

Minnesota Board of Water and Soil Resources. Minutes.

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BOARD OF WATER AND SOIL RESOURCES
ROOM 112, STATE CAPITOL
ST. PAUL, MINNESOTA
DECEMBER 9, 1993

Appointed Members Present: Jim Nielsen, Don Ogaard, Barb Cobb, Dwain Otte, Sharon Clark, Howard Peterson, Jim Rossman, Barb Uppgaard, Warren Rodning, Kathy Roer, Ted Lovdahl, John Boulton.

Agency Members Present:
Fred Bergsrud, Minnesota Extension Service (MES)
Kim Benson-Johnson, Minnesota Department of Health (MDH)
Wayne Anderson, Pollution Control Agency (PCA)
Wayne Edgerton and Ron Nargang, Department of Natural Resources (DNR)
Paul Burns, Minnesota Department of Agriculture (MDA)

Others Present:
D'Wayne DeZiel and Bob Pigeon, Minnesota Association of Soil and Water Conservation Districts (MASWCD)
Pat Wulff, Minnesota Lakes Association (MLA)
Susan Schmidt, Legislative Water Commission (LWC)
Gary Nordstrom, Soil Conservation Service (SCS)
Jack Frost, Metropolitan Council

Staff:
Ron Harnack
Doug Thomas
Jeff Nielsen
Ron Shelito
Jim Birkholz
Greg Larson
Bruce Sandstrom
Mark Nelson
Barbara Ohman
Nick Rowse
Mary Jo Anderson

Chairman Nielsen called the meeting to order at 9:00 a.m.

** 93-66 **Adopt Agenda** - Moved by Boulton, seconded by Clark, to adopt the agenda as presented. Affirmative: Boulton, Clark, Cobb, Lovdahl, Peterson, Ogaard, Otte, Rodning, Roer, Rossman, Uppgaard, and Nielsen. Opposed: None. Carried.

Minutes of October 27, 1993 - Sharon Clark stated that a correction needs to be made on page four, in the first paragraph, last sentence should read, "Sharon Clark commented that she was disappointed that education was "not" given more emphasis in BWSR comments. Barbara Uppgaard stated that a correction needs to be made on page two, last paragraph, last sentence should read: They need more "efforts" on coordination between committees. Also, on page five, Barbara stated that a sentence in the last paragraph does not read correctly. It should read: Chairman Nielsen asked for Jim's suggestion for an end product. On page seven regarding the 20% high priority estimate is $8,000 not $800 as listed. Moved by Ogaard, seconded by Clark, to approve the minutes of October 27, 1993, as corrected. Affirmative: Boulton, Clark, Cobb, Lovdahl, Peterson, Ogaard, Otte, Rodning, Roer, Rossman, Uppgaard, and Nielsen. Opposed: None. Carried.

** 93-67

Reports

Chairman's Report - Chairman Nielsen asked Ron Harnack and Mary Jo Anderson to schedule a 1995 Farm Bill cluster group meeting, as possible after the first of the year.

Chairman Nielsen reported that he has received several per diem policy questions, those questions will be addressed at the January meeting.

Chairman Nielsen reported that he attended a three-day "International Symposium on Trade and the Environment" conference, November 11-12 at the Minneapolis Convention Center. He thought it was good and very worthwhile.

Chairman Nielsen reported that he has been meeting with Ron Harnack on administrative issues, which will be brought up at the January meeting. Review of priorities need to be addressed.

Executive Director's Report - Ron reported that the Wetland Conservation Act (WCA) training has been completed. He commended staff on the excellent training, very good response from various people. Block grant training has also been completed, and Ron commended Doug Thomas for his efforts on the training.

Ron commented on the various association conventions - good attendance. This year BWSR hosted an open house/hospitality room at each of the conventions. In one instance this was a complete failure, and the other two were successful. The BWSR booth/display is being evaluated and a new display will be developed for each field office.

Ron commended MASWCD on the coordination of the statewide wetland training.

Ron stated that the budget process is starting, he would like to meet with the BWSR budget committee. He explained that there will be one budget initiative among agencies, Ron feels this is a positive initiative with a coordinated budget approach. Money is available in bonding; concern for general fund surplus - may not be available - no general fund increase. Discussion followed.

Sharon Clark asked for an explanation of the State Audit's report. Chairman Nielsen said this will be brought up later in the meeting.

BWSR Committee Reports

Education Committee Report - Sharon Clark reported that the Education Committee met in Sauk Center on November 16. The southern region education position was discussed. Sharon emphasized the need for strengthening education and the need for a metro position after the southern position is in place. The Education Commission discussed the need for a good BWSR booth/display to be used at conventions.

Sharon Clark attended a half-day session at the Association of Minnesota Counties (AMC) convention. She was disappointed and embarrassed to see that BWSR did not have a formal display; considered it a lost opportunity.

Ron Harnack stated that he talked with Susan Tsakakis yesterday, she will return to work on January 5.

Fred Bergsrud commented on MES/BWSR position. Fred suggested joint booth/display at some conventions may be advantageous.

Dispute Resolution Committee (DRC) - Kathy Roer updated members on the Lac Qui Parle situation, Marshall staff is working on that. The White Bear Lake dispute with the developer and landowner seems to be resolved. The Minnehaha Creek watershed district dispute with the contractor has had three days of local hearings. The BWSR has no formal rules adopted and needs to give this priority so everyone is being treated fairly in each dispute situation.

Committee members assignments need to be addressed. Ron said that the Spartz dispute needs to be formally addressed. Chairman Nielsen has assigned it to the DRC under draft guidelines.

RIM Committee - Barb Cobb commented on the Litchfield meeting with Marybeth Block and Dave Behm on retooling efforts. Staff has done a great job on this and things are going well, SWCDs were satisfied except for Root River SWCD said Barb.

Feedlot Committee - Jim Rossman reported that the feedlot committee is meeting today. Jim will give an update at the January meeting.

Dwain Otte reported that MASWCD had a special feedlot meeting at their convention with DNR and PCA staff - good representation and this meeting helped clear the air on many items.

Sharon Clark asked what happened to the "roundtable sessions" at the AMC convention. Ron said he spoke with AMC staff about this and apparently the lines of communications just broke down, and there was a misunderstanding on how the sessions were organized. Warren Rodning said he attended both the MAWD and AMC conventions - there is a need to have a display booth in addition to staffing the booth - the hospitality room was a bust because of competition by other agencies.

Summary of Block Grant Training - Doug Thomas commented on the written summary and application packet that was sent out to members. He explained that the purpose of the block grant meetings were to: convey the overall concept of the block grant; discuss matching requirements and definitions of new resources and in-kind contributions; distribute and discuss the 1994 block grant application and 1993 annual report; and to distribute support materials and answer questions.

Doug explained that considerable discussion took place at the training sessions on the block grant concept and how BWSR grants a single large grant to each county and in return the county agrees to implement priority actions from their water plans, administer the Wetland Conservation Act, and administer the DNR shoreland regulations. Each county has a lot of flexibility in how it actually spends the money between the various program ares as long as the programs are implemented and/or administered.

Another concern was the transfer of $5,000 to each SWCD to carry out their responsibilities under the WCA. The legislature placed mandated responsibilities in the law and the fact that SWCDs do not have taxing authority the BWSR set the policy that a portion of the block grant should go to the SWCD. The actual dollar amount could vary from $5,000 as long as both the county and SWCD agreed to it.

Also, a general concern of counties and SWCDs is BWSR's ability to provide funding over a long period of time. It seems that most counties do not trust the legislature when it comes to providing a long term stable funding of a program; although SWCDs which have a longer relationship with the BWSR did not seem to have the same reservations. It was explained that there are no guarantees and the block grant is part of the BWSR base budget and that base budgets are generally very secure. Resolutions for block grants has been submitted to the Attorney General's office and finalized.

Summary of Wetland Conservation Act (WCA) Training - Greg Larson explained that nine training sessions were conducted statewide to provide local government units (LGUs) with the information and materials necessary to determine how to adopt the WCA rule; and how to properly administer the rule once it is adopted. Greg said that staff and officials were present from counties, cities, townships, SWCDs, watershed districts, water management

organizations, and state agencies. Specific topics addressed in the training sessions were: mitigation sequencing, exemptions, enforcement, replacement, and banking. Training included an in-depth overview of the entire rule, question and answer opportunities, introduction to the Administrative Manual and sample forms and case study examples. Greg stated that the knowledge and insight of LGU staff is high. The willingness to administer the program and to accept regulatory simplification efforts will continue if they receive adequate financial and technical support from the state. Two parts of the rule that continue to be criticized, which are both statutory and cannot be changed by rule are: 1) the time delays for project approval that result because of the EQB Monitor notice and publication notification; and 2) the fact that anyone can appeal, for any reason, an LGU decision concerning a replacement plan. Barbara Uppgaard asked if there is an appeal made, who is contacted. Greg stated that an LGU is first contacted, and then through the process, BWSR Dispute Resolution Committee meets to make a decision. Barbara said the better job that's done at the local level, the better this will work later.

Summary of Wetland Heritage Advisory Committee (WHAC) Meeting - Greg Larson reported on the WHAC meeting held on November 3. Greg read a draft resolution, which is on page five of the WHAC minutes.

"WHEREAS, the Wetland Heritage Advisory Committee has been informed of the grant matching policy of the BWSR board, in particular the requirement that 50% of the match be cash; and
WHEREAS, a discussion was held in which members of the committee with knowledge of the circumstances facing counties pointed out the difficulties this approach would present for some counties;
NOW, THEREFORE, BE IT RESOLVED, in light of this discussion and the importance of the issue, this committee recommends to the BWSR board that they review their policy decision regarding the matching requirements for the grant program;
BE IT FURTHER RESOLVED, in connection with the review the BWSR board make an effort to gather information from county commissioners and LGUs with regard to the matching requirements for the grant program."

Greg stated that the draft resolution passed at the WHAC meeting. WHAC meets again on December 13.

Summary of Funding/Fee Initiatives of WCA - Greg briefly commented on the MASWCD newsletter indicating fees SWCDs are charged for services pertaining to WCA. The funding/fee structure issue has not yet been resolved said Greg.

Chairman Nielsen called for a break in the meeting at 10:25 a.m. The meeting reconvened at 10:45 a.m.

Recognition of Don Ogaard - Chairman Nielsen explained that today is Don Ogaard's last meeting as a BWSR member as his term of office expires on January 3, 1993. Chairman

Nielsen congratulated Don on the foundation he laid for the BWSR, the foundation for Chairman Nielsen to follow. Chairman Nielsen said that Don's always been a friend and he has appreciated working with him. Chairman Nielsen, on behalf of BWSR and staff, presented Don a plaque for his outstanding services as chair and charter member of the BWSR. Chairman Nielsen also presented a certificate of commendation to Don from Governor Arne Carlson. Ron Nargang thanked Don for the working relationship over the years and he is pleased that Don will continue to work with the Red River Water Management Board; and congratulated Don on the challenge he took on in working with BWSR. Jim Birkholz stated that appreciated Don's approach in 1987 when the BWSR was established and how he pulled things together, dealt with the challenges, provided the necessary leadership, supported staff efforts, and the contributions he made as chair on building a foundation for BWSR. Ron Harnack stated that he appreciated receiving the insights on agency relationships from Don when Ron first started as Executive Director. Ron said Don was recognized for the strong leadership role with watershed districts by local governmental units; he appreciated the confidence Don had in him in providing leadership and wished Don the best in the future. Howard Peterson thanked Don and gave him a round of applause. Don stated that he believes in people working together and getting things done. He's enjoyed being a servant of the state. He resigned as administrator of the Wild Rice Watershed District and has taken on the Executive Director position with the Red River Water Management Board. Don looks forward to his new position to provide services. Don stated that his motto is, "if I can be a part of or create an atmosphere I will do well in that atmosphere." The toughest challenge in his life has been the past two weeks. Don stated that he's proud to accept the recognition, thank you. Chairman Nielsen invited Don to attend a BWSR meeting whenever he'd like.

Minnesota River Presentation - Jeff Nielsen briefly overviewed the Minnesota River Assessment Project (MRAP). Jeff introduced Greg Payne, U.S. Geological Survey, who presented a summary of his work on the Minnesota River. The problems on the Minnesota River vary said Greg Payne, there's much to work with. The bad situations are occurring in particular to nitrate, in the LeSueur River Basin. High bacterial counts are in each region, because of steady input from wastewater treatment plants, feedlots, and drained septic systems - during high and low flows. Jeff concluded that this is a very dynamic system and generalizing is hard to do as it varies in each area. Jeff said the study is now being finalized and will be available for distribution to local governmental units, producer groups, and other organizations. Chairman Nielsen stated that the Minnesota River Improvement Program (MRIP) follows MRAP and Jeff Nielsen has been designated as the BWSR representative.

Cook County Water Plan - Mark Nelson introduced Wayne Siedel and Tim Kennedy, representatives from Cook County. Mark gave a brief overview of the Cook County Water Plan. Wayne Siedel briefly summarized the water management plan process. Staff
** recommends approval of the Cook County Water Plan. Moved by Uppgaard, seconded by
93-68 Boulton. Affirmative: Boulton, Clark, Cobb, Lovdahl, Peterson, Ogaard, Otte, Rodning, Roer, Rossman, Uppgaard, and Nielsen. Opposed: None. Carried.

Chairman Nielsen adjourned the meeting for lunch at 12:10 p.m. The meeting reconvened at 1:05 p.m.

Vermillion River WMO Plan Amendment - Barbara Ohman summarized that Minnesota Statutes 103B.231, Subd. 1 & 2, were amended in 1990 to require that all formerly exempted minor watersheds, with less than 90% of their area in the metropolitan area, prepare plans in accordance with the requirements of sections 103B.101 and 103B.205 to 103B.355. Ravenna Township, at the eastern edge of Dakota County, was formerly "509" exempted area The Vermillion River Watershed Management Commission (VRWMC) agreed to amend their Plan to include Ravenna Township under its management. Dwain Otte commended the Vermillion River WMO for approving the amendment. Staff recommends
** approval of the Vermillion River WMC Ravenna Township Plan amendment. Moved by
93-69 Cobb, seconded by Otte, to approve the Vermillion River WMO Plan amendment. Affirmative: Clark, Cobb, Lovdahl, Peterson, Ogaard, Otte, Rodning, Roer, Rossman, Uppgaard, and Nielsen. Opposed: None. Carried.

Snake River Update - Keith Grow introduced Tom Roeschlein, Kanabec County Commissioner, Chair of Snake River Watershed Joint Powers Agreement (SRWJPA); Dick Jackson, Mille Lacs County Commissioner; Dave Uhlstrom, Kanabec County Commissioner; and Bill Strusinski, Pokegama Lake Association representative. Keith briefly reported on the SRWJPA, which involves Aitkin, Isanti, Kanabec, Mille Lacs, and Pine Counties. Tom Roeschlein reported that Joint Powers Agreement (JPA) meetings were held to discuss: election of officers; appointment of advisory members; proportionally established a $10,000 administrative start-up fund; drafted by-laws; applied and received a challenge grant; conducted a USGS study in 1993 utilizing matching funds; assigned Kanabec SWCD as coordinator and Kanabec auditor as fiscal agent; assigned advisor to develop position description for the coordinator; assigned advisor to provide work plan and budget recommendation for 1994; currently working with budget finalization. Ron Harnack asked the status of the budget at this time and the types of projects. Mr. Roeschlein distributed proposed projects to be accomplished this coming year for the Snake River Watershed Management Board. Ron Harnack stated that the watershed district petitioners have not signed the petition withdrawal. They want to wait and see if the JPA is really committed to the process in words, i.e. "Plan" and deeds, "budget". A budget needs to be completed, so implementation can take place. Mr. Roeschlein stated that Kanabec County made an appeal for a half-time coordinator, and also looked at consolidating projects, which would reduce the budget. Ron stated that this is a joint powers agreement, which requires cooperation and commitment of the members to achieve the objectives that were envisioned by the watershed district petition. Ron stated that the success or failure can be judged in not having a budget ready for the coming year. Bill Strusinski complimented the BWSR staff in achieving some results. He stated that Pine County is willing to use the proposed
** budget, which included a full-time coordinator. Chairman Nielsen asked for a motion to
93-70 bring this up at the March BWSR meeting - moved by Rodning, seconded by Roer. Affirmative: Boulton, Clark, Cobb, Lovdahl, Peterson, Ogaard, Otte, Rodning, Roer, Rossman, Uppgaard, and Nielsen. Opposed: None. Carried. Chairman Nielsen asked

Keith Grow to come before the BWSR in March.

Rossman was uncomfortable with the issue and would like to hear the petitioners, they are frustrated and unhappy. Ogaard suggested an ad valorem, commitments to projects are needed.

Minnesota River Funding Options - Wayne Zellmer reported that the BWSR received $600,000 for FY94 to accelerate water quality practices installation in the Minnesota River basin; subsequently, an allocation procedure is needed. A meeting was held in the southern region with SWCDs to discuss allocation options. Two issues were at hand: 1) how to allocate the cost-share practices funds; and 2) how to allocate the cost-share technical assistance funds. Input from all SWCDs in the river basin was invited. The staff recommendation is to fund technical assistance. Fund SWCDs to hire new technicians via a long-range decreasing scale agreement. Upgrades to engineers would be at SWCD expense. Paul Burns asked Ron if the $600,000 is in the base. Ron stated that this is part of the ten-year initiative. Jeff Nielsen stated that 20% of the $600,000 would be for technical capacity, consistent with current policy on cost-share funds. Discussion followed. Wayne Anderson stated that the MRAP report will be out by the end of this month. Chairman Nielsen asked how we are going to allocate $600,000 today. Ron said that Blue River initiative has a water quality initiative, a watershed base approach. Wayne Anderson did not believe that the Blue Earth initiative was really watershed based. Ron stated that the Board has before them three options: 1) watershed based approach; 2) project by project; or, 3) a blend of the two. This needs to be decided first, then specific allocations can be made. Staff recommended the following options: 1) fund two or three watershed groups, such as a joint powers group or similar cooperative venture that have developed a watershed based implementation plan; 2) allocate all funds to SWCDs via a special project application similar to rollover; 3) divide the allocation between recommendations #1 and #2, with more money going to recommendation #1, such as a 60:40 ratio. Kathy Roer said that projects needs to be prioritized within a watershed first, and will this be done before
** we award the money. Ron said the approach needs to be decided first. Moved by Peterson, seconded by Roer, to endorse the watershed approach. Further discussion followed. Rossman suggested that staff provide a framework for measuring the success of proposals, review how local priorities get established.

Jack Frost, Metropolitan Council, stated that their staff will work with BWSR and assist in funding projects in the Minnesota River. Chairman Nielsen appreciated his offer.

93-71 Chairman Nielsen called for the vote - Affirmative: Boulton, Clark, Cobb, Lovdahl, Peterson, Ogaard, Otte, Rodning, Roer, Rossman, Uppgaard, and Nielsen. Opposed: None. Carried. Ron stated that the roll-over allocations should be brought up at the next meeting. Recommendations will take into consideration Mr. Frost's offer and the eligibility of projects for Federal Emergency Management Assistance (FEMA) funding.

