200	525	1325

	Total Agency Request \$	Fiscal Year 1998					Fiscal Year 1999					Fiscal Year 2000				
		Qtr Beg 07/97	Qtr Beg 10/97	Qtr Beg 01/98	Qtr Beg 04/98	FY Total	Qtr Beg 07/98	Qtr Beg 10/98	Qtr Beg 01/99	Qtr Beg 04/99	FY Total	Qtr Beg 07/99	Qtr Beg 10/99	Qtr Beg 01/2000	Qtr Beg 04/2000	FY Total
Cash flow for 1994-95 request																
Cash flow for 1996-97 request.																
Cash flow for 1998-99 request.	2450	200	150	100	500	950	500	200	200	600	1500					
Totals	2450	200	150	100	500	950	500	200	200	600	1500					

AGENCY CAPITAL BUDGET REQUEST
Non-Building Project Detail

Fiscal Years 1994-99

Dollars in Thousands (\$137,500 = \$138)

Form G-1

AGENCY: Water and Soil Resources, Board of

PROJECT TITLE: Abandoned Well Sealing

PROJECT COSTS:

F.Y. 1994-95 \$ 250

F.Y. 1996-97 \$ 250

F.Y. 1998-99 \$ 250

Total \$ 750

439-nb02.hei
08-09-93 3:53pm cm

LOCATION (CITY, COUNTY): Statewide

AGENCY PRIORITY (for F.Y. 1994-95 requests only):

4 of 5 requests

1. PROJECT DESCRIPTION:

The requested funds will be used to share the cost of sealing high-priority abandoned wells on public land (excluding state land) under Minnesota Statutes 103C.501. The state share of well-sealing costs will be up to 75%. Well sealing costs can range from several hundred to many thousand dollars, so the exact numbers of wells that will be sealed is not known, but using the statewide average of \$500 per well sealed, the requested funds will seal approximately 2,000 priority wells.

2. PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC GOALS AND CAPITAL PLAN:

Abandoned wells are wells that are no longer used on a regular basis, or are in such a state of disrepair that continued use is impractical or a health hazard. Unsealed abandoned wells are a potential source of ground-water degradation, and can pose a safety hazard. They can act as conduits or channels for contamination to reach ground water. Water from a contaminated aquifer may move through an unsealed abandoned well to contaminate another aquifer that is normally protected by an impermeable layer. The Minnesota Department of Health (MDH) has estimated that there are

approximately one million unsealed abandoned wells present throughout the state. Some counties are estimated to have as few as 1000 abandoned wells, while others may have many tens of thousands.

The Ground-water Protection Act of 1989 provided limited state funding to establish a cost-share program to seal abandoned wells. This program was administered by the Board of Water and Soil Resources (BWSR). To date 1.1 million dollars have been allocated in grants to 39 counties to share the cost with landowners of sealing high priority abandoned wells. Over 1500 wells have been sealed to date with these cost-share funds, with an additional 2000 projected to be sealed as part of the cost-share grant allocation. Program results have been summarized in a "Status Report on Abandoned Well Programs" submitted jointly to the Minnesota legislature in January, 1993 by BWSR and MDH.

The well-sealing cost-share program has not been able to address the problem of abandoned wells on publicly owned land. The Department of Natural Resources has been charged with conducting inventories of abandoned wells on state land, and is separately seeking funding to seal priority wells on state land.

These requested funds will begin to address the problem of abandoned wells on publicly owned land other than state land. The requested funds will compliment the existing regulatory program which requires disclosure and sealing of unused wells at the time of property transfer.

The BWSR strategic plan identifies reducing ground-water contamination by cost-sharing on sealing abandoned wells as a goal. The BWSR, in cooperation with other agencies, has developed the capabilities and procedures to successfully implement well-sealing cost-share programs.

3. OTHER CONSIDERATIONS (OPTIONAL):

A concern in this type of program is setting priorities to insure that the highest priority wells (those with the greatest potential to contaminate ground water) are sealed with available funds. Setting priorities insures that the most effective use is made of state funds and that the state gets the

**AGENCY CAPITAL BUDGET REQUEST
Non-Building Project Detail (Cont'd.)**

Form G-1

Fiscal Years 1994-99

Dollars in Thousands (\$137,500 = \$138)

most ground-water protection for its money. In 1990, BWSR led an interagency advisory group with representation from BWSR, MDH, DNR, MPCA, and several counties which developed a system for prioritizing wells for sealing.

Priority wells are wells which, by virtue of their construction, depth, condition, location, aquifer characteristics, or proximity to contamination sources and other wells provide increased potential for ground water contamination and contamination of drinking water. Examples include wells receiving surface drainage, wells penetrating confining layers, multi-aquifer wells, wells near public water supply wells and in the same aquifer, wells near a zone of surface contamination, and wells in an aquifer for which unsealed abandoned wells are the main potential contamination source.

A great deal of experience has already been gained in setting priorities for well sealing. The prioritization criteria developed as a part of the current well-sealing cost-share program will be used to prioritize requests from public entities for well-sealing funds so that the allocations will achieve the most ground-water protection per state dollar spent.

It is recommended that the BWSR be allowed for certain high priority wells, upon request from a local government unit and with approval of the interagency advisory group, to remove the \$2,000 cost-share cap that currently exists in MN Statutes 103C.501. The determination of these high priority wells will be made by the interagency group.

439-nb02.hei
08-09-93 3:53pm cm

**AGENCY CAPITAL BUDGET REQUEST
Non-Building Project Detail (Cont'd.)**

Form G-2

Fiscal Years 1994-99

Dollars in Thousands (\$137,500 = \$138)

TYPE OF REQUEST (Check all that apply):

- ☐ Acquisition of State Assets
- ☐ Development of State Assets
- ☐ Maintenance of State Assets
- ☒ Grants to Local Governments
- ☐ Loans to Local Governments
- ☐ Other Grants (specify):

PROJECT CHARACTERISTICS (Check all that apply):

- ☒ Health and Safety
- ☒ Provision of New Program/Services
- ☐ Expansion of Existing Program/Services
- ☐ Other (specify):

PROPOSED METHOD(S) OF FINANCING (check one):

- ☐ Cash: Fund _____
- ☐ Bonds: Tax Exempt _____ Taxable _____

DEBT SERVICE PAYMENTS (Check all that apply):

- ☐ General Fund % of total _____
- ☐ User Financing % of total _____

Source of funds _____

NON-STATE PARTICIPATION:

- \$ _____ Total Project Cost
- \$ _____ State funding
- \$ _____ Federal funding
- \$ _____ Local gov't funding
- \$ _____ Private funding

439-nb02-hei
08-09-93 3:53pm cm

Agency Data Prepared by: <u>Greg Larson</u>	Head, Water and Land Management	296-0882	7-23-93
Name	Title	Telephone	Date

**AGENCY CAPITAL BUDGET REQUEST
Non-Building Project Detail (Cont'd.)**

Form G-3

Fiscal Years 1994-99

Dollars in Thousands (\$137,500 = \$138)

DEPARTMENT OF FINANCE ANALYSIS:

Statewide Score	
Criteria	Points
Total	

GOVERNOR'S RECOMMENDATION:

439-nb02.hei
08-09-93 3:53pm cm

Form H

439-nb02.cf
08-09-93 3:49pm cm

[illegible]

**AGENCY CAPITAL BUDGET REQUEST
Non-Building Project Detail**

Fiscal Years 1994-99

Dollars in Thousands (\$137,500 = \$138)

Form G-1

AGENCY: Water and Soil Resource, Board of
PROJECT TITLE: Permanent Wetlands Preserves
PROJECT COSTS:

439-nb04.hei
08-09-93 3:45pm cm

F.Y. 1994-95	\$	5,530
F.Y. 1996-97	\$	3,960
F.Y. 1998-99	\$	1,190
Total	\$	10,680

LOCATION (CITY, COUNTY): Statewide

AGENCY PRIORITY (for F.Y. 1994-95 requests only):

5 of 5 requests

1. PROJECT DESCRIPTION:

The permanent wetland preserve program was enacted under the Laws of 1991, c. 354, Article 3, subpart 1. The requested funds will be utilized to acquire perpetual conservation easements on existing type 1 (seasonally flooded basin or flat), 2 (inland wet meadow) and 3 (cattail) wetlands, adjacent lands, and for the establishment of permanent cover on the adjacent lands. The dollar amount requested includes 10% for professional service costs associated with acquiring easements.

2. PROJECT RATIONALE AND RELATIONSHIP TO AGENCY LONG-RANGE STRATEGIC GOALS AND CAPITAL PLAN:

The permanent wetland preserve program was enacted during the same legislative session that the Wetland Conservation Act 1991 (WCA) was passed. Both programs strive to protect the state's remaining wetland resources. The permanent wetland preserve program discourages the conversion of wetlands that are exempt from the regulatory restrictions of the WCA, and offsets the financial burden that may result when individuals are denied a permit exemption from WCA rules. When the permanent wetland preserve program was created, the state waterbank program which compensated landowners when a DNR protected wetlands permit to drain for agricultural purposes was denied was sunsetted. Even though the two

programs are not identical, the permanent wetland preserves program was intended largely to replace the state waterbank program.

The BWSR's strategic plan (1990) states that "wetlands can provide significant public benefits by storing water, controlling erosion, purifying runoff by nutrient uptake, recharging groundwater, and by providing open space, landscape diversity, wildlife habitat and recreational opportunities." The permanent wetland preserve program provides county soil and water conservation districts (SWCDs) with an incentive tool to persuade landowners to alter present land use practices by refraining from cropping, grazing, draining or filling qualifying wetland basins. The strategic plan also identifies the BWSR's position that "a 'net gain' wetland management goal should be adopted in Minnesota." This position was formally adopted by the State via the wetland conservation act and is supported by the passage of the permanent wetland preserve program.

The BWSR received 7 million dollars from general bond funds in the 1991 Wetland Conservation Act for conservation easements and permit denials. The funds requested for FYs 1994-99 (\$10,680,000.00) are anticipated to secure an additional 13,500 acres.

SIGN-UP PERIOD	FUNDS AVAILABLE (in thousands)	FUNDS APPLIED FOR
October 1992	3,500	2,083
February 1993	3,500	741
October 1994	4,176*	N/A

* 1,000 will be reserved to fund permit denials.

3. OTHER CONSIDERATIONS (OPTIONAL):

One intent of the permanent wetland preserve program was to ease the implementation of the WCA that now restricts activities taking place in certain defined wetlands. However, it is important to recognize protection of our valuable wetland resources was also a prominent objective of the

**AGENCY CAPITAL BUDGET REQUEST
Non-Building Project Detail (Cont'd.)**

Fiscal Years 1994-99

Dollars in Thousands (\$137,500 = \$138)

Form G-1

program. The BWSR intends to implement the program to obtain maximum resource benefits. Priority will be placed on applications that are presently in agricultural use. In addition, type 1 and 2 wetlands will be targeted as they are likely to be in ag use, and are also liable to be exempt from current laws.

AGENCY CAPITAL BUDGET REQUEST
Non-Building Project Detail (Cont'd.)

Form G-2

Fiscal Years 1994-99

Dollars in Thousands (\$137,500 = \$138)

TYPE OF REQUEST (Check all that apply):

- ☒ Acquisition of State Assets
☐ Development of State Assets
☐ Maintenance of State Assets
☒ Grants to Local Governments
☐ Loans to Local Governments
☐ Other Grants (specify):

PROJECT CHARACTERISTICS (Check all that apply):

- ☐ Health and Safety
☐ Provision of New Program/Services
☒ Expansion of Existing Program/Services
☐ Other (specify):

PROPOSED METHOD(S) OF FINANCING (check one):

- ☐ Cash: Fund _____
☒ Bonds: Tax Exempt _____ Taxable _____

DEBT SERVICE PAYMENTS (Check all that apply):

- ☐ General Fund % of total _____
☐ User Financing % of total _____
Source of funds _____

NON-STATE PARTICIPATION:

- \$ _____ Total Project Cost
\$ _____ State funding
\$ _____ Federal funding
\$ _____ Local gov't funding
\$ _____ Private funding

439-nb04.hei
08-09-93 3:45pm cm

Agency Data Prepared by: Marybeth Block
Name

Easement Coordinator
Title

297-7965
Telephone

7-23-93
Date

**AGENCY CAPITAL BUDGET REQUEST
Non-Building Project Detail (Cont'd.)**

Form G-3

Fiscal Years 1994-99

Dollars in Thousands (\$137,500 = \$138)

DEPARTMENT OF FINANCE ANALYSIS:

Statewide Score	
Criteria	Points
Total	

GOVERNOR'S RECOMMENDATION:

439-nb04.hei
08-09-93 3:45pm cm

AGENCY CAPITAL BUDGET REQUEST
Non-Building Project Cash Flow
Fiscal Years 1994-99
Dollars in Thousands (\$137,500 = \$138)

Form H

AGENCY: Water and Soil Resources, Board of
PROJECT TITLE: Permanent Wetland Preserves
PREPARED BY: Marybeth Block
PHONE NUMBER: 297-7965

439-nb04.cf
08-09-93 3:51pm cm

	Total Agency Request \$	Fiscal Year 1995					Fiscal Year 1996					Fiscal Year 1997				
		Qtr Beg 07/94	Qtr Beg 10/94	Qtr Beg 01/95	Qtr Beg 04/95	FY Total	Qtr Beg 07/95	Qtr Beg 10/95	Qtr Beg 01/96	Qtr Beg 04/96	FY Total	Qtr Beg 07/96	Qtr Beg 10/96	Qtr Beg 01/97	Qtr Beg 04/97	FY Total
Cash flow for 1994-95 request	5530	0	0	0	415	415	830	829	415	691	2765	830	830	415	276	2350
Cash flow for 1996-97 request.	3960	N.A.	N.A.	N.A.	N.A.	N.A.	0	0	0	297	297	594	594	297	495	1980
Cash flow for 1998-99 request.	1190	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Totals	10680				415	415	830	829	415	988	3062	1424	1423	712	771	4330

	Total Agency Request \$	Fiscal Year 1998					Fiscal Year 1999					Fiscal Year 2000				
		Qtr Beg 07/97	Qtr Beg 10/97	Qtr Beg 01/98	Qtr Beg 04/98	FY Total	Qtr Beg 07/98	Qtr Beg 10/98	Qtr Beg 01/99	Qtr Beg 04/99	FY Total	Qtr Beg 07/99	Qtr Beg 10/99	Qtr Beg 01/2000	Qtr Beg 04/2000	FY Total
Cash flow for 1994-95 request	5330	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash flow for 1996-97 request.	3960	594	594	297	198	1683	0	0	0	0	0	0	0	0	0	0
Cash flow for 1998-99 request.	1190	0	0	0	178	178	357	357	179	119	1012	0	0	0	0	0
Totals	10680	594	594	297	376	1861	357	357	179	119	1012	0	0	0	0	0

Ron



STATE OF MINNESOTA

OFFICE OF THE GOVERNOR
130 STATE CAPITOL
SAINT PAUL 55155ARNE H. CARLSON
GOVERNOR

RECEIVED

AUG 17 1993

MEMORANDUM

BOARD OF
& SOIL RESOURCES

TO: All Commissioners and Legislative Liaisons

FROM: Tom Weaver

DATE: August 13, 1993

SUBJECT: 1994 Legislative Forms

The 1994 legislative session begins in six months. While it may seem like a long way off, we have a lot to accomplish between now and then. This memo is accompanied by a timeline and other information to assist you in preparing your 1994 legislative Form A's and Form B's. You will note that the first deadline for submitting your initiatives is September 17--about one month from now. The deadlines in the timetable are **not** optional.

As you prepare your legislative initiatives, please keep the following parameters in mind:

1. **No New Taxes.** 1994 is not a budget year, and any proposals for new or additional taxes (including fees, etc.) will not be approved.
2. **No New Spending.** We cannot afford any new or additional spending, and any such proposals will be D.O.A.
3. **"Necessary" Initiatives Only.** The 1994 session will undoubtedly be hotly political, and we need to stay focused on the Governor's primary initiatives (kids, jobs and quality of life). Accordingly, please limit your legislative agendas to those items that are truly necessary.

Thank you for your assistance in adhering to the timetable and parameters discussed above. I would also like to thank you for the recommendations we received concerning the Governor's legislative agenda. We sincerely appreciate your thoughtful ideas and suggestions. If you have any questions concerning these matters, please feel free to contact Cindy Jepsen (6-0059) or me (6-0035) at any time.





ARNE H. CARLSON
GOVERNOR

STATE OF MINNESOTA

OFFICE OF THE GOVERNOR
130 STATE CAPITOL
SAINT PAUL 55155

CARLSON/DYRSTAD ADMINISTRATION EXECUTIVE BRANCH POLICY DEVELOPMENT PROGRAM

1994 Legislative Timeline

September 17, 1993	Technical and housekeeping Form A's for the 1994 legislative session are due to the governor's legislative relations office. "Placeholders" for task force and other report recommendations due in at a later date are also submitted at this time.
September 24, 1993	Legislative initiatives of a substantive nature are submitted.
October 8, 1993	All Form A's received by the second September deadline are forwarded to Minnesota Planning for processing and review by this date.
September-November 1993	Form A's initially approved by the governor's office are reviewed by Minnesota Planning and Department of Finance staff. Initiatives approved for drafting are submitted to the Revisor with approval memo from Minnesota Planning.
November 1, 1993	Drafting requests not made by this date must be accompanied by a letter of explanation from the commissioner or agency head. See language attached.
December 1993-February 1994	Agencies submit Form B's - Bill Introduction Summary Sheets - for final approval of bill drafts by the governor's office.
February 22, 1994	1994 legislative session begins.

**CARLSON/DYRSTAD ADMINISTRATION
EXECUTIVE BRANCH POLICY DEVELOPMENT PROGRAM
SUMMARY**

STEP 1: SUBMISSION OF LEGISLATIVE INITIATIVES

Legislative proposals from executive branch agencies are submitted to the governor's legislative relations office as a "legislative initiative." A completed Form A, any additional materials and a Summary of Fiscal Impact sheet should be submitted to the governor's legislative relations office by the dates outlined in the 1994 legislative timeline.

STEP 2: INITIATIVE REVIEW

Initiatives receiving preliminary approval from the governor's office are forwarded to Minnesota Planning and the Department of Finance for review. The agency initiatives are reviewed for consistency with the governor's goals and spending priorities.

STEP 3: APPROVAL OF BILL DRAFTING

Agencies request the Revisor to draft initiatives approved for drafting by the governor's office. The Revisor forwards drafts of the legislation to the submitting agency, Minnesota Planning and the governor's office.

STEP 4: FORM B AND FINAL APPROVAL

A Form B is completed by the agency and submitted to Minnesota Planning. When the final draft of the bill has been approved by the governor's office, the completed Form B and a letter stating that the bill is approved for jacketing are delivered to the Revisor. Copies of the notification letter and the Form B are also sent to the initiating agency and legislative leadership.

STEP 5: JACKETING AND INTRODUCTION

Jacketed bills are sent directly from the Revisor to the Assistant Majority Leader of the Senate and the Speaker of the House. These offices have separate, established procedures for distributing the legislation and obtaining authors. Bills identified as Governor's Initiatives are delivered directly to the governor's office or the appropriate agency head.

STEP 6: TRACKING

Initiating agencies track their bills through the legislative process. Communication regarding agency bills is maintained with the governor's staff.

STEP 1: SUBMISSION OF LEGISLATIVE INITIATIVES

The legislative initiative review process provides the governor's office with valuable information necessary to accurately evaluate the basic concept of a proposed bill and to coordinate all executive branch initiatives into a strategically and fiscally viable program. How an initiative supports the governor's agenda for the state and *Minnesota Milestones* are part of the criteria used by the governor's office in evaluating agency initiatives. How the initiative supports these priorities should be discussed in the summary section of the Form A.

At times agencies may not be able to provide complete information for some initiatives for various reasons. Therefore, it is important that those initiatives be submitted as placeholders, with as much information and detail provided as possible, with the understanding that further information will be provided as soon as it is available.

A separate Form A and Summary of Fiscal Impact sheet must be completed for each initiative. Please attach additional sheets if necessary for a thorough response.

Form A: Instructions

(Please type all information)

Check: Designate to which category the initiative pertains. General guidelines to follow are:

- **Technical/Housekeeping:** Initiative is non-controversial, involves no costs and is agency specific.
- **Policy Impact:** Initiative creates substantive change in law, creates structural changes in state government, impacts another state agency, has regulatory impact, contains significant controversy.
- **Fiscal impact:** Initiative impacts state, local or other resources or expenditures.
- **Placeholder:** Submission of a completed initiative is delayed due to task force and/or other report recommendations due in at a later date.

Submitting Agency, Date: Name of the agency and the date submitted.

Descriptive Title/Summary: A short phrase describing what the initiative will be "known as" for quick identification, and a concise summary. Be as specific as possible; cite statutes to be amended, repealers, etc. The summary should clearly explain the agency initiative. Because governor's staff and other reviewers may not be familiar with the details of agency programs and operations, the summary should be written for a general audience and should avoid technical terms, acronyms and abbreviations.

Background: Be as specific as possible, since the governor's office, Minnesota Planning and Finance rely heavily on this information. Cite statutes to be amended and repealers if not done in the summary section. Include justification for current action, legislative history, and information on past action that provide justification for the initiative at this time. Attach a copy of any draft language already prepared for the initiative.

Fiscal Impact: Refer to the attached Form A, Part II - Summary of Fiscal Impact sheet and guidelines for fiscal estimates. Provide as much detail as possible. *If complete fiscal information is not available at this point, provide estimates. A completed fiscal summary sheet will be required at Step 3, the bill drafting stage.*

State Agency/Governmental Unit Impact: This section is of vital interest. Identify the direct and indirect effects of the initiative on other state agencies, boards and local units of government (school districts, cities, counties, regional governments, townships, watershed districts, etc.) as well as on your own agency. Name those affected; explain the impact of this proposal on them; and indicate if they are aware of and support the initiative.

Supporters/Opponents/Possible Controversies: Indicate why this legislation may be controversial. Include the name of legislators, caucuses, interest groups, agencies and other units of government who may view the initiative as controversial. List those who support or oppose the initiative.

Commissioner's Approval: The initiative must have the commissioner's signature and will not be processed without it.