Review of WCA Match - Chairman Nielsen stated that the cash/in-kind match for wetlands needs to be discussed among members, should this be reviewed or reconsidered. Chairman Nielsen supported action to reconsider the October decision. Barb Uppgaard stated that she attended the AMC convention and heard many commissioners supporting flexibility. Barb stated that she has reversed her personal feeling and supports allowing counties to make up their own decision on cash match and see what happens. BWSR has the ability to monitor, and can deal with shortcomings next year. Moved by Uppgaard, seconded by Clark, to reconsider and reverse the decision, drop the cash match and make at the discretion of the county. Rossman agreed with the decision. Rossman felt a general air of frustration and anger at the AMC convention; not specifically towards BWSR. Rodning felt comfortable with the earlier decision and has not gotten much feedback from fellow commissioners on the issue. Ron stated that he had several commissioners talk to him at AMC and supporting flexibility. Some wondering how BWSR can force levy increases; some saying counties will be accountable and see that the program is implemented properly, with or without cash match. Chairman Nielsen called for the vote - Affirmative: Boulton, Clark, Cobb, Lovdahl, Peterson, Ogaard, Otte, Rodning, Roer, Rossman, Uppgaard, and Nielsen. Opposed: None. Carried. Rossman appreciates the BWSR listening to the county commissioners. A letter will be sent out to county commissioners immediately.

** 93-72

Auditor's Report - Ron Harnack stated that we received the final legislative auditors report and will now deal with the legislative questions. Ron said that one of the deficiencies is defined in the RIM program with allocation of technical assistance, bonding, legal, and real estate management costs between programs. From a practical program delivery out of LCMR, we did not, in the auditor's mind distribute the costs appropriately among the sources of revenue. Once the numbers are reviewed, Ron feels that we will owe nothing. If the auditor had reviewed the entire RIM program the concern would have been resolved. Clark stated that she brought this up as the principle of the matter, and would have liked to been informed up front rather than read this in the newspaper. Members did receive the auditor's report but need to be informed early. Chairman Nielsen stated that he received a letter from the auditor with a copy to Ron, stating that this is a privileged report and it could not be released.

Chairman Nielsen asked Barb Cobb and Kathy Roer to have a luncheon meeting on Dec. 16. Cobb not available, Roer will be.

January Meeting Retreat - Ron Harnack stated that the BWSR meeting and a one-day retreat will be held January 26 and 27 - a memo will be sent out for members to comment on agenda/retreat items and then the agenda will be set.

Bob Pigeon said SWCDs had a successful convention. Trees brochure distributed for members information.

Dwain Otte commented on partnership areas, five SWCD supervisors and five county commissioners will be meeting.

Chairman Nielsen adjourned at the meeting at 3:20 p.m.

Respectfully submitted,

D. James Nielsen
Chairman

Services For

BRUCE DANIEL OGAARD

February 12, 1955 November 22, 1993

Services Held At
Grace Lutheran Church
Ada, Minnesota
November 27, 1993
Rev. Arlen Hermodson
Father Don Braukmann

Congregational Hymns
"Jesus Loves Me" (insert)
No. 532: "How Great Thou Art"

Soloist: Mindy Kinkade
"Bridge Over Troubled Waters"
"On Eagle's Wings"
"Wind Beneath My Wings"

Organist: Cammie Sorenson

Interment: Ada Municipal Cemetery
Ada, Minnesota

PALLBEARERS

Duane Thompson, Friend
Duane Westcott, Cousin
Michael Bateman, Brother-In-Law
Royal Jaros, Brother-In-Law
Mack Jones, Brother-In-Law
David Gaboury, Brother-In-Law

HONORARY PALLBEARERS

Red River Valley Sugar Beet Growers' Association
Board of Directors Of The Ada Co-op Oil Association
All Of Bruce's Friends

Fredrikson Funeral Home
Ada, Minnesota

Bruce Daniel Ogaard, 38, of Ada, passed away on Monday, November 22, 1993, as the result of injuries sustained in a construction accident at the Ogaard's future home in Felton Township, near Felton, Minnesota.

He was born on February 12, 1955, at Fargo, North Dakota, the son of Donald and Marlys Ogaard. Bruce graduated from Ada High School in 1973, and attended the University of Minnesota, Crookston.

Bruce was united in marriage to Natalie Marie Miller on August 18, 1979, at Park River, North Dakota, and the couple have five children—Jennifer Evelyn (13), Kristina Marie (11), Jonathon Daniel (9), Olivia Jane (4), and Christian Sterling (10 months).

Bruce had farmed in partnership with his father since the early 1970's. Their farming operation consisted of sugar beets, wheat, seed barley, edible beans and carrots. Bruce was known for his mechanical ability of creating and building innovative machinery.

An active member of the Red River Valley Sugar Beet Growers Association Board of Directors, he was currently serving as treasurer. He also served on the Board of the Ada Co-op Oil Association. Bruce had many interests, including traveling, collecting unique cars, scuba diving, woodworking, stained glass, gun collecting, and was a licensed pilot.

Bruce will be remembered for his love of people, his kindness and patience. Bruce had a true love for farming, and enjoyed every aspect of it. He will be greatly missed by many.

Bruce leaves his wife, Natalie; children, Jennifer, Kristina, Jonathon, Olivia Jane and Christian, all at home; his parents, Don and Marlys Ogaard, of Ada; his brother, Steven (Becky) Ogaard, of Ada; his sisters—Catherine (David) Gaboury, of Fargo, North Dakota; Patricia (Royal) Jaros, of Burnsville; his father-in-law and mother-in-law, Ervin and Evelyn Miller, of Conrad, Montana; sister-in-law and brother-in-law, LaDonna and Mike Bateman of Champlin; and sister-in-law and brother-in-law, Lori and Mack Jones, of Ledger, Montana.

I'm Free

Don't grieve for me, for now I'm free
I'm following the path God laid for me
I took His hand when I heard Him call
I turned my back and left it all.

I could not stay another day
to laugh, to love, to work or play
Tasks left undone must stay that way
I found that peace at the close of day.

If my parting has left a void
Then fill it with remembered joy
A friendship shared, a laugh, a kiss,
Ah yes, these things I too will miss.

Be not Burdened with times of sorrow
I wish you the sunshine of tomorrow
My life's been full, I savored much,
Good friends, good times, a loved one's touch.

Perhaps my time seemed all too brief
Don't lengthen it now with undue grief
Lift up your heart and share with me
God wanted me now, He set me free.

In Loving Memory

Bruce Daniel Ogaard

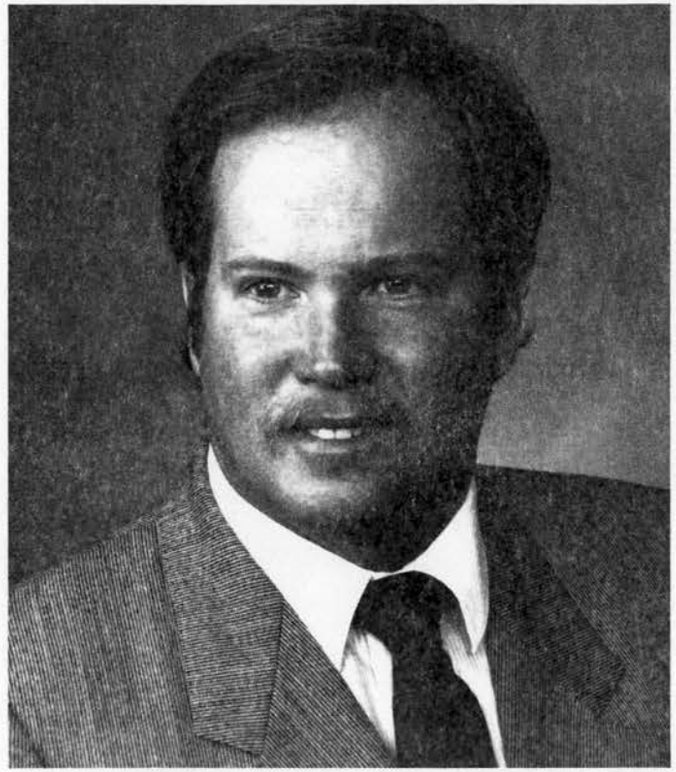
1955 - 1993

A Million Times We've Thought Of You

A million times we've thought of you,
A million times we've cried.
If our love could have saved you
you never would have died.
In life we loved you dearly,
In death we love you still,
In our hearts you have a place
no one can ever fill.
It broke all our hearts to lose you,
but you didn't go alone.
For a part of us went with you
the day God took you home.

APPRECIATION

On behalf of the family, we wish to express their gratitude for your many kindnesses evidenced in thought and deed, and for your attendance at the memorial service.



Jesus told them: "The time has come for the Son of Man to be glorified. I tell you truly that unless a grain of wheat falls into the earth and dies, it remains a single grain of wheat: but if it dies, it brings a good harvest. The man who loves his own life will destroy it, and the man who hates his life in this world will preserve it for eternal life. If a man wants to enter my service, he must follow my way; and where I am, my servant will also be. And my Father will honor every man who enters my service."

John 12: 23-26

Dear Bruce,

Today our hearts are breaking, knowing that our time on earth has ended with you. Bruce, you are the best of the best, and our lives are so much richer because of you.

You will always be our Brucer, and we will carry on all the plans we started together.

One day we will be a complete family again, together in heaven.

We love you deeply.



WETLAND HERITAGE ADVISORY COMMITTEE
MEETING MINUTES
November 3, 1993

Members Present
Joan Miska, Chair
Jon Engfer
Norma Hanson
Dave Moran
Ron Nargang
Jerry Nordick
Commissioner Elton Redalen
Gerald Van Amburg

Members Absent
Paul Brutlag

Others Present
John Boulton, Board Member, Board of Water and Soil Resources
Beth Carlson, Department of Natural Resources
Barb Cobb, Board Member, Board of Water and Soil Resources
Keith Hanson, MN Power
Ron Harnack, Director, Board of Water and Soil Resources
John Jaschke, Board of Water and Soil Resources Staff
Greg Larson, Board of Water and Soil Resources Staff
Cheryl Miller, Audubon Society
Lynette Morrisette, Board of Water and Soil Resources Staff
Jim Nielsen, Chair, Board of Water and Soil Resources Board
Doug Norris, Department of Natural Resources
Mark Oja, Soil Conservation Service
Matt Seltzer, Attorney General's Office
Mick Weburg, US Corps of Engineers
Dave Weirens, Association of MN Counties

Chair Miska called the meeting to order at 9:15 a.m. and asked for introductions of those attending. Chair Miska then asked Larson to go over the agenda.

Larson began by discussing the Wetland Conservation Act (WCA) and rule administrative training sessions being held around the state in November/December. He stated that there were nine two-day sessions, the first two, in Alexandria and Duluth, have concluded. Day 1 is an overview to bring people up to date on the WCA and rule. Day 2 is a more technical/complex session focusing on sequencing, replacement plans, notification, etc. Larson then asked Jaschke for his comments on the sessions. Jaschke stated that it is evident after the first session that local government units (LGUs) know what they are doing by the questions they asked. They know the WCA and rule. He stated that most LGU concerns were that parts of the rule seemed unnecessary and they want simplification in regulation.

Chair Miska asked what could be done by the WHAC to help with recommendations for simplification. Larson stated that after all training sessions, a post-session summary would be put together for the WHAC, then they could meet and discuss options. He stated that with the given time frame (permanent rule begins January 1, 1994) there is an urgency for training to be completed first.

Larson went on to the next item on the agenda, Natural Resource Block Grants. He handed out a table showing distribution of the grants to counties, totaling a little over five million this year. This year the local water planning grants, WCA grants, and DNR shore grants were merged into one grant; the Natural Resources Block Grant. The coordinator role is assigned to the county.

The BWSR board approved the grant allocations and matching requirements in August and reconsidered them in September, the BWSR opted for no change. Larson stated that the checks should arrive in about February if LGUs have adopted the WCA. He stated that one issue raised is as follows: The legislature required that the WCA grant be matched with in-kind *or* new money. BWSR board required half in-kind *and* half new money.

Nordick asked what the in-kind match included, and Larson stated that any staff work related to wetlands. Nordick stated that property taxes were already out of line, and with prices the way they are the bill is no longer payable.

Miska asked where the new money should come from and if it was a legislative directive. Larson stated that it was not a legislative directive, but a BWSR board requirement. Miska asked if the committee could change this by addressing the BWSR, legislature or governor. Larson stated that WHAC should voice their concerns to the BWSR board.

Van Amburg asked what the rationale was for the BWSR board's decision. Larson said the board felt without a local cash requirement there would not be sufficient new resources for staff to adequately carry out the program - there would be enough in-kind (from past commitment), but no new money.

Cobb stated that both she and Boulton voted against this action at the BWSR board meeting. She then read the following from the BWSR board September Agenda Summary: "....The legislature authorized 50% of the cost of the program implementation, $2,000,000 of a $4,000,000 estimated cost for local government implementation. The understanding is that the remaining would come from local funds or fees. The board authorized that the match could be half cash and half in-kind recognizing that some local governments would be integrating the program into local landuse controls and thereby seeing some efficiencies. The cash also recognizes the need to build local capacity for administration of the program rather than taking from one resource program to pay for another. Changing at this time, when the permanent program is starting, means that only half a program can be administered. As the board stated in its approval last month, the allocation would be revisited next year as additional information on administration of the program is developed. First, will the board choose to reconsider the allocation decision? If so, the alternatives are to increase the in-kind

match from 1/2 to 3/4 or all in-kind match." Cobb said this was the reason the majority of BWSR voted the way they did - not to change the August decision. She also read the following local matching requirement definition of *new resources* used at the BWSR Natural Resources Block Grant training sessions: "Levy or budget appropriation. This represents a new levy or budget commitment that did not exist prior to the program. It will generally come from increasing the general levy or from a redirection of existing budget dollars."

Hanson asked what happens if this money isn't appropriated at the truth and taxation hearings coming up. Larson said that some LGUs will not be able to take their entire grant because they can't match with new money or in-kind. He went on to say that if they don't take it they won't be penalized for next year's grant.

Miska asked if LGUs not accepting full grants would still be expected to implement the program, and Larson stated yes, absolutely. Miska then asked who came up with the figures. Larson said that BWSR staff came up with the amounts by surveying LGUs statewide during the interim to see what it was costing them to run the program, and then came up with an average for the legislative proposal. Of the $4 million proposal the legislature appropriated $2 million.

Van Amburg asked if the total allocation (from the handout) was 1,634,500 million where the rest of the money went. Larson said there is about $16,000 unappropriated due to rounding and that this would be stacked onto next years $2 million. Jaschke stated that only 1.65 million was allocated for this fiscal year (to July 1994) and a full $2 million for the next fiscal year.

Moran asked why the BWSR board changed the legislative mandate from in-kind *or* new money to in-kind *and* new money. Harnack stated that the legislature asked for 2 million in cost-share through increased revenue, shifting of revenues, fees, or a combination of these. That if the program was to be successful it needed that amount of money. Harnack stated that he recognizes the burden placed on LGUs, but the program would suffer if the money was not available. He stated that LGUs have the capability to shift revenues, and that with or without funding the program still has to work. Harnack went on to say that all of the organizations (AMC, MACPZA, MAWD, MASWCD, MAT, LMC) met to discuss funding and agreed that if given half, LGUs could come up with the other half.

Chair Miska stated that she felt it was WHAC's responsibility to let the governor know how they feel about the funding issue. Van Amburg stated that he was unsure if it was within WHAC's area of responsibility vs. recommending rules. Harnack stated that it was not a rule issue, but a legislative issue. He asked if LGUs had the flexibility to choose how they match, would they be willing to run the program for half the cost. He said that BWSR has an obligation as an oversight agency to create flexibility, but also to provide a means to ensure that the program runs at 100%.

Commissioner Redalen asked the attorney general representative, Matt Seltzer, if it was in the scope of WHAC to make changes/suggestions of this nature via a letter to the BWSR board. Seltzer said after reading the law that he felt it would be appropriate for WHAC to submit a resolution to the BWSR board.

Weirens stated the following - $4 million was a low estimate based on the interim program, not the permanent program which will cost more to run; the excess will come from the local level, not the state level; counties do a good job administering programs; and if the grants are given to the counties with options they will properly run the program.

Commissioner Redalen asked if BWSR considered going to the Legislative Advisory Committee (LAC - committee set-up to appropriate additional funds for emergencies) for an additional $2 million to be appropriated. Harnack stated that this is not defined as an emergency.

Nordick stated that it was the citizens concern to protect wetlands and went on to say that if this is the case why didn't the money come right out of the general fund so that every taxpayer in Minnesota pays his/her part.

Moran asked if the program would have been fully funded if BWSR were administering rather than LGUs. Harnack said it was discussed whether to have it be administered at the state or local level, and local level was decided to be the best way to implement.

Harnack stated that if the group felt that counties should have the flexibility in matching funds they should write the BWSR board for reconsideration. Moran asked how much time the committee had to approach this. Harnack said by the first of the year - the January BWSR board meeting. Moran said this would be time to see the summarized results of the training sessions. Harnack stated that a summary of the block grant training sessions just completed could be sent to the committee. He said this would include issues raised with respect to the block grants. Moran suggested tabling the issue until input is received.

Chair Miska stated she wanted to hear from other county commissioners as well as staff. Harnack reminded the committee that there were 3 commissioners (Jim Rossman - Olmsted, Warren Rodning - Nicollet, and Barb Upgaard - Crow Wing) on the board voting in favor of the matching requirement. He stated there were also 3 SWCD supervisors on the board.

Commissioner Redalen stated that if the attorney general's office says WHAC has authority to pass a resolution here to have BWSR board address the cash match again he would move to have a resolution drafted indicating the WHACs displeasure with the BWSR board action relating to in-kind and cash matching of the WCA grant. Norma seconded the motion and said she felt the governor should also know how WHAC stands on this issue.

Moran said he preferred waiting to see the summaries of block grant training and LGU administrative training. He could not approve a resolution with a minimum number of participants. Van Amburg agreed and suggested scheduling a meeting before January. Weirens stated that he could provide the committee with supporting documentation resulting from the last AMC directors meeting. Harnack stated that the resolution should reflect why the change is wanted. Commissioner Redalen said that a vote should be postponed and the motion should stay on the table until the secretary and attorney general's office could create a resolution, by then WHAC members questions could be answered and

the motion could be reconsidered. Nordick suggested a letter accompanying the resolution. Moran asked to change the resolution to read review instead of reconsider. Commissioner Redalen agreed. Seltzer then read the draft resolution as follows:

> ***WHEREAS, the Wetland Heritage Advisory Committee has been informed of the grant matching policy of the BWSR board, in particular the requirement that 50% of the match be cash; and***
>
> ***WHEREAS, a discussion was held in which members of the committee with knowledge of the circumstances facing counties pointed out the difficulties this approach would present for some counties;***
>
> ***NOW, THEREFORE, BE IT RESOLVED, in light of this discussion and the importance of the issue, this committee recommends to the BWSR board that they review their policy decision regarding the matching requirements for the grant program;***
>
> ***BE IT FURTHER RESOLVED, in connection with the review the BWSR board make an effort to gather information from county commissioners and LGUs with regard to the matching requirements for the grant program.***

Chair Miska called the motion. Approved: Miska, Engfer, Hanson, Moran, Nordick, Redalen, Van Amburg. Opposed: None. (Nargang was not present at the time of the vote and therefore his vote is not reflected) Motion carried.