Agency Contact/Phone Number: Name and number of person who completed the initiative and can answer questions about it.

STEP 2: INITIATIVE REVIEW

Initiatives submitted by executive branch agencies will be reviewed by the governor's staff, Minnesota Planning and Finance for consistency with the governor's agenda, goals and spending priorities, as well as the goals and indicators of *Minnesota Milestones*.

Agencies should expect that questions will be raised during the review of initiatives and that there will be additional requests for information.

STEP 3: APPROVAL FOR BILL DRAFTING

Once an initiative is approved for drafting, the requesting agency may submit drafting requests to the Revisor. *Summary of Fiscal Impact sheets should be submitted to Minnesota Planning at this time if not thoroughly completed at the Form A stage.*

Agencies are allowed to submit drafting requests to the Revisor as soon as they receive an approval memo from Minnesota Planning. *Agency drafting requests submitted to the Revisor after November 1st must be accompanied by a letter of justification from the agency head.* See statutory language attached.

The Revisor will send draft copies of the bills to the requesting agency, Minnesota Planning and the governor's office. The governor's office and Finance will work with the submitting agency on changes recommended to meet the administration's goals and objectives. The initiative may go through a number of bill drafts before a version is given final approval.

A Summary of Changes Form must be completed for each draft an agency requests beyond the initial draft. The form will allow reviewers to quickly reference any changes made to bill drafts. It will increase the efficiency and speed of the review process. The completed summary form should be faxed or sent via interoffice mail to Catherine Houle at Minnesota Planning.

STEP 4: FORM B - BILL INTRODUCTION SUMMARY AND FINAL APPROVAL

When an agency has completed a final draft of a bill (having addressed recommendations from the reviewers) a completed Form B should be faxed or delivered to Catherine Houle at Minnesota Planning. When the governor's office gives final approval to release the legislation to the Legislature, a final approval memo is prepared and submitted to the Revisor with a copy of the Form B. The Revisor will not process a bill for jacketing without an approval memo and Form B.

Form B: Instructions

Follow the same format for preparing Form B questions as was done for Form A.

STEP 5: JACKETING AND INTRODUCTION

Copies of the approval memo and Form B are sent simultaneously to the agency head, the Revisor and the legislative leadership in the House and the Senate. The Revisor then jackets the bill and sends it to the Assistant Majority Leader in the Senate, and the Speaker of the House.

GOVERNOR'S INITIATIVES:

The Revisor delivers Governor's Initiatives directly to the initiating agency, or the governor's office. They are not delivered to legislative leadership.

STEP 6: TRACKING

Agencies are responsible for tracking their bills and providing status reports to the governor's office.

Contact Catherine Houle at 296-1203 if you have comments or concerns regarding the review process:

Catherine Houle
Minnesota Planning
300 Centennial Building
658 Cedar St.
St. Paul, MN 55155

Phone: 296-1203
FAX: 296-3698

**BOARD OF WATER AND SOIL RESOURCES
SEPTEMBER BOARD MEETING AND TOUR
GRAND RAPIDS, MINNESOTA
SEPTEMBER 22-23, 1993**

	Yes	No
WILL YOU BE ON THE TOUR ON WEDNESDAY, SEPTEMBER 22?	—	—
WILL YOU BE AT THE BWSR MEETING ON THURSDAY, SEPTEMBER 23?	—	—
DO YOU NEED A SLEEPING ROOM ON TUESDAY, SEPTEMBER 21?	—	—
DO YOU NEED A SLEEPING ROOM ON WEDNESDAY, SEPTEMBER 22?	—	—
DO YOU NEED A SLEEPING ROOM ON THURSDAY, SEPTEMBER 23?	—	—

NAME _____

PLEASE RETURN TO MARY JO AS SOON AS POSSIBLE!!

**TENTATIVE AGENDA FOR THE BWSR TOUR
WEDNESDAY, SEPTEMBER 22, 1993**

- 8:00 a.m. Welcome to Itasca County
Sawmill 3, Sawmill Inn, Grand Rapids
- 8:30 a.m. Buses depart from Sawmill Inn
Tour wetland sites in shoreland and development areas. Also tour
some shoreland erosion sites.
- 10:00 a.m. Coffee break
- 10:20 a.m. Continue tour
- 11:30 a.m. Lunch at Rutgers Resort on Sugar Lake
- 12:30 p.m. Issues Forum (at Rutgers Resort)
(Four separate forum topics)
- Woman Lake discussion on cost-share for lake projects - Wally
Christiansen
- Discussion on economics of clean water and tourism - Realtor
- SWCD Funding - SWCD Representative
- Minnesota Lake Association presentation - Pat Wulff
Questions and Answers - Open Discussion
- 2:45 p.m. Load pontoons (weather permitting) and continue tour, shoreland
erosion sites and demonstration of water sampling on Sugar Lake
- 5:30 p.m. Return to Sawmill Inn
- 6:00 p.m. - ? Hospitality Room Opens (Suite 131)

Dinner On Your Own!

**BWSR MEETING
THURSDAY, SEPTEMBER 23, 1993**

- 8:30 - 3:00 Sawmill Inn, Grand Rapids
(Blandin Rooms A & B)

Local governments should be included in state reforms

By Brian Williams *Rochester*
The Post-Bulletin 7-1-93

The statewide Commission on Reform and Efficiency wants to streamline government, focus on the results of government programs and be "customer-friendly."

But many of the state's tasks are channeled through local governments that deal directly with the "customers."

"You won't fix problems until you find out how to make the county part of the streamlined process," said Gary Koch, a New Ulm attorney who helps farmers wade through state regulations. "We must meld the politics of the county level with the technical expertise at the state level. That is a major issue in this state."

At a meeting in April, commission member Jack Eugster, chief executive officer of Musicland, said the focus for local governments would be on taxes. If the state set benchmarks for levels of municipal services eligible for local government aid, then cities and counties that exceeded the standards would have to cut services or raise taxes.

Stephen Watson, president of Dayton-Hudson Corp., responded that the commission's motivation was more than just dealing with taxes and services.

Lee Luebke, a former Winona County Board member, said different parts of the state have different character and values. She said CORE needs to allow for those differences.

Despite the debates among commission members, the commission's assumption seems to be that if government is more efficient and customer-friendly, taxes will be less of a burden. At the very least, taxpayers will feel they are getting their money's worth. The commission's reports clearly focus more on new approaches to governing than on taxes.

"Changes in the delivery systems are bound to flow down to the local level," said Jane Belau, a Rochester resident who served on the commission. "There is no point in making changes at the state level if nothing happens where people are receiving the services."

In one area, the commission report goes right to the core and criticizes the mission statement of the Minnesota Department of Human Services. The mission is, in part, to "assist those citizens

"There is no point in making changes at the state level if nothing happens where people are receiving the services."

— Jane Belau
commission member

whose ... resources are not adequate to meet their basic human needs." That, the report says, may lead to micromanagement of programs.

"In fact," says the commission's report, "the day-to-day customers of DHS are county governments and service providers." It said the department has shifted "from being a supervisory agency to being a regulatory/legalistic agency."

In other words, the state's job is to help the counties do what the counties are in a better position to do: serve the people.

Dodge County Human Services Director Brian Hartung supports the principle of giving more latitude to counties. But he's not sure the commission's model will do that. The commission has proposed 44 "health and human services districts," consistent with existing health districts. Smaller counties would band together for administrative tasks, but service delivery would be unchanged. Olmsted County would be its own district.

"We don't need the Legislature to tell us" when to cooperate with other counties, Hartung said. "We're smart enough to figure out when to pool our funds and get together in order to provide services. There doesn't seem to be a trust level there, so (the state) spells things out." He said Dodge County already has merged some programs with those in neighboring counties, including Dodge-Fillmore-Olmsted Community Corrections.

Despite Hartung's concerns about structure, many commission recommendations do call for decentralization and greater flexibility at the local level.

"The counties still have to administer much of what the state does," said Koch. "The role of county government has to be fixed in all of this as well."

Side-by-Side Comparison of the Baucus and Oberstar Bills

S. 1114 - Baucus

Amends Section 319 and adds a new Section 321.

H.R. 2543 - Oberstar

Amends Section 319 and adds a new Section 321.

The Watershed Approach

Within 30 months, states must submit revised Section 319 programs.

If the state fails to submit, or EPA disapproves a plan, within one year EPA will publish a regulation requiring implementation of enforceable minimum control measures.

Conservation district may be designated local agency.

States may designate waters and surrounding lands as watershed management units (WMUs) that are consistent with USGS hydrologic units.

States have two years after rules are published to submit revised §319 programs.

Revisions to management program must be developed in cooperation with local, substate regional, federal and other entities.

Conservation district may be designated to cooperate in developing and carrying out the program.

Within 6 months (180 days) of EPA's issuing rules states must identify target watersheds and rank them into 5 priority groups based on the severity of NPS pollution.

Site-Level Plans

All landowners/operators in target watersheds who conduct NPS activities must implement management measures or site-specific plans within three years of program approval.

All plans must provide for enforceable mechanisms to ensure implementation.

The state must provide notice to landowners in priority watersheds that they will have to implement site-level plan.

State programs must provide for enforceable mechanisms if landowners fail to implement site-specific plans.

Watershed Management Plans

The watershed management plan and implementation must be completed within five years.

Revised plan to be submitted before end of current plan. EPA may delegate plan approval authority to the state if the state submits a program to EPA no less stringent than the guidance issued by EPA.

Watershed plans must be implemented with five years of program approval.

States must develop an implementation plan for revised management programs in each of the five priority-level target watersheds. After EPA regulations are issued, landowners have to implement site-level plans within 180 days in first priority watersheds; others within 3½ years after state program approval.

State must achieve full restoration within 8 years, or additional management measures or site-level programs are required.

Trading Schemes

Authorizes trading schemes between point and nonpoint sources. EPA (or a state) would be authorized to issue a point source permit that exceeds the allowable pollutant discharge if the water is in a watershed with an approved management plan. The plan must include enforceable requirements for nonpoint pollution load reductions that would allow point sources to exceed their discharge rate.

(No comparable provision.)

Management Measures

Management measures defined same as CZARA §6217.

Management measures are defined as:

- CZARA §6217 measures
- WQIP practices
- Other practices as effective as the above.

Exceptions

Agricultural source that has met a Conservation Compliance plan requirement also satisfies the site-specific water quality plan requirement and watershed management plan requirement.

Landowners/operators participating CRP, WQIP, IFMO, FACTA Organic Certification, or CZARA §6217 plan will be deemed to be implementing site-level plan.

Time Frames

Watershed plans must demonstrate that standards will be attained at least within ten years and provide for periodic evaluations.

If pollutant loads are attributable only to point sources, the plan must achieve standards within five years.

In the 9th through the 12th program years, water quality standards will become enforceable against NPS in targeted watersheds, except when landowner is complying with an NPDES 402 permit, a site-level program; or a WQIP, IFMO, or CZARA §6217 plan.

Federal Program Coordination.

Subsection (d) amends the Soil Conservation and Domestic Allotment Act, WQIP, Environmental Easement Program and Conservation Priority Areas Program to give priority to §319 watersheds. EPA is to identify high priority lands for enrollment in CRP.

Federal agencies required to comply with the requirements of the act and implement management measures.

Federal government must comply with program. USDOT cannot approve federally assisted highway project unless it complies with erosion control requirements.

In consultation with USDA, EPA must report to Congress within one year on the efficacy of water quality protection under conservation compliance, CRP, WRP, WQIP and IFMO. They also must report on barriers created by USDA programs.

§319(h) Grants and Penalties

State §319 management program grants are authorized at \$300 million for FY-1995, \$500 million per year for FY-1996

Authorizes \$500 million per FY-1994 through FY-1998.

If a state does not comply

through FY-1998, and \$600 million per year for FY-1999 and FY-2000.

States that do not implement a watershed plan or develop site-specific water quality plans, EPA will lose 25-50% of 319(h) grant funds. In 1998 they receive no funds.

with act's requirements EPA will not approve any new applications for NPDES permits or increase in discharges for existing permits. The Corps of Engineers will not approve any new applications for §404 permits, or increases for existing permits.

Monitoring

EPA to issue regulations within two years requiring states to establish water quality monitoring program.

States must identify monitoring techniques in their revised §319 management programs.

By August 1, 1995, and every five years thereafter, states to report to EPA on attainment and maintenance of water quality.

Program also must include monitoring on implementation, including random, on-site inspections and in situ monitoring of fish.

States to report on monitoring results five years after enactment and every five years.

States are required to establish Citizen Watershed Monitoring Programs. To be conducted by qualified participants.

Requires states to establish Water Quality Monitoring Councils to help coordinate state and federal programs.

Must provide training for, and evaluation of, all participants and employ quality assurance procedures. Data collected under the must be available for public review. States must use the greater of 5% of §319(h) funds or \$100,000 to implement.

EPA must report to Congress by January 1, 1996, and every five years thereafter, with the findings, including data, of state monitoring programs.

NACD LEGISLATIVE SUMMARY

◆ 103rd Congress ◆

July 23, 1993

◆ indicates new item

CLEAN WATER ACT

H.R. 1116 — Clean Water Act Research Amendments of 1993

Establishes a National Water Quality Research Committee to advise the EPA administrator on research activities. Also establishes a monitoring council to ensure coordination between federal and state surface and groundwater quality monitoring programs.

SPONSOR: Morella (R-MD)

STATUS: Introduced 2/24/93. Referred to House Committees on Science, Space & Technology, and Public Works & Transportation.

S. 1114 — Water Pollution Prevention and Control Act of 1993

The first comprehensive Clean Water Act reauthorization vehicle introduced to date in either the House or Senate. Funding for nonpoint source prevention grants is significantly increased. The secretary of agriculture is directed to give priority consideration to EPA recommendations for targeting conservation programs (CRP, HEL) toward certain impaired watershed areas. The measure contains no wetland provisions.

SPONSOR: Baucus (D-MT)

STATUS: Introduced 6/15/93. Referred to Senate Committee on Environment & Public Works. Subcommittee on clean water, fisheries & wildlife began Clean Water Act hearings on 6/16/93 and will continue through 8/4/93.

COMMENTS: The NACD staff is preparing an in-depth analysis of the Baucus bill and other Clean Water Act-related legislation.

H.R. 2199 — Polluter Pays Clean Water Funding Act

Would assess taxes on fertilizer (excluding manure or sludge), pesticides and animal feeds, as well as various industrial chemicals and nonresidential water usage (excluding agricultural usage).

SPONSOR: Studds (D-MA)

STATUS: Introduced 5/20/93. Referred to House Committees on Public Works & Transportation, Merchant Marine & Fisheries, and Ways & Means.

RELATED MEASURES: H.R. 2255, H.R. 2309

◆ H.R. 2543 — Nonpoint Source Water Pollution Prevention Act of 1993

Establishes a new Clean Water Act Section 321, which outlines a watershed-based approach to nonpoint pollution control. States that fail to comply with Section 321 would be prevented from issuing any new NPDES permits or expanding any existing ones. Also, U.S. Army Corps of Engineers would be prohibited from issuing any new Section 404 wetlands permits in those states.

SPONSOR: Oberstar (D-MN)

STATUS: Introduced 6/28/93. Referred to House Committees on Agriculture, Merchant Marine & Fisheries, and Public Works & Transportation.

COMMENTS: Oberstar's hope is that H.R. 2543 will eventually be incorporated into a House Clean Water Act reauthorization bill. NACD is analyzing measure, comparing with nonpoint source provisions of S. 1114 (Baucus bill) and current Clean Water Act Section 319.

WETLANDS

S. 824 — Wetlands Simplification Act

Assigns the Soil Conservation Service sole responsibility for technical determinations, mitigation planning and restoration with respect to wetlands or converted wetlands on agricultural lands.

SPONSOR: Bond (R-MO)

STATUS: Introduced 04/27/93. Referred to Senate Committee on Agriculture, Nutrition & Forestry.

RELATED MEASURE: H.R. 1089

COMMENTS: Bond introduced the same measure in the 102nd Congress, but it saw no action. The measure was unsuccessfully attached as an amendment to the EPA Cabinet Status Bill (S.171) passed by the Senate in May 1993. Measure is in line with NACD policy.

H.R. 138 — Wetlands Delineation Fairness Act

Requires wetlands delineation criteria regarding wetland hydrology to apply uniformly to all areas, including playa lakes, prairie potholes, vernal pools and pocosins. Defines "wetland hydrology" as the number of consecutive days that an area must be inundated or saturated with water.

SPONSOR: Combest (R-TX)

STATUS: Introduced 1/5/93. Referred to House Committees on Public Works & Transportation, Merchant Marine & Fisheries, and Agriculture.

H.R. 350 — Wetlands Reform Act of 1993

Creates tax incentives for wetlands conservation and preservation and makes further clarifications on activities exempted under Clean Water Act Section 404. Also prohibits revisions or clarifications to the Federal Wetlands Delineation Manual until a study by the National Academy of Sciences has been completed.

SPONSOR: Edwards (D-CA)

STATUS: Introduced 1/5/93. Referred to House Committees on Public Works & Transportation, Ways & Means, and Merchant Marine & Fisheries.

H.R. 1330 — Comprehensive Wetlands Conservation and Management Act of 1993

Amends and extensively rewrites Section 404 of the Clean Water Act to include a wetland categorization system, extend prohibited wetland activities and define wetlands more narrowly than existing law.

SPONSOR: Hayes (D-LA)

STATUS: Introduced 3/11/93. Referred to House Committees on Public Works & Transportation, and Merchant Marine & Fisheries.

COMMENTS: The measure is strongly supported by agricultural groups, but strongly opposed by environmental organizations. Although the same measure was introduced in the 102nd Congress with more than 160 cosponsors, it failed to be reported out of committee.

♦ S. 1195 — Wetlands Reform Act of 1993

Proposes in-depth legislative direction on many issues regarding national wetlands policy. Provisions include biennial reports to Congress regarding the nationwide permit system, "fast track" decisions on "minor" permits, and tax incentives for wetlands conservation. Also expands current permitting activities by further defining "alteration activities."

SPONSOR: Boxer (D-CA)

STATUS: Introduced 7/1/93. Referred to Senate Committee on Environment & Public Works.

RELATED MEASURE: H.R. 350

USDA REORGANIZATION

H.R. 1319 — The Department of Agriculture Reorganization Act of 1993

Would reorganize USDA at the national level by establishing under secretary positions to oversee various areas, including natural resources and environment. Would also create a "Farm Services Agency" by consolidating activities and functions of ASCS and FmHA.

SPONSOR: Glickman (D-KS)

STATUS: Introduced 3/11/93. Referred to House Committee on Agriculture.

COMMENTS: The measure maintains a separate entity to deliver conservation and environmental programs at the local level.

AGRICULTURAL CONSERVATION

H.R. 1440 — Site-Specific Planning Act of 1993

Establishes a program within SCS to streamline and consolidate USDA resource management plans developed by the agency. Also provides liability protection to cooperators in compliance with their plans.

SPONSOR: English (D-OK)

STATUS: Introduced 3/24/93. Referred to House Committee on Agriculture.

COMMENTS: NACD presented testimony at hearings on the bill in April. NACD supports the concept of holistic resource management planning.

S. 610 — Food Security Act of 1985 Amendments

Exempts triple base acreage under certain conditions from highly erodible land and wetland conservation requirements.

SPONSOR: Kerrey (D-NE)

STATUS: Introduced 3/18/93. Referred to Senate Committee on Agriculture, Nutrition & Forestry.

ENDANGERED SPECIES ACT

S. 921 — Endangered Species Act Amendments of 1993

Requires endangered species recovery plans to include measures to help minimize economic and social impacts. Also creates incentives for private landowners to conserve species and gives states stronger role in listing and delisting of species.

SPONSOR: Baucus (D-MT)

STATUS: Introduced 5/6/93. Referred to Senate Committee on Environment & Public Works.

RELATED MEASURE: H.R. 2043, sponsored by Studds (D-MA), chairman of the House Merchant Marine & Fisheries Committee's subcommittee on environment & natural resources.

COMMENTS: The measure has been endorsed by several environmental organizations, as well as the Western Governors Association. NACD is analyzing the bill. Legislative action has been put on hold in the Senate due to the committee's focus on Clean Water Act. Studds' subcommittee has held hearings in the House.

H.R. 1490 — Endangered Species Act Procedural Reform Amendments of 1993

SPONSOR: Tauzin (D-LA)

STATUS: Introduced 3/25/93. Referred to House Committee on Merchant Marine & Fisheries.

COMMENTS: NACD is reviewing components of bill. The measure is supported by industry interests and is seen as the major counterpoint to the Studds bill. No companion measure has been introduced in the Senate.

RECEIVED

JUL 08 1993

BOARD OF WATER
& SOIL RESOURCES

AG WASTE UPDATE



**Minnesota
Board of
Water & Soil
Resources**

FROM THE DESK OF BRAD MATLACK
BWSR AG WASTE SPECIALIST

Southwest Region
Box 267
1400 East Lyon Street
Marshall, MN 56258
(507) 537-6067

JULY, 1993

Construction of the abatement system which I designed for the four acre feedlot in Cottonwood county has begun. Credit should be given to Marshall MPCA feedlot staff Deb Wagner for keeping the pressure on this operator to install the designed abatement system. This project will greatly improve the water quality of the creek by restricting grazing and also by reducing the huge nutrient load coming off the feedlot.

The Redwood SWCD technician, Deb, and I met with one of the polluting feedlots operators on the Redwood River near Vesta. I will continue to work with these people to get abatement measures installed where needed.

In June the SWCD in Rock county approved a full time clerical/program assistant position. This is in addition to the district manager hired in November of 1992. Staff in this office has gone from one part time administrator to two full time staff. The district manager has been getting involved in feedlot projects and with the addition of the new position he will have more time to devote to the growing feedlot issue in Rock county.

On May 20th I held a general feedlot information session in New Ulm. County water plan coordinators, feedlot officers, and SWCD staff in Brown, Martin, Waseca, Blue Earth, Watonwan, Lesueur and Faribault counties were invited. I asked agency representatives to give a short presentations on subjects like MPCA permitting, SCS technical assistance, BWSR cost-sharing and Gopher State One Call system. Sixteen people attended this training session.

RECEIVED

On June 8th I held a follow up session on the use of the "Feedlot Evaluation" program. We met on a farm in Blue Earth county where participants collected the field data needed to run the computer program. We discussed some things to consider while doing an on-site. In the afternoon we met in a computer lab in Mankato. Participants had several hours to become familiar with the program and what it can do. We got a rating for the site and then looked at the affects of some design decisions like taking the farmstead runoff water around the feedlot rather than allowing it to run through it. There were 15 people at this session. As a result of this session I have sent three copies of the computer program to SWCD staff in that area. I also have a request to go over and look at some sites in Blue Earth county.

Thanks to Chris Hughes, Board Conservationist in New Ulm for all the help in coordinating these two sessions. Tom Fisher, the other Board Conservationist in New Ulm, is coordinating these same type of sessions for his area. Some time in August we will bring these two groups together for some design training. We have a meeting scheduled in July with the Area SCS staff to plan this training.

I have talked with Bruce Montgomery and Rick Vandenhavel both of MDA about the "Manure Application Planner" program training project. Rick is setting up some training for this summer and plans to include some time for this training.

Recommendations from the Partnership Task Force: A Strategy for Change

**A Preliminary Report to our Members on the
June 1993 Partnership Task Force Meeting in
Des Moines, Iowa. Submitted by Gerald Digerness,
Blake VanderVorst, and Galen Bridge.**



**National Association
of Conservation
Districts**



NASCA

**National Association of
State Conservation
Agencies**



Soil Conservation Service

The Conservation Partnership: Achieving a Productive Nation in Harmony with a Quality Environment

Putting Our Customers First

The partnership of the Soil Conservation Service, state conservation agencies, and local conservation districts is a unique federal, state, and local venture. Working together, these three groups can help land users conserve our nation's natural resources and shape the conservation agenda. But are these organizations, largely conceived and structured in the 1930s, '40s, and '50s, in step with the times? Can we meet customers' needs in the 1990s and the 21st century?

In June 1992, a group of individuals representing the National Association of Conservation Districts (NACD), the NACD Employees Association, National Association of State Conservation Agencies (NASCA), and the U.S. Department of Agriculture's (USDA) Soil Conservation Service (SCS), Extension Service (Ext), and Agricultural Stabilization and Conservation Service (ASCS), and representatives of the private sector was called together by NACD President Gerald Digerness. The charge to the group was to examine the current working relationship of the conservation partners and develop a strategic direction for positioning these organizations as leaders of the nation's conservation agenda.

To date, the Partnership Task Force has met four times, gathered information from a wide cross-section of individuals, and sponsored the historic January 1993 'Conservation at the Crossroads' summit. In February 1993, leaders of the conservation partnership signed a set of guiding principles that established beliefs and values that all partners can advocate. The challenge now is to bring these guiding principles to life and make them work. To meet that challenge, the partnership needs to make use of successful management practices. We need to develop a new way of doing business. The following is a series of recommendations and implementation strategies to do just that.

The Conservation Partnership—

Jointly provides leadership to the nation on conservation issues. As partners, we are interdependent, have independent responsibilities, yet are dependent on each other for successful delivery of programs.

Vision:

A Productive Nation in Harmony with a Quality Environment

Guiding Principles:

We share a commitment to

- Listen, anticipate and respond to our customer's needs
- Anticipate, identify and address issues
- Decision-making at the lowest appropriate level
- Advocate total resource management—a holistic approach
- Maintain and enhance our grass roots delivery system
- Build new alliances to expand our partnership
- Foster economically viable environmental policies
- Improve the quality of life for future generations
- Sustain and conserve our natural resources and environment

We pledge to work together by

- Advancing and practicing teamwork
- Involving each partner in the decision-making process
- Communicating, coordinating and cooperating
- Promoting mutual respect, support, trust and honesty
- Sharing the leadership and ownership, the credit and the responsibility

We will improve our efficiency and effectiveness by

- Putting quality first
- Empowering people to make decisions
- Demonstrating professionalism and dedication
- Striving for continuous improvement

Herald Digerness

President
National Association of
Conservation Districts



Mark S. Gandy

President
National Association of State
Conservation Agencies



William Phillips

Chief
Soil Conservation Service
U.S. Department of Agriculture



This agreement to be revised and reaffirmed in Phoenix, Arizona, February 1994

The Charge to the Members from the National Conservation Partnership

Leaders of the National Conservation Partnership will meet at the 1994 NACD meeting in Phoenix to review our collective accomplishments in achieving our Guiding Principles over the past year.

Whether you are involved at the district, state, or national level, you can participate in the process. How can you help?

1. Duplicate this report and send it to your state and local leadership/staff.

2. Review the Guiding Principles

If you have comments on these principles, you are encouraged to send them by October 31, 1993, to NACD, 509 Capitol Court, NE, Washington, D.C. 20002. If you'd like to have a Conservation Partnership Guiding Principles signing ceremony, there is an unsigned version attached to this report.

3. Take the test!

Spend a few minutes evaluating how your state or district partnership does business. Complete the attached Conservation Partnership Checklist. Self-evaluation is a beginning step to improved teamwork. Ask the partnership at all levels in your state to take this important step.

4. Form the Partnership Team.

States and districts are encouraged to develop a mechanism for implementing the Guiding Principles and business model.

States should send the names of state team members, the name of the team, and designated leaders for business model training to NACD at 509 Capitol Court, NE, Washington, D.C. 20002.

The Partnership Task Force recommends:

1. The establishment of a National Conservation Partnership Coordinating Council to coordinate and facilitate joint policy development, coalition building, issue management, program delivery, and operational activities.

The purpose of the Council is to:

- Establish an operational climate which will ensure application of the Conservation Partnership Guiding Principles.
- Efficiently and effectively deliver programs and services to help land users maintain and enhance productivity and environmental capacity of the nation's natural resources.
- Serve as a catalyst to reach out and involve other entities as appropriate.
- Anticipate key natural resource issues and propose effective policies to address them.

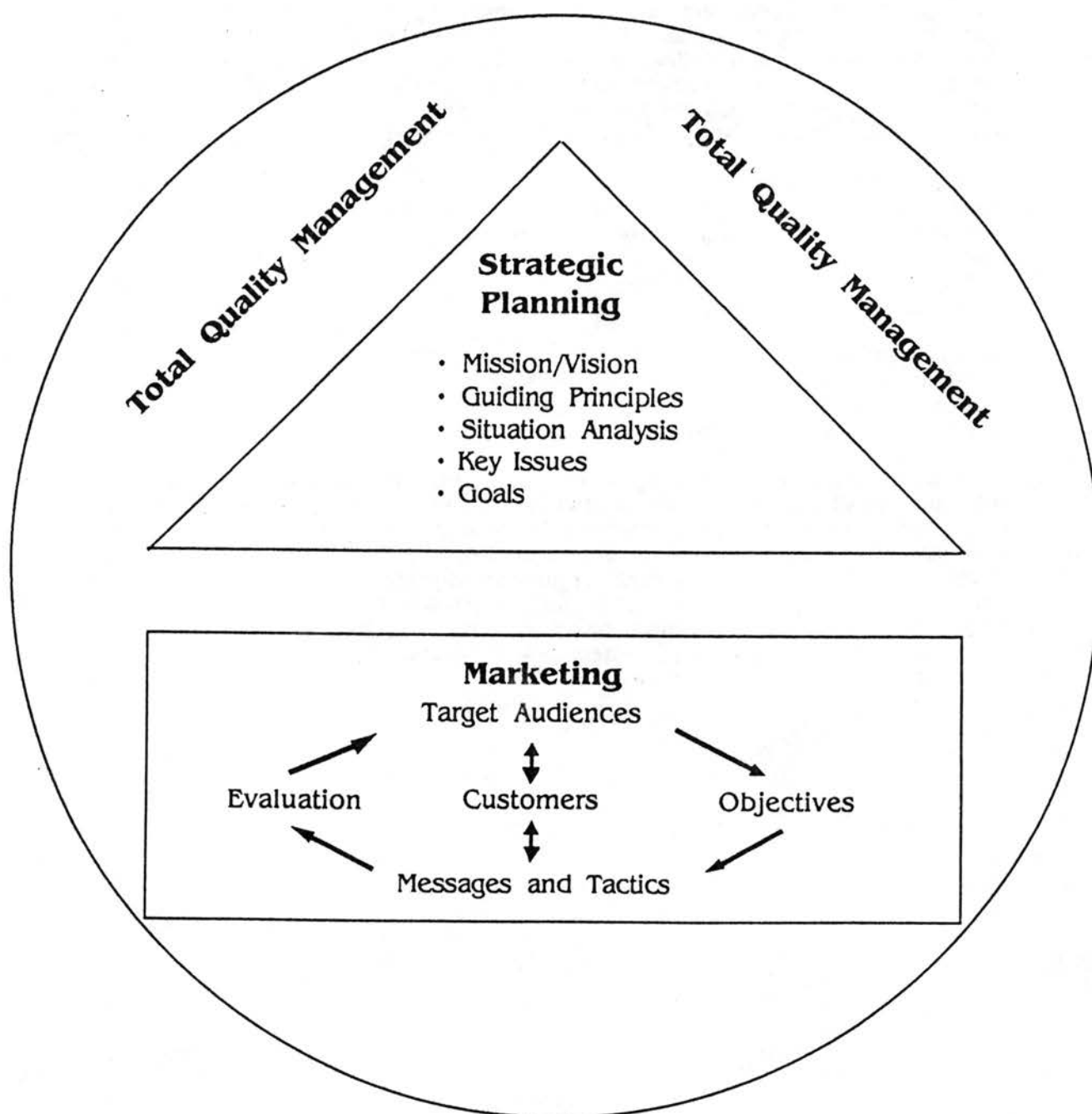
The Council's functions are:

- Policy development and program delivery functions by issue teams, i.e. water quality, wetlands, endangered species, urban conservation, and 1995 Farm Bill.
- Operations functions:
 - Capacity building
 - Leadership development
 - Strategic planning
 - Total quality management
 - Marketing/reach out
 - Conflict resolution
 - Coordination/communication

2. States are encouraged to develop a mechanism for implementing the guiding principles and business model. The states should:

- Coordinate conservation initiatives at the state and local levels.
- Evaluate the status of their partnership activities.
- Develop action plans to implement the guiding principles.
- Develop a system to measure progress and successes.
- Build new alliances to expand the conservation partnership.
- Enhance our grassroots delivery system.

The Conservation Partnership Business Model



The Business Model To Put Our Customers First

The Conservation Partnership Business Model depicted on page five is a model to put our customers first. Strategic planning, total quality management, and marketing: what are they?

How are they interrelated?

Strategic planning, TQM, and marketing are mutually supportive parts of modern management practice.

Both planning and marketing are parts of management. TQM addresses all parts of management. Strategic planning is long term and helps the organization remain flexible and adjust to a changing environment. Marketing is a primary link between the organization and the customer.

Strategic planning, TQM, and marketing all focus on strengthening teamwork and partnerships and improving performance to help the organization achieve its mission and vision.

Strategic Planning

Strategic planning is concerned with the 'what' and 'why' of an organization. It makes sure that the organization anticipates changes and adjusts to those changes. It does this by defining the:

- Vision and ideals that the organization wants to achieve.
- Organization's mission.
- Guiding principles that the organization uses to achieve its mission.
- Strategies that the organization will use to carry out and achieve its vision.

Total Quality Management (TQM)

TQM is concerned with how an organization does business. It is a management approach which includes a collection of management principles, processes, and techniques that will help an organization effectively achieve its vision and carry out its mission. TQM is a process of continuous improvement which focuses the entire organization on satisfying its internal and external customers. TQM:

- Focuses on customer expectations.
- Builds team work.
- Prevents problems through a process which identifies problems and uses defined techniques for team problem solving.
- Builds commitment to quality in the work force through employee participation.
- Promotes open decision making.
- Finds ways to continuously improve what we do.
- Does the right thing right the first time.

Marketing

Market research conducted by the Conservation Partnership during 1992 reinforces the commonly held idea that the partnership needs to do a better job of telling others who we are and what we do.

Marketing helps an organization achieve its vision and mission by anticipating customer needs and delivering services to meet those needs. It answers the 'who,' 'when,' and 'where' questions for the organization. Marketing:

- Identifies customers and defines their needs.
- Develops services to meet those needs.
- Develops strategies for making services available to customers.
- Develops strategies for helping customers acquire services.
- Develops strategies to communicate with target audiences in order to promote the needed services.

Tools for a Successful Partnership

The leadership of the Conservation Partnership realizes quality training for the partnership is one of the foundation blocks of quality service. And they also realize quality training requires investments of time and money. The following is a list of basic courses to help develop a 'customer focus' at all levels of the partnership. A team representing the partnership is working on development of these tools as well as a strategy for how states can receive help if needed.

Basic training courses:

- Assessment of partnership skills regarding the Guiding Principles
- Awareness of Business Model by all states
- Strategic Planning
- TQM
- Marketing

Additional skill building:

- Conflict resolution
- Coalition/alliance building
- Program delivery to socially disadvantaged customers
- Leadership
- Team building
- Media outreach
- Legislative agenda

References

Bryson, John M. *Strategic Planning for Public and Nonprofit Organizations*. Jossey-Bass Inc. 1988.

Barry, Bryan W. *Strategic Planning Workbook for Nonprofit Organizations*. Amherst H. Wilder Foundation. 1986.

Lamb, Charles, Jr. and John L. Crampton. *Marketing Government and Social Services*. John Wiley and Sons. 1986.

USDA Soil Conservation Service. *Operations Management Division Guide to Implementing Total Quality Management*. 1992.

USDA Soil Conservation Service, Operations Management Division. *Total Quality Management: How We Work With You*. 1992.

The Conservation Partnership Checklist

A Conservation Partnership jointly provides leadership on conservation issues. As partners, we have independent responsibilities, yet are dependent on each other for successful delivery of programs.

Vision: A Productive Nation in Harmony with a Quality Environment.

How would you describe the status of the Conservation Partnership at the national level? Listed below are some of the Conservation Partnership's Guiding Principles. Please take a few minutes to assess how the national partnership functions.

Guiding Principles	We do a good job.	Pretty fair; we could improve.	Needs work.
Advancing and practicing teamwork.	_____	_____	_____
Involving each partner in the decision-making process.	_____	_____	_____
Communicating, coordinating, and cooperating.	_____	_____	_____
Promoting mutual respect, support, trust, and honesty.	_____	_____	_____
Sharing the leadership and ownership, the credit, and the responsibility.	_____	_____	_____

How would you describe the status of the Conservation Partnership at the state level?

Guiding Principles	We do a good job.	Pretty fair; we could improve.	Needs work.
Advancing and practicing teamwork.	_____	_____	_____
Involving each partner in the decision-making process.	_____	_____	_____
Communicating, coordinating, and cooperating.	_____	_____	_____
Promoting mutual respect, support, trust, and honesty.	_____	_____	_____
Sharing the leadership and ownership, the credit, and the responsibility.	_____	_____	_____

How would you describe the status of the Conservation Partnership at the local level?

Guiding Principles	We do a good job.	Pretty fair; we could improve.	Needs work.
Advancing and practicing teamwork.	_____	_____	_____
Involving each partner in the decision-making process.	_____	_____	_____
Communicating, coordinating, and cooperating.	_____	_____	_____
Promoting mutual respect, support, trust, and honesty.	_____	_____	_____
Sharing the leadership and ownership, the credit, and the responsibility.	_____	_____	_____

Notes

BIOGRAPHIES - BWSR MEMBERS

By law, the 12 members of the BWSR appointed by the governor must include three county commissioners; three soil and water conservation district supervisors; three watershed district or watershed management organization representatives; and three citizens who are not employed by, or the appointed or elected officials of, a governmental office, board or agency. The board also has five ex-officio nonvoting members, representing the University of Minnesota, the Department of Health, the Department of Agriculture, the Department of Natural Resources, and the Pollution Control Agency.

John Boulton
SWCD Supervisor
Lincoln County

John has been a Lincoln County SWCD supervisor for three terms. He was a member of the Soil and Water Conservation Board and is on the executive board for the Area II Minnesota River Projects, Inc., an organization of counties in southwestern Minnesota. He is also a past area director for the Minnesota Association of Soil and Water Conservation Districts. John and his wife, Corrine, live near Porter, where they have a hog and grain farm.

Sharon K. Clark
Citizen Member
Lac Qui Parle County

Sharon is a full partner with her husband, Larry, in a grain and hog farming operation in Madison. She has 24 years of hands-on experience in the field of agricultural production. Sharon is a member of the Lac Qui Parle Human Services Board and is past president of the Minnesota Corn Growers Association.

Barbara A. Cobb
Watershed Representative
Washington County

Barbara is currently acting mayor of St. Mary's Point. In addition, she has served on the Middle St. Croix River Water Management Organization as a board member for six years. She has also been a council member for the City of St. Mary's Point since 1987.

Ted Lovdahl, Jr.
SWCD Supervisor
Itasca County

Ted has been a supervisor for Itasca SWCD since 1986, serving twice as chair. He has owned a variety of companies, including a

trucking company and a logging company. He attended the University of Minnesota-Duluth. He and his wife, Marie, have four sons and two grandchildren.

D. James Nielsen, Chair
Citizen Member
Hennepin County

Jim received his degree from the University of Minnesota in 1951. He graduated from the University's law school in 1955. He currently works for the law firm Gray, Plant, Mooty, Mooty and Bennett in Minneapolis. He specializes in the organization, development and management of business enterprises. Jim is also active in the Minnesota Chapter of the National Wild Turkey Federation and the Hennepin County Ground Water Advisory Committee.

Donald Ogaard
Watershed Representative
Norman County

Don is currently president of the Lower Red River Watershed Management Board and an administrator of the Wild Rice Watershed District. He has been involved in the Minnesota Association of Watershed Districts since 1971, and has been at various times its president, vice-president, secretary, and lobbyist. Don and his wife, Marlys, farm near Ada, where they raise sugarbeets, wheat, barley, edible beans and spearmint.

Dwain Otte
SWCD Supervisor
Dakota County

Dwain has been an active member of the Advisory Council to the Minnesota Institute of Agriculture, Forestry and Home Economics and is a past president of the Minnesota Association of Soil and Water Conservation Districts. Dwain and his wife, Lorraine, have a 400 acre cash grain farm in Randolph.

Howard L. Peterson
Watershed Representative
Hennepin County

Howard is a vice-president of Riley-Purgatory-Bluff Creek Watershed District and president of the Minnesota Association of Watershed Districts, an organization he helped establish. Howard is a mechanical engineer at Control Data Corporation. He and his wife, Grace, live on Duck Lake in Eden Prairie.

Warren Rodning
County Commissioner
Nicollet County

Warren has served as a Nicollet County Commissioner for 13 years. He has also served on the Gaylord School Board and is a

past president of the Association of Minnesota Counties. Warren and his wife, Marilyn, live in Nicollet.

Kathleen Roer
Citizen Member
Hennepin County

Kathleen is an attorney and practiced law with a Wayzata, Minn., firm for 11 years. She specialized in real estate law. She currently works part-time for the Minnesota Historical Society. She received her undergraduate degree from the University of Illinois and her law degree from the University of Minnesota. Kathleen and her husband, Kurt, have two children and live in Medina.

Jim Rossman
County Commissioner
Olmsted County

Jim graduated from Lourdes High School in Rochester and from Rochester Community College. Jim and his wife, Brenda, have farmed a livestock and grain farm for 25 years. In addition, he has served for five years as an Olmsted County Commissioner and has also been a member of the Farm Bureau County Board.

Barbara Uppgaard
County Commissioner
Crow Wing County

Barbara has served as a county commissioner since 1991. In the past, she has worked as a school social worker and a manager of her husband's dental practice. She also served as a school board member for nine years. Barbara received her degree from University of Minnesota. She and her husband, Bob, have six children and five grandchildren.



Board member Update

August 1993

The mission of the Board of Water and Soil Resources is to provide leadership enabling local governments to properly manage water and soil resources and to help all citizens be stewards of our irreplaceable natural resources.

Southern Region

- In the southern region, a few Reinvest in Minnesota/Permanent Wetland Preserves (RIM/PWP) easements are still being finalized for processing by soil and water conservation districts (SWCDs). Several SWCDs have landowners patiently waiting for the next RIM/PWP sign-up to begin.
- Governor Arne Carlson made a two-day tour of southeastern Minnesota to observe land conservation. The BWSR south central and southeast offices were asked to recommend sites as tour stops. Local governmental units (LGUs) were contacted and potential site information was gathered and submitted for consideration. On June 16, Governor Carlson and his party visited the LeSueur SWCD office and one of their RIM wetland restoration sites. The office staff and supervisors performed admirably on short notice, and their work deserves our hearty thanks.
- The South Central 13 County Joint Powers Board and local water planning coordinators met on June 23, 1993. The coordinators discussed revolving loans on agricultural waste and individual sewage treatment systems, training needs, purchase of digitizing tablets and the need to strengthen their group through a structured schedule and agenda. The joint powers board met in the evening and focused on manure management, Geographic Information Systems (GIS), the Minnesota River Assessment Project (MRAP), Legislative Commission on Minnesota Resources (LCMR) work and revolving loans.
- Agricultural waste continues to be a hot topic in south central Minnesota. The supervisors of Blue Earth SWCD are looking for guidelines on how to use their regular cost-share allocation for cost-share on feedlots cited for pollution.

These guidelines could be income-based, asset-based, based on history of the site and applicant, the cooperation of the landowner/operator both before and after citing and whether civil penalties are involved or not. Should an SWCD wait for the legalities to be cleared up and fines settled before deciding to cost-share? The BWSR legal staff may want to assist in this matter.

- Sara Johnson, SWCD accounting coordinator, has spent a lot of time traveling this spring as there are new employees in several of the northern districts. She has been to Lake of the Woods, Koochiching, Cook and Aitkin to train new employees. She has also visited Itasca, South St. Louis, Pine, Lake and Isanti for computer training or general visits on the way to or from bordering districts.
- Sara's review of the annual reports was completed in late April, and they were delivered to the State Auditor's Office. Notices have been sent to districts that need to be audited for 1992--a total of 39 districts. This is more than usual considering the threshold for triggering audits was raised from \$200,000 to \$300,000 in 1991.
- Thomas Fischer, board conservationist in New Ulm, made a Wetland Conservation Act (WCA) Permanent Rules presentation to the Minnesota Viewers Association in Olivia. This group of ditch viewers/inspectors, watershed district managers, county commissioners and auditors and others meet quarterly to discuss and share common concerns regarding ditches, drainage and other issues.
- Thomas Fischer and Jeff Nielsen worked with other state agency staff and local SWCD staff to finalize a tour for a group of Minnesota legislators that toured south central Minnesota in mid-August. BWSR southern field staff have compiled an inventory of LGUs' (SWCDs, WDs, counties) 1992 accomplishments and

1993 activities which will be provided to tour participants.