Chair Miska called for a break at 11:00 a.m. The meeting reconvened at 11:15 a.m. Chair Miska then called on Mark Oja, SCS.

Oja distributed two handouts and highlighted the following comments from each handout:

Handout 1: A Summary of "Protecting America's Wetlands: A Fair, Flexible, and Effective Approach" (August 24, 1993).

- Page 2, items 1 through 5.
- Page 3, bullets 1, 4, 5, and 8. With regard to the third bullet Oja stated that the definition of agricultural lands was still a controversy. With regard to the eighth bullet, SCS uses NFSAM which is being revised so that the '87 manual and NFSAM are almost identical.
- Page 4, bullet 3. Oja stated that there is on-going support for the Wetland Reserve Program as an incentive to restore wetlands.

Handout 2: What Does This Mean For Agriculture? (August 1993, Fact Sheet).

- Oja gave a brief summary of this fact sheet.

Miska thanked Oja and asked for questions.

Moran asked if there would be adequate notice this year if the Wetland Reserve Program is reinstated. Oja said hopefully. Moran asked if there would be more funding, and Oja said possibly but he can't say for sure.

Nordick asked several questions on SCS documentation, and Oja stated that it can't be 100%, as nothing is perfect. He stated that with the amount of determinations SCS does, they are highly accurate.

Hanson asked what would happen to land coming out of CRP in the next few years. Oja stated that this was a valid question/concern. He stated that there has been no talk or money for extending contracts, although it may be possible for high quality land. There is no commitment yet.

Miska then introduced Mick Weburg, US Corps of Engineers. Weburg stated that federal responsibilities included Section 10 and Section 404 administration with a 1.5 million dollar budget for Minnesota. He also stated that federal funding for WCA may be available in several forms through Clinton's Environmental Policy. Weburg handed out and summarized the following:

Handout 1: Protecting America's Wetlands: A Fair, Flexible, and Effective Approach, (White House Office on Environmental Policy, August 24, 1993).

- Page 5, bullets 1, 2, 4, 5, and 9. Bullet 1 offers alternative appeal options. Bullet 4 points out that Corps will still do permits after SCS delineates. Funding help may be available to states as shown in bullet 9.
- Page 6, bullet 1 (top of page) and bullet 2 (bottom of page). Non-regulatory programs, in bullet 1, are a "wait and see" issue.
- Page 7, bullet 1.
- Page 8, bullet 2. This bullet also holds funding possibilities. Weirens asked how much funding was given to the state from EPA. Norris said $270,000 over 2 years for the state wetland plan.
- Page 9, bullet 1. Weburg stated that the Corps was working with BWSR and the Interagency Wetland Group on general permits.
- Page 11, bullet 1, and the first item under bullet 2.
- Page 12, bullet 1 and "Administration Position" under D. Bullet 1 has no effect in Minnesota.
- Page 21, bullets 3 and 4. Bullet 3 provides financial incentives for assuming part or all of Section 404. With regard to the fourth bullet, Corps is possibly coming out with wetland delineation training/certification.

- Page 24 and 25, L - Takings. The new appeals standing is to eliminate taking cases. The White House administration does not support a legislative approach to this issue.

Handout 2: Federal Wetlands Policy--Fact Sheets, New 404 Permit Regs--Public Notice, (September/October 1993)

Weburg stated that everything is new in Corps permits programs and this handout gives a more detailed description of these changes. He pointed out the following:

- First 3 pages are effective immediately.
- The last two pages of the handout - Public Notice. This explains changes in the regulation of excavation, now most kinds of excavation are regulated, even when material is moved to upland disposal.

Larson asked if Corps used nationwide permit (NWP) or individual permit (IP). Weburg said either way, if the soil is moved to a wetland or water area, degradation occurs, and degradation is more than the deminimus they regulate. Regarding simplification, Weburg pointed out the Combined Project Notification form which can now be used as a permit application for DNR, Corps, and LGUs. He also stated that the Interagency Wetlands Group was working on a Section 404 general permit which is needed to reduce regulatory duplication for both the public and governments. Weirens asked if it was a realistic view to see reduction in workload by the next construction season. Larson said there are still some details to be worked on with the general permit, but he is confident that it would. Discussion continued.

The meeting adjourned for lunch at 12:20 p.m. and reconvened at 1:05 p.m. Nargang arrived.

Chair Miska asked committee members to decide when the next meeting should occur. It was decided that the next meeting would be December 13, 1993 from 9-3. Tentatively, it will be at the Kelly Inn, and this will be confirmed with the next mailing.

Larson distributed a handout on wetland regulatory simplification and Jaschke gave an overview.

Chair Miska introduced Doug Norris and Beth Carlson from DNR to advise the committee on the State Wetland Plan (SWP).

Norris gave the following background information:

- Funding was pursued for the SWP which would be a guide on issues such as mitigation.
- The funding came from EPA.
- There is a commitment from state agencies to help in its development.
- Permission and funding was received from MNDOT for the coordinator position.
- This will not be a DNR plan, but a statewide plan.

Carlson gave the following summary:

- This is a "larger quality of life" issue.
- An interagency task force has been developed to define the SWP.
- There are numerous state and federal programs involving wetlands. Many cities, counties, and watershed districts have their own wetland programs, including WCA. None of these are very well coordinated.
- The state is lacking an overall strategy on how to protect wetlands of the state.
- The purpose of the SWP is to provide overall protection, guidance and consistency.
- Agencies involved include: Department of Ag, BWSR, DNR, PCA, MNDOT, US Corps, USFWS, SCS, and the Federal Highway Administration. This is a voluntary effort on the part of agencies.
- The product will be determined as the project progresses.
- Broad concerns include: 1) a need for streamlining; 2) to resolve areas of disagreement and controversy; and 3) to look at regional and local differences in the state.
- The process includes: 1) where is the state at now; 2) where is the state going; and 3) to develop a strategy of how to get there.
- The planning sessions should begin around January of 1994 and take about 18 months to complete.
- The process will include broad input and participation from public, private, and LGUs.
- A good plan must be a dynamic, flexible document that is regularly reviewed and changed as circumstances change, and should reflect overall goals for wetlands in the state.

Carlson asked for questions. Weirens asked if a steering committee was involved on a regular basis. Carlson said it would be state and federal agencies in the beginning and would broaden in the end. Weirens stated a concern that counties needed to be involved as early on as possible. Norris stated that all interest groups would be involved form the beginning. Nordick asked what the timeline was, and Carlson stated 2 years from August.

Nargang said if anyone had a model for Carlson to review for use in how to proceed with this process it would be helpful. Carlson asked for people to contact her with organizations or people that she should be meeting with.

Engfer asked if the technical people had the support of the agency. Carlson said the request for participants went from commissioner to commissioner.

Nielsen, Chair - BWSR board, stated he had to leave and urged the committee to forward comments, suggestions, ideas, etc. to the BWSR board.

Larson distributed page 10 of Chapter 175, the legislative revisions to the WCA. He stated that the report requirement can't be ignored as it is a legislative mandate. He proposed that the committee briefly address this and consider it as part of an ongoing effort.

Nordick made the following statements regarding the 6 issues on page 10:

#1 The Corps regulates these, so how can a recommendation be made.
#2 Size was argued over for 5 years.
#3 This was discussed both through the Rule Advisory Committee and the Wetland Heritage Advisory Committee.
#4 Know exemptions.
#6 This mornings discussion.

Larson suggested taking items 1 - 6 and saying how they have already been addressed. As shown below:

#1 Where we're at now.
#3 '93 legislation dealt with this.
#4 How this is being dealt with.
#5 Point out the proposed general permit and banking agreement.
#6 Point out things that merit watching, i.e., notice provisions and this mornings discussion.

Miska asked Larson if he could prepare this to mail with the packet for discussion at the next meeting. He said he could send it out with the minutes and proposed agenda 10 days before the meeting. Engfer also requested a summary of the training meeting with regard to recommendation for changes to the grant matching. Larson said yes and also a summary of the grant training.

Moran asked if this report replaced the original legislative requirement for a wetland status report. Weirens stated no; that this is an additional report.

Miska invited Norris and Carlson back to the next meeting to provide an update of the state wetland plan. Norris said that there will not be a lot to report at that point, but he would put the WHAC on the mailing list to receive quarterly reports.

Larson handed out White House Wetlands Package is "Net Loss for America's Wetlands" (Minnesota Out-of-Doors). He said this was a different perspective of the Clinton policy.

Miska requested a motion to elect a new chair, as she has been so for a year. She requested that the committee think about it and address at the next meeting.

The meeting adjourned at 2:05 p.m.

Attachments:

- WCA Administrative Training Summary
- Block Grant Training Summary
- Report for items 1-6 of Ch. 175
- State Wetlands Report

Mya

DRAFT 10/13/93

LSF REPORT OUTLINE

RECEIVED
OCT 25 1993
BOARD OF WATER
& SOIL RESOURCES

EXECUTIVE SUMMARY *(to be written)*

PART 1: BASIC CITY SPENDING

Introduction
- City comparisons are needed
- Standards for comparison
- Problems with per capita analyses
- CORE makes comparisons possible
- Basic spending is not a mandate
- Information gathering

Chapter 1 - What is "Basic Spending?" *(general methodology)*
- Services cities provide
- Measuring city expenditures
- Workloads

Chapter 2 - Service Workloads and Basic Spending Levels
- Streets
- Police
- Fire Protection
- Parks and Recreation
- Government Administration
- Other Expenditures
- Interest Expense
- Minneapolis and St. Paul

Chapter 3 - Minnesota City Comparisons
- How to read these tables
- Alphabetic list of cities and above/below status

Chapter 4 - CORE Recommendations
- Implementing the recommendations
- Data issues
- Making future comparisons

Appendices Part 1
- Interviews and focus groups
- Workload weights
- Workload factors considered and rejected
- Misc. tables

PART 2: STATE AID TO CITIES

Introduction

- Why CORE got involved
- Background
  - Why the state provides aid to cities
  - Reform is still needed

- The Formula Approach to State Aid to Cities
  - City aid amount = basic spending need less capacity
  - Sample bar charts (City A, City B)
  - Qualities of a "fair" formula; why this approach works

Chapter 5 - Basic Revenue-Raising Capacity
- Sources of city revenue
- Components of basic revenue-raising capacity
- Excluded revenues

Chapter 6 - Results (1990)
- How much old aid was incorrectly distributed
- New aid amounts relative to BSN (bar charts)
- Alphabetic list of cities; status of gap between BSN & RRC

Chapter 7 - CORE Recommendations

Conclusion -
- What all this means
- What CORE is *not* mandating (reprise)
- Reform imperative (findings reprise)

Appendices Part 2
- State grants tables
- City-specific differences between 1990 aid and CORE aid
- Misc. tables

Acknowledgements

LOCAL SERVICES FUNDING FINAL REPORT

PART 2 - STATE AID TO CITIES

Introduction

Minnesota citizens have learned to expect high quality services from their governments. In return for government services, households and businesses pay income, sales and property taxes to different levels of government. State government receives most of its revenues from income and sales taxes; counties, school districts and cities receive the majority of their direct revenue from property taxes, but also receive payments from the state in the form of categorical and general purpose aids.

CORE believes that Minnesota should continue the policy of providing general purpose aid to cities. However, the system for distributing that aid must be dramatically improved. At the same time, CORE believes that the state must not mandate to cities what services or how much of any service to provide. Instead, funding should be sufficient to provide a basic, minimum and adequate level of services for cities that do not have the expected capacity to finance basic services with local revenues. *How* resources are allocated should be negotiated between city administrators and city residents.

Why CORE Got Involved

The charge to the Commission on Reform and Efficiency was to develop recommendations to enhance the efficiency and effectiveness of Minnesota state government. In fulfilling this charge, CORE developed five key goals: Minnesota state government would be mission driven, oriented toward quality outcomes, efficient, responsive to clients, and respectful of stakeholders.

In discussing potential projects, local services funding emerged as an important area where state government was being neither efficient nor effective. CORE believes that Minnesota must reform the distribution of the state's general purpose aids to cities, so that the system is both more efficient and equitable. The system of state aids to cities should also encourage local government efficiency and accountability.

To establish direction for the local services funding project, CORE adopted a goal for state aid to cities:

> *The goal of state aid to cities is to provide basic, minimal support for necessary, adequate, and efficient services to cities whose needs are in excess of their basic revenue-raising capacity.*

The purpose embodied in this goal is to ensure that all Minnesota cities are able to provide at

least a minimum package of basic services to their residents. The goal recognizes that cities vary in their ability to pay for these services, and that state aid should be allocated based on cities' needs relative to their ability to raise revenues. The goal also suggests that state aid should not be distributed to pay for non-basic services or for services above and beyond a basic level.

This goal also indicates that general purpose aid does have a place in the spectrum of assistance given to local governments by the state. Although the methodology to determine basic spending amounts focuses on specific services, CORE believes that the state should NOT mandate the level of service to be provided or require cities to use any particular method to provide the service. The aid amount should be determined through the formula, but cities should be free to make their own decisions on how the aid is spent.

To fulfill this goal for state aid, CORE adopted four major objectives for the Local Services Funding Project:

1) to provide additional information to taxpayers regarding the services they support;
2) to make the distribution of local government aid equitable ("fair");
3) to increase local accountability for spending and taxing; and
4) to encourage efficient provision of local services.

CORE believes that the goals of efficiency and equity *are* compatible. This compatibility is secured by ensuring that state aids are distributed to allow all cities to provide their citizens with ***basic, minimum*** and ***adequate*** services.

This philosophy of basic, minimum and adequate services guided the approach of the Local Services Funding Project. State aid should enable cities to provide a basic package of the most important services to residents. If city residents want more than this minimum, they can decide so locally, levying the requisite amount. Furthermore, the amount of aid the state grants a city should depend on the amount it costs to provide services considered to be basic, minimum and adequate in most cities. The aid amount should also not be greater than that necessary to provide those services efficiently, because greater amounts would encourage inefficient resource use. Although officials should be free to make decisions about spending and taxes that reflect the preferences of the citizens, state aid should be limited to the amount needed to help *cities whose basic spending needs are greater than their basic revenue-raising capacity*.

Part 1 of this report describes the concept of "basic spending" and how CORE determined basic spending levels for a number of city services. Part 2 applies the concept of basic spending to equitable and efficient distribution of state general purpose aid.

BACKGROUND

Why the state provides aid to cities

Since city residents are the primary beneficiaries of their city's services, why does the state intervene at all in the financing of local services, rather than leaving cities to raise revenues locally? The answer is in the history of property tax reform in Minnesota.

Property tax payments in Minnesota spiraled upward until the late 1960s. At the same time, significant disparities between the quality of local government services, especially in school districts, were becoming apparent. Cities with greater property wealth provided enhanced services, while other cities struggled to provide adequate services. Citizens objected to their rapidly increasing property tax rates, and the call for property tax reform reached even to the federal government.[1]

From 1967 to 1971 a set of sweeping reforms passed the Minnesota legislature that have since been referred to as "The Minnesota Miracle." These reforms represented a commitment by the state to a much larger role in collecting taxes and funding local expenditures. They also reduced the dependence of local governments, particularly school districts, on local property wealth for their funding. The program of reform embodied in the Minnesota Miracle had three main elements: 1) a reduction in property taxes, 2) an increase in state allocations to local governments, and 3) limitations on the levying power of local governments.

The "Minnesota Miracle" demonstrated the commitment of Minnesota citizens to a degree of equity in the availability and cost of local public services across Minnesota, with the state playing a major role in financing these services. This statement of values on the part of citizens provides a major rationale for state aid to cities.

State aid programs are both general purpose and categorical. Categorical aid must be used for specific projects. School districts receive categorical aids for K-12 education, and counties receive a number of categorical aids for human services programs. Cities receive primarily general purpose aid. General purpose aid may be distributed among city programs as the city chooses.

The general purpose aid programs that have been created since the Minnesota Miracle are Local Government Aid, Equalization Aid, Homestead and Agricultural Credit Aid and Disparity

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[1]Peterson, George E. (ed.) ***Property Tax Reform.*** Washington, D.C.: The Urban Institute, 1973.

Reduction Aid (DRA). In 1993 these programs for cities over 2,500 totalled $434 million.[2]

Reform is still needed

Despite the good intentions behind the Minnesota Miracle reforms, these programs have had two important effects:

Overall spending has increased.

From 1970 to 1980, the Minnesota Miracle property tax reforms had the desired effect of holding down property tax rates. However, these programs also encouraged local spending and have driven up overall tax levels.

Overall tax levels increase when local governments do not face the full cost of their spending decisions. This has occurred because a portion of local spending is borne by taxpayers statewide. That is, because of state aid disbursements, local officials can pass a significant portion of the cost associated with their decisions to the state. Contractors that are seeking municipal jobs, for example, are fast to inform city officials about how they can get new capital projects for a fraction of the cost, and rational, public-minded, professional city managers recognize the bargain. Because city managers act the way the system has encouraged them to act, city spending is greater than it otherwise would be. While it appears to city managers that new spending is "cheap" (a dollar of spending costs less than a dollar of local taxes), eventually it is expensive for all Minnesotans because state tax rates increase. In addition, since 1980 Minnesota's property tax payments have again been climbing.[3]

Aid is not distributed according to need.

While the reforms of the Minnesota Miracle attempted to address equity questions, they did not. Although the common belief is that city aids are distributed on the basis of "the simple and verifiable fact of taxable property wealth," past formulas defined need on the basis of actual spending and later formulas "grandfathered" old amounts. Some of the variation in spending between cities is due to inefficient versus efficient resource use and the provision of services of differing types, amounts or quality. Actual city spending, therefore, is not a good indicator of need and thus the formula does not achieve equity.

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[2]Minnesota Department of Revenue, Local Government Services Division.

[3]***Reforming Minnesota's Local Property Tax and State Aid System.*** Minnesota Taxpayers Association, December 1992, p. 11.

The Formula Approach to State Aid to Cities

The first step in achieving the goal of equitable state general purpose aid to cities is to establish what cities *need* to spend to provide basic, minimum and adequate services. Past methods of determining aid amounts used actual city spending as the basis for need. This created an incentive for cities to increase their spending. Need must be defined by objective, measurable standards that are outside of the cities' control. In addition, basic spending need must take into account the unique characteristics and circumstances of each city as much as possible.