- On June 8, Brad Matlack provided instruction on feedlot site assessment and evaluation for approximately 15 SWCD and county staff. Blue Earth County SWCD Supervisor Harlan Marble kicked off the training with words on the need for clean water and sensitivity to farmers' economic needs. The training included a morning site assessment and afternoon feedlot evaluation model (FLEVAL) training at South Central Technical College. The training was part two of a four-part series. Part three will be held sometime in August or September and will cover design of agricultural waste systems.
- The Wetland Conservation Act continues to challenge LGUs. Marshall Board Conservationist David Sill reports spending a significant amount of time recently providing guidance and interpretation to LGUs on wetland issues. Presently, small cities generate as much activity as anything in southwestern Minnesota.
- The Blue Earth River Basin Joint Powers Board met on August 3, 1993, and accepted their technical committee recommendations for asking for two employees. The two employees, if obtained, would work in the areas of wetland restoration and cost-share practices. A letter has been written on the wetland restoration position and one is being written for the engineering technician position.

Northern Region

- Wetlands still seems to be the issue of the day in the north. Staff are continuing to spend significant time with LGUs on tech panel reviews as well as general assistance to LGU staff. Most WCA activity is centered around the developed areas of Duluth and St. Cloud. Staff have been involved in WCA site visits involving airports, department stores, and lots of shoreland sites. Steady WCA activity occurs in the less densely populated areas also. LGUs are eager to make wetland banking a reality.
- Duluth Board Conservationist (BC) Mark Nelson assisted seven LGUs in June in implementing the WCA, including serving on five tech panels. Mark notes that he could easily spend 100 percent of his time on WCA. Mark also attended the St. Louis River Canoe Day with Rep. Willard Munger and the St. Louis River Board. \$1 million has been

allocated to purchase land along the river for public benefit.

- Bemidji BC Dale Krystosek also was busy with WCA. Dale assisted Itasca and Becker counties in the development of a wetland banking program. Dale also participated in tech panels in three counties to evaluate wetland violations. Examples of this type of assistance to LGUs include developing a replacement plan in cooperation with the SWCD to mitigate wetland impacts of a department store in Itasca County; and working in cooperation with several agencies to develop a restoration plan on a logging site in Becker County. Dale assisted the two Ottertail SWCDs and the county board in getting together to discuss implementation of the county water plan. Ottertail County has an approved water plan but has chosen not to implement it for the last few years. Dale pointed out the many success stories we are seeing in other counties around the state. Dale reports that the meeting ended on a positive note. As a side note, there seems to be a groundswell of citizen support for the implementation of the plan in Ottertail County. In fact, the words "watershed district" are being spoken as an alternative to water plan implementation. So, there is a good chance that the county and the two SWCDs will decide on a water plan implementation strategy soon.
- Bemidji BCs Bill Best and Dale, and Brainerd BC Dan Steward, spent several days with Board Engineer Al Kean touring streambank erosion control projects in west central and north western Minnesota. They were evaluating streambank protection techniques on the Ottertail, Buffalo, and Wild Rice rivers. BWSR Special Project and Streambank, Lakeshore and Roadside (SLR) Program funds were used to finance projects on these rivers.
- Bemidji BCs Brian Dwight and Bill Best conducted a water plan coordinators meeting in Bemidji. Counties discussed status of local water planning activities and shared highlights and lowlights with each other. Programs and Policy Analyst Dave Behm visited with the group discussing a possible grant proposal for wetland restorations in the Red River Valley. Funds are potentially available from the North American Wetland Conservation Act (NAWCA).
- Brian took a trek north to work with Koochiching and Lake of the Woods SWCDs in writing a job announcement

for a forestry tech. to serve both districts. This position will also be responsible for WCA implementation for the two counties. When Brian was through with his employment counselor work, he spent the rest of the day on basic orientation items with the two Kooch and Lake of the Woods SWCD employees.

- Dan reports the Snake River Joint Powers Board (JPB) had two meetings in June. The counties each agreed to pay their share of the \$10,000 organizational fund. Water plan base grant dollars should add another \$5,000 to \$7,000 to the pot. The JPB agreed to do USGS monitoring of surface water quality at 23 stream sites and six lakes in August.
- Dan and Dave Behm met with Douglas and Pope SWCDs regarding application for North American Wetland Conservation Act funds to hire a technician at the local level to work on RIM wetland restorations.
- Duluth Water Resources Education Coordinator Barbara Liukkonen says that the first issue of Arrowhead Currents, a newsletter about water resource concerns in the Arrowhead region, came out in June. The newsletter is a joint project of the water plan coordinators and Extension educators in the Arrowhead region and is funded through grants from county water plans, the Minnesota Extension Service, the Department of Natural Resources, and the Pollution Control Agency. Arrowhead Currents, with a circulation of 5,000, developed from the Itasca Currents which originated through a BWSR challenge grant. The newsletter will come out about five times a year.
- Responding to the flooding in southern Minnesota, Barbara wrote a one-page fact sheet, "Safe Drinking Water from Wells in Flooded Areas" to help landowners understand why and how to disinfect their private wells. The fact sheet went to all SWCDs, water plan coordinators, and county extension offices across the state.
- Northern Supervisor Ron Shelito attended a meeting of the Itasca SWCD board to begin making plans for the fall BWSR board meeting and tour. Itasca SWCD will do a great job with the tour! They've put together quite a list of issues to present that represent the needs, problems, and successes of the northern lakes and forest country. They might even plan for a little fun too.

Land and Water Section

- Computer Specialist Bryan Alpaugh has been developing the database to track deposits and withdrawals to the state wetland bank, which will be overseen by BWSR.
- Programs and Policy Analyst Dave Behm has been involved in revising the RIM (Reinvest in Minnesota) and PWP (Permanent Wetland Preserves) rule, revising the model soil erosion ordinance and assisting Susan in planning the Minnesota Lakes Association Conference. Dave also presented two papers concerning RIM at the annual meeting of the Soil and Water Conservation Society (SWCS) at Fort Worth, Texas.
- John Jaschke, BWSR wetland specialist, has been involved in wetland delineation sessions for staff of local, state and federal government (to date, through six sessions--four last year and two this year--over 300 people have been trained in delineating wetland boundaries according to the 1989 federal delineation manual). John is also drafting for review the public notice that puts the wheels in motion for local governments to process a number of nationwide permits on behalf of the Corps of Engineers.
- Hydrogeologist Eric Mohring served as an instructor at the aforementioned wetland delineation sessions, facilitated the wrap-up of the Abandoned Well Cost-Sharing Program and has been in contact with Hennepin Conservation District as it attempts to gain county board approval of the Hennepin County Groundwater plan. This plan was prepared by Hennepin Conservation District pursuant to Minnesota Statutes 103B.255. Although undergoing the requisite extensive review by state agencies and local governments, the plan's fate is uncertain as the Hennepin County Board is being heavily lobbied to not approve the plan.
- Doug Thomas, local water planning staff, prepared most of the extensive background material necessary for the BWSR to consider natural resource block grants. Doug has also assisted staff from the Land Management Information Center (LMIC) with the installation of geographic information system (GIS) interface products at a number of local governments.
- Greg Larson, land and water section head, was also involved with the wetland

delineation sessions and attended an advanced delineation practicum in Montana. The practicum was paid in part by the EPA through the Minnesota wetland plan. Greg presented a paper on the Wetland Conservation Act at the SWCS conference in Fort Worth.

- The grants coordinator position previously held by Chuck Niska is expected to be filled in September.

The staff of the land and water section acknowledges the efforts of BWSR clerical, accounting and other support staff. Without their commitment, many tasks would not be completed.

Metro Region

- **Baby Delivered.** As many of you know, Barbara Ohman delivered a baby boy named Tyler Montana on August 8. Tyler came a few weeks earlier than expected. He wanted to come earlier, but the doctor ordered Barbara to four weeks of bed rest during the month of July to avoid an even earlier delivery. Barbara is now on a ten week leave of absence to be a full time mother. Needless to say, Metro Supervisor Bruce Sandstrom and Metro BC Jim Haertel miss her presence in the office. Metro is attempting to obtain a US Fish and Wildlife Service biologist to work on a mobility assignment to assist with implementation of the WCA during Barbara's absence.
- **WCA Workload.** Metro's WCA workload has been steady. During the month of July, Jim spent about two-thirds of his time on WCA related activities, including eight technical panel evaluations.
- **Stormwater Management.** Bruce has spent a lot of his time working on the third draft of the Reding Guidelines (drafting, redrafting, coordination with other agencies, mailings, etc.). He is also working with a group of state and local interests convened by the Pollution Control Agency (PCA) on the issue of stormwater management. Issues being discussed include one stop permitting of city storm water management projects, the role of 509 planning, revision of the PCA best management practice (BMP) handbook, use of wetlands for stormwater treatment, and proper design of such things as wet ponds and infiltration devices. The League of Cities representative will be convening a subcommittee of the PCA group on the issue of permitting and

inter-agency coordination. BWSR will be providing a staff person to assist in coordination and minutes preparation.

- **Training:** Jim Haertel attended two wetlands delineation training sessions: one offered by Frank Svoboda & Assoc. and the one offered by the BWSR/MASWCD. Jim found it useful to receive both the private perspective and the agency perspective. Both were excellent courses. Bruce will be attending a 1/2 day course on grass identification at the U of M. Bruce will also be attending a four day advanced course on wetland identification along with four other BWSR staff at Hickory Corners, Mich., from Sept. 7 to Sept. 10.
- **Water Planning:** Staff have been reviewing or providing guidance on water plans, revisions thereof or capital projects at a steady rate over the past two months. The local government units (LGUs) involved include the city of Burnsville, Valley Branch WD, Nine Mile Creek WD, Minnehaha Creek WD, city of Minnetonka, Ramsey Washington Metro WD, city of Woodbury, Bevens Creek WMO, Prior Lake-Spring Lake WD, Lower Minnesota River WD, Upper Rum River WMO, and the Metropolitan Airports Commission. We have also been advised that the Ramsey County Board has appealed to district court Rice Creek WD's order for a project on Locke Lake, a designated Capital Improvement Project (CIP) in Rice Creek's 509 plan. The county appealed under M.S. 103D. Provided there were no administrative errors in the way the WD noticed their 509 plan revision, it is likely the court will determine it has no jurisdiction and that the appeal should have been filed with the BWSR.

Red River Basin Flood Control Project Tour

by Jim Birkholz

BWSR staff Jim Birkholz, Al Kean, Ron Shelito, Bill Best and Brian Dwight attended all or parts of an extensive tour of flood control projects July 27-29. The tour was conducted by the Red River Watershed Management Board (RRWMB), a regional government body consisting of all the watershed districts in the valley. Because of its ability to raise revenue through local taxes, the RRWMB has installed a number of flood control structures and has many more

planned. The US Army Corps of Engineers is holding in abeyance permits for any additional structures pending the completion of an environmental assessment (EA) for all the structures planned in the basin. The EA is currently in the scoping phase whereby the "sideboards" for the study are established. The BWSR is participating in the study because of the important role of our agency to enable local government to manage water and soil resources as stated in our mission.

Ironically, the tour took place within a week of two major rainfall events (not planned by tour organizers). Major tributary streams to the Red River were at or above flood stage from Moorhead to the north. The major crest on the Red River itself was expected the week following the tour. We heard about and viewed the extremely productive agricultural lands of the valley, most of which are flood-prone; not so much from river flooding but from overland flooding due to heavy rainfall and the flat topography. Flood control efforts are aimed at preventing this overland flooding in areas where water flows in a sheet and covers one section of land, overtops a road and covers the next section of land and so on. The structures are also designed (and old ones will be retrofitted) to reduce peak flows in the Red River downstream. This is achieved primarily by control gates on the structures which can release water according to a plan. We viewed ripening wheat and barley fields, potatoes, sugar beets and dry edible bean fields, which were of outstanding quality, standing in several inches or more of water. Not portions of fields, or small fields, but quarter- and half-section fields. With drainage outlets backing up, many of these crops are already lost with more damage to come.

We clearly saw the need for flood control for a viable agriculture in the Red River Basin. You have to stand by a dike on the Wild Rice River where the river is churning by within a few inches of the top and observe that if the dike were to fail, water would spread out for miles, destroying all crops--not to mention homes--in its path, to get a sense of flooding issues in the Basin. Lessons learned in other parts of the state or country regarding flooding cannot be directly applied here.

Following are some trip perceptions:

- **1. Many of the natural resource agencies bring perceptions based on general agency experience gained statewide or nationally to their work in the basin.** Some of

this is valuable, but the basin is a unique geographic area due to its flat topography, immature drainage system and fantastically productive soils. Agencies need to collaborate with local government and tailor solutions to fit these unique characteristics.

- **2. A great deal of misinformation exists on the part of state and federal agencies as to what has been done and what is planned for flood control in the basin.** The tour helped in this regard, but I fear that some agencies are somewhat threatened by the scale of projects proposed. State and federal agencies need to acknowledge that in the basin, local government is willing to spend more to deal with flooding than all other levels of government combined. Agencies which perhaps are used to being in the lead now are in a following or support role. Permitting entities need to focus on customer service and helping achieve solutions to problems now more than ever.
- **3. Some state and federal agency staff are poorly trained to properly evaluate the merits or shortcomings of proposed flood control projects in the basin.** I was surprised at the lack of technical knowledge on such things as principle and emergency spillway design, gated storage, survey and design of structures and pool management, dry dams versus permanent pools, drainage system design and management, etc., shown by staff who wield a lot of authority in issuing permits. For example, just as the fish and wildlife people accuse the water management people of not always addressing their concerns, the water management people can accuse the fish and wildlife people of not taking into account some of the technical aspects of flood control. Hopefully the tour helped to foster better collaboration where professionals can share and benefit from each other's expertise.

Don't get me wrong, there are many very competent staff working who have a broad technical knowledge or who are willing acquire input by collaborating with those in the know, but I get the impression that when the agency system of issuing permits fails to work, one of the reasons is people with inadequate training in frontline positions. This serves to stall things rather than work through to solutions. It also creates gridlock which seems to please that group of people who are more interested in preserving the

status quo but is rather poor public policy and a waste of tax money.

- **4. One education technique that was used on the tour was to show videos of many of the projects or problem areas prior to or after the tour stop.** This worked really well to reinforce how the project dealt with the complex issues of flood control, wildlife, water quality, etc.... Support materials included maps, conceptual designs and operational data for structures. This helped keep the group focused on the issues relevant to the environmental assessment.
- **5. The amount of damage to crops from summer flooding in the basin was visually graphic.** Spring flooding which causes a lot of urban damage is also a very real problem. There are those who would prefer that agriculture and some cities in the basin simply be abandoned to avoid public investment in flood control. When one considers the more than 100 years of infrastructure development, the super productive soils, and the economic and cultural contributions of the agriculture-based economy of the basin, it seems worth additional investment.
- **6. The issues of conflicting goals of wetland management versus flood control were constantly at the forefront during the tour.** We looked at a number of project sites where wildlife habitat and water quality considerations blend well with flood control. We also looked at some sites where massive flood control benefits could be achieved at some cost to wildlife habitat or wetlands presently existing on the sites. My sense was that the agency staff were still not to the point of trusting each other enough to begin to discuss tradeoffs and mitigation which might result in some sacrifice of values at one site in return for much higher values at many other sites. There are a lot of win/win situations out there that are being seriously avoided!
- **7. Dikes were examined as an integral part of flood control even though they are not directly involved in the environmental assessment.** Diking is a necessary practice because of the severely undersized channels in the rivers in the basin (no Glacial River Warren existed here to erode large river valleys as in the Minnesota and Mississippi Rivers). Exacerbating the problem is the fact that as the tributary rivers flowed into the basin proper since the retreat of Lake Agassiz, many of the channels have been built up by transported sediment from the

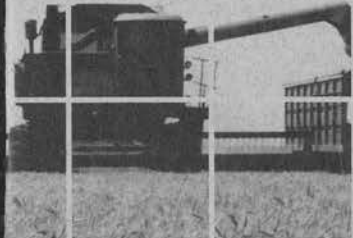
uplands to the point where, in places, the bed of the river is above surrounding lands. The rivers are held in place by small natural levees or by federal, state or locally built dikes and levees created with spoil material from channelization projects when that was seen as the solution to drainage problems. The significance of the dikes to the environmental assessment is that flood control structures must be operated in tandem with them--all infrastructure must work together as a system.

- **8. Water supply, particularly during low flow periods, is an ongoing issue with communities like the city of Moorhead.** They would like an inter-basin transfer of water from the Missouri River via the Garrison Diversion to meet their needs. Storing water in the valley by way of multi-purpose flood control projects is probably more economically and environmentally acceptable but is not even a possibility with the current anti-dam building mentality which seems so prevalent.
- **9. Potential wetland disruptions and riverine forest habitat destruction was discussed at most tour stops.** It's a bit frustrating to hear plant ecologists state that they really see no unacceptable damages to plants or habitats as a result of these projects, while at the same time, wetland specialists from the same agency bemoan the damages which might result. It strikes this observer that no public good is served when agency staff contradict each other to the point where gridlock results. This can only satisfy those who are interested in preserving the status quo, as if our current environmental status is the absolute best we can do. There was a lot of evidence of enhanced production of waterfowl and other plants and animals post-construction vs. pre-construction. Of course the debate centers in large part around the fact that the area changes as a result of the structures and change "must be bad."

This represents a few of my admittedly biased perceptions on the flood control issues in the Red River Basin. Currently, the environmental assessment scoping committee on which BWSR is represented by Brian Dwight and me has formed issue oriented work groups to do some analysis. This work will feed back through the large group and eventually put a recommendation before the colonel who heads the St. Paul Corps district. Hopefully this will not take two years as corps staff have stated it will. My approach in representing BWSR is to keep in mind

that our agency mission focuses on "wise management" of natural resources. This implies an active rather than a passive role. The structural solutions proposed for flood control in the Red River Basin, when designed with input from various interest groups and agencies and implemented along with non-structural measures like keeping marginal land in the beach ridge areas in the Conservation Reserve Program (CRP) or a similar program like RIM, fall in the category of responsible land and water stewardship. Our goal should be to continue to help local governments in the Red River Basin find the common ground with permitting agencies to allow flood control work to proceed. Hopefully the environmental assessment underway will help bring those parties together as a team to find mutually tolerable, if not agreeable, solutions.

The CRP in the Upper Midwest:



What Should We Do Next?



Table of Contents

Introduction1	Close-ups
Farming: An Abiding American Public Interest2	<i>Farm Bills</i>3
Previous Farm Policy	<i>One Measure of Erodibility: Soil Loss Tolerance, or "T"</i>4
Reductions in Planted Acreage	<i>Crop Bases</i>5
Putting Policy into Practice: The Beginnings of the CRP3	<i>The Upper Midwest Is Big in the CRP</i>5
CRP Becomes Law4	<i>How "Marginal" Is the Retired Land?</i>6
Objectives	<i>Who Is the Average CRP Contract Holder?</i>7
Program Administration	<i>CRP Entries in Minnesota</i>7
Effects of CRP Expiration6	<i>What Do CRP Lands Look Like? Part I</i>8
Effect on Farm Landowners	<i>What Do CRP Lands Look Like? Part II</i>9
Effect on Communities	<i>Wildlife and the CRP: Parallel Growth</i>10
Effect on the Environment	<i>The CRP Means Money to the Upper Midwest</i>12
Damage Reduction	<i>Federal Farm Subsidy Programs</i>13
Benefit Enhancement	<i>Too Much Grain?</i>14
Effect on Commodity Production	<i>Nationwide Enrollment</i>15
Effect on Federal Expenditures	
Effect on Society	
The Future of the CRP Lies With the Future of Farm Policy14	
Less Direct Government Involvement	
A More Managed Agriculture	
Shift Attention to the Rural Landscape	
Conclusion15	
Glossary16	

For information on this publication, contact:

Steven J. Taff
Department of Agricultural
& Applied Economics
1994 Buford Avenue
University of Minnesota
St. Paul, MN 55108-6040
(612) 625-3103

The CRP in the Upper Midwest:

What Should We Do Next?

Introduction

Nearly 2 million acres of Minnesota farmland have been idled under the federal Conservation Reserve Program (CRP). Nationwide, more than 35 million acres have been idled. The present 10-year CRP contracts are set to expire starting in 1996. What happens then?

This briefing paper was prepared in conjunction with several CRP Issue Forums held throughout western Minnesota in Spring 1993. The forums were designed to explore the implications of CRP contract expiration, based in part upon background information such as that presented in this document.

Particular assumptions about farming and about what farm policy should try to achieve have shaped the CRP. Many interest groups have attempted to guide the direction of farm policy, and the resulting legislation reflected these attempts. In contrast, the Issue Forums and this paper do not attempt to advocate specific policy choices. Rather, they seek to help individuals explore the issues and develop skills that will help them make informed choices. Through this approach, it is hoped that any new public policies will

better represent true "public" interests.

Though the results of the individual landowner decisions that will ensue from CRP contract expiration will not be noticed for years, we can already anticipate some post-CRP consequences. We do this here first by noting some of the effects of the CRP as it has been carried out and second by speculating on likely occurrences if the land now in CRP is someday put back into crops or into some other use.

As in all exercises that deal with the future, our best decision today, given today's information, could prove wrong tomorrow. But it's still the best decision we can make today.

Farming: An Abiding American Public Interest



The American public has long concerned itself with farming. From the mid-1800s, federal and state policies viewed it as an engine of economic growth. While the original focus was on gaps in prosperity between farmers and non-farmers, policy attention has more recently broadened to the fruits of the land itself and how they are produced. We now worry not just about farmers, but about the farmland itself.