A formula is the best solution for determining "how much" state aid is needed for each city. A formula can take multiple factors into account simultaneously, while per capita calculations depend on only one factor and classification systems can only handle two or three without getting unmanageable. CORE chose the formula approach to determine the appropriate amounts of state aid to cities.

The general formula approach to city aid applied in the Local Services Funding Project is a variation of the "need-capacity" approach used by Ladd et al.[4] Rafuse.[5] In a need-capacity approach, a city's need for aid is measured by the difference between its "basic spending need" and its "basic revenue-raising capacity".

City Aid Amount = (Basic Spending Need) - (Basic Revenue-Raising Capacity)

In the CORE analysis, basic spending need is defined, on a service-by-service basis, as the amount of money a city needs to provide a basic yet adequate level of service to its citizens, due to special conditions beyond its control. To arrive at basic spending need, CORE first established basic spending levels for each of five primary city services -- streets, police, fire, parks and recreation, and government administration. The factors and their weights were developed by searching through the relevant literature and by holding intensive discussions with experts in each area.[6]

Basic revenue-raising capacity is a measure of the city's ability to raise revenue locally to meet basic spending needs. It is intended to be a measure of how much revenue the city ***could*** raise with reasonable effort and not a measure of how much it has actually raised in the present or

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[4] Ladd, Helen, Andrew Reschovsky and John Yinger, ***Measuring the Fiscal Condition of Cities in Minnesota***, Minnesota Legislative Commission on Planning and Fiscal Policy, 1991; and Ladd, Helen and John Yinger, ***America's Ailing Cities: Fiscal Health and the Design of Urban Policy***, Johns Hopkins University Press, 1989.

[5] Rafuse, Robert W., ***Representative Expenditures: Addressing the Neglected Dimension of Fiscal Capacity***, Advisory Commission on Intergovernmental Relations, 1990.

[6] Each individual service workload is detailed in Chapter X.

past. In this study, basic revenue-raising capacity is determined on the basis of: 1) property wealth, which determines the extent that the city can raise property taxes and special assessments; 2) the number of non-impoverished people and businesses in the city, which determines the capacity of the city to raise revenues from fees, fines and forfeits, licenses, franchise taxes, its enterprise funds, and other miscellaneous sources such as rent and donations; 3) the amount of interest a city can be expected to earn; and 4) the amount of noncompetitive intergovernmental aid the city is eligible for.

Qualities of a "fair" formula; why this approach works

The purpose of using a formula as the tool for distribution of state aid to cities is to ensure "fairness", i.e., the equitable allocation of aid. To be "fair," a formula must have the following characteristics:

- the formula must be based on objective, reliable data that is not easy for cities to manipulate;
- the formula must use valid statistical techniques and be replicable from year to year as needed; and
- the basic spending need measure in the formula must be defined as a function of factors outside of cities' control, such as population characteristics. Past spending policies, existing service practices, and local preferences are not appropriately considered sources of a city's basic spending need.

In addition, the formula should reinforce efficient city practices and good government, such as cost-sharing and accurate reporting.

The new aid formula meets all of these criteria. Applying this formula will result in an equitable redistribution of aid to cities by directing more aid to cities with higher need-capacity gaps. This formula:

- equalizes the access of all residents to a basic level of local public services at reasonable tax burdens; and
- creates incentives for city managers to provide services in an efficient manner.

The approach does not limit city choices. Cities can choose the level of service they want to offer and may use a variety of methods to provide services. Through this formula the state is not mandating any particular type or level of service. If the city spends more than what is necessary to provide minimum and adequate services, city residents must fund the excess.

Since spending decisions for above-adequate services will be returned to the local level, city officials will be required to explain any additional service expenditures and to win citizen support for additional or enhanced services. At the same time, meaningful comparative city service data will become more available to the public, further increasing local accountability.

Chapter 5: Basic Revenue-raising Capacity

Establishing basic spending levels for Minnesota cities over 2,500 is in itself an important accomplishment. With CORE's determination of basic spending levels, cities can now compare what their city spends to a standard that takes into account the factors that increase spending. But in the larger analysis of local services funding, basic spending is only half of the picture. Cities also have some ability to finance basic services on their own. This ability, called here "basic revenue-raising capacity," is defined by CORE as *the amount of money the state can expect a city to raise from all sources, except state general purpose aid, to pay for a basic, minimum and adequate level of services.*

Sources of city revenues

The primary tools that Minnesota cities have to raise revenue are property taxes, special assessments, and fees (including fines, forfeits, and licenses). Additionally, all Minnesota cities can provide services to nearby cities or townships for a price, earn interest on fund balances, levy franchise taxes, make profits on activities such as a municipally owned utility, rent out some of their building space, and receive donations without restriction.

Some means of raising revenue are restricted by the Minnesota state legislature. Cities can levy a sales tax only if they first obtain specific legislative authority and dedicate the revenues toward the completion of a specific project. They can levy a hotel/motel tax only if they dedicate the revenue to marketing or promoting the city as a tourist or convention center. They can use tax increment financing (TIF), a complex financing mechanism related to the property tax, only if they have a taxpayer-approved and legislatively-sanctioned plan for spending the revenues and dedicate the revenues toward the completion of the plan.

Federal, state, county and other local governments provide revenue to cities through a number of programs. Some are formula driven, some are competitive, some are semi-competitive with an extensive application process, and some provide reimbursement for all spending of a certain type. This intergovernmental aid is another primary source of city revenue.

Tables 1 shows 1990 city revenues by source for cities over 2,500 population. Cities report this information annually to the Minnesota State Auditor. (See Appendix X for a table of city revenue sources for all cities over 2,500 excluding Minneapolis and St. Paul.)

Table 1: Revenues by source for Minnesota cities over 2,500, 1990.

SOURCE	SUM	PERCENT
TAXES		
Property Taxes	$477,042,264	22.07%
Special Assessments	173,810,552	8.04%
Tax Increments	168,992,868	7.82%
Local Sales Taxes	17,032,831	0.79%
Hotel/Motel Taxes	10,250,264	0.47%
FINANCING REVENUES		
Interest Earnings	197,733,291	9.15%
INTERGOVERNMENTAL AID		
Federal Aid - Community Dev. Block Grants	31,973,397	1.48%
Federal Aid - Other	83,484,487	3.86%
State Aid - Local Government Aid	272,875,214	12.62%
State Aid - Homestead & Agricultural Credit Aid	124,104,204	5.74%
State Aid - Disparity Reduction Aid	9,441,513	0.44%
State Aid - Taconite Relief and Aids	4,378,005	0.20%
State Aid - Small City Development Grants	3,848,607	0.18%
State Aid - Highways	84,139,771	3.89%
State Aid - Other	82,516,909	3.82%
County Aid - Gravel Taxes	171,290	0.01%
County Aid - Highways	5,043,914	0.23%
County Aid - Other	16,186,486	0.75%
Local Aid - Highways	82,977	0.00%
Local Aid - IRRRB	1,701,994	0.08%
Local Aid - Other	7,440,249	0.34%
CONTRACT REVENUES		
Police & Fire Contracts	7,137,367	0.33%
Street Department Sales & Charges	13,549,945	0.63%
CHARGES & OTHER REVENUES		
General Government Charges	31,521,952	1.46%
Public Safety Charges	8,456,223	0.39%
Sanitation Department Charges	20,013,405	0.93%
Parks & Recreation Charges	24,449,883	1.13%
Library Charges	704,791	0.03%
Airport Fees and Charges	717,240	0.03%
Miscellaneous Charges	34,757,496	1.61%
Franchise Taxes	33,931,989	1.57%
Licenses and Permits	47,413,074	2.19%
Fines and Forfeits	24,018,201	1.11%
Miscellaneous Revenue	111,300,263	5.15%
Transfers from Enterprise funds	31,749,086	1.47%
TOTAL REVENUES	$2,161,972,002	100.00%

Components of Basic Revenue-Raising Capacity

CORE's measure of basic revenue-raising capacity is a gauge of how much revenue a city ***could*** raise (with reasonable effort), rather than how much it actually raises or has raised in the past. For taxes and other revenues such as fees and licenses, this entails examining the revenue "base" rather than the actual revenue acquired. For property taxes and special assessments, the relevant base is city property wealth. For fees, fines, forfeits, licenses, franchise taxes, enterprise fund profits, and other miscellaneous revenue sources such as rent and donations, CORE determined that the relevant base is the number of non-impoverished residents and the number of businesses in the city. Basic revenue-raising capacity also acknowledges the capacity of cities to earn interest on fund balances and to acquire intergovernmental aid.

The four major sources of city basic revenue-raising capacity are: property taxes and special assessments (51.2 percent of total basic revenues); charges and other revenues (22 percent); interest earnings (17.1 percent); and intergovernmental aid (9.7 percent).

Property Taxes and Special Assessments

From the taxes shown in Table 1, only two taxes are included in basic revenue-raising capacity: property taxes and special assessments. In CORE's determination of basic revenue-raising capacity, cities are expected to raise 0.23 times their "net property tax capacity" from property taxes and special assessments.

Property taxes. Net property tax capacity is defined by the Minnesota Department of Revenue. The tax capacity of a piece of property is that property's assessed value multiplied by its state-determined classification rate. A ***city's*** property tax capacity is the sum of the tax capacities of all properties inside its boundaries. A city's ***net*** property tax capacity is its property tax capacity less net contributions of capacity to the Fiscal Disparities Pool, powerline credit value, and tax increment financing incremental value (since this property does not pay property taxes, but rather provides tax increment financing revenues).

Special assessments. Special assessments are included in the calculation of what cities are expected to raise from the property owners for two reasons. Special assessments finance city services that could also be financed by the general property tax. For this reason, special assessments can be viewed as a substitute for the property tax.

Secondly, treating special assessments differently from the property tax would lead to inequitable treatment between two cities with similar tax capacities. For example, if one city is growing and the other one has a stable population, it would be easier for the growing city to collect special assessments from new development. But to expect the growing city to raise the same amount of property taxes as the stable city and raise an additional amount of revenue in special

assessments requires the growing city to exert a greater effort to raise local revenues.

The value 0.23 is the average rate of property tax and special assessment use in Minnesota, considering only 65 percent of total special assessments collected. That is, for 1990, 0.23 is the value of:

$$\frac{\textit{All property taxes collected + 65\% of all special assessments collected in the 177 cities}}{\textit{Sum of all net tax capacities in the 177 cities}}$$

There are three things to note about this calculation:

1. The term "all property taxes collected" includes regular city property taxes as well as all revenue from the Disparity Reduction Credit, County Conservation Credit, Enterprise Zone Credit, and Taconite Homestead Credit programs. These credits are in fact property taxes which, by agreement, are paid by the State rather than the relevant household or business.

2. Only 65 percent of special assessments are recognized because research indicated that approximately 35 percent of special assessment revenue is used to fund sewer and water projects, two spending areas not considered in basic spending levels.

3. Four of the 181 cities considered in this study were not part of the pool for which this average was determined: Delano because they did not file a report with the State Auditor in 1990; and International Falls, Minneapolis and St. Paul because their information was not used to determine basic spending levels.

Charges and Other Revenues

Revenues from charges and other fees may be considered to be either "true" revenues or expenditure reductions. The question of whether fee revenues from governmental funds represent true revenues or expenditure reductions is more than a language issue. If cities decide how much to charge based on how much a service costs, then the fees are "expenditure reductions" and belong in the equation as subtractions. If, however, the level of fees is determined independently from spending, then those fees are "true revenues" and do not belong in the equation. In those cases, fees were included in the determination of each city's revenue raising capacity.

As an example, consider a city fire department that provides service to the surrounding township and charges that township a percentage of its total costs. That charge is an "expenditure

reduction" because the amount of the charge depends on how much has been spent and the charge is intended to fully cover the cost of service to the township. It is appropriate to subtract such fees from spending to get to the true yearly cost of the service to city taxpayers. If the same department provided fire prevention consultations for a fee, and the fee was set based on a concept of "what the market will bear" rather than the cost of providing the service, those fees would be "true revenues."

The question of which non-tax revenues are "true revenues" and which are "expenditure reductions" will differ by service. As a result, the analysis considers all revenues on a service by service basis.

The revenues included in the "charges" category are: government administration services charges; parks and recreation service charges; sanitation service charges; other public safety service charges; other services service charges; fines and forfeits; licenses; franchise taxes; transfers from enterprise funds; and miscellaneous revenues. (For more detail, see Appendix X.)

Cities are expected to raise $85.39 per non-impoverished person or business residing in their boundaries from these sources. The value $85.39 is the average rate that these sources are used.

That is, for 1990, $85.39 is the value of:

$$f \quad \frac{\textit{Sum of all user fees collected in the 177 cities}}{\textit{Sum of all unimpoverised residents and businesses in the 177 cities}}$$

As with the calculation for property taxes and special assessments, four of the 181 cities considered in this study were not part of the pool on which this average was determined: Delano because they did not file a report with the State Auditor in 1990; and International Falls, Minneapolis and St. Paul because their information was not used to determine basic spending levels.

Non-impoverished residents and businesses were used as the base for this combination of revenue sources because it measures underlying capacity better than income or property wealth.

Interest Earnings

The interest a city earns on its fund balances can represent a significant proportion of total city revenues. Because these earnings need not be dedicated toward any specific spending, they can be used by cities to offset basic spending need. Rather than calculate expected fund balances and expected interest rates, previous year interest earnings are used as an estimate of current year interest earnings. In the future, it would be desirable for the Departments of Finance and

Revenue to devise a more sophisticated method of estimating interest earnings.

Intergovernmental Aid

Intergovernmental aid refers to aids and grants that are transferred from one government unit to another, e.g., federal grants, state aid, or county grant programs. With respect to intergovernmental aid, CORE recommends that:

- all state general purpose aid programs for cities be sunsetted, to be replaced by the aid formula described here;
- all noncompetitive general purpose aids which are not sunsetted be fully recognized in basic revenue-raising capacity;
- categorical aids which are formula driven or based on a reimbursement of costs be recognized at 90 percent of full value in basic revenue-raising capacity; and
- all remaining intergovernmental aids be excluded from basic revenue-raising capacity.

General purpose aid

The *state general purpose aid programs* recommended for sunsetting are the Local Government Aid and Homestead and Agricultural Credit Aid.[7] Although these aids are each intended to help a city meet it's general purpose needs, the multiple formulas add unneeded complexity and administrative cost to the system. Moreover, they fail to distribute aid money on the basis of true need, i.e., the difference between the basic spending level and basic revenue-raising capacity. The basic revenue-raising capacity numbers prepared here assume that these aids are, in fact, sunsetted. Should one of them be continued, city revenues from the continued source should be included in basic revenue-raising capacity at full value.

State aid to Minneapolis through the Minneapolis Employees Retirement Fund (MERF) is a state general purpose aid program and should also be sunsetted. This aid cannot be viewed as categorical because the purpose of categorical grants is to encourage specific activities. In this case, the state agreed to pay an obligation incurred by Minneapolis before the aid was conceived and so the funding does not encourage any particular activity. Rather, the funds serve to free up resources for general purpose needs. The basic revenue-raising capacity numbers prepared here assume, however, that this aid is not terminated. Should it be terminated, Minneapolis'

[7]Disparity Reduction Aid and Equalization Aid were folded into Local Government Aid in 1993.

revenue-raising capacity must be reduced by the full value of this grant.

Grants

CORE obtained a comprehensive listing of grants and aids to cities through a survey of cities and state agencies. Each source of intergovernmental aid was evaluated as to whether it was competitive or not; categorical or not; ... Based on this evaluation, grants and aids were included or excluded from the determination of basic revenue-raising capacity according to the taxonomy in Figure X.

Figure X: Taxonomy of grants to Minnesota cities. (p. 16)

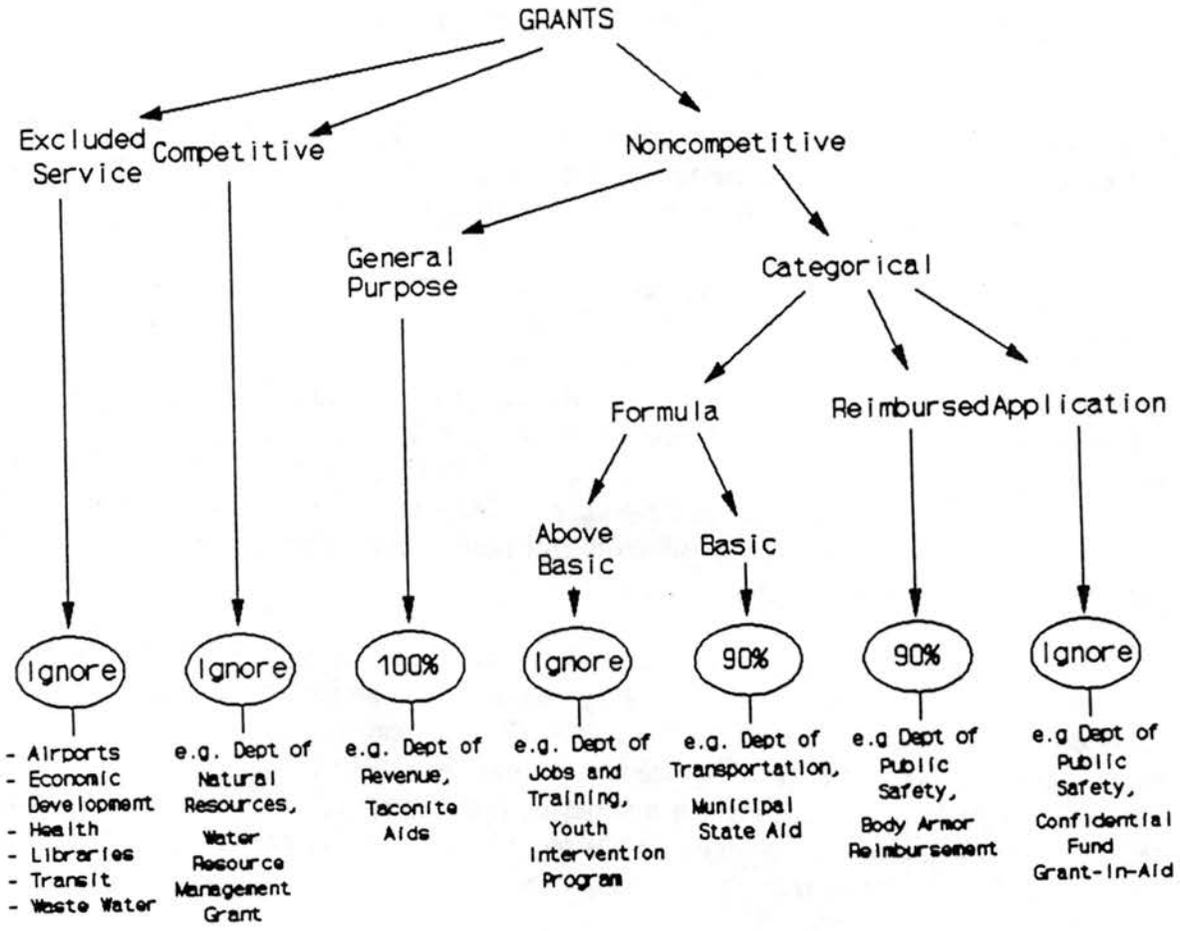
Other noncompetitive general purpose aids are fully recognized because a city need not expend any effort to acquire them and the money can, by definition, be used at the city's discretion. The state can thus expect the city to use them to offset basic spending needs.