Previous Farm Policy

American farm policy has had three major themes, each reflecting a particular set of societal demands. The first is the ever-present expectation that farmland should yield sufficient food to meet basic American nutritional needs. As late as 1985, "food security" was placed into the title of the farm bill to emphasize this.

The second theme is our stated goal of increasing farm prosperity. The policy "instrument" employed in most instances is production control, which seeks to increase and stabilize farm output prices. (There are other ways for government action to increase farmers' incomes, but output price enhancement remains the principal avenue.)

The third theme concerns the relationship between modern farming practices and possible

environmental degradation. This theme has been stated in federal farm policy since at least the 1930s but has become especially prominent in the past two decades. In particular, U.S. policies have centered on reducing soil erosion and increasing wildlife habitat on American farmlands.

Reductions in Planted Acreage

The federal government has tended to deal with each theme—food security, farm income stability and enhancement, and environmental concerns—with a single major mechanism: the coupling of price subsidies with reductions in a farm's planted acreage. By increasing or decreasing the subsidy levels and the amount of land idled, policy-makers have tried to balance food demands, farmer price demands, and environmental demands—with varying degrees of success.

Land retirement (or idling, or set-asides, or diversions—they all mean essentially the same thing) has been the principal instrument used to control production levels, to "recharge" farmland productive capacities, to reduce environmental damages, and to increase environmental benefits. Many land retirement programs have been implemented over the years, but the early 1960s Soil Bank

Program and the present CRP have been the largest. Substantial amounts of land have been retired, ranging from zero in years of high export demand to 70-80 million acres at present.

Many observers have claimed that land retirement policies have not even achieved their stated goals. Whether or not this is true, it is clear that reducing production capacity is not without side-effects. Nevertheless, when Congress was considering the 1985 farm bill, both environmental and commodity interest groups turned once again to land retirement.

VIEWPOINTS

*The National
Association of Wheat
Growers:*

*"... supports the
option of extending
current CRP contracts
or rotating CRP to
other qualifying acres
on the same farm."*



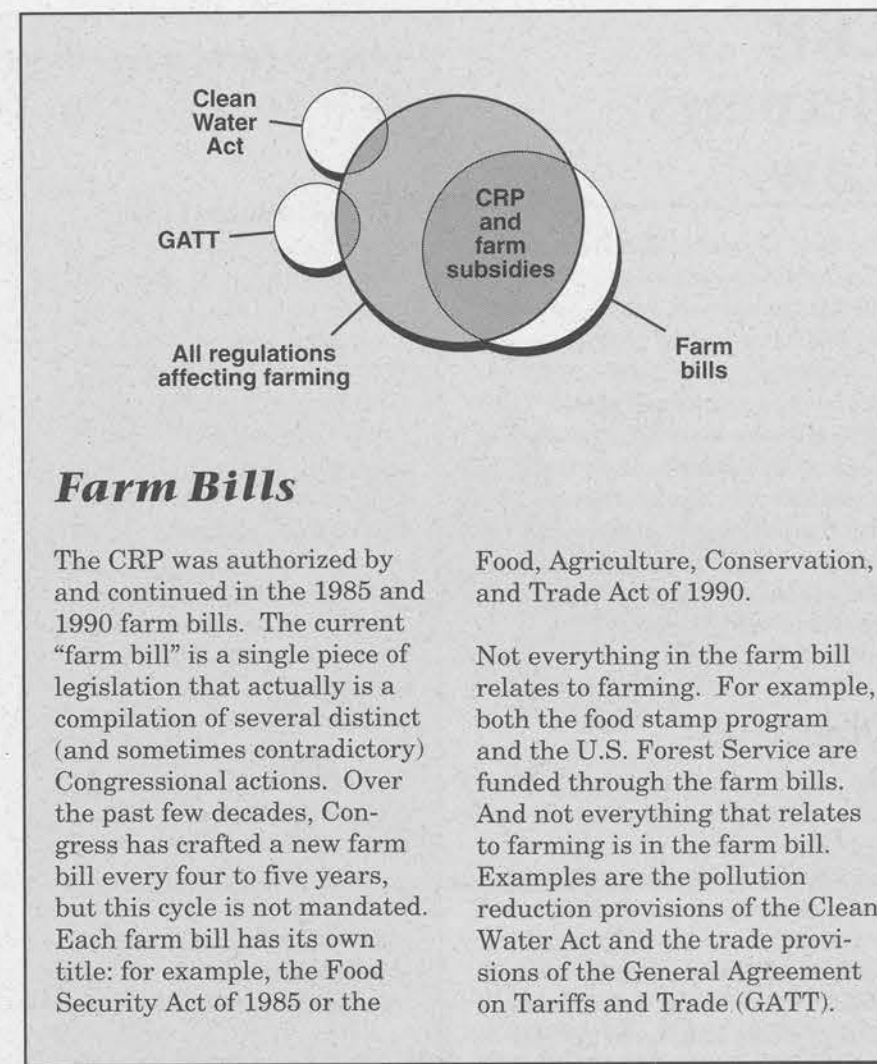
Putting Policy into Practice: The Beginnings of the CRP



The Conservation Reserve Program was initiated during a bleak period for American agriculture. There were continual reports of low farm prices, large crop surpluses, farm foreclosures, declining agricultural exports, and personal despair. Public perceptions of the economic and social environment that surrounded the "farm crisis" were crucial in shaping the various policy instruments that, bundled together, constitute current American farm policy. Two assertions common during this period fueled demands for a massive, multi-year, farmland retirement program.

The first contended that the world was faced with an enormous surplus of farm commodities, especially grain. In and of itself a surplus is neither good nor bad, but agricultural interests saw it as a barrier to improving farm income, because a surplus often leads to lower prices. Environmental groups used this notion of surpluses to justify a large retirement of production capacity, arguing that it's all right to idle big chunks of land, because we don't need the grain anyway. Thus, both agricultural interests and environmental interests agreed that surpluses justified large-scale land retirement.

The second assertion held that "modern" farmland management practices were bad for the farmland itself as well as for the broader public interest. Soil



Farm Bills

The CRP was authorized by and continued in the 1985 and 1990 farm bills. The current "farm bill" is a single piece of legislation that actually is a compilation of several distinct (and sometimes contradictory) Congressional actions. Over the past few decades, Congress has crafted a new farm bill every four to five years, but this cycle is not mandated. Each farm bill has its own title: for example, the Food Security Act of 1985 or the

Food, Agriculture, Conservation, and Trade Act of 1990.

Not everything in the farm bill relates to farming. For example, both the food stamp program and the U.S. Forest Service are funded through the farm bills. And not everything that relates to farming is in the farm bill. Examples are the pollution reduction provisions of the Clean Water Act and the trade provisions of the General Agreement on Tariffs and Trade (GATT).

erosion was said to diminish the soil's productive capacity, thereby reducing the long-term wealth of the farmer. Once eroded, the soil would end up in lakes and streams, diminishing the use and enjoyment of these resources by farmers and non-farmers alike. Also, some farming practices were thought to be harmful to farmland wildlife, particularly through the destruction of nesting habitat.

Both problems, large surpluses and destructive farming practices, were said to derive from an expansion of cropland production in the 1970s. Expanded cropland production, in turn, was said to be driven by rising prices and favorable government policies. All this

led to a single policy conclusion: a new land retirement program was both desirable and necessary.



CRP Becomes Law

The new Conservation Reserve Program was authorized in the 1985 farm bill and got under way in 1986. It resulted from a convergence of the issues and interests summarized above. The 1985 bill was especially noteworthy in that it represented the first major foray by environmentalists into the making of American farm policy, a territory thought previously to be under the exclusive control of farm groups and agribusinesses.

Objectives

The new program was to "assist landowners and operators of highly erodible cropland in conserving and improving the soil and water resources of their farms or ranches." As the CRP developed, several more objectives were added: (1) reducing soil erosion, (2) protecting long-term agricultural productivity, (3) reducing sedimentation in streams and along roads, (4) improving water quality, (5) improving fish and wildlife habitat, (6) curbing production of surplus commodities, and (7) providing some needed income support for farmers.

In practice, the objectives of the CRP have largely been confined to soil-erosion reduction and farm-income enhancement, though its effects have been more far-reaching.

Program Administration

The CRP was assigned to two major USDA agencies for administration: the Agricultural Stabiliza-

One Measure of Erodibility: Soil Loss Tolerance, or "T"

"T" is a frequently used indicator of a soil's ability to withstand erosion. The idea is simple: how much erosion, measured in tons of soil per acre per year, is exactly matched by the soil's natural rebuilding activity? Some observers argue that any erosion above this rate is intolerable, because it signals a long-run loss in the ability of that soil to support plant growth. (The flip side is that erosion less than this rate is somehow "tolerable," in that production capacity is sustained. Of course, to receiving water bodies, tolerable soil loss doesn't look any different than intolerable soil loss.)

The range of T-values for most upper Midwest soils is 2-5 tons/acre/year. This is equivalent to soil loss the thickness

of one thin dime, spread evenly over an acre.

Unfortunately, there is little research evidence to support the use of particular soil loss numbers to indicate tolerable levels of erosion. While soil loss tolerance may be a valid concept, its measurement is fraught with difficulty. Some soil scientists go so far as to argue that T should be dropped entirely from the lexicon of soil conservation policy.

Nevertheless, the measure has been widely used as a goal or an indicator of desired soil loss rates. For example, Iowa has long championed a "T by 2000" program. For the first several rounds of the CRP, eligibility was in part determined by a measurement of existing erosion that exceeded a certain multiple of T.

tion and Conservation Service, which administers the farm subsidy programs, and the Soil Conservation Service, which provides technical conservation assistance to landowners.

The CRP provides landowners with an annual payment in exchange for an agreement not to use designated fields for agriculture for 10 years. Only "marginal" lands were eligible for CRP retirement. For the major portion of CRP entries, this meant lands that either were potentially "highly erodible" or that were actually eroding at "excessive" levels. The program rules tended to emphasize the latter.

More recently, program eligibility has been expanded to include filter strips (buffers along streams, ditches, or rivers), sensitive groundwater areas, areas of special Congressional concern, and others.

Annual payment levels were determined by farmers "bidding" how much it would take to retire their eligible cropland. In theory, the government could choose the lowest bids and thereby attain a measure of cost effectiveness. In practice, for a variety of reasons, the bidding process really amounted to a flat-rate offer scheme, a rate that varied only among CRP administrative regions ("pools"). Farmers also

received one-time payments to help cover the costs of necessary plantings of grass or trees, in accordance with their conservation plans.

A condition of CRP enrollment was the surrender of some or all of the landowner's crop acreage

Crop Bases

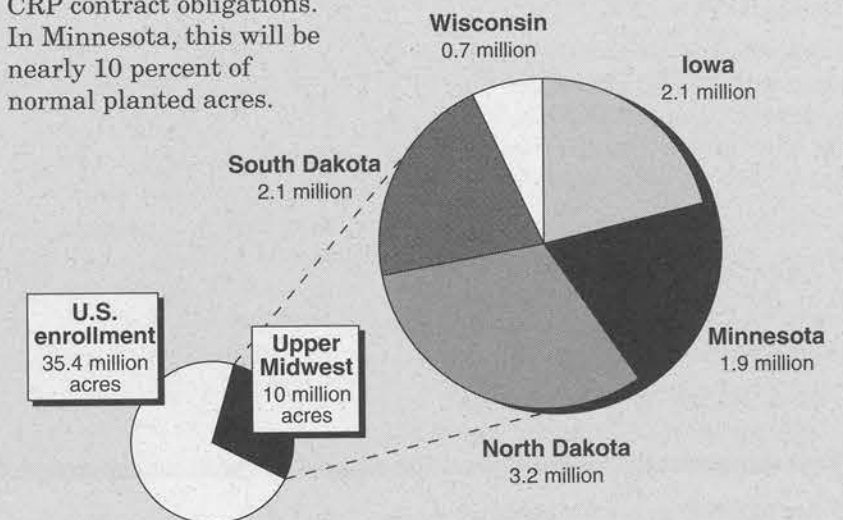
Enrollment in the CRP results in a temporary loss of a portion of the farm's crop acreage bases. These are numbers assigned to farms whose owners participate in federal farm subsidy programs. The base is associated with the farm, not with a particular field. It can be misleading (but nevertheless is common) to speak of a particular field as "corn base acres."

Base is used to control the amount of land that farmers plant when they participate in the federal farm programs. Generally, participating farmers can plant no more than the base, minus any required set-aside. Planting more would make that year's production ineligible for subsidy.

Although base was designed to be an accounting device, it has come to be viewed as essentially a property right, an entitlement. Proposals to limit base expansion or to reduce base coverage are met with strong opposition by most farm leaders. And parcels sold with associated base history fetch a significantly higher price in the land market than do parcels with no base attached.

The Upper Midwest Is Big in the CRP

Five states account for 28 percent of the nationwide CRP enrollment. Starting in 1996, some 10 million acres in the region will be released from CRP contract obligations. In Minnesota, this will be nearly 10 percent of normal planted acres.



base. The actual amount surrendered was proportional to the ratio of the CRP parcel to the farm's total cropland. The higher that ratio, the larger the base that had to be surrendered.

To allay some of the concerns of local businesses fearing a downturn in farm input demand and output movement, as was said to have happened during the Soil Bank period, Congress specified that no more than 25 percent of the cropland of any particular county could be entered into the CRP. A provision permitted exceptions to this limit if local officials so petitioned. In Minnesota, only two counties (Red Lake and Pennington) now exceed the 25 percent level, and that only by a few percentage points.

To further reduce adverse local economic effects, landowners were

supposed to secure the permission of any tenants before land was put into the CRP. Many observers say that this requirement has been largely ignored in the actual operation of the program.

Congress required that 40-45 million acres be put into the CRP by 1991. While this goal was not attained, some 35.4 million acres were retired by 1992. The participation in the upper Midwest has been substantial. South Dakota, Iowa, and Minnesota each show at least 2 million CRP acres, and North Dakota has more than 3 million acres enrolled.



Effects of CRP Expiration

Effect on Farm Landowners

The landowner whose CRP contract is set to expire has several decisions to make concerning how the land will be managed. Among the possible uses of the land:

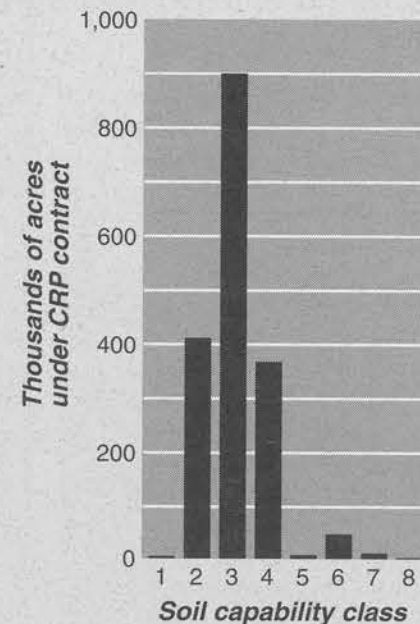
- return it to the crops that were grown on it before
- grow different crops
- keep the land in the grass that now covers it and harvest hay for sale or for livestock use
- use existing grass for pasture
- use the land for recreation (for the farmer or friends or customers)
- plant fast-growing trees for pulpwood harvesting
- leave the land idle and attempt to gain no direct income from it
- enter the land into some other government program, such as a new CRP, that would pay for continued retirement
- count former CRP lands kept in grass cover as set-asides under the federal farm programs (if the 1996 and subsequent year rules permit this)

The landowner's decision will be influenced by the characteristics of the land itself, the personal characteristics of the landowner, and the economic and cultural environment within which the landowner operates.

How good is the CRP land compared to the rest of the farm operation? Will it require special

How "Marginal" Is the Retired Land?

Land capability classes are used by the Soil Conservation Service to guide farmers in their cropping decisions. The higher the number, the less suitable a field is for traditional farming. As a rule, in Minnesota, classes 1, 2, and 3 can be cropped without significant erosion problems, as long as appropriate agricultural conservation practices are employed.



attention to meet any soil conservation regulations or any other restrictions, such as wetland delineation, that were put into place after the land was retired? Is the farm near market-access points such as elevators or livestock assembly yards? The possible situations are so varied that it is extremely difficult to predict what "farmers" (as a class) will do when contracts expire. We are left with many more questions than answers.

The CRP parcel itself must be viewed in a broader context. Did the contract cover the whole farm? (This was the case for 19 percent of the Minnesota participants.) If so, does the owner still have the machinery and equipment necessary for resumption of a farming operation? If not, does the CRP parcel suit the type of farming operation now in place on the non-CRP portions of the farm? (For example, did the farmer put all the hilly land into the CRP, leaving all the flat land for continued intensive cultivation?)

Relevant personal characteristics include the landowner's wealth, skills, age, debt load, and family obligations. Equally important might be more difficult-to-measure attributes such as expecta-

VIEWPOINTS

The Cargill Bulletin:

"Requiring farmers to meet specific conservation objectives for vulnerable land, such as erosion control, may prove more effective than mandating broad solutions, such as land-idling programs, that have rippling economic consequences for rural communities and the economy."

tions about the future, or views of what constitutes "good" farming.

One often hears that CRP contract holders will just "go back to farming" when contracts expire. This view implies that profits from cropping most CRP parcels will be high enough to justify equipment upgrading, land preparation, and the farmer perhaps giving up a new job in town. Actually, the profit potential of many CRP lands in "marginal" agricultural areas might not justify a return to cropping.

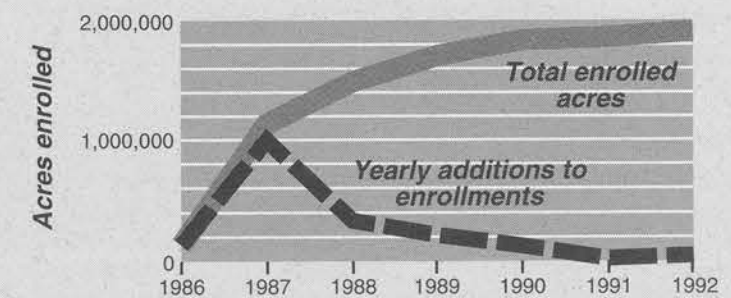
If a farmer does make land management decisions strictly on the basis of expected prices, then the relevant prices to look at include not just the crops that were grown on the parcel previously, but also possible "new" crops that might promise greater returns. Livestock prices are also germane, since the government has already helped the farmer attain a grass cover on the land. This new cover might make a conversion to a hay or pasture operation less costly.

Who Is the Average CRP Contract Holder?

These are the findings of a 1990 nationwide survey of 2,000 CRP landowners, conducted by the Soil and Water Conservation Society.

- 57 years old
- high school education
- owner-operator of 323 acres
- put 93 acres into CRP
- less than 50 percent of household income comes from farming

CRP Entries in Minnesota



Most Minnesota CRP contracts will expire in 1996-98. Enrollment was especially heavy in 1987, when the government paid extra to farmers who gave up some of

their corn base. This bonus was put into place to encourage more CRP entries in corn-soybean areas, at the expense of sign-ups in wheat areas, in which much of the early year sign-ups occurred.

Prices are not the only economic factor that will play a role. Available practices and new technologies are also important. For example, in the years since the CRP was initiated, several conservation tillage practices have been shown to be feasible and practical for many upper Midwest soils.

On the other hand, certain tillage practices might be ruled out on highly erodible soils due to "conservation compliance" provisions. This is the requirement that farmers with highly erodible lands follow conservation plans in order to receive federal farm subsidy payments. Most (but not all) of the land now in the CRP will be subject to conservation compliance after contracts expire.

A final economic condition that could influence farmer decisions will be the relative prosperity of the local economy. A landowner who can choose between resuming crop operations or continuing a better-paying job in town may view a return to farming differ-

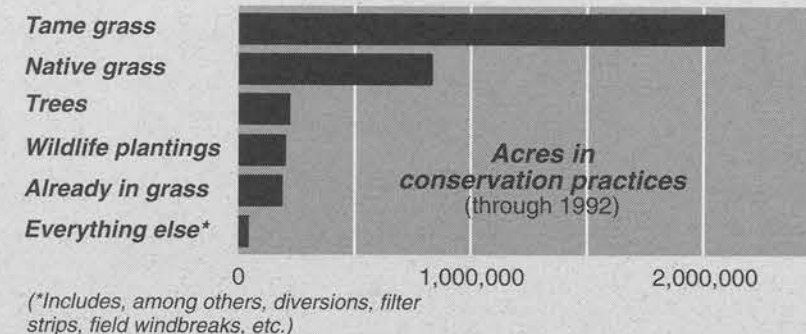
ently than a landowner who has no off-farm employment opportunities.

Effect on Communities

Congress required that no more than 25 percent of a county's cropland be idled under the Conservation Reserve Program. This has not prevented claims of severe economic dislocation in some sub-county areas that have experienced far more than a 25 percent cut-back in local farming activity. For example, in Minnesota's Red River Valley, CRP sign-up patterns are dramatically different from one part of a county to another. Clay County offers a striking example. Almost all the CRP land in the county is in the eastern half, upslope from the shoreline of the former glacial Lake Agassiz.

When CRP contracts expire, rapid switchover in local economic activity could occur. The total

What Do CRP Lands Look Like? Part I



What does the CRP land look like now, before it comes out of retirement? This is a summary of the land management practices that the official CRP conservation plans report. While this happens to be the U.S. sign-up summary, the pattern in Minnesota is similar, except that "native grasses" have been used much less frequently than at the national level.

Some CRP parcels have more than one practice, so the numbers here might not match the enrollment total.

This is what CRP lands looked like when the 10-year clock started. Given intervening years of drought, flood, gophers, insects, management changes, and ecological succession, what will they look like when the contracts expire?

impact on the community will depend on what each CRP contract holder in the area decides upon. These decisions will, in turn, be influenced by many community economic and cultural factors.

An indicator to watch closely will be the flow of farm products to and from converted CRP land. Who will sell the seed, fertilizer, and equipment? Will local elevators have kept sufficient capacity in place to handle the new load, or will they need to make new investments to keep up? Will conservation compliance require farmers to buy specialty equipment not available locally?

Even if net farmer income remains the same after CRP expiration, will individuals' household expenditures remain the same

after they resume working the land? Will credit institutions support farmer's decisions, or will they try to steer decisions in directions deemed more "financially prudent?"

The CRP has been reported to measurably affect local land markets. Where CRP payment rates were higher than local cash rental rates, some landowners were said to have been able to exact higher payments from renters against the threat that the land would be put into the CRP. The withdrawal of considerable portions of an area's cropland from production has also had another expected effect: less available land to rent means higher local rents.

The same dynamic has been apparent in the land sales mar-

kets, where prices have been buoyed by CRP-induced land scarcity. No CRP effect, however, has been as pronounced as those brought about by the broader agricultural and rural economic turmoil of the past decade.

What will happen in land markets when CRP contracts expire? One effect will be downward pressure on local prices, because of the influx of land newly available for rent or purchase. This drop could also affect the disposition of local property tax burdens. If there are tax classes other than farming within the taxing jurisdiction, a drop in farmland prices would result in a rise in the relative burden borne by other classes. For an area mostly engaged in farming, there is no other class on which to shift the burden. There, the per-acre property tax on other properties would be increased, whether those properties were in the CRP or not.

The pattern of post-CRP management decisions will affect the community in broader ways. One change could be the community's visual setting. A landscape of CRP parcels looks quite different than a landscape of corn or wheat. Research at the University of Minnesota has shown that people

VIEWPOINTS

The Soil and Water Conservation Society:

"Economics will be the prime determinant in what contract holders do with their CRP acres when contracts expire."

hold quite strong and consistent preferences about what constitutes a visually appealing landscape. How much are we willing to pay for a landscape that is more visually pleasing? How much "economic benefit" do we gain by viewing pleasing landscapes provided at someone else's expense?

Effect on the Environment

The CRP was designed to address several environmental problems. It was to reduce damages attributed to farming practices and to increase environmental benefits stemming from changes in land management practices.

Historically, policymakers have addressed damage reduction by funding education programs that taught environmentally benign farming practices and, to a much lesser extent, by writing regulations that prohibited activities that were said to cause the damages. Efforts to increase environmental benefits, on the other hand, have more often been supported by direct financial incentives such as cost-sharing for certain conservation practices.

DAMAGE REDUCTION

Of particular concern leading up to the farm bill debate in 1985 was soil erosion. Over the long run, erosion can reduce the productivity of the soils on the farm and decrease water and air

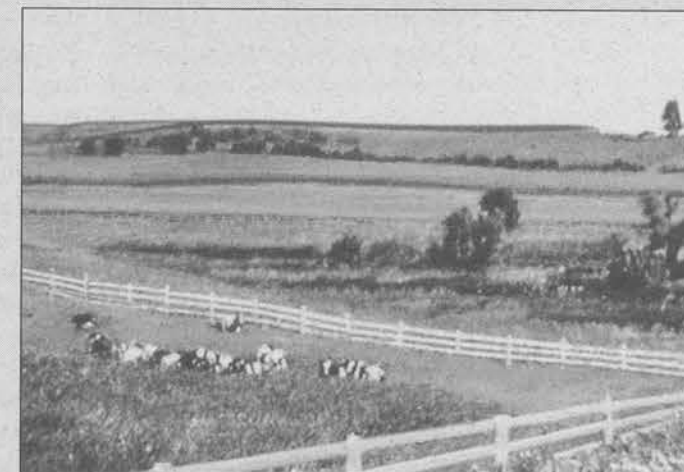
quality off the farm. Erosion is, of course, a natural phenomenon, and even natural landscapes erode. However, research has shown that erosion is greatly influenced by crop types and farming practices. Erosion from farmland is generally much greater than erosion from lands with a perennial grass cover. Consequently, CRP retirement of highly erodible lands should lead to reduced erosion from that land.

The loss of on-farm productivity, University of Minnesota research has shown, is greatly dependent upon the characteristics of the soil and management practices. A given rate of erosion could lead to rapid depletion on a shallow soil, while it might take decades for

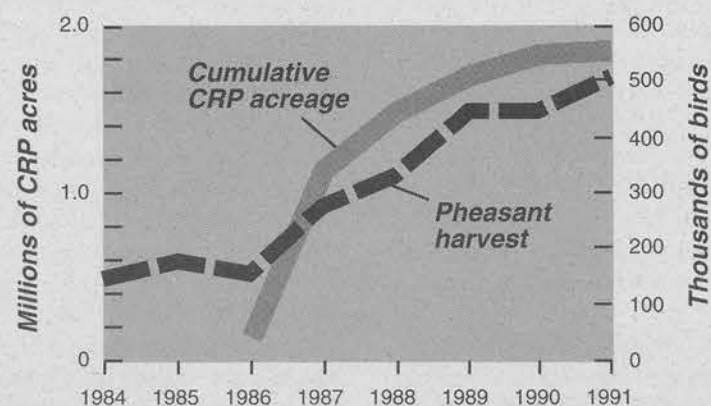
What Do CRP Lands Look Like? Part II

These pictures were generated by a computer for University of Minnesota research on people's landscape preferences. The same farm is shown under two different land management regimes. Research shows that midwestern farmers prefer a landscape that clearly demonstrates that even uncropped land is part of a "well-managed" farm. So, for example, the fences make these views more "appealing."

Photo credit: University of Minnesota, Department of Landscape Architecture



Wildlife and the CRP: Parallel Growth



Certain wildlife populations have been shown to be extremely sensitive to the amount of farmland idled. The more land set aside, the more pheasants there are, for example. Similar relationships are indicated for sharptail grouse, prairie chickens, and other native

birds. (We know much more about game species such as pheasants than we do about non-game species such as songbirds because hunting license fees have long been used to support research into game species.)

Credit: Data on bird harvest from Minnesota Department of Natural Resources.

the productivity of a deeper soil to be significantly diminished.

Erosion rates and erosion statistics are not exact representations of off-farm damages. The official erosion measures, which until very recently were the basis of CRP eligibility, do not take into account where the eroded soil ends up. It might be in a stream, in which case it could degrade water quality, or it might just be in an adjacent field, in which case its public damages might be considerably less.

A major problem often attributed to farming is the loss or degradation of wildlife habitat. These losses might be due to absolute loss of habitat through the expansion of cropping into previously "unused" lands, or they might be

due to practices like haying during game bird nesting seasons. The magnitude of these losses is not trivial. Biologists estimate that 99 percent of the original tall grass prairie habitat has been converted to cropland over the past 100 years.

A final damage that some hoped the CRP would help reduce is the contamination of water bodies by pesticide and nutrient leaching (movement through the soil, whether or not erosion is occurring). The retirement of certain farmlands would eliminate any new chemical applications, and sometimes would provide buffers between those fields that continued to be cropped and environmentally sensitive areas such as wetlands or sinkholes.

The CRP was designed to diminish all of these damages by removing lands from production and planting them to cover appropriate for wildlife enhancement.

BENEFIT ENHANCEMENT

The flip side of CRP-prevented environmental damages is an increase in CRP-induced environmental benefits. Often mentioned in the initial 1985 farm bill debate, but until recently little tested, is the notion that the 10 years of retirement with grass cover will restore (and not merely retain) the productivity of the soils under contract. (The agonomic benefits of such restoration will not be realized unless the land is taken out of retirement and placed into crop production of some sort.)

But it is increased wildlife habitat that is probably the major positive environmental benefit of the CRP. Compare the 2 million acres of "new" habitat created by the CRP in just a few years to the 1 million acres of habitat protection achieved by Minnesota state agencies over more than 50 years of effort.

Wildlife researchers have shown that certain game bird populations rise and fall with the amount of uncropped land within a locality. The wildlife impact of the CRP has been especially pronounced in areas where CRP lands abut existing wildlife refuges. Some conservationists suggest that a high density of



CRP lands and refuge lands should be specially targeted in any future land-retirement programs.

Some argue that the wildlife benefits of the CRP have been so substantial that the costs of continuing the program would clearly be outweighed by the benefits. Continued land retirement would, it is argued, also permit landowners to gain income from the sale of access rights to hunt their idle lands.

While wild animals themselves are technically the joint property of the people of the state and the right to hunt these animals is not strictly marketable, the right to enter private land in order to hunt is marketable. The same goes for selling access rights to people who want to simply view wild animals, game species or not. Is this a way for farmers to earn money while keeping their land out of crop production?

The right to ask for money for access rights is not disputed; however, how many people are willing and able to actually pay for such access is another matter entirely. Except for those who own land near certain areas next to Canada goose concentrations, few Minnesota landowners have reported substantial income from fee-hunting arrangements.

The large scale of current CRP retirements is said to provide an additional environmental benefit, that of biodiversity. The term commonly refers to the variety of different kinds of animal and plants, together with the numbers of individuals for each species, together with their myriad interactions—all measured within a specific geographical area.

A richer degree of biodiversity is held to be a public good in and of

itself, as well as an indicator of the health of the natural environment. Certain species flourish only when there are relatively large tracts of suitable habitat. This has clearly been a feature of the CRP as implemented in Minnesota.

Effect on Commodity Production

Most individual landowners who sought and obtained CRP contracts thought they would be financially better off with the contract; otherwise they would not have signed up. Such positive financial returns might not hold either locally or nationally, however. The onset of the CRP was intended to have and has had significant effects on U.S. commodity production and on federal farm program expenditures. It might also have affected American trading positions internationally.

Whether or not you think that post-CRP resumption of traditional cropping patterns is a good idea depends on your perspective.

VIEWPOINTS

US Fish and Wildlife Service:

"Larger contiguous tracts should be preserved over small, isolated tracts of grassland. CRP lands containing, or near, wetlands and topographic diversity should receive priority over less diverse fields."

If you are now a corn producer, you would probably prefer that contract holders switch to anything other than corn if they resume farming, because more corn means a lower price for your own crop. If you are in the business of shipping or processing corn, however, you wouldn't mind seeing more corn being produced. Your cost of acquisition would probably be lower, while the volume you processed would likely be higher.

What effect has the CRP had on crop production? There has been, of course, reduced production from the retired land itself. Indirectly, however, this might have been made up elsewhere. For example, if a field historically planted to corn was retired, overall corn production went down only so long as: (1) there was no substitution of some other crop for corn elsewhere on or off the farm, (2) there was no expansion of corn into previously uncropped land, and (3) yields on still-farmed lands remained unchanged.

Land coming out of the CRP will have the opposite commodity market effects, to the extent that it is returned to crops. Most observers expect the result to be a drop in market prices. The size of the drop will depend on the amount of land that goes into each crop. This, in turn, will depend in part on the size and type of commodity acreage bases returned to the landowner when contracts expire.

One must be careful in using official government CRP statistics about base reduction and restoration. These statistics represent the acres of base that have been frozen. They do not describe either the production capacity of the lands or their cropping histories. While the numbers might be useful in anticipating the nation-

wide impacts of a resumption of cropping on lands now under CRP contract, they cannot be properly used to describe the CRP lands themselves.

A lower market price will have several effects in the economy. Farmers will sell at lower market prices, but if they participate in the federal farm programs, as do the majority of Minnesota corn and wheat farmers, they may not see any decrease in farm income. This is because the farm programs make up the difference (in cash) between what Congress has determined to be the "fair" price for the commodity and whatever the farmer sells it for on the market.

Consumers, on the other hand, including livestock feeders, flour

millers, and households, will experience a real price decrease. Consequently, if their purchasing decisions are solely based on personal finance considerations, consumers might favor a re-farming of CRP lands, so as to increase production and obtain lower prices. At the household levels, only a small portion of food expenditures is for the raw farm product, so most crop price fluctuations (CRP-induced or not) are invisible. This is not the case, however, for businesses that purchase large amounts of farm products.

Of particular concern to some agricultural interests is the relationship between land retirement programs and international trade. The higher prices stemming from CRP production

cutbacks were said to diminish the competitiveness of U.S. agricultural products. Conversely, some exporters argue, resumed production on (non-marginal) CRP lands would improve U.S. production efficiency and increase foreign sales.

Effect on Federal Expenditures

The CRP was designed in part to reduce excessive federal expenditures for in-place farm programs, especially the programs that try to govern prices for wheat, corn, and other crops. (With the exception of milk, few livestock products are the subject of major federal expenditures.)

Because federal expenditures rise when market prices fall, the government has a strong incentive to manage crop production levels to keep market prices high. As noted above, this has been accomplished primarily by requiring land idling (set-asides) as a condition of farm program participation.

Set-asides reduce federal expenditures and, thereby, farmer receipts, in two ways. First, by cutting production, market prices for the crop are expected to rise, reducing any per-bushel deficiency payments. Second, by reducing the amount of production, the government also reduces the number of bushels on which deficiency payments are necessary. (A recent policy innovation is "flexible acres," a fixed percentage of a farm's cropland on which the farmer is permitted to plant crops but against which no subsidy will be paid. This has the same effect on government expenditures as does a set-aside requirement.)

The CRP worked the same way, with the additional effect of the "base bite," which reduced the amount of land the farmer could plant over and above regular set-aside requirements. The net government finance effect of the CRP is these commodity program "savings" minus the annual rental payments, agency administration (including monitoring and enforcement costs), and one-time cost-share assistance.

A recent study by USDA economists suggests that this financial "bottom line" for the CRP remains an open question. Comparing actual expenditures in a world with a CRP against hypothetical expenditures in a world without a CRP, these analysts calculated that the program's net effect to the government was essentially zero.

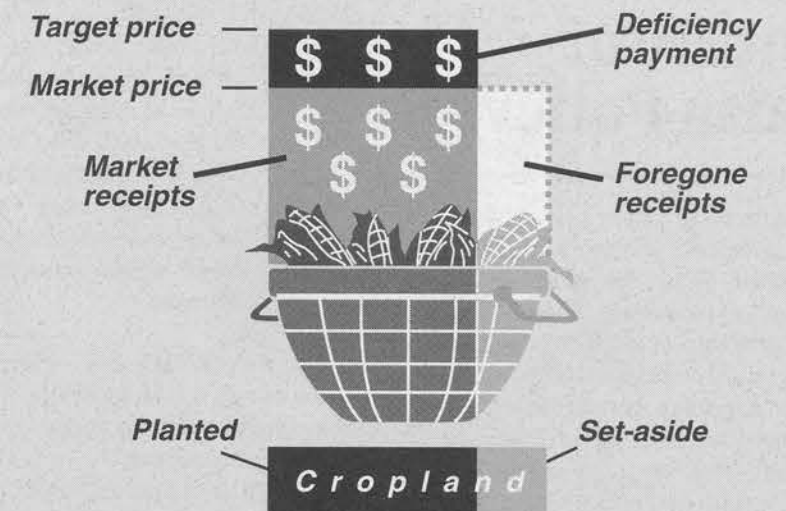
This points out the importance of examining the assumptions in all economic analyses. These can have an enormous influence on the outcome of the studies. Sometimes analysts, or the interest groups that funded the analysis, neglect to make these assumptions explicit.

Effect on Society

The broader societal implications of the CRP go beyond mere finance. Program benefits and costs such as water quality, scenic amenities, or biodiversity are difficult (some say impossible) to ascribe a dollar amount to. In addition, most CRP benefit-cost studies (of which there have been at least a few) fail to address questions of equity and fairness.

It is not easy to sum up the societal costs and benefits of a complex and wide-ranging program such as the CRP. Anyone attempting to do so must be

Federal Farm Subsidy Programs



For that portion of a farmer's land not in the CRP, the federal farm subsidy programs take on many guises, depending on the commodity being supported. For corn and wheat (among other grains), the government makes up with cash (through a "deficiency payment") the difference between the market price and a "target price" set by

Congress. Farmers are "taxed" through required set-asides, which limit the amount of land that can be planted to the subsidized crop.

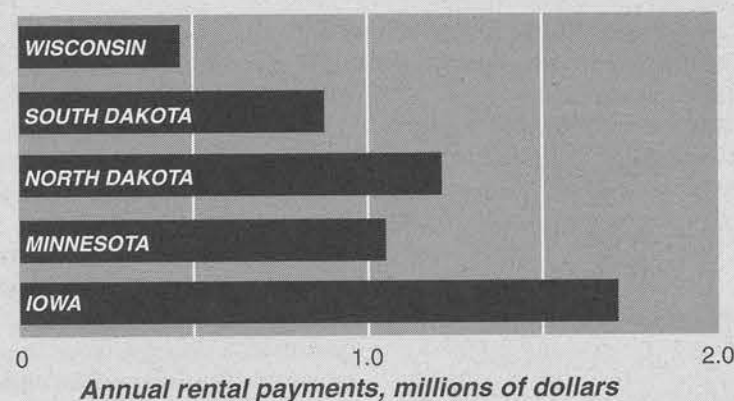
More than half of Minnesota farmers participate in these programs; most of the grain farmers, few dairy farmers, and very few of the very small farmers.

careful to distinguish true gains and losses from simple "transfers" (out of one person's pocket, into another's). Even if the net position can be shown to be unequivocally positive, it still might matter who ends up paying and who ends up gaining from the program.

What do the existing studies say? The CRP may have been a good "investment" for the United States. Then again, it might not have been, depending on what assumptions and predictions about the world over the next



The CRP Means Money to the Upper Midwest



The federal government pays more than \$105 million to contract holders each year in Minnesota alone. Nationally, \$1.7 billion is spent annually.

By way of comparison, 1990 total gross income for Minnesota farmers was \$8.4 billion, and net income was \$2.5

billion, or 25 times the CRP income. For many individual participating landowners, however, the annual CRP check is both a welcome and a critical financial event. Some are reportedly able to keep up debt service only through the sizable and certain CRP rents.

The Future of the CRP Lies With the Future of Farm Policy

This briefing paper has shown the critical importance of federal farm policies in the shaping of farmers' decisions. The CRP itself is a creation of the 1985 farm bill, and its connections with farm price supports, conservation compliance, and trade policy (to name a few) are suggested by the many references to these policies on previous pages.

Keeping in mind that not every government action that affects farmers is initiated by farm legislation itself, it's useful to consider where U.S. farm policy might go (or should go) over the next decades. Some policies are shaped by economic and other societal conditions that are well beyond the scope of debate over single instruments like the CRP or even the whole complex of farm subsidies. Other policies are shaped more by what people want than they are by what economic conditions demand.

Though we can't know for sure, we can rough in the outlines of some possible options. Here are three possible directions in which U.S. agricultural policy might be aimed:

LESS DIRECT GOVERNMENT INVOLVEMENT

We will never "get the government out of agriculture," any more than we can remove public involvement from any economic sector in the modern world. What

VIEWPOINTS

The American Farm Bureau:

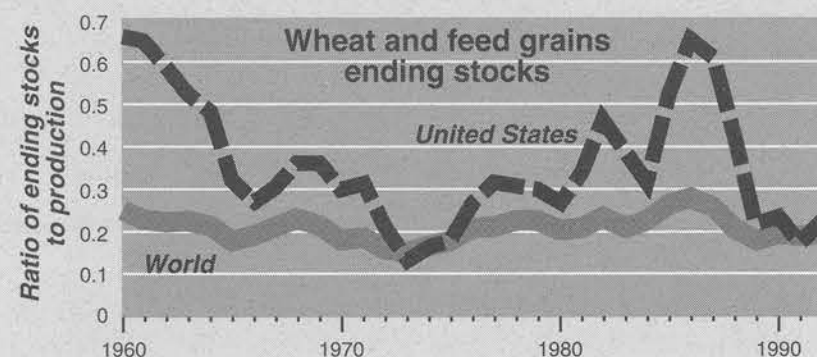
"After the initial CRP 10-year contracts run out, options to review should include: ...Voluntary, long-term easement programs targeted to environmentally sensitive lands ... [and] continuation of a limited CRP contract renewable every five years on which producers will lose partial rental payments in exchange for haying and grazing privileges."

we debate is what kind of government involvement we want to have.

Budget constraints, sometimes combined with a philosophical predisposition to reduce subsidies, might mean a continued diminishing of direct financial support for U.S. farmers.

If subsidies go down, some farmers will have less financial incentive to plant the crops now subsi-

Too Much Grain?



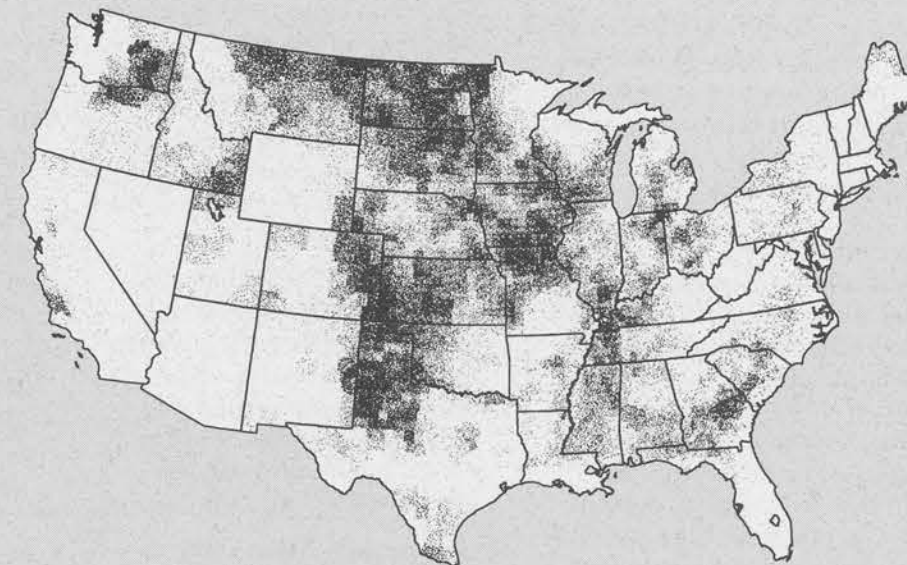
The CRP was initially justified in part on the basis of a grain surplus. We were said not to need the land, because we had too much grain in the first place. Was this true then? Does it still hold now?

One measure of a "surplus" is a larger than normal leftover amount of grain carried over

from one harvest to the next. (Some carryover is both necessary and desirable.) While grain production in the United States has fluctuated dramatically compared to consumption, world grain ending stocks (production minus use) have varied only slightly over the past 30 years.

Nationwide Enrollment

This map shows nationwide CRP enrollment as of 1992. Each dot represents 250 acres of CRP land. Be careful. The dots are randomly placed within each county (whose boundaries are not shown), so the placement is not exact. Don't look to see if your cousin's farm is shown correctly. It won't be.