The only grant of this sort identified is taconite production tax distributions (i.e., Taconite Aids) to cities. Taconite production taxes are paid on concentrates or pellets produced by various taconite companies. They are paid "in lieu of" property taxes. The revenues are distributed by statutory formulas to various cities, townships, counties and school districts within the taconite tax relief area and to the Iron Range Resources and Rehabilitation Board (IRRRB). Tax payments are made directly to six counties and the Iron Range Resources and Rehabilitation Board (IRRRB). The Department of Revenue calculates the amount to be paid by each company and the aid payment due to each jurisdiction. St. Louis County operates as fiscal agent, issuing aid checks to all counties.

Categorical aids which are formula driven or based on a reimbursement of costs are recognized at or near full value so long as the "category" encompasses an included service and the level of service being encouraged is not above basic. The state can reasonably expect that cities use these funds to offset basic spending needs. If cities are required to submit some paperwork to attain the grant (e.g., submitting the number of police officers on force), only 90 percent of receipts are recognized. If no paperwork is required and the city need only wait for a check to be issued, 100 percent of receipts are recognized.

The noncompetitive, categorical, formula or reimbursement grants that require some paperwork are: Body Armor Reimbursements; Video Gaming Local Reimbursement; Federal Anti-drug Training Grants; Peace Officer Standards and Training Grants; Police Relief Association Aid; Fire Relief Association Aid; Fire Insurance Surcharge Aid to Fire Relief Associations; Amortization Aid to Police and Paid Firefighters' Pension Plans; Supplemental Amortization Aid to Police and Paid Firefighters' Pension Plans; State, County and Local Highway Aids; and Other County Aids to Cities.

Figure 1: Taxonomy of Grants to Cities



Gravel tax distributions are the only example of a categorical, formula-driven grant which requires no effort on the part of cities to receive. Gravel taxes are levied on aggregate material removed from gravel pits or deposits in 22 counties and the proceeds are distributed by the county board to be expended for maintenance and construction of roads, highways and bridges. Thirty percent of the gravel tax collections are distributed by the county board to the road and bridge fund of chosen towns and to the general fund or other designated fund of chosen cities.

Competitive grants and grants which are not strictly competitive but which require an extensive application to prove eligibility are excluded because to do otherwise would set up a disincentive for cities to either compete for them or to submit the required paperwork to establish eligibility. Moreover, these grants tend to be project-based and cities do not "expect" the revenue (i.e., they are not entitlements).

Noncompetitive grants for non-basic services or above-basic levels of service are excluded. These revenue sources should not be considered part of basic revenue-raising capacity because they fund services not considered in the determination of basic spending levels.

Contract Revenues

Revenue from contracts with other local governments to provide service to residents outside city boundaries are subtracted from expenditures rather than added to basic revenue-raising capacity. Aid to cities should be based, to the extent possible, on the city's need to provide services within its own boundaries. When contract revenues are subtracted from expenditures, the remainder is the cost associated with spending for local residents if the city is correctly pricing its services. If the city underprices its services, this methodology will cause its expenditures for services to local residents to look high when compared to other cities, which should encourage cities to price their services at full cost. Importantly, however, general purpose aid will not compensate the city for subsidizing surrounding areas.

Excluded revenues

Cities are not expected to use tax increments, local sales taxes and hotel/motel taxes to offset basic spending level.

Tax increment financing (TIF) revenues are excluded because Minnesota law requires cities to have a taxpayer-approved and legislatively sanctioned plan for spending the revenues before this revenue-raising tool may be used. It would not be appropriate to expect cities to use this "dedicated" revenue to offset basic spending needs. Furthermore, Minnesota law permits the use of TIFs for a number of different types of projects, but the vast majority are for

redevelopment, economic development and/or housing projects, none of which are considered part of basic spending level.

Local sales taxes are excluded because Minnesota law requires cities to obtain special legislative authority in order to levy them and dedicate the revenues toward the completion of a specific authorized project. As with TIF revenues, it would be inappropriate to expect cities to use a dedicated revenue to offset basic spending needs. Also, most of the projects authorized are economic development projects, a service area not recognized in basic spending level. Moreover, because the legislature allows cities to use a local sales tax only with special permission, the spending that it finances must be viewed as "exceptional" and therefore "above-basic."

Hotel/Motel taxes are excluded because the revenues must be dedicated to marketing or promoting the city as a tourist or convention center. Such activities are considered part of a city's "economic development" program.

COMPARISON OF ACTUAL 1990 REVENUES TO BASIC REVENUE-RAISING CAPACITY

TYPE OF REVENUE	1990 ACTUAL REVENUE	% OF ACTUAL REVENUES	BASIC REVENUE-RAISING CAPACITY	% OF TOTAL REVENUE CAPACITY	DIFFERENCE	PERCENT DIFFERENCE
PROPERTY TAXES, SP. ASSESSMENTS, CERTAIN CREDITS	$651,789,432	49.1%	$561,129,794	51.2%	($90,659,638)	-13.9%
FEES, LICENSES, MISC. REVENUES	$366,219,344	27.6%	$240,468,536	21.9%	($125,750,808)	-34.3%
INTEREST EARNINGS	$197,733,291	14.9%	$187,529,123	17.1%	($10,204,168)	-5.2%
STREET AIDS	$66,087,994	5.0%	$59,479,195	5.4%	($6,608,799)	-10.0%
POLICE AID	$17,249,504	1.3%	$15,524,554	1.4%	($1,724,950)	-10.0%
OTHER COUNTY AID	$16,186,486	1.2%	$14,567,837	1.3%	($1,618,649)	-10.0%
FIRE AID	$8,453,489	0.6%	$7,608,140	0.7%	($845,349)	-10.0%
TACONITE AID	$4,353,359	0.3%	$4,353,359	0.4%	$0	0.0%
AMORTIZATION AID	$3,753,163	0.3%	$3,377,847	0.3%	($375,316)	-10.0%
POLICE TRAINING REIMBURSEMENT	$1,744,898	0.1%	$1,570,408	0.1%	($174,490)	-10.0%
INSURANCE SURCHARGE	$1,060,609	0.1%	$954,548	0.1%	($106,061)	-10.0%
SUPPL AMORT AID	$756,904	0.1%	$681,214	0.1%	($75,690)	-10.0%
GRAVEL TAXES	$171,290	0.01%	$169,010	0.01%	($2,280)	-1.3%
BODY ARMOR REIMBURSEMENT	$76,496	0.01%	$68,846	0.01%	($7,650)	-10.0%
VIDEO GAMING REIMBURSEMENT	$24,370	<0.01%	$21,933	<0.01%	($2,437)	-10.0%
ANTI-DRUG TRAINING REIMBURSEMENT	$7,311	<0.01%	$6,580	<0.01%	($731)	-10.0%
MPLS RETIRE FUND*	$0	0%	$7,508,071	0.7%	$7,508,071	
TOTAL	$1,335,667,940	100.0%	$1,105,018,995	100.0%	($230,648,945)	-17.3%

Actual Revenues do not include revenues that were excluded from Revenue Raising Capacity, such as TIFs. Total Governmental Fund revenues in 1990 were $2.161 billion.

*=The Minneapolis Employee Retirement Fund grant from the state is not an actual revenue received by Minneapolis, but is an expense paid on its behalf by the state.

Table X compares the actual revenues that cities over 2,500 received in 1990 with their value in the basic revenue-raising capacity. The actual revenue figures exclude the revenues which are not a component of basic revenue-raising capacity. The basic revenue-raising capacity was calculated using the 1990 data, with some notable exceptions.

First, the revenues of Minneapolis and St. Paul were excluded from the calculations of the property tax and fee raising rates. Their exclusion is the primary reason for the noticeable differences between actual property taxes and fees raised in 1990 and their components in basic revenue-raising capacity.

The most noticeable difference between actual revenues and basic revenue-raising capacity concerns the property tax/special assessments and fee components. The expectation of what cities should raise in property taxes and special assessments is $90 million, or 14 percent less than what the cities actually raised in 1990. For fees, licenses, and franchise taxes, expected revenues are $125.7 million, or 34 percent less than actual revenues from these sources.

The differences can be mostly explained by the exclusion of Minneapolis and St. Paul from the calculation of the tax rate and fee-raising rate. Both cities have higher tax rates than the .23 that was used for basic revenue-raising capacity. St. Paul had a rate of .37 while Minneapolis had a rate of .26. (These rates were calculated with 100 percent property taxes and special assessments.)

Minneapolis and St. Paul also raise more in fees per non-impoverished individual than other cities. Actual fees in Minneapolis per non-impoverished person were $305, compared to the $85 for basic revenue-raising capacity. For St. Paul, actual fees were $179 per non-impoverished person. As a result of using lower revenue-raising rates for basic revenue-raising capacity, the basic revenue-raising capacities of the state's two largest cities are two-thirds the size of their actual 1990 revenues.

Another reason actual property taxes and special assessments are higher than their components in basic revenue-raising capacity is because 35 percent of special assessments were excluded from the calculation.

Finally, most grants and aids are 10 percent lower for basic revenue-raising capacity because the actual 1990 value was included at 90 percent. Interest earnings and gravel taxes in basic revenue-raising capacity are lower than 1990 actuals because 1989 data were used for these two types of revenue sources as proxies for what can be expected for 1990.

Summary of Basic Revenue-Raising Capacity

In sum, a city's basic revenue-raising capacity was determined according to the following equation:

+ (0.23318) · *Net Property Tax Capacity*
+ (85.3854) · *Non-impoverished Persons plus Businesses*
+ *Previous Year's Interest Earnings*
+ *Previous Year's Gravel Tax Distribution*
+ *MERF Grants*
+ *Taconite Aids*
+ (.9) · *Body Armor Reimbursement*
+ (.9) · *Video Gaming Reimbursement*
+ (.9) · *Federal Anti-drug Training Reimbursement*
+ (.9) · *Peace Officer Standards & Training Grant*
+ (.9) · *Police State Aid*
+ (.9) · *Fire State Aid*
+ (.9) · *Insurance Surcharge*
+ (.9) · *Amortization State Aid*
+ (.9) · *Supplemental Amortization State Aid*
+ (.9) · *State and County Highway Aid*
+ (.9) · *Other County Grants*

Basic Revenue-Raising Capacity

Chapter 6 - Results

(to be discussed at the October 19 meeting)

Chapter 7 - CORE Recommendations

(to be discussed at the October 19 meeting)

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Local Services Funding

DRAFT FINAL REPORT

October 13, 1993

LOCAL SERVICES FUNDING FINAL REPORT

PART 1 - BASIC SPENDING

Introduction

City comparisons are needed

Minnesota taxpayers are demanding more accountability from local officials for how tax dollars are spent. Accountability, however, requires that citizens be able to ask questions about and evaluate city spending practices. To evaluate their city, Minnesota taxpayers need accurate and understandable information about how their city's spending compares to that of other cities.

The amount of money that cities collect and spend is public information, and all cities produce an annual financial statement. Cities must also report revenues and expenditures to the Minnesota State Auditor. This information by itself, however, is of limited use for comparisons, because it gives citizens who wish to evaluate their city's spending decisions only absolute numbers to compare. Absolute numbers cannot help citizens determine which cities in Minnesota really are similar to their city.

Standards for comparison

Evaluations are by nature comparative. For example, students' grades are determined relative to a set standard or the performance of other students. City spending amounts also must be evaluated relative to some kind of standard.

The desire for city comparisons reflects the need to put spending amounts into perspective. Comparisons, however, can be troubling for city officials. While some of the uneasiness over comparisons may be reluctance to be held to a standard, more of it stems from uncertainty about the standard to be used. Many city officials would welcome the ability to make *valid* comparisons of their city to others.

Recent comparisons of Minnesota cities have used only one or two characteristics of cities as the means to determine if a city's spending is "high." The most frequently used factor is population. In a recent State Auditor report[1], cities were ranked on the basis of their per capita expenditures. The Minnesota Taxpayers Association also compared city per capita spending[2]. Although both studies attempted to group cities according to other characteristics, or to mention

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[1]Office of the State Auditor. *1990 Per Capita Spending of Minnesota's Medium-Sized and Large Cities*, June 1992.

[2]Minnesota Taxpayers Association,....

that cities differ in ways other than population, the numbers published were strictly per capita comparisons.

Problems with per capita analyses

Per capita comparisons are problematic for several reasons:

- Population is only one dimension of a city. Cities are complex conglomerations not just of people, but of industry, geography, and socio-economics.

- Population is not always relevant as a measure of need for city services. For example, based on CORE's research, population is not appropriate as a measure of a city's need for fire suppression and prevention services. Instead, the need for fire services is based on the number and characteristics of each city's structures. To compare city expenditures for fire based on population would lead to erroneous conclusions.

- Many of a city's services are used by non-residents, such as workers coming in from surrounding communities, or people who come to the city to shop. City population by itself cannot capture this additional service demand.

To adjust for the problems with per capita analyses, some studies combine per capita amounts with city classifications. This combination, however, does not solve comparison problems. In a classification system, cities of similar size, density, growth and so on are assumed to have roughly the same need for services. The difficulty with this assumption is that city classification characteristics create a *very rough* approximation of an individual city's actual need. In addition, because classifications necessarily generalize, differences in per capita spending among the cities within a category tend to be nearly as great as, if not greater than, the differences between the categories. This variation makes it difficult to draw conclusions from the findings, especially when comparisons between categories are being made.

CORE makes city comparisons possible

Cities have said that they are too different to be compared. CORE believes that this objection stems primarily from the fact that valid comparisons have not been available before. By taking into account relevant differences between cities, the CORE methodology makes comparisons of Minnesota's diverse cities possible.

The CORE methodology is based on a concept of "basic spending." *Basic spending* is CORE's determination of how much a city needs to spend to provide a basic, minimum and adequate level of basic city services. Basic city services are defined by CORE as street construction and maintenance, fire protection, police protection, parks and recreation, and government administration.

To arrive at basic spending need, CORE established workloads for each service. Workloads are based on who or what creates the need for a particular city service. Potential workload factors were identified through literature review and discussions with experts. From those factors, CORE identified measurable city characteristics that could be used to quantify a city's workload for the service. These factors also had to be outside the city's control -- i.e., they could not be dependent upon decisions made by the city.

The CORE comparisons do not rank cities on a per-workload spending basis. Instead, by establishing a level of spending that can be considered "basic," CORE has provided a standard of comparison for city expenditures. City spending practices are compared both to "basic" levels of spending on a service-by-service basis, and also to the spending practices of other Minnesota cities. Indicating whether city spending is above or below basic spending on specific services is a more accurate representation of individual cities' spending practices than a rank for each service. This approach allows evaluation of overall spending practices without disregarding each city's uniqueness.

Basic spending is not a mandate

CORE has determined city basic spending need for two purposes:

1) As a means for taxpayers to make city comparisons and evaluate their city's spending practices.

2) As the means by which state general purpose aid amounts should be calculated. In Part 2 of this analysis, basic spending is compared to basic revenue-raising capacity, and the gap between the two is used to determine state aid amounts.

The use of basic spending as the determinant of general purpose aid amounts is NOT a mandate to cities of the level of services they ***should*** or ***should not*** provide. CORE believes that the state should not mandate actual city spending amounts. If a city's basic spending need for fire is $1 million, CORE is not suggesting that the city should be spending $1 million. City administrators and residents may choose to spend less, or may choose to spend more. Even though cities receive general purpose aid from the state, they should be allowed to make their own choices about where to use those funds, as long as citizens have the means to evaluate their city's spending practices. The state, however, should not be paying for the choice of above adequate services.

Information Gathering

The primary sources of information for the LSF project were data from the Office of the State Auditor on city expenditures and revenues, surveys, and discussions with experts. The State

Auditor database is the only comprehensive source of information on city spending practices. Chapter 5 in Part 1 describes some of the limitations of this data and the adjustments that CORE made.

Discussions with experts ranged from focus groups with fire chiefs to individual interviews with interest group representatives and analysts from state agencies. In all, CORE reviewed the study approach with over 300 people. For the workload analyses in Chapter X, additional data were gathered from a number of sources including the 1990 U.S. Census, the Bureau of Justice Statistics, the Minnesota Departments of Revenue, Transportation, and Finance, the Land Management Information Center, and the Minnesota State Demographer.

Chapter 1 - What is "Basic Spending?"

The CORE definition of "basic spending" is simply *the amount a city needs to spend to provide a basic, minimum and adequate level of service.*

There is a great deal of variation in city spending practices. One city may spend more than another for several reasons:

a. fundamental and relatively uncontrollable city characteristics that imply the need for more costly techniques, methods and technologies or that imply the city must serve greater needs;

b. inefficient resource use;

c. demand by the city's citizens for higher quality services or greater amounts of service; and/or

d. differences in input prices, such as labor costs.

Cities provide a variety of services. Rather than develop a single measure of city basic spending, CORE developed a methodology that establishes a basic spending level for each of five city services: streets, police, fire, parks and recreation, and government administration. Basic spending is also determined for "other" expenditures (that do not fit into any of the more defined categories) and for interest expense.

The purpose of establishing a basic spending level for each of these five services is to account for those characteristics of cities that are outside cities' control (a., above). By doing so, CORE makes it possible for cities to be compared. Differences in spending can then be attributed to factors that *are* within a city's control.

Cities Over 2,500

The CORE analysis of basic spending includes only those Minnesota cities of 2,500 population or greater. This is because only cities over 2,500 are required by the State Auditor to use generally accepted accounting principles, or GAAP. Therefore, the accounting practices of cities over and under 2,500 can vary greatly, making it impossible to compare their financial data.

Services Cities Provide

All cities over 2,500 provide, whether directly or by contract, ***street, police, fire,*** and ***parks and recreation*** services. In addition to services, cities incur costs for administration (for example, the mayor, city council, and the city manager) and for interest on long-term debt. These are the spending categories that are included in the analysis of basic spending.

The following city services are *not* included in the determination of basic spending need: airports, ambulances, economic development, garbage collection, health programs, housing redevelopment, libraries, and transit systems.[3] Not all cities offer these services, and some cities operate them as enterprises (meaning they are self-supporting and do not use general fund revenues). Others of these programs are supported primarily with federal or state categorical funds. Some of these services are also provided by the county. (For more detail on the excluded services, see *Appendix X.*)

Measuring City Expenditures

The first step toward the determination of basic spending levels was to construct an accurate measure of city spending for each of the five services. Cities annually report expenditures (and revenues) to the Office of the State Auditor. These expenditures are reported in a number of different categories. Not all cities, however, report spending in the same categories or in the same way. The costs of a building inspector, for example, might be recorded under public safety, general government-other, or other expenditures. The purpose of constructing an expenditure measure was to correct and then to summarize this complex information.