Map credit: USDA Economic Research Service

dized: corn, wheat, oats, etc. Does that mean their lands will lie fallow? Probably not. Despite decreasing inflation-adjusted prices over the past ten years, Minnesota farmers continue to crop essentially the same 20 million acres of land.

What might change is more willingness to consider government offers to place certain lands into programs such as the CRP—at a lower price than previously prevailed. More "productive" lands, of course, would still cost more to place into the program.

A MORE MANAGED AGRICULTURE

Because so much of what farmers do can affect everybody else (both positively and negatively), many people argue that government ought to become more involved in farming, not less. But the emphasis here shifts from crop prices to farming practices.

There are many ways to try to get people to farm differently. To name two: we can tell them to do it (regulation) or we can pay them to do it (subsidy). Both approaches have long been part of the farm policy arsenal, but the former has been called into battle much less frequently.

If society wants to steer farming practices, subsidy programs like the CRP are far less unpopular than are regulatory programs such as soil loss ordinances. That shouldn't surprise anyone. The problem, of course, is that subsidy programs cost money and involve the moving of tax dollars from one part of the economy to another.

SHIFT ATTENTION TO THE RURAL LANDSCAPE

More than one observer has argued that the principal benefits that accrue to society from farmland are environmental, cultural, and scenic—not agricultural. While we need the food that

farmers grow, we also benefit substantially from the other "services" that farmland provides.

Could we increase the flow of these non-crop services without putting farmers out of business or ourselves out of food? Such a question would cause us to re-focus the setting of our agricultural policies. Currently we try to increase farm income while minimizing damage from farming practices. In the new view, we would try to increase societal benefits from farming, while not reducing either farm income or crop production.

Conclusion

While it is too early to know what direction future farm policies will take, they will presumably be shaped by many interests, including those that influenced the 1985 and 1990 farm bills.

Ultimately, future American farm policy will depend on political judgments, not on economic science. What constitutes damage and who should pay to reduce damages? If we want more benefits, who should pay for them? How will food costs be determined? How much should we pay for our food? The exploration of these and other questions will give us some insights into the possible benefits and consequences that future political judgments may entail.



CRP data used in this report is from the USDA/ASCS.

Copyright 1993, by Minnesota Extension Service, University of Minnesota.

Funding was provided by the Renewable Resources Extensions Act, Extension Service, U.S. Department of Agriculture.

Produced by the Educational Development System, Minnesota Extension Service, University of Minnesota.

The University, including the Minnesota Extension Service, is an equal opportunity educator and employer.

Printed on paper using 10% postconsumer waste.



Glossary

Conservation Compliance.

The requirement that farmers adhere to a farm conservation plan as a condition to further receipt of crop subsidies. Farmers are not required to follow a plan if they do not participate in the federal farm subsidy programs.

Cost-Share. The portion of the total cost of a conservation practice paid for by the government. Many federal programs provide cost-sharing on the grounds that farmers will be either unwilling or unable to pay for the practice themselves.

Crop Acreage Base. The number of acres on which production is eligible for federal crop price subsidies. Under current program rules, each of the subsidized crops has its own base.

Deficiency Payment. The difference between the market price (what a farmer sells for) and the target price (what Congress says the farmer should get). Deficiency payments are made only for those crops specified by Congress. In the upper Midwest, that means corn, wheat, barley, oats, and grain sorghum.

Highly Erodible Land (HEL). Soils with the potential to erode at excessive levels, as calculated by soil scientists. Farming on HEL soils can lead to excessive erosion unless proper conservation procedures are followed. The index is calculated without regard to in-place farming practices.

Marginal Agricultural Lands.

In common parlance, "lands that should never have been cropped in the first place." In policy practice, marginal lands

are those that are highly erodible, substantially degraded, or low in crop productivity.

Nonpoint Source Pollution.

Any pollution not specifically defined as a "point" source under federal law. In practice, nearly all farming-associated pollution is classified as nonpoint.

Set-Aside. The portion of a farm's base that must be left idle in order to qualify for federal crop subsidies. The government uses annual set-asides to control budget outlays and to manage aggregate production.

Soil Capability Class. A number assigned to a soil by the Soil Conservation Service, largely based upon the soil's suitability for agricultural production without erosion. The higher the number, generally, the more difficult it is to farm the soil without attendant erosion.

Soil Loss Tolerance (T). The annual soil loss (usually measured in tons per acre per year) estimated to be replaced by natural soil rebuilding activities. Erosion beyond this level is frequently judged to be "excessive."

Surplus. Large and persistent excesses of production compared to consumption (including necessary storage). The presence or absence of surplus is highly dependent upon the size of the area under analysis (state, country, continent) and upon assumptions about how markets operate.



Minnesota
Department of Finance

June, 1993

TO THE PEOPLE OF MINNESOTA

Two years ago, Minnesota was confronted with the worst financial crisis in the state's history. We are now back on track.

Together, the legislature and I have responsibly resolved three budget shortfalls totalling over \$2.5 billion. The deficits were solved without the massive layoffs, major tax increases and service shut-downs that plagued other states.

Major investments were also made in the three highest priorities of our state's citizens: jobs, children, and quality of life. We are moving ahead to secure the future of our state.

Most important, long-term financial management reform was put into place so that Minnesota has a firm fiscal foundation.

During the 1993 legislative session, the legislature and I responded to the mandate for change that is growing throughout the country. Minnesota is living within its means, serving its customers better and focusing its attention on the future.

ARNE H. CARLSON
Governor

1994-95 Adopted Budget

1994-95 Budget Overview

In June 1993, the Governor and the legislature approved a \$16.5 billion general fund budget for the 1994-95 biennium.

Restraining budget growth. Total general fund spending will increase by \$1.9 billion over the previous biennium, about \$300 million higher than recommended by the Governor. No significant changes were made in tax laws. Governor Carlson's recommendations for spending restraint, limited to the projected growth in current taxes, provided the basis for the budget that was signed into law. This six percent annual increase in spending represents one of the smallest increases in the state budget in the last two decades.

Ensuring financial stability. The budget approved for fiscal years 1994 and 1995 restored funding for the state's Cash Flow Account to increase the balance from \$240 million to a total of \$360 million. New budget and cash management tools were also provided to ensure continued financial stability.

	1992-93	1994-95
Beginning Balance	\$ 555	\$ 657
Revenues	14,717	16,238
Expenditures	14,615	16,519
Ending Balance	657	376
Cash Flow Account	360	360

Program spending. Education aids and health care, the two fastest growing spending areas, represent about one-half of the total state budget, but received 72 percent of all new money. Per pupil spending was increased by 10 percent and health care spending by 25 percent over the prior biennium.

	1992-93	1994-95	Change
Education Aids	4,307	5,135	827
Post-Secondary Education	1,979	2,044	65
Property Tax Relief & Aids	2,149	2,365	216
Other Major Local Assistance	535	641	106
Health Care	2,232	2,787	555
Family Support	585	559	(26)
State Operated Institutions	770	772	3
Legislature, Judicial, Const Officers	381	409	29
State Agencies' Operations & Grants	1,185	1,260	75
Debt Service & Other	411	463	53
Subtotal Major Spending	14,534	16,436	1,902
Dedicated Expenditures	82	84	2
Total Spending	\$14,615	\$16,519	\$1,904

Living within our means. Our citizens expect us to live within our means. The adopted 1994-95 budget lives within the means available from the normal growth in state revenue, and does not rely on tax increases to close the gap between forecasted revenues and expenditures. The budget was based on a March, 1993 revenue forecast of moderate economic growth, approximately 3 percent per year. Even without major tax increases, spending will still increase by \$1.9 billion.

1994-95 (Millions)		
1992-93 Base Revenues	\$14,992	
Revenue Growth	1,660	
New Taxes	2	
Health Surcharge	79	
Collection Reform	67	
All Other Changes	95	
Total 1994-95 Resources		\$16,895
1992-93 Spending	\$14,615	
Spending Increase	1,904	
1994-95 Spending		16,519
Cash Flow Account		360
Balance		16

Long-term financial management reform

The Governor and the legislature enacted long-term financial management reforms to ensure a lasting solution to Minnesota's fiscal problems. The budget deficit is not merely shifted into the next biennium. The budget is balanced for the next four years.

	1994-95	1996-97	Change
Beginning Balance	657	376	
Revenues	16,238	17,415	7.2%
Expenditures	16,519	17,824	7.9%
Ending Balance	376	(33)	
Cash Flow Account	360	360	

Spending caps. Spending "tails" were controlled so that a future budget crisis is avoided. Mandatory spending limits were enacted for the fastest growing programs. Priorities were established so that automatic entitlement to more funding is no longer guaranteed. This sends clear signals to the programs that account for three-fourths of the state's budget, and are also most responsible for Minnesota's chronic fiscal crises, that change is both necessary and expected -- they must live within their means. Even with the caps, education and health care will still receive 92 percent of all new spending.

Contingency unallotment authority. The legislature also expanded the Governor's unallotment authority to allow for unforeseen budget contingencies. In the event of a shortfall, spending can be reduced before the state's rainy day fund is completely exhausted. Financial uncertainty will be managed through contingent spending controls, rather than automatic tax increases.

Budget Reserve and Cash Flow Account. The first priority of the Governor's budget was restoration of the state's Budget Reserve and Cash Flow Account, which cushions the state against economic downturns and serves as a source of cash flow for the state's operating budget. The Governor recommended a \$500 million reserve to prevent any short term borrowing. The legislature supported partial replenishment and agreed to new budget management tools to avoid borrowing.

Performance budgeting. In the past, there has been little relationship between what we need, what we spend and what we get. Outcome based management suggests that it doesn't matter how hard we try, if it doesn't work. Quite simply, if a program does not work, it should not be funded. Performance budgeting was used for the first time so that funding decisions will be based on outcomes and results, rather than on historical efforts and good intentions. State agencies were required to define the results they will accomplish, and will be held accountable for their performance. Agencies are also now required to develop annual performance reports.

Outcome-based management. Two years ago, the Governor and legislature adopted outcome-based management (OBM) to make sure we receive good results for our substantial investments in education. Statewide graduation standards will be enacted for the first time, and a new assessment process will help parents, students and taxpayers clearly understand what they are getting for their money. In addition, numerous mandates that hamper results-oriented education were eliminated. For cities and counties, a new board was created with the power to review and waive local mandates. Recommended CORE reforms to streamline the rule-making process were also adopted.

Baseline budgeting was also used so that all programs are now subject to review, rather than automatic funding. Previous budgeting practices had fostered the attitude that historical spending was a "given", and that increases to this base were automatically necessary to fund greater workloads and new programs. This year, state agencies and most other state supported programs were required to fund all growth and program changes within their current spending base through service redesign and the elimination of lower priority programs.

Capital budget reform was enacted so that informed capital investment decisions will be made according to a fair, open and objective process. In stark contrast with the process of the past, Minnesota's assets will be managed effectively to allow priority needs to be met within the state's available funding capacity. Emphasis is placed on strategic planning, preservation of existing assets and six year financial needs.

Truth-in-bargaining. The legislature concurred with the Governor's request for state and local public employee salary restraint and required the disclosure of more information on public employee compensation during the truth-in-taxation hearings held all local government agencies.

Investing in jobs, children and quality of life

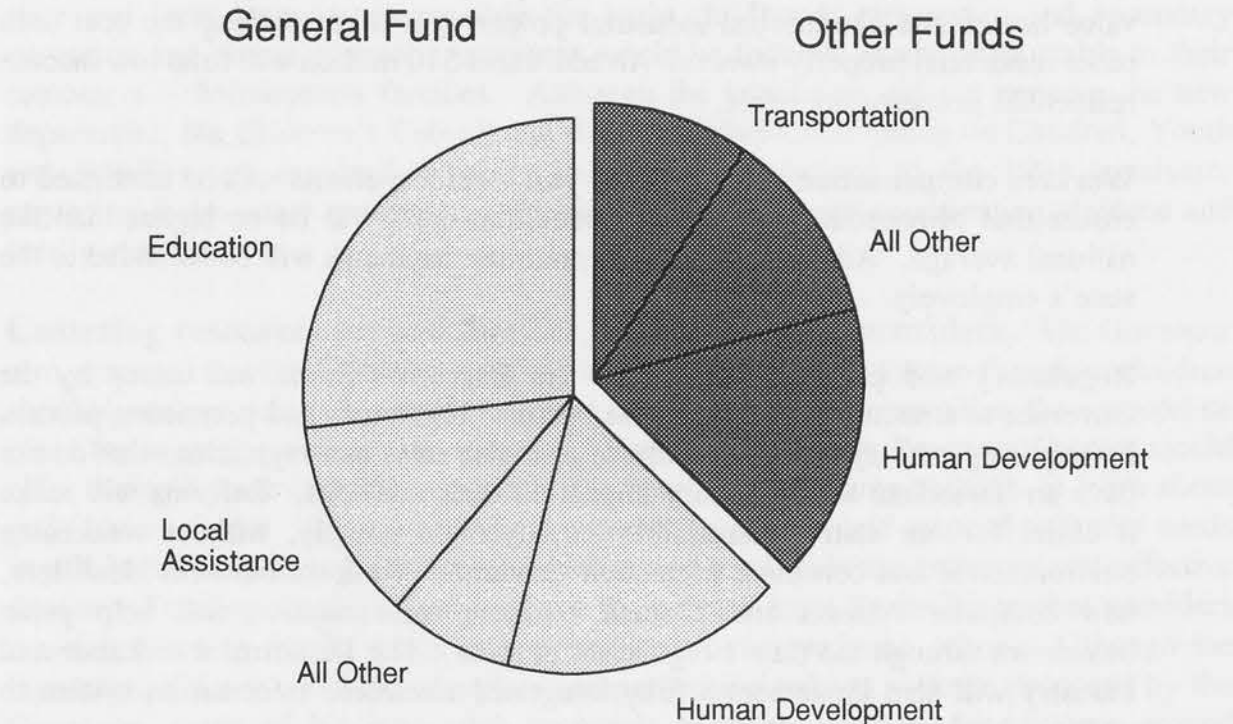
Through the Minnesota Milestones project, citizens identified their three highest priorities: jobs, children and quality of life. The greatest share of funding increases and reallocations in the 1994-95 budget were provided for Minnesota's children and vulnerable citizens, with major investments in jobs, safety, the environment and customer service improvements.

Investing in tomorrow's jobs. The budget emphasized the creation of new jobs, while ensuring that Minnesota's workers will be adequately prepared for these new opportunities. The enacted budget continued to lower the state-imposed cost of doing business and improved Minnesota's business climate by providing property tax relief and streamlining business regulation. New programs were funded to support small business investment needs and technical assistance requirements.

Meeting the needs of our children. Another key to Minnesota's place in the next century is a major and sustained investment in our children's future. Investments in education and training were made in the adopted budget to ensure that Minnesota's children can grow up to be productive citizens. Preventative intervention investments were also made to help lower the staggering social and economic costs associated with a child's failure. But even more important, the Governor proposed a major restructuring of Minnesota's fragmented educational and children's service systems to better meet the comprehensive needs of our children. While the legislature did not enact all of the major restructuring proposals designed to improve children's services, more flexibility was provided to allow state and local program and funding consolidation and coordination. The legislature also directed the Legislative Commission on Children, Youth and Families and the Children's Cabinet to jointly study and report possible options for consideration next year.

Preserving our quality of life. The budget also made a major commitment to the preservation of the state's high quality of life by protecting both our citizens and our natural environment. Comprehensive programs were enacted to reduce crime and violence in our society, especially against women, and to improve the quality of life for Minnesota's vulnerable citizens. The Governor and the legislature also adopted a comprehensive environmental package to protect our natural resources and enhance recreational opportunities for Minnesota's citizens.

Budget allocations reflect our citizen's priorities. The State of Minnesota will spend \$25.9 billion on services for its citizens during the 1994-95 biennium. About one-third of the total budget, including all state and federal funds, will be allocated for human development programs. Over one-fourth of Minnesota's total resources will go for education. Transportation and local property tax relief programs will each receive about ten percent of the total budget.



General fund expenditures will total \$16.5 billion, or 62 percent of the total state budget. About 45 percent of the general fund is devoted to education, with 27 percent allocated to human development programs. An additional 19 percent is provided for local property tax relief programs.

Preparing for tomorrow's jobs

The enacted budget will help create meaningful jobs, and ensure that Minnesota's workers are prepared for these new opportunities. It also improves our competitive position by making a sustained commitment to the growth of small businesses throughout Minnesota.

Lowering the cost of doing business. To retain and grow jobs, the state-imposed cost of doing business will be lowered and Minnesota's business climate will be improved.

Tax relief. The 1994-95 budget was balanced without new taxes. In addition, a commitment of \$137 million will lower property tax rates on apartments, middle value homes and commercial-industrial property, without shifting the cost onto other residential property owners. An additional \$10 million will fund low income residential property tax relief.

Workers compensation reform. Last year's reform efforts will be continued to ensure that Minnesota's workers compensation costs will be no higher than the national average. Additionally, excess premium payments will be refunded to the state's employers.

Regulatory and processing reform. An Executive Order was issued by the Governor to streamline and clarify the business regulatory and permitting process by requiring state agencies to eliminate or revise rules and regulations that do not have an immediate and necessary impact on their missions. Reforms will make it easier for our state's responsible employers to comply, without weakening environmental and consumer protection standards. Uniform business identifiers, new computer systems and a small business representative will help guide businesses through the state's regulatory process. The Department of Labor and Industry will also implement a fully integrated electronic information system to improve business services.

Growing small businesses. The entrepreneurial spirit of Minnesota's people will be reinforced by supporting investment needs and providing technical assistance to grow businesses. New and expanded programs will leverage millions of new capital dollars for start-ups and expansions. Management training and technical assistance will be expanded, and support for our agricultural and tourism industries will be increased.

Meeting the needs of our children

Minnesota's fragmented educational and children's service systems will be restructured to meet the comprehensive needs of our children.

Focusing accountability for children's services. Governor Carlson proposed that Minnesota's fragmented children's service systems, now comprising over 250 separate programs operated by 33 state boards and agencies, should be completely restructured to more effectively meet the needs of our children. A new Department of Children and Education Services would have integrated social, health and education services. Responsibilities for program funding and service delivery would be consolidated so that state and local agencies responsible for early childhood, elementary and secondary education and higher education programs would be focused on and accountable to their customers -- Minnesota's families. Although the legislature did not approve the new department, the Children's Cabinet and the Legislative Commission on Children, Youth and Families are required to make joint recommendations to the 1994 legislature regarding a new state governance structure for funding and coordinating children and family services.

Centering resources around families, rather than the providers. The Governor also proposed that the disjointed state and local service delivery system for young children should be completely redesigned to support families in their communities, the appropriate place for nurturing and growth to occur. *Community Family Resource Centers* would offer a single place in each community for families with young children to learn about and obtain services. State and local government agencies would respond to family needs in collaborative and integrated ways, which would result in better and more cost-effective service. Funding would be consolidated to increase local flexibility so that providers could respond to family needs before problems developed into crises. Although the legislature did not adopt the complete comprehensive reform package proposed by the Governor, many of his innovative proposals to center services for children around families were enacted. In addition, program and funding flexibility was provided to local agencies to encourage better coordination and consolidation of children's services.

Health care access for children and families. A national model for comprehensive health care access for the state's children and low income uninsured families was implemented in Minnesota last year. Services are designed to provide broad preventative and limited catastrophic coverage to uninsured citizens, while containing health care costs. This year, outpatient mental health, alcohol and chemical dependency treatment services and inpatient hospital services were increased.

Increased funding for children's programs. Despite the budget gap, current funding levels were maintained for *all* children's programs, and *increased* funding was provided for many successful and innovative programs, such as:

Head Start programs received major federal and state funding increases.

Child Care Abuse Prevention and Services to help families in crisis.

Family Service Collaborative programs to improve the delivery of social, health and education services to children and families.

Childhood nutrition to ensure that more children in the state desiring or in need of breakfast will be able to have a school breakfast.

Child support enforcement strategies to make Minnesota's laws and programs the toughest in the nation.

Homeless families with children to keep families in their homes, and to move families into transitional or permanent housing.

Minnesota Family Investment Program (MFIP) and STRIDE work experience for families receiving public assistance to encourage greater self-sufficiency.

Subsidized Adoption to help ensure that children with special needs can live in a permanent family.

Lead abatement strategies to reduce the risk of lead poisoning in children.

Community-based **Maternal and Child Health** programs to expand family planning efforts and preventative care for children.

Women, Infant and Children (WIC) to provide increased food and nutrition education to pregnant women and their children.

Education and training. Equal access to a quality education is a fundamental right of *every* Minnesota child. Both funding and program reform were accomplished to guarantee this right.

K-12 education funding. Student growth was fully funded, and per student revenues for elementary and secondary education were increased by 4.8 percent in FY 1994 and by 5.1 percent in FY 1995. Total revenues were increased by 7.6 percent and 7.8 percent, and the general education formula was increased to \$3,150 per student in FY 1995.

K-12 program reform. Site-based management programs were reinforced to return control of the education system to teachers, parents and students to make providers more responsive to their customers. The successful charter school program was expanded to encourage creative and accountable educational alternatives. Investments in math and science education, and the efforts of the Minnesota Academic Excellence Foundation were supported to promote quality education. A new credit enhancement program will help school districts meet growing needs for new and replacement facilities. Regional planning and cooperation will be required.

Apprenticeship training. A new youth apprenticeship program will be designed to meet the needs of students who choose not to attend traditional two or four year colleges, and will ensure that a workforce is available with the technical skills necessary to meet the future needs of our state's employers.

Higher education funding reform. Total higher education funding was increased three percent in 1994-95, and funding was provided for a new telecommunications project to improve cost-efficient access to courses. Although student financial aid was also increased, the legislature did not enact the Governor's recommended reforms. Governor Carlson proposed that more resources be targeted directly to students that need assistance, rather than to institutions. Escalating costs would have been more equitably shared between taxpayers and students, higher education would have been accessible and affordable for more Minnesota families, and institutions would have been more responsive to their customers -- the students. In response, the legislature directed the Future Funding Task Force to return in the 1994 session with a new funding strategy. The legislature also agreed to reexamine the Governor's proposed Education and Training Accounts to encourage families to save for their children's education.

Protecting and serving our citizens

The state will intensify its efforts to eliminate crime and violence in our society, and improve the quality of life for our state's vulnerable citizens.

Crime and violence against women. Strong anti-stalking legislation was adopted to halt dangerous persons *before* there is violence, and other measures were enacted to reduce stalking opportunities, such as a new computer system to track dangerous individuals, and limitations on access to drivers license records. Funding was also substantially increased for victims assistance programs and to support safe havens for women and children displaced by domestic violence. Successful programs were expanded for battered women, domestic abuse intervention, sexual assault and abused children.

Creative corrections and health care solutions. Growing prison populations will be managed by converting unneeded hospitals into medium security prisons, and by increasing local funding to encourage more crime prevention, diversion, intensive supervision, work release and sentencing to service programs. This creative approach will also allow our vulnerable citizens to receive better care in their communities.

Service choices for the disabled. A new IMPACT program will improve access to services for Minnesota's residents with developmental disabilities by providing them a greater choice in services. Multiple, overlapping funding sources will be consolidated to allow local providers greater flexibility in meeting the needs of their clients. Administrative regulations and process-oriented management will be replaced by outcome-based quality assurance, with incentives for the selection of cost-effective services.

Better long-term care at lower cost. A stake-holders commission will propose reforms in Minnesota's long-term care system to both improve services and control costs. The most expensive treatment options, which do not always result in the best service, will no longer be emphasized. Long-term care for our elderly and disabled residents will be encouraged to take place in their own homes and communities, rather than in less desirable and more costly institutions. Escalating costs will be controlled through spending priorities for institutional and non-institutional services and reforms in asset preservation laws, pre-admission screening, assignment of institutional beds for the greatest care needs, educational programs, and delivery system consolidation.

Preserving our environment

A major commitment was made to Minnesota's environment in the 1994-95 budget to preserve our quality of life and expand recreational opportunities.

Water and air quality. Funding was provided for ongoing wastewater treatment programs, and for a new non-point source water pollution clean-up program. A coordinated effort among several agencies will control pollution associated with agricultural run-off. Funding was also provided to ensure that the provisions of the federal Clean Air Act will be implemented on schedule.

Solid and hazardous waste. Superfund resources will be increased from broader fees on waste generators. The state will also assume greater responsibility for local landfill clean-up, in exchange for local solid waste surcharges on landfills and incinerators. Funding for county SCORE block grants for recycling was fully protected, and recycling by state agencies increased with a new state recycling center.

Environmental block grants. Multiple environmental grants now provided to local agencies for wetlands preservation, shoreland management and water planning were consolidated for administrative savings, better accountability and improved outcomes.

Sustainable development. A new Focus on Forests initiative will provide for sustainable timber harvesting by ensuring an appropriate balance between a strong economy, healthy and diverse forests, and wildfire protection. Market incentives will protect land no longer covered by expiring federal contracts.

Wetlands preservation. Wetlands preservation commitments were met with matching grants to local governments and additional RIM funding to protect wildlife habitat and increase participation in the conservation reserve easement program.

Recreational opportunities. Funding was increased for acquisition, development and maintenance of the state park and trail systems.

Serving our customers better

Government in Minnesota will be more cost-efficient, and services will be designed to meet the needs of the people who use them.

Service accessibility. The Department of Revenue will expand its efforts to improve customer service, increase compliance and collections by becoming more accessible and customer-oriented. A nationally recognized pilot project will be expanded so that public assistance clients will receive benefits electronically to provide safer access at a lower cost, help eliminate fraud, and simplify business processing. Additional funds were provided to enhance training for county service officers to improve the delivery of services to the state's veterans. In addition, the legislature agreed to study other Governor's proposals for consideration next year, including mobile service offices, co-location of state agencies, information kiosks to provide service and regulation information, imaging and automated teller machines to improve and speed driver registration, citizen ombudsmen coordination to improve availability and effectiveness.

Commission on Reform and Efficiency. The CORE Commission was appointed by Governor Carlson to examine ways that Minnesota can make government more understandable, effective, efficient, accessible and accountable. Many of the Commission's recommendations are currently being implemented, while others will be considered in the next session. For example, performance budgeting and financial management reforms were adopted. Improved personnel practices are being phased in to increase agency hiring and training flexibility, simplify classifications, and improve mobility opportunities for employees. CORE's recommendations for streamlining and simplifying the overbuilt and bureaucratic rulemaking process were also adopted. Next year, the Governor and legislature will consider reorganizing Minnesota's fragmented, overlapping environmental agencies into two coordinated departments with protection and resource management orientations.

Financial processing and management information. The Statewide Systems Project (SSP) is jointly sponsored by the Departments of Finance, Employee Relations and Administration to update and redesign the state's computerized accounting, payroll, personnel and purchasing systems. With implementation, paperless purchasing will lower costs and streamline processing, and on-line data access will both save money and improve the usefulness of management information. As another major initiative, Minnesota's accounts receivable process is being redesigned to improve collections of overdue accounts.

Competition was fostered to challenge government providers, and more programs were required to be self-sustaining. Public Service and Health Department testing labs will be updated and required to cover their own costs by soliciting business, the Minnesota Historical Society and Minnesota Zoo will make service investments and initiate comprehensive marketing programs for business development, and the Itasca State Park Douglas Lodge Complex will operate as a self-supporting enterprise.

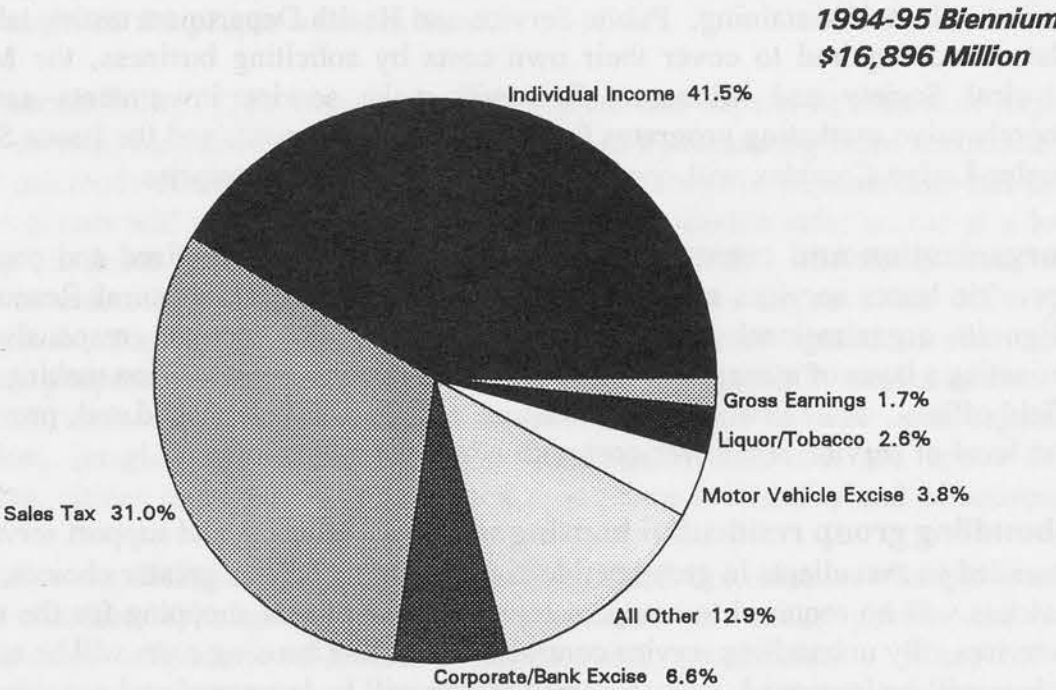
Reorganization and consolidation. Agencies will be reorganized and consolidated to provide better services at lower cost. The Department of Natural Resources will realign its organizational structure to reduce costs and increase responsiveness by eliminating a layer of management control and delegating more decision making authority to field offices. State patrol communications centers will be consolidated, providing the same level of service at a lower cost with advanced technology.

Unbundling group residential housing services. Housing and support services were unbundled so that clients in group residential housing will have greater choices, and care providers will be required to compete separately for clients shopping for the two types of services. By unbundling service contracts, escalating housing costs will be controlled, services will be improved, more federal funding will be leveraged and providers will be more accountable to their customers.

Local service cooperation. The Board of Local Government Innovation and Cooperation was formed to explore ways that local governments can operate more efficiently, to wave rules that hinder efficient and effective operation, and to provide grants to local agencies for planning cooperative service delivery. Cities, counties, towns and school districts will be encouraged to cooperate through expanded use of existing regional service organizations. The Governor also appointed a Council for Government Innovation to provide a mutually supportive environment in which state and local governments can develop and share ideas on how to "spend smarter." The council will develop guidelines to help state, city, county, college and school districts offer better service while living within their means.

Where the General Fund Dollars Come From

1994-95 Approved Budget

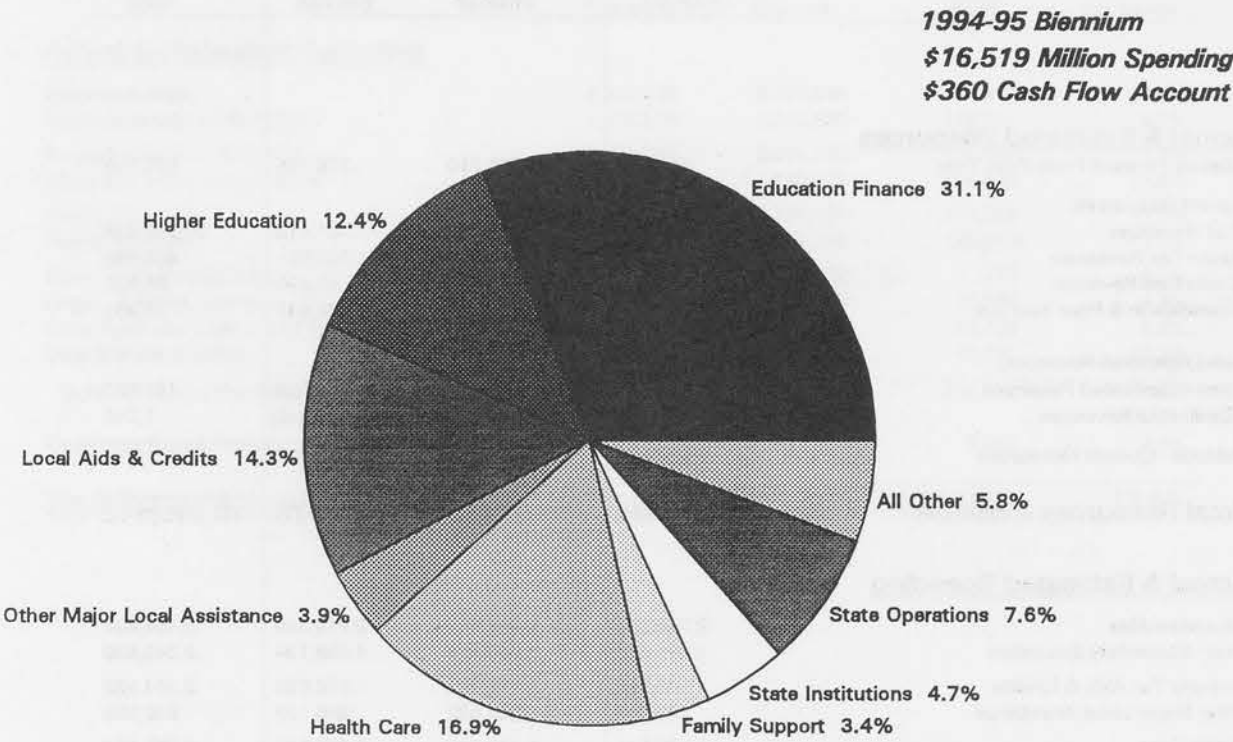


(\$ in Millions)

Balance Forward 6-30-93	\$657
Non-Dedicated Revenues:	
Individual Income Tax	7,012
Sales Tax	5,237
Corporate/Bank Excise Tax	1,107
Motor Vehicle Excise Tax	639
Gross Earnings Taxes	285
Liquor, Wine, Beer Taxes	105
Cigarette & Tobacco Taxes	330
Other Tax Revenues	542
All Other Revenues	783
Subtotal Non-Dedicated Revenues	16,040
Dedicated Revenues	84
Transfers From Other Funds	74
Prior Year Adjustments	41
SUBTOTAL CURRENT RESOURCES	16,239
TOTAL AVAILABLE RESOURCES, F.Y. 1994-95	\$16,896
Less: Estimated Expenditures	(16,519)
Less: Budget Reserve & Cash Flow Account	(360)
Projected General Fund Balance 6-30-95	\$16
End of 1993 Legislative Session	

Where the General Fund Dollars Go

1994-95 Approved Budget



(\$ in Millions)

TOTAL AVAILABLE RESOURCES, F.Y. 1994-95	\$16,896
Major Spending Items:	
Education Finance	\$5,135
Higher Education	2,044
Local Aids & Credits	2,365
Other Major Local Assistance	641
Health Care	2,787
Family Support	559
State Operated Institutions	772
Legislative, Judicial, Constitutional Officers	409
State Agencies' Operations/Grants/Cancellations	1,260
Debt Service & Other	463
Subtotal-Major Spending Items	\$16,435
Dedicated Expenditures	84
TOTAL ESTIMATED EXPENDITURES, F.Y. 1994-95	\$16,519
Budget Reserve & Cash Flow Account	360
Projected General Fund Balance 6-30-95	\$16
End of 1993 Legislative Session	

**F.Y. 1994-95 Adopted Budget
General Fund & Local Government Trust Fund
Funding by Year**

	F.Y. 1993 Estimate	F.Y. 1994 Enacted	F.Y. 1995 Enacted	1994-95 Total
Actual & Estimated Resources				
Balance Forward From Prior Year	448,664	656,710	574,146	656,710
Current Resources:				
Tax Revenues	7,158,467	7,438,022	7,721,413	15,159,435
Non-Tax Revenues	248,727	237,691	230,991	468,682
Dedicated Revenue	41,400	41,400	41,400	82,800
Transfers In & Prior Year Adj	51,267	37,289	38,041	75,330
New Legislation Revenues:				
Non-Dedicated Revenues	152,444	220,218	231,422	451,640
Dedicated Revenues	0	1,085	(40)	1,045
Subtotal-Current Resources	7,652,305	7,975,705	8,263,227	16,238,932
Total Resources Available	8,100,969	8,632,415	8,837,373	16,895,642
Actual & Estimated Spending				
Education Aids	2,134,250	2,419,485	2,715,049	5,134,534
Post-Secondary Education	1,001,055	1,005,496	1,038,134	2,043,630
Property Tax Aids & Credits	1,106,798	1,186,232	1,178,690	2,364,922
Other Major Local Assistance	273,991	294,832	346,103	640,935
Health Care	1,175,511	1,339,512	1,447,644	2,787,156
Family Support	284,711	293,893	265,292	559,185
State Operated Institutions	390,998	386,225	386,107	772,332
Legisl., Judicial, Const.	207,609	203,273	206,215	409,488
State Agencies' Operations & Grants	617,780	650,504	609,643	1,260,147
Debt Service & Other	210,156	236,332	226,861	463,193
Subtotal-Major Spending Categories	7,402,859	8,015,784	8,419,738	16,435,522
Dedicated Expenditures	41,400	42,485	41,360	83,845
Total Expenditures & Transfers	7,444,259	8,058,269	8,461,098	16,519,367
Balance Before Reserves	656,710	574,146	376,275	376,275
Cash Flow Account *	360,000	360,000	360,000	360,000
Budgetary Balance	296,710	214,146	16,275	16,275

* If the commissioner of finance determines on November 30, 1993, that revenues and expenditures are inadequate to fund the budget reserve and cash flow account at \$400 million, the commissioner shall, with the concurrence of the legislative commission on planning and fiscal policy, unallot up to 1.0% of total biennial appropriations to maintain the account at \$400 million.

**F.Y. 1994-95 Adopted Budget
General Fund & Local Government Trust Fund
Increase Over Current Spending Level**

	Current Spending	1994-95 Enacted	\$ Diff	% Change
Actual & Estimated Spending				
Education Aids	4,259,085	5,134,534	875,449	20.6%
Post-Secondary Education	1,915,239	2,043,630	128,391	6.7%
Property Tax Aids & Credits	2,172,388	2,364,922	192,534	8.9%
Other Major Local Assistance	544,296	640,935	96,639	17.8%
Health Care	2,372,566	2,787,156	414,590	17.5%
Family Support	587,848	559,185	(28,663)	-4.9%
State Operated Institutions	771,617	772,332	715	0.1%
Legisl., Judicial, Const.	392,224	409,488	17,264	4.4%
State Agencies' Operations & Grants	1,161,321	1,260,147	98,826	8.5%
Debt Service & Other	420,312	463,193	42,881	10.2%
Subtotal-Major Spending Categories	14,596,896	16,435,522	1,838,626	12.6%
Dedicated Expenditures	78,800	83,845	5,045	6.4%
Total Expenditures & Transfers	14,675,696	16,519,367	1,843,671	12.6%

For comparative purposes, "current spending" is used to highlight F.Y. 1994-95 budget growth over the 1992-93 budget period. Current spending represents the F.Y. 1993 recommended spending level adjusted for the technical base adjustments. These technical adjustments are required to accurately define current, ongoing program costs and included, for example, the removal of one-time appropriations, appropriation carryforwards, and non-recurring expenditures. The base adjustments used to increase appropriations above current levels, such as annualizing new program costs, open appropriation adjustments, and income maintenance forecast adjustments, are not included in current spending.

**F.Y. 1994-95 Adopted Budget
General Fund & Local Government Trust Fund
Annual Percent Change**

	F.Y. 1993 Estimated	F.Y. 1994 Enacted	Percent Change	F.Y. 1995 Enacted	Percent Change
Actual & Estimated Resources					
Balance Forward From Prior Year	448,664	656,710	46.4%	574,146	-12.6%
Current Resources:					
Tax Revenues	7,158,467	7,438,022	3.9%	7,721,413	3.8%
Non-Tax Revenues	248,727	237,691	-4.4%	230,991	-2.8%
Dedicated Revenue	41,400	41,400	0.0%	41,400	0.0%
Transfers In & Prior Year Adj	51,267	37,289	-27.3%	38,041	2.0%
New Legislation Revenues:					
Non-Dedicated Revenues	152,444	220,218	44.5%	231,422	5.1%
Dedicated Revenues	0	1,085	na	(40)	na
Subtotal-Current Resources	7,652,305	7,975,705	4.2%	8,263,227	3.6%
Total Resources Available	8,100,969	8,632,415	6.6%	8,837,373	2.4%
Actual & Estimated Spending					
Education Aids	2,134,250	2,419,485	13.4%	2,715,049	12.2%
Post-Secondary Education	1,001,055	1,005,496	0.4%	1,038,134	3.2%
Property Tax Aids & Credits	1,106,798	1,186,232	7.2%	1,178,690	-0.6%
Other Major Local Assistance	273,991	294,832	7.6%	346,103	17.4%
Health Care	1,175,511	1,339,512	14.0%	1,447,644	8.1%
Family Support	284,711	293,893	3.2%	265,292	-9.7%
State Operated Institutions	390,998	386,225	-1.2%	386,107	-0.0%
Legisl., Judicial, Const.	207,609	203,273	-2.1%	206,215	1.4%
State Agencies' Operations & Grants	617,780	650,504	5.3%	609,643	-6.3%
Debt Service & Other	210,156	236,332	12.5%	226,861	-4.0%
Subtotal-Major Spending Categories	7,402,859	8,015,784	8.3%	8,419,738	5.0%
Dedicated Expenditures	41,400	42,485	2.6%	41,360	-2.6%
Total Expenditures & Transfers	7,444,259	8,058,269	8.2%	8,461,098	5.0%
Balance Before Reserves	656,710	574,146		376,275	
Cash Flow Account *	360,000	360,000		360,000	
Budgetary Balance	296,710	214,146		16,275	

* If the commissioner of finance determines on November 30, 1993, that revenues and expenditures are inadequate to fund the budget reserve and cash flow account at \$400 million, the commissioner shall, with the concurrence of the legislative commission on planning and fiscal policy, unallot up to 1.0% of total biennial appropriations to maintain the account at \$400 million.

**F.Y. 1994-95 Adopted Budget
F.Y. 1996-97 Planning Estimates
General Fund & Local Government Trust Fund**

	1992-93 Estimate	1994-95 Enacted	1996-97 Plng Est
Actual & Estimated Resources			
Balance Forward From Prior Year	554,876	656,710	376,275
Current Resources:			
Tax Revenues	13,707,494	15,159,435	16,330,602
Non-Tax Revenues	517,325	468,682	461,982
Dedicated Revenue	81,501	82,800	82,800
Transfers In & Prior Year Adj	100,061	75,330	76,082
New Legislation Revenues:			
Non-Dedicated Revenues	310,574	451,640	463,827
Dedicated Revenues	0	1,045	(80)
Subtotal-Current Resources	14,716,955	16,238,932	17,415,213
Total Resources Available	15,271,831	16,895,642	17,791,488
Actual & Estimated Spending			
Education Aids	4,307,202	5,134,534	5,683,627
Post-Secondary Education	1,978,989	2,043,630	2,040,658
Property Tax Aids & Credits	2,148,859	2,364,922	2,398,477
Other Major Local Assistance	535,256	640,935	719,711
Health Care	2,232,173	2,787,156	3,395,402
Family Support	585,195	559,185	579,550
State Operated Institutions	769,659	772,332	783,289
Legisl., Judicial, Const.	380,732	409,488	430,835
State Agencies' Operations & Grants	1,184,947	1,260,147	1,288,656
Debt Service & Other	410,608	463,193	421,797
Subtotal-Major Spending Categories	14,533,620	16,435,522	17,742,003
Dedicated Expenditures	81,501	83,845	82,720
Total Expenditures & Transfers	14,615,121	16,519,367	17,824,723
Balance Before Reserves	656,710	376,275	(33,235)
Cash Flow Account *	360,000	360,000	360,000
Budgetary Balance	296,710	16,275	(393,235)

* If the commissioner of finance determines on November 30, 1993, that revenues and expenditures are inadequate to fund the budget reserve and cash flow account at \$400 million, the commissioner shall, with the concurrence of the legislative commission on planning and fiscal policy, unallot up to 1.0% of total biennial appropriations to maintain the account at \$400 million.