1990 Data

When the CORE analysis began, 1990 was the most current year of data available from the State Auditor. Although 1991 data became available during the course of the project, CORE had already collected additional 1990 information to correct the State Auditor data. In addition, 1990 was the most current year for many of the factors used in the workloads.

Types of City Funds

Under generally accepted accounting principles, city expenditures are organized into two major types of funds: the *governmental fund* and *enterprise funds*.

- The *governmental fund* is primarily used to account for spending on general purpose

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[3]Revenue sources for these services also are not included in the determination of revenue-raising capacity.

government activities such as streets, parks, police, fire, and government administration. Revenues into this fund come from local taxes, state aid, fees, charges, and grants.

- *Enterprise funds* are set up for specific services. These services are intended to be self-supporting, operating entirely by fee-generated revenues.

Only *governmental* fund expenditures are included in the analysis of basic spending, because enterprise funds are expected to be self-supporting. Expenditures and revenues from enterprise funds are not added to governmental fund expenditures and revenues. Although profits from enterprise funds may in some cases offset governmental fund expenditures, these profits are revenues rather than expenditure reductions. The situation in which a city's enterprise funds produce a regular loss is one which should be a concern to general taxpayers, but these losses should be treated in a different forum, perhaps by "truth-in-taxation" reports.

Contracts for Service

Some cities provide services to or purchase services from other entities. If cities were reimbursed for providing one of the five services to another entity, CORE subtracted the contract revenues from the expenditures of the city providing the service. The purpose of the subtraction was to exclude expenditures that are not real costs to the city, because they are reimbursed. If contract costs were included, the city's expenditures would appear inflated.

Capital Outlay

In addition to current expenditures, the CORE methodology accounts for the amounts cities spend on items such as equipment or building construction. The addition of capital outlay to city expenditures is difficult, however, because city governments neither account for capital consumption using a depreciation account nor produce consistent "balance sheets" showing asset values by service. Furthermore, State Auditor reports do not show what portion of yearly capital purchases are financed by debt and what portion are purchased by cash. Nor do the State Auditor reports show principal and interest payments by service (though they do show capital purchases by service).

To approximate annual capital consumption, an eight-year average of capital outlay[4] is added to the expenditure measure for each service. In addition, a separate basic spending level is developed for total interest payments. An average of capital outlays is used because capital outlay can vary significantly from year to year, especially for smaller cities. Using an average

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[4]Capital outlays are converted to 1990 dollar equivalents before being averaged over the years 1984-1991, using the implicit price deflator for Gross Domestic Product, State and Local Government Purchases. To calculate the figures in 1990 dollars, current year figures are divided by their price deflator.

helps to even out the variation in spending between years. However, some very large capital purchases (e.g., for structures) occur less frequently than once in eight years and thus capital costs may be over- or under-estimated by this method, depending on whether the individual city made any large, once-in-fifteen-years capital purchases in the last eight years.

Spending was averaged over eight years because only eight years of capital outlay data was available from the State Auditor. As more data becomes available, the average of capital outlay should be extended until it reaches 15 years. Adding more years to the average improves the estimate of capital consumption because doing so gives less weight to the expenditures of any individual year and gets closer to the average life span of capital.

Labor Cost Adjustments

One reason for variation in city spending is the wage rates paid to city employees. To a certain degree, these variations are within the control of city managers and to a certain degree they are not. In some areas of the state, wages are on the average higher in all industries because of prevailing economic conditions. Cities in these areas need to pay higher wages to retain good staff. Accordingly, the analysis adjusts city costs to correct for wage rate conditions that are outside the control of city managers.

Workloads

Once city expenditures are measured, they can be compared to the factors that affect spending in each of the five major service categories: streets, police, fire, parks and recreation, and government administration. The pattern of the relationship between city expenditures and the factors that contribute to spending indicates a general level of spending necessary to provide each service at a basic, minimum, adequate level.

As the first step in determining basic spending levels, CORE identified the factors that contribute to spending for each major city service. CORE identified these factors through literature review and discussions with experts. CORE then determined which of the factors were measurable as well as outside of cities' control (i.e., not influenced by city decisions). The factors, when combined, constitute a city's workload for the service.

The factors, or workload, are a measure of who or what creates a need for the city's services. For example, experts in fire suppression indicated that a city's need for fire protection services is primarily affected by the amount and types of property within its boundaries, the age of the city's buildings, and the amount of traffic that travels through the city. To measure property types, CORE used major property classifications, weighted by the relative frequency of fires and the difficulty of putting out fires for each property type. To measure the age of structures, the

analysis uses the median year residences were constructed in the city. And to measure the level of traffic traveling through the city, the analysis uses Department of Transportation traffic volume counts.

Factors like these were identified and measured for each of the service categories.

Adequacy

The limitations of time and data prevented CORE from establishing "true" costs for each service. Instead, CORE based the determination of basic spending on actual city spending patterns. Not all cities over 2,500, however, were included in the determination of basic spending levels. If all had been included, the results would likely not reflect "basic" spending but would be too high or too low.

For example, some cities have unusually high expenditures compared to their workloads. Although there may be specific reasons for this, their spending is not "basic." Including these cities would have raised basic spending levels. Likewise, some cities provide less-than-basic services, or do not pay the full cost of the services provided to their citizens by other entities. For example, in some cities the county covers for the police department during the night, without charge. These cities' spend less than most other cities, and including them would have lowered basic spending levels.

To ensure that each basic spending level was not being biased by these kinds of cases, each service workload includes an approximation of service ***adequacy***. The concept of adequacy was used to exclude cities that appear to not provide a basic level of service as well as cities that appear to provide well-above basic services from the determination of basic spending.

For each major city service, the determination of adequate service levels took a different form. For fire, clear measures of adequacy were available (*see Chapter 2*). Neither streets nor police have true adequacy measures available, but cities were excluded from the determination of basic spending if they did not provide the same level of service as most cities (e.g., police departments that provided less than 24-hour coverage). An "input" measure was used for parks and recreation as an indicator of adequacy (the number of acres maintained for active use). No measure of adequacy was available for government administration or "other" expenditures.

For all included services, cities with expenditures more than 50 percent above the overall average city spending level were excluded from the determination of basic spending. In addition, Minneapolis and St. Paul were excluded from the determination of basic spending because of their size. The cities that remained were used to determine a basic spending level for each major city service.

Interest Expense

In addition to current expenditures on each service, cities have expenses for capital outlays for which they have borrowed funds. To supply basic services to residents and business, cities often need to make significant purchases in one year that will provide benefits for future years. The cost of some capital outlays and the extended time over which the benefits are realized make debt financing of these expenditures both necessary and prudent. For example, a city may need to build a new facility or purchase a fire truck. These purchases provide benefits over a number of future years. Debt financing matches costs to the benefits received. Additionally, debt financing stabilizes the revenue needs of a city by supplementing traditional revenue sources in years of significant capital outlays. A factor for interest expense was added to the sum of the basic spending calculations.

Summary: Basic Spending

The city expenditures used to determine basic spending levels are:

- ***Current expenditures less contract revenues***
- ***8-year average of capital outlay***
- ***Labor cost adjustment***

The total basic spending level is the sum of:

streets basic spending level +
police basic spending level +
fire basic spending level +
parks and recreation basic spending level +
government administration basic spending level +
other basic spending level +
interest expense.

The workload and the basic spending level for each service are explained in Chapter 2.

Chapter 2 - Service Workloads and Basic Spending Levels

Introduction

This chapter describes how basic spending levels were established for five major city services: streets; police; fire; parks and recreation; and government administration. A basic spending level is also described for a category of expenditures that can only be called "other." Finally, a method is described for determining a city's basic interest expense.

The determination of basic spending for each category follows a set pattern:

a) identification of the factors that contribute to spending for the service (for factors considered but not included, see Appendix XX);

b) estimates of the relative importance of each factor for spending (workload weights, described in Appendix XX);

c) identification of criteria for including cities in the "pool" for determining a basic spending level; and

d) calculation of the basic spending level.[5]

[METHODOLOGY FIGURE HERE]

[5]The calculation of basic spending used regression analysis to establish a "typical" level of spending that could be expected of every city.

City Service: Streets

BACKGROUND

Minnesota cities spend more on their streets than on any other category of expenditures. In 1990, the 181 cities over 2,500 spent nearly $359 million on streets, or 26.5 percent of their total spending.

According to 1993 figures, there are 133,094 miles of two-way roadways in the state. Included in this total are 14,156 miles of municipal streets and 2,082 miles of municipal state aid roadways, which are owned by the cities and partially subsidized by the state through categorical aid distributed by the Minnesota Department of Transportation (MNDOT).

Cities are responsible for the maintenance and construction of municipal streets and municipal state aid roadways. Cities clean streets, remove snow, and provide for proper lighting. Often a city's street services are housed in a public works department. City engineers are usually responsible for designing and planning new city streets or repairing existing streets.

Occasionally cities are also responsible for maintaining the county or state trunk highways within their borders. Cities vary in the types of agreements that are established with these other governmental bodies. Some cities receive regular funds from the county or state for maintenance, snow removal, and cleaning of these non-city streets. Capital projects on county or state highways tend to be negotiated on a project by project basis and thus reimbursement varies from year to year. Where data were available, these contract revenues for services on non-city streets were subtracted from a city's street expenditures.

The city street expenditures used for determination of the streets service need include 1990 spending for street maintenance, snow removal, street engineering, street lighting, street cleaning, and an eight-year average of street construction and other capital outlays.

DETERMINATION OF WORKLOAD

Transportation experts indicated that the relative costs or needs for streets are primarily determined by three factors:

1. The size of the street system.
2. The use of the system - i.e., the demand for street construction and maintenance.
3. Construction and maintenance costs.

To capture these needs, the workload for streets is made up of two components: traffic volume,

which is a measure both of size and use; and soil type, which affects construction costs.

Equation X: Streets services workload formula.

(*Traffic Volume*) + (1 + *Soil Weight*)

Traffic Volume

Traffic volume is both a measure of demand and of the relative size of the street system. Transportation experts think of streets as consumable goods. Each trip on the surface contributes to the gradual destruction of the roadway.

The best information available on traffic volume is a measurement called "total vehicle miles." Total vehicle miles is essentially a count of the number of cars that travel on a city's streets per year. This workload analysis uses average vehicle miles per day for city-owned streets only. Traffic on county or state trunk highways within a city is not included because other levels of government have the primary responsibility for these roads and should be reimbursing cities for any services they provide on these roads. Heavy commercial and 5-axle vehicles place additional demands on roadways, but they are not given special consideration because they represent only two percent of all traffic on city-owned streets.

Traffic volume is an appropriate measure of the need for streets because it is a factor that is outside the control of city officials. The way that traffic volume is measured ensures that the data reflects current needs rather than past decisions. A street that is not used will not contribute to the city's workload. Because it measures the actual use of city streets, volume captures the demand for streets of city residents as well as visitors to the city.

Soil Type

Different types of soil present different challenges - and different costs - for road construction. MNDoT has identified four basic soil types in Minnesota, designated as soil type 50, 75, 100, and 130. Soil with a factor of 50 is less expensive to pave than soil with a factor of 130. The soil portion of the streets workload gives additional spending need to cities with a poorer quality of soil. (See Appendix XX for a more detailed description of how the soil index was calculated.)

ADEQUACY

Adequacy data for city-owned streets is not uniformly available. Adequacy measurements such as pavement condition ratings or congestion which were used by the State Auditor's office in its 1993 report on Minnesota's streets and highways are only available for arterial and collector

roads, not for local roads. Ninety percent of city maintained streets are local roads. New Federal legislation (the Intermodal Surface Transportation Efficiency Act-ISTEA) requires cities to have a pavement management system which would entail keeping road condition ratings. Once these systems are in place, uniform performance data for city streets will be available.

As a substitute for adequacy, the proportion of a city's street expenditures that were spent on construction was analyzed. Cities whose eight-year average of capital outlays for construction was less than 10 percent of their total street expenditures were removed from the basic spending pool. This assumes that cities should spend an average of at least ten percent of their street expenditures on construction and that cities with less than this level of construction are not doing enough to maintain their roads.

BASIC SPENDING

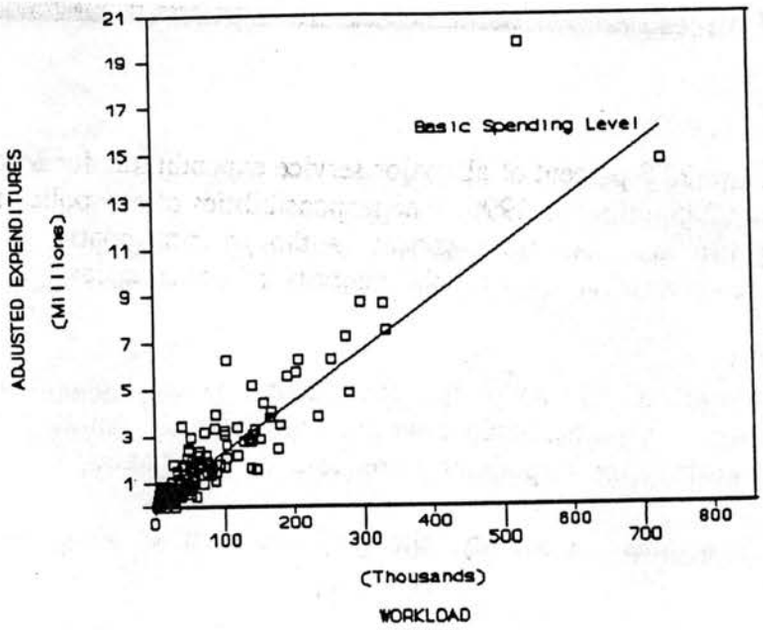
121 cities were used to determine the streets basic spending level. Twenty cities were excluded due to data problems; 17 cities were excluded because capital outlays for construction were less than ten percent; 21 cities were excluded because of high expenditures. In addition, Minneapolis and St. Paul were excluded because of their size.

The basic spending formula for street services is:

BASIC SPENDING NEED FOR STREETS = $155,618 + $21.82 (WORKLOAD)

All cities are credited with $155,618 in fixed spending need as well as $21.82 for each additional unit of workload (traffic volume and soil type). In the following graph, each small box represents a city's 1990 adjusted street expenditures, and the line represents the basic spending level.

Figure X: Basic Spending Level for Street Services



City Service: Police

BACKGROUND

Police expenditures are 20.3 percent of all major service expenditures for Minnesota cities over 2,500 population, or $275 million in 1990. The responsibilities of city police fall into two broad categories: crime control, and non-crime services. Although crime control is generally assumed to be the primary function of city police, the majority of police encounters are in non-crime areas.

Crime control activities of the police include making arrests, conducting searches, and investigation. Non-crime activities include writing traffic tickets, calling for an ambulance or fire truck, directing traffic, and responding to requests for information.

Policing is a very labor intensive activity. Roughly two-thirds of police budgets are spent on wages and salaries.

DETERMINATION OF WORKLOAD

Police and criminal justice experts indicated that a city's need for police is primarily determined by the characteristics of its population. Population as a measure of workload has two components:

1. The city's population, with different segments given more importance according to demographic characteristics (age, gender, household type).

2. Additional population that comes into the city (workers, shoppers, tourists).

Equation X: Police services workload formula.

$$\left[\begin{array}{l} +\ (0.34)\ x\ (\ \textit{Children Aged}\ 0\text{-}11) \\ +\ (2.58)\ x\ (\ \textit{Males Aged}\ 12\text{-}24) \\ +\ (1.95)\ x\ (\ \textit{Females Aged}\ 12\text{-}24) \\ +\ (1.00)\ x\ (\ \textit{Males Over Age}\ 24) \\ +\ (0.83)\ x\ (\ \textit{Females Over Age}\ 24) \\ +\ (0.60)\ x\ (\ \textit{Persons in Female-headed Households}) \\ +\ (0.22)\ x\ (\ \textit{Workers}) \end{array}\right] x\ (1 + \textit{Retail} + \textit{Lodging})$$

City Population

The primary determinant of the size of a police department's workload is the size of the city's population. The more people in a city, the greater the need for police.

Rather than using simple population, however, each city's total 1990 population was adjusted to reflect the relevant characteristics of the population. National victimization data clearly indicate that there is variation in the rate of victimization among different population groups. For example, young people are victims more often than older people, and males are victims more often than females. An increased likelihood of victimization means an increased need for police services.[6] Members of female-headed households also are more often victims than members of other households, thus requiring more police services. The higher victimization of female-headed households is at least in part due to factors (such as poverty) that are associated with an increased need for police services. Large cities with an older central core (Minneapolis, St. Paul and Duluth) also have higher victimization rates. The characteristics used to adjust a city's population were age (0-12, 12-24, and over 24), males/females, and female-headed households. (*For how weights were calculated, see Appendix X.*)

Population Influx

Police departments provide services to all people within their jurisdiction, whether or not those people are city residents. The more non-residents that come into a city, the greater the number of people that could require city police services. In addition, population influx results in increased traffic congestion and traffic accidents, also resulting in greater demand for police services.

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[6]The reasons for using victimization rates rather than crime data for determining police workload are: 1) police serve victims, not criminals; and 2) victimization data is less subject to manipulation or reporting variations than crime statistics, yet reflects similar patterns.

Actual population influx data for each city is not currently available. To estimate the number of people entering a city temporarily, CORE used three indicators:

1. *Workers:* Cities surrounded by "bedroom communities" often experience an influx of non-resident workers. The number of workers coming into each city is calculated using data from the census, and added to a city's population.

2. *Retail sales:* Some cities attract a lot of non-residents because they have more or larger retail establishments than surrounding communities. The additional workload caused by shoppers is measured by looking at how much greater each city's retail sales are than would be expected for a city of that size.

3. *Lodging sales:* Many cities in Minnesota attract tourists. Tourism as a factor is only in part captured by the measure for retail sales. No actual count of tourists is available for cities. As a proxy for tourism, therefore, additional workload is given to each city whose lodging receipts are greater than would be expected for a city of that size.

ADEQUACY

Little agreement exists among police experts on a reliable way to assess the performance of police services. Measures often used by individual city police departments to gauge their own success include clearance rates and response time:

> The clearance rate refers to the number of cases that were solved either through an arrest or closed through some exceptional situation. The clearance rate, like crime rate data, is subject to much variability as a result of different agency practices and reporting procedures, and thus cannot be used for comparisons across city police departments.
>
> Response time refers to the length of time between a report of a crime and the arrival of the police. Serious concern has been raised about the value of a rapid response. Some researchers have found that police response time has little impact on crime outcomes. In addition, many police departments do not collect response time data.

The only indicator of adequacy available for police services was coverage. Not all Minnesota cities provide 24-hour police coverage. In some cities the county provides the city police services, under contract. In other situations, the county covers for the police department for a specific time, usually during the night. Police experts indicated that cities do not bear the full cost of the county sheriffs' services. These cities' spending is thus "less than basic" and they were excluded from the determination of basic spending. More research should be conducted in the future so that adequacy for police services can focus more on outcomes than inputs.

BASIC SPENDING

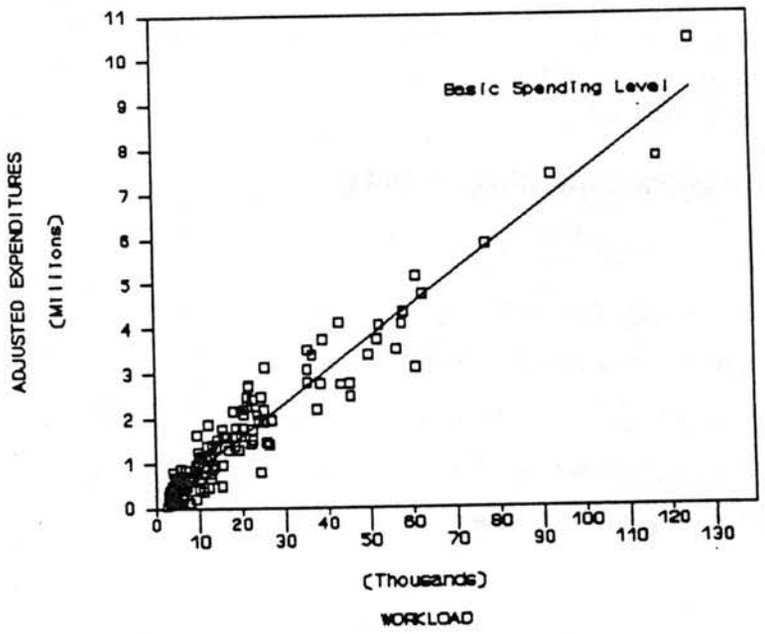
Basic spending for police was determined using 121 cities. Twenty-two cities were excluded from the pool due to data problems; 18 cities were excluded because they contracted with the county sheriff (cities that contract with the county sheriff often do not pay the true cost of police services - the county may subsidize the cost of the service); 11 cities were excluded because they do not have 24-hour police services (making comparisons with 24-hour departments inaccurate), and six cities were excluded because of high expenditures. In addition, Minneapolis and St. Paul were excluded because of their size.

BASIC SPENDING NEED FOR POLICE = $171,623 + $72.83 (WORKLOAD)

All cities were allotted $171,623 in fixed spending need for police services. In addition, cities receive $72.83 for each additional unit of workload (weighted city population plus influx).

The graph below shows the basic spending level for city police services.

Figure X: Basic Spending Level for Police Services



City Service: Fire

BACKGROUND

Fire prevention and suppression service expenditures account for ten percent of all major service expenditures for Minnesota cities over 2,500 population, or $132 million in 1990. City fire departments provide a number of fire-related services, including fire suppression, code enforcement, hazardous materials leaks and spills response, and prevention/education activities.

Spending varies between cities as a result of differing service needs and priorities. One significant reason for the variation in costs is the use of paid rather than volunteer fire fighters. Eleven fire departments in Minnesota have all paid staff, and another 35 have some paid staff. The remaining departments are all-volunteer. The expenditures of cities with paid departments are consistently higher than the expenditures of cities with volunteer departments.

DETERMINATION OF WORKLOAD

Fire experts indicated that a city's need for fire is primarily determined by three factors:

1. The amount and type of property within its boundaries.
2. The age of the city's buildings.
3. Traffic volume.

Equation X: Fire services workload formula.

$$\left[\begin{array}{l} +\ (1.0)\ x\ (1.2065)\ x\ (\textit{Residential Units}) \\ +\ (2.0)\ x\ (1.1068)\ x\ (\textit{Commercial Units}) \\ +\ (2.0)\ x\ (0.8262)\ x\ (\textit{Hazardous Materials})\ x\ (\textit{Industrial Units}) \\ +\ (1.5)\ x\ (0.4721)\ x\ (\textit{Institutional Units}) \\ +\ (1.0)\ x\ (0.3119)\ x\ (\textit{Other Buildings}) \end{array}\right] x\ (1\ +\ \textit{Age}\ +\ \textit{Traffic Volume})$$

Property Type

The cost of fire services is directly related to the number and types of structures protected by the fire department. Five categories of property were defined using major property classifications: residential; commercial; industrial; institutional (e.g., schools); and other.

Age of Structures

Older buildings are a greater fire risk than newer buildings. Older buildings are constructed of more flammable materials and are less likely to have sprinkler systems.

Traffic Volume

More than twenty percent of all fires in Minnesota occur in vehicles. Therefore, cities that have more traffic are more likely to have fires.

Paid vs. Volunteer Fire Departments

Thirty-five Minnesota cities have a full-time paid fire department, six cities have a paid fire chief and an all-volunteer fire department, and 138 cities have a combination of some paid fire fighters and some volunteers.

Cities with a paid fire department almost invariably have substantially higher spending than cities of similar workload that have a volunteer fire department. Based on discussions with fire experts and comparisons of cities with similar workloads, CORE determined that all cities - with the exception of Minneapolis, St. Paul, Duluth, and Rochester - *could* provide adequate fire protection services with a volunteer or near-volunteer fire department. Bloomington, for example, one of the largest Minnesota cities, has a near-volunteeer fire department.

The basic spending level for fire services, therefore, was calculated twice: once for all cities but the four named above, using spending data only on volunteer and near-volunteer fire departments; and once for the four cities, using spending data only on paid fire departments.

ADEQUACY

Two criteria were used to assess the performance of fire services. The first criterion is a rating by the Insurance Service Office (ISO), a nationwide nonprofit service organization serving the property and casualty insurance industry. The ISO rating is based on an evaluation of each city's fire department, fire alarm system, and water supply. The ISO rates fire departments on a scale of 1 to 10, where the highest rating is a 1. Cities that received an ISO rating worse than 5 were excluded when basic spending was determined.

The second criterion, fire loss, measures the extent of property damage and loss of life caused by a fire. The dollars of fire loss is an appropriate measure of performance because it is a central mission of fire departments to minimize economic losses due to fire. Cities with a fire loss greater than $100 per workload were excluded when basic spending was determined.

Fire experts believe that fire loss data is of varying quality. Individual departments are given a great deal of discretion in determining how to report losses and fire fighters are not trained to estimate losses. In addition, since fires occur sporadically, a single fire with extensive losses could seriously skew the data. Therefore, city fire losses were averaged over [4 or 5] years.

These two adequacy criteria provide a rough assessment of a city's fire suppression capabilities. In the future, additional measures should be developed that will better evaluate a city's fire prevention activities and fire suppression performance.

BASIC SPENDING

Basic spending for volunteer fire departments was determined using 35 cities. Of all Minnesota cities over 2,500 with volunteer fire departments, 37 cities were excluded because they had paid fire departments; 15 cities were excluded due to data problems; six cities were excluded because they do not separate their ambulance and fire expenditures; 28 cities were excluded because they had high fire losses or did not report their fire losses; 52 cities were excluded because of high ISO ratings; and six cities were excluded because of high expenditures.

Basic spending for paid fire departments was determined using 18 cities. Of all Minnesota cities over 2,500 with paid fire departments, four cities were excluded because of data problems; six cities were excluded because they do not separate ambulance and fire expenditures (including St. Paul); two cities were excluded because they had high fire losses or because they did not report their fire losses; three cities were excluded because of high ISO ratings; and three cities were excluded because of high expenditures.

BASIC SPENDING NEED FOR:

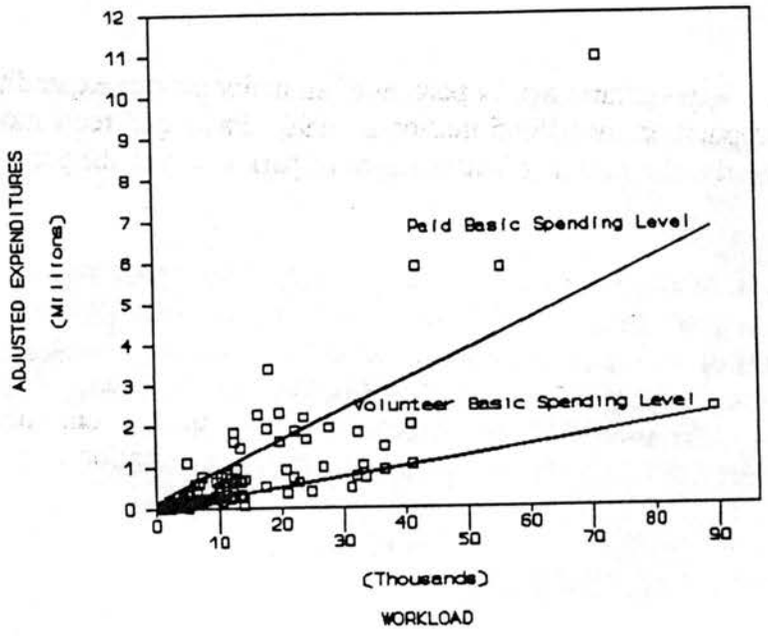
VOLUNTEER FIRE DEPARTMENTS = \$3,856 + \$25.06 (WORKLOAD)

PAID FIRE DEPARTMENTS = \$194,907 + \$73.24 (WORKLOAD)

Most cities were allotted \$25.06 for each additional unit of workload (type of structures, age, and traffic volume). In addition, those cities were allotted \$3,856 in fixed spending need for fire services. The four cities who need paid departments (Minneapolis, St. Paul, Duluth and Rochester) were allotted \$194,907 in fixed spending need plus \$73.24 for each additional workload.

The graph below shows basic spending levels both for cities with paid and with volunteer fire departments.

Figure X: Basic Spending Level for Fire Services



City Service: Parks and Recreation

BACKGROUND

Parks and recreation expenditures are 14 percent of all major service expenditures for Minnesota cities over 2,500 population, or $189.5 million in 1990. Parks and recreation services includes expenditures for the development and maintenance of park land and the provision of recreational activities.

Parks and recreation expenditures vary greatly between cities. One reason for this variation is the amount of recreational programming offered. Large cities often provide more programming to meet the demands of a diverse population. In addition, some cities pay less for recreational programming because the cost is subsidized or provided by community education programs or private associations. Variation also occurs because some cities use enterprise funds to pay for park services. Enterprise funds are not included in the determination of a city's expenditures.

DETERMINATION OF WORKLOAD

Parks and recreation experts indicated that a city's need for parks and recreation is primarily determined by the following three characteristics:

1. The number of city residents (population).
2. The income level of city residents (impoverished persons).
3. The number of non-residents attracted to the city's parks (population draw).

Equation X: Parks and recreation services workload formula.

$$(Population) + (0.25) \times (Impoverished Persons) + (Population\ Draw)$$

Population

"Parks serve people." There is a strong social value underlying the provision of facilities and programming for recreation that says all people deserve free access to a little bit of the outdoors. The primary factor influencing a city's demand for parks and recreation services, therefore, is its population. The more people in a city, the greater the need for parks and recreation services.

Impoverished Persons

Park providers repeatedly stated that the most important priority of public parks is to serve the poor. Impoverished people have less access to privately-provided recreation, and thus have greater demand for public parks. In addition, some cities are expanding recreational programs

for youth with the intent of decreasing crime.

Population Draw

Both city residents and people living outside the city boundaries use a city's park. The more that non-residents come into a city, the greater the cost of providing parks and recreation services. A person is more likely to use a city park outside their place of residence close to where they shop and conduct business. CORE gave additional workload to cities that have a large variety of retail and wholesale businesses, serving a regional population.[7]

ADEQUACY

To assess the overall performance of a city's parks and recreation services, one would need to evaluate the quantity of park facilities, the quality of maintenance, and the quantity and quality of programming. CORE was only able to obtain consistent data on one aspect of performance: the number of park acres that are maintained by a city.

Cities were considered adequate and were included in the determination of basic spending if they maintained at least as much acreage as recommended by the National Parks and Recreation Association (NPRA). The NPRA has developed and published standards on facility quantity and maintenance quality.

BASIC SPENDING

Basic spending for parks and recreation services was determined using 73 cities. Twenty-seven cities were excluded due to data problems; 19 cities were excluded because they do not account for all park maintenance in their parks and recreation expenditures; 41 cities were excluded because they maintain less acreage than recommended by the National Parks and Recreation Association; and 19 cities were excluded because of excessive spending. In addition, Minneapolis and St. Paul were excluded because of their size.

BASIC SPENDING NEED FOR PARKS = $27,317 + $51.23 (WORKLOAD)

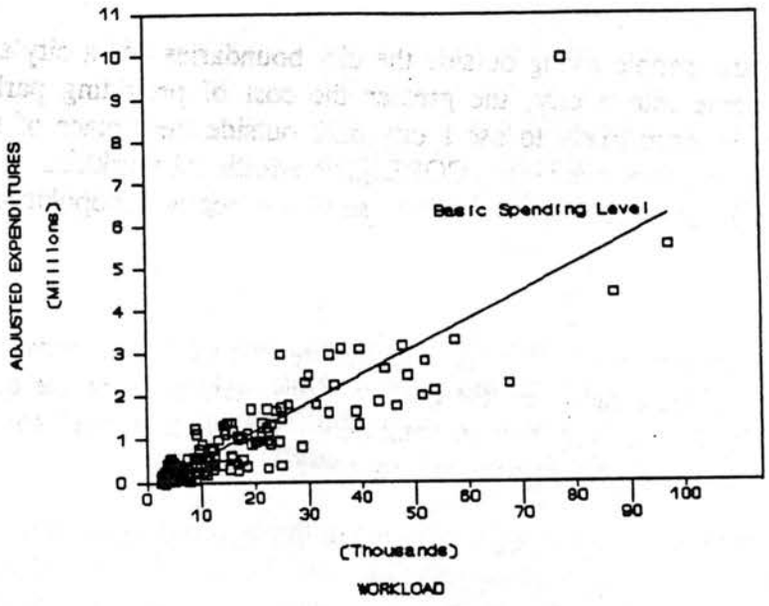
All cities were allotted $27,317 in fixed spending need for park services. In addition, cities are alloted $51.23 for each additional unit of workload (population, poverty, population draw).

The graph below shows the basic spending level for city parks and recreation services.

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[7]These cities were identified using Thomas Anding's classification of cities. For more information on this taxonomy see Appendix X.

Figure X: Basic Spending Level for Park & Recreation Services



City Service: Government Administration

BACKGROUND

Government administration accounts for 16.3 percent of all city spending. Total expenditures in 1990 for cities over 2,500 population was $221 million.

Government administration is made up of three expenditure categories plus capital outlay:

- **Mayor and City Council.** Includes the city council, its committees, and the mayor. This group represents nine percent of total expenditures for government administration.

- **Administration and Finance.** Includes staff agencies performing financial management and administrative functions for the city government. Approximately 34 percent of government administration expenditures are included in this category.

- **General Government - Other.** Includes miscellaneous items such as city hall, elections, assessing, audit, and legal services. *Almost half of all city expenditures for government administration are included in this category.*

DETERMINATION OF WORKLOAD

CORE used total population as the measure of workload for the government administration category. Population affects spending on government administration by adding complexity. In general, the larger the city, the more complex it will be to administer, creating a need for greater specification (i.e., more separate departments). In addition, larger cities are more likely to provide all their own services, as well as services to surrounding communities. Smaller cities may contract with larger cities or outside entities to provide some administrative services, lessening their own administrative functions.

Equation X: Government administration workload formula.

$$Workload = Population$$

ADEQUACY

Beyond spending criteria, no adequacy measures are currently available for a city's government administration. In the future, performance measures should be developed to assess cities' management effectiveness.

BASIC SPENDING

Basic spending for government administration was determined using 146 cities. Twenty cities were excluded due to data problems; 14 cities were excluded due to high expenditures and Minneapolis and St. Paul were excluded because of their size.

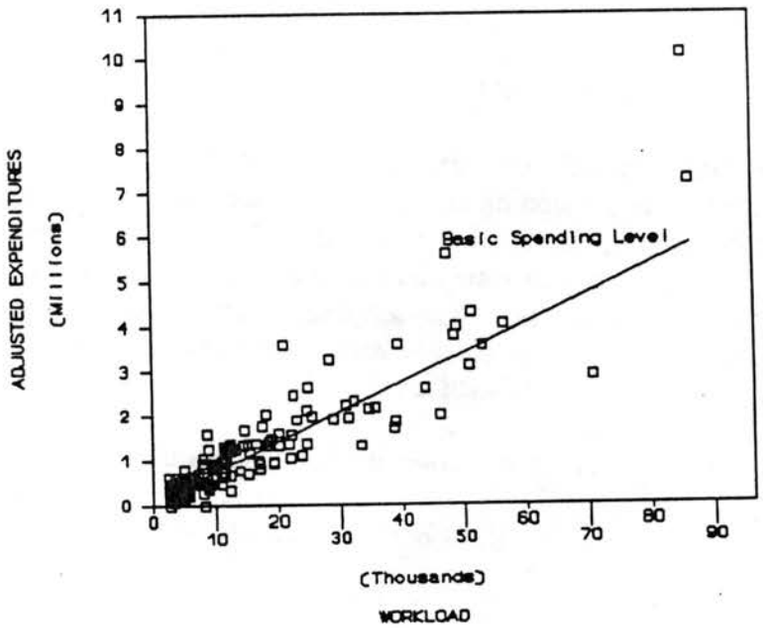
BASIC SPENDING NEED FOR GOVERNMENT ADMINISTRATION =

$99,851 + $66.38 (WORKLOAD)

All cities were allotted $99,851 in fixed spending need for government administration services. In addition, cities were allotted $66.38 for each additional unit of workload (population).

The graph below shows the basic spending level for government administration.

Figure X: Basic Spending Level for Government Administration



Other City Expenditures

BACKGROUND

Thirteen percent of city expenditures fall into this "other" category, or $177 million in 1990. "Other expenditures" combines the following line items from the State Auditor's report:

- **Other Public Safety.** Includes expenditures for activities such as animal control, acquisition and maintenance of public scales, and flood control.
- **Other Sanitation.** Includes weed and pest control and recycling expenditures.
- **Other Other.** This category is also called "all other current expenditures" or "miscellaneous" and includes anything that does not clearly fit into any other category.

Although the title "other city expenditures" suggests this category encompasses all city spending except streets, police, fire, parks and recreation, and government administration, this is not the case. Other expenditures also does NOT include enterprise funds or the excluded spending categories described in Chapter 1.

DETERMINATION OF WORKLOAD

Because of the miscellaneous nature of this category, CORE used total population as the measure of city workload for other city expenditures. Spending on each of the categories included in other expenditures increases as cities become larger. This is due to the fact that a larger city must provide services to a relatively larger geographical region and to more people.

Equation X: Other city expenditures workload formula.

$$Workload = Population$$

ADEQUACY

Beyond spending criteria, no adequacy measures are available to evaluate as diverse a category as "other expenditures."

BASIC SPENDING

The basic spending line for other expenditures was determined using 117 cities. Twenty-two cities were excluded because of known accounting problems. Eight cities were excluded because

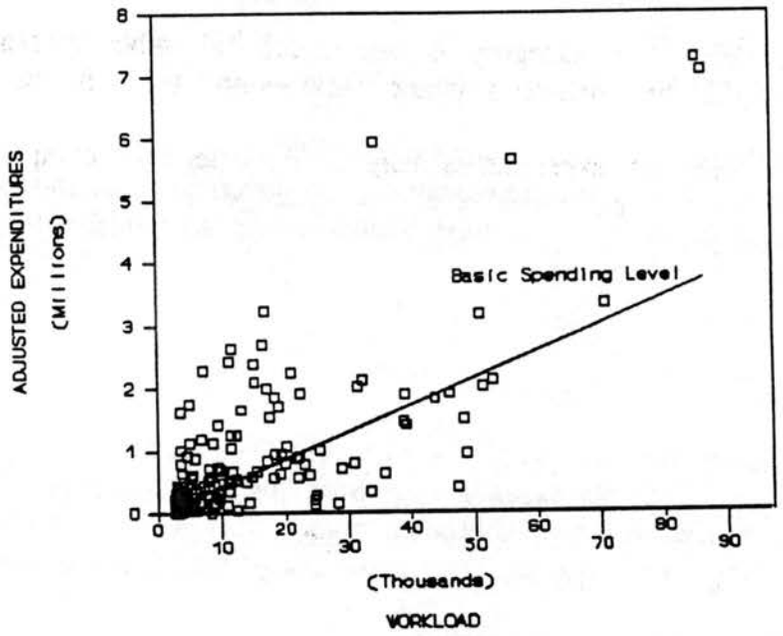
they reported negative expenditures on one or more of the above three categories; 34 cities were excluded because of high expenditures.

BASIC SPENDING NEED FOR OTHER EXPENDITURES = \$0.00 + \$42.89 (WORKLOAD)

All cities were alloted \$42.89 for each unit of workload (population).

The graph below shows the basic spending level for other expenditures.

Figure X: Basic Spending Level for Other Expenditures



City Interest Expenditures

BACKGROUND

Cities often incur debt to finance major capital purchases. The interest that cities pay on their outstanding long-term debt is a significant expense. Cities borrow money to buy equipment and to construct streets and buildings for two reasons:

- Borrowing to finance capital outlays stabilizes the revenue requirements of a city. When a large capital outlay must be made, a city can borrow the necessary funds instead of greatly increasing taxes for one year.

- The repayment of borrowed funds matches the cost of a project with the benefits the project produces. Unlike current expenditures, the useful life of a capital outlay lasts beyond one year. The costs of the capital outlay, in the form of debt repayment, are also extended over a number of years.

Minnesota cities of over 2,500 population had $4.3 billion in debt to fund their governmental and enterprise activities outstanding at the end of 1990. Of that total, $4.1 billion (94 percent) is in long-term bonds.

The determination of basic spending for each service includes 1990 current expenditures plus an eight-year average of capital outlays. This means that the determination of the basic spending level for each service includes the *principal costs* of capital outlays, but not the *interest costs* from capital outlays that were financed through debt.

Because cities do incur debt to provide services, they have an additional expense that must be accounted for on the expenditure side of the general purpose aid formula. For this reason, CORE added an equation to include the expense incurred by a city to pay interest on general purpose debt.[8]

DETERMINATION OF BASIC INTEREST EXPENSE

Interest expense for a city was estimated in two steps. The first step was to divide each city's total 1990 interest payments on general purpose debt (GPD) by its total 1990 spending (total

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[8]General purpose debt is defined in this analysis as the debt that is repaid solely by the general property tax levy or special assessments. General purpose debt does not include debt that is either partially or fully repaid by tax increment receipts or revenues from city operated enterprises.

spending equals total current expenditures (CE) plus an eight-year average capital outlay[9] (CO), not including interest expense). This comparison yields the ratio of interest expense to total spending on services for each city.

Equation X: City ratio of interest expense to total expenditures.[10]

$$\frac{\textit{Total 1990 interest payments on GPD}}{\textit{Total 1990 CE + 8-yr average CO}}$$

To arrive at basic interest expense, CORE selected the ratio of interest expense to total expenditures such that half of all cities had a proportion greater than this amount, and half were lower.[11] This median amount for 1990 is 5.5 percent. In other words, the basic interest expense of a typical city is 5.5 percent of its total expenditures.

The second step is to multiply the median percent of expenditures due to interest times the total basic spending level of a city. (The total basic spending level of a city is the sum of all the individual service basic spending levels, as determined by the workload formulas described earlier in this chapter.) The resulting number is the current interest expense of the city.

The formula for interest expense is:

INTEREST EXPENSE = i * (Streets Basic Spending Level + Police Basic Spending Level + Fire Basic Spending Level + Parks & Rec Basic Spending Level + Government Admin. Basic Spending Level + Other Expenditures Basic Spending Level)

where 'i' is the median percent of interest expense on general purpose debt out of total current and capital outlays, as described above. **The value of *'i'* for 1990 is 5.5 percent.**

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[9]1990 total current expenditures and the eight-year average exclude expenditures associated with economic development, housing redevelopment authorities, and capital outlays for enterprise funds.

[10]Appendix XX describes the adjustments that were made to actual interest payments before calculating the ratio.

[11]CORE chose to use the median rather than an average because six cities had interest costs for general purpose debt that were extraordinarily high. These cities were having an unduly large influence on the calculation of average interest proportion.

ADEQUACY

Adequacy was not a criteria in the determination of interest expense. Ten cities were excluded from the interest expense calculation, however, because of accounting problems. These cities were also excluded from the determination of basic spending levels. Minneapolis and St. Paul were also excluded because of their size.

BASIC SPENDING

CORE estimates that the total basic interest expense for cities over 2,500 population is $96.9 million.

Minneapolis and St. Paul

As the workload factors were chosen, CORE paid special attention to the circumstances of Minneapolis and St. Paul. Interviews were held with experts at the University of Minnesota, the Metropolitan Council, and budget analysts from Minneapolis and St. Paul, and literature on central cities was reviewed. As a result of the input from these various sources, CORE is confident that the basic spending formulas do identify the *basic* expenditure needs of all cities over 2,500, including Minneapolis and St. Paul.

Basic Spending Workloads for Minneapolis and St. Paul

Streets

The primary component of the streets workload is traffic volume. Because this is an actual measure of the use of city streets, volume captures the additional workload of Minneapolis and St. Paul that is due to people coming into the city from suburbs or surrounding areas.

Both Minneapolis and St. Paul are responsible not only for city streets, but for the maintenance and the occasional repair of county and state trunk highways that are within their borders. St. Paul has regular agreements worked out with both the county and the state to take care of their trunk highways. Agreements in Minneapolis are made on a project by project basis between separate public works departments and the corresponding departments in the state or county for both maintenance and construction.

Contract revenues for street services were subtracted from the street expenditures. It is not possible to determine from the available data, however, whether Minneapolis and St. Paul are being adequately reimbursed for their services.

Police

The police workload gives cities additional spending need for having a younger population and for having more female-headed households. The number of female-headed households is intended to capture additional police needs associated with concentrations of poverty which is closely related to the numbers of female-headed households. The populations of Minneapolis and St. Paul are relatively young and have a high percentage of female-headed households so giving extra weight to such factors benefits these cities. Nonresident workers, shoppers, and tourists who come into the city are included in the police workload and added to a city's basic spending need. In addition, Minneapolis, St. Paul, and Duluth were credited with an additional 14 percent police need based on national victimization study findings that indicate that central cities have higher victimization rates.

Both Minneapolis and St. Paul provide police services to surrounding communities. St. Paul has recently increased efforts to charge appropriately for these services.

Fire

Based on discussions with fire experts, CORE concluded that four cities, Minneapolis, St. Paul, Duluth, and Rochester, require paid fire-fighting forces because of their older and denser downtown areas. As a result, a separate determination of fire need was calculated for these cities. All cities also receive additional need in the determination of workload, relative to the number of buildings, the age of their buildings, and traffic volumes, all of which should benefit older cities and regional centers.

In St. Paul, emergency medical and ambulance services are provided through the fire department. As a result, the expenditures for fire services alone are very difficult to separate. This data problem is one reason why St. Paul's fire expenditures are above the basic spending level.

Parks and Recreation

The workload for parks and recreation is based first on population, with extra weight given for people below the poverty rate. This gives additional spending need to cities like Minneapolis and St. Paul that provide social programs through their parks department targeted to special needs populations. The population draw component of the parks and recreation workload captures the additional cost to regional centers of providing park services to nonresidents. The entire metro area is included in determining the population draw for Minneapolis and St. Paul.

Minneapolis' parks expenditures for 1990 also include park security and forestry expenses. Minneapolis also runs several social programs out of its 44 community centers.

Government Administration

The workload for government administration is based on population. Minneapolis and St. Paul may have higher spending than other cities due to bureaucratic complexity, but there is currently no way to measure this.

Some economic development activities such as job training and housing are being reported in Minneapolis' government administration expenditures.

Other Expenditures

The workload for other expenditures is based on population. The miscellaneous nature of this expenditure category makes it difficult to determine what exactly is included or why spending

might be high. For example, budget staff in Minneapolis indicated that the original capital expenditures for several parking ramps that later became enterprise funds were accounted for in the other expenditures category. Also included in this category in 1990 were high capital outlays for new recycling bins and special garbage cans for all residents.

Chapter 3 - Minnesota City Comparisons

Introduction

The following table was produced to enable citizens and city officials to evaluate how their city's spending compares with that of other cities throughout the state. The table lists the cities in alphabetical order and identifies how their spending for each service compares to the basic spending level. Cities are placed into the following categories:

Below. A city is considered to be "below" basic spending if the city's spending is more than ten percent lower than the basic spending level as determined by the workload formula. A city could be spending below basic levels because:

- The city is very efficient.
- The city provides fewer services than most.
- There is an accounting discrepancy in the data reported to the State Auditor.
- The city is not paying the true cost of services they receive from another entity.

Near Basic. A city is considered to be "near basic" if the city's spending is within ten percent above or below the basic spending level as determined by the workload formula. A "near basic" spending city is likely providing a basic level of services.

Above. A city is considered to be "above" basic spending if the city's spending is between 10 and 50 percent above the basic spending level.

Well Above. A city is considered to be "well above" basic spending if the city's spending is 50 percent or more above the basic spending level as determined by the workload formula. A city could be spending above or well above basic levels because:

- They are inefficient.
- They provide a higher than basic level of service.
- They have had unusual expenditures during the year.
- There is a discrepancy in the data reported to the State Auditor.

The following tables can be used to identify cities that are spending less to provide basic services. However, it is important to note that spending on basic services may be affected by a number of factors in addition to efficiency:

- Spending in one city may be higher because the citizens have demanded more or better quality services.

- Conversely, spending may be lower because the citizens have preferred fewer services, or the city has provided an adequate, but lower quality of services.

- Spending patterns also may be affected by the city's reporting practices. Although adjustments were made for known reporting differences, not all differences were identifiable. To determine if spending is lower due to efficiencies or simply due to service or reporting differences, cities should be contacted directly.

The results in this table are not meant to advocate any particular level of city services or city spending, but merely to provide a means of comparing city spending. The taxpayers in each community must decide for themselves the level of service they are willing to support.

In comparing spending, it may also be useful to know the workload of the cities to which any given city is being compared. For this purpose, a table showing cities in order of increasing workload is included in Appendix xx.

Table X: Comparisons of city spending patterns on basic city services.

City	Parks & Rec.	Govt. Admin.	Police	Streets	Fire	Other	Total
Afton	Below	Below	Below	Below	Well Above	Below	Below
Albert Lea	Above	Near Basic	Well Above	Below	Well Above	Above	Above
Alexandria	Below	Well Above	Above	Below	Near Basic	Well Above	Near Basic
Andover	Below	Below	Below	Near Basic	Well Above	Well Above	Near Basic
Anoka	Above	Below	Above	Below	Below	Well Above	Above
Apple Valley	Above	Below	Above	Near Basic	Above	Well Above	Above
Arden Hills	Below	Below	Below	Below	Above	Well Above	Below
Austin	Above	Below	Well Above	Near Basic	Well Above	Below	Above
Baxter	Below	Above	Below	Below	Below	Near Basic	Below
Bayport	Below	Below	Below	Near Basic	Above	Above	Below
Belle Plaine	Below	Near Basic	Below	Below	Well Above	Below	Below
Bemidji	Below	Above	Above	Below	Above	Below	Near Basic
Benson	Above	Above	Above	Well Above	Near Basic	Near Basic	Above
Big Lake	Below	Below	Near Basic	Above	Above	Above	Near Basic
Blaine	Below	Below	Below	Above	Near Basic	Above	Near Basic

City	Parks & Rec.	Govt. Admin.	Police	Streets	Fire	Other	Total
Bloomington	Near Basic	Above	Below	Well Above	Near Basic	Well Above	Above
Blue Earth	Above	Near Basic	Near Basic	Well Above	Below	Below	Above
Brainerd	Below	Below	Near Basic	Near Basic	Well Above	Near Basic	Near Basic
Breckenridge	Well Above	Above	Well Above	Near Basic	Near Basic	Well Above	Well Above
Brooklyn Center	Well Above	Near Basic	Near Basic	Below	Below	Below	Near Basic
Brooklyn Park	Above	Near Basic	Near Basic	Above	Below	Well Above	Above
Buffalo	Below	Below	Near Basic	Below	Below	Well Above	Near Basic
Burnsville	Near Basic	Above	Above	Above	Well Above	Near Basic	Above
Caledonia	Below	Near Basic	Below	Above	Below	Well Above	Near Basic
Cambridge	Below	Below	Below	Below	Below	Well Above	Above
Cannon Falls	Below	Near Basic	Near Basic	Well Above	Below	Well Above	Above
Champlin	Above	Below	Below	Above	Near Basic	Well Above	Above
Chanhassen	Near Basic	Above	Below	Well Above	Above	Well Above	Well Above
Chaska	Below	Well Above	Below	Below	Near Basic	Well Above	Above
Chisholm	Below	Near Basic	Well Above	Above	Well Above	Well Above	Above
Circle Pines	Below	Below	Below	Below	Well Above	Above	Near Basic
Cloquet	Below	Above	Near Basic	Above	Well Above	Below	Near Basic

City	Parks & Rec.	Govt. Admin.	Police	Streets	Fire	Other	Total
Columbia Heights	Well Above	Above	Above	Below	Well Above	Well Above	Above
Coon Rapids	Below	Near Basic	Near Basic	Near Basic	Well Above	Near Basic	Near Basic
Corcoran	Below	Below	Below	Below	Above	Below	Below
Cottage Grove	Above	Above	Above	Below	Well Above	Below	Near Basic
Crookston	Well Above	Above	Above	Near Basic	Well Above	Above	Above
Crystal	Above	Below	Near Basic	Below	Near Basic	Below	Below
Dayton	Below	Below	Below	Below	Well Above	Below	Below
Deephaven	Below	Below	Below	Below	Near Basic	Near Basic	Below
Detroit Lakes	Near Basic	Above	Above	Above	Above	Above	Above
Dilworth	Near Basic	Near Basic	Below	Near Basic	Well Above	Below	Below
Duluth	Near Basic	Well Above	Above	Near Basic	Well Above	Well Above	Above
Eagan	Above	Well Above	Near Basic	Above	Below	Below	Above
East Bethel	Below	Below	Below	Below	Above	Below	Below
East Grand Forks	Well Above	Near Basic	Well Above	Above	Well Above	Well Above	Well Above
Eden Prairie	Well Above	Above	Below	Above	Above	Below	Above
Edina	Below	Below	Below	Below	Well Above	Near Basic	Below
Elk River	Below	Below	Near Basic	Above	Above	Below	Below

City	Parks & Rec.	Govt. Admin.	Police	Streets	Fire	Other	Total
Ely	Below	Above	Near Basic	Above	Well Above	Well Above	Above
Eveleth	Well Above	Below	Below	Well Above	Well Above	Well Above	Above
Fairmont	Above	Above	Above	Below	Near Basic	Near Basic	Near Basic
Falcon Heights	Below	Below	Below	Below	Above	Above	Below
Faribault	Below	Below	Above	Below	Well Above	Above	Near Basic
Farmington	Near Basic	Above	Below	Well Above	Below	Below	Above
Fergus Falls	Well Above	Above	Above	Near Basic	Below	Well Above	Above
Forest Lake	Below	Below	Near Basic	Below	Below	Well Above	Near Basic
Fridley	Below	Well Above	Above	Above	Above	Below	Near Basic
Glencoe	Below	Near Basic	Below	Above	Near Basic	Below	Below
Glenwood	Above	Above	Near Basic	Near Basic	Well Above	Below	Above
Golden Valley	Near Basic	Well Above	Below	Above	Below	Well Above	Above
Goodview	Below	Above	Below	Below	Below	Well Above	Near Basic
Grand Rapids	Above	Well Above	Near Basic	Above	Below	Well Above	Above
Granite Falls	Above	Above	Below	Above	Near Basic	Below	Near Basic
Ham Lake	Below	Below	Below	Below	Well Above	Below	Below
Hastings	Below	Near Basic	Near Basic	Above	Well Above	Near Basic	Above

City	Parks & Rec.	Govt. Admin.	Police	Streets	Fire	Other	Total
Hermantown	Below	Below	Below	Below	Well Above	Below	Below
Hibbing	Below	Well Above	Above	Below	Well Above	Below	Above
Hopkins	Above	Above	Above	Below	Near Basic	Well Above	Above
Hugo	Below	Below	Below	Below	Near Basic	Below	Below
Hutchinson	Well Above	Below	Above	Well Above	Above	Well Above	Above
Independence	Below	Below	Below	Below	Near Basic	Well Above	Below
Inver Grove Heights	Below	Well Above	Near Basic	Below	Well Above	Well Above	Above
Jackson	Below	Well Above	Near Basic	Well Above	Near Basic	Well Above	Well Above
Jordan	Below	Below	Below	Near Basic	Well Above	Well Above	Below
Kasson	Below	Below	Below	Below	Above	Below	Below
La Crescent	Below	Below	Near Basic	Near Basic	Above	Well Above	Near Basic
Lake City	Above	Above	Above	Above	Near Basic	Above	Above
Lake Elmo	Below	Near Basic	Below	Below	Well Above	Near Basic	Below
Lakeville	Above	Well Above	Above	Above	Well Above	Below	Above
Lauderdale	Below	Below	Below	Below	Below	Below	Below
Le Sueur	Well Above	Near Basic	Below	Above	Above	Well Above	Above
Lino Lakes	Below	Well Above	Below	Well Above	Well Above	Below	Above

City	Parks & Rec.	Govt. Admin.	Police	Streets	Fire	Other	Total
Litchfield	Above	Above	Above	Well Above	Below	Above	Above
Little Canada	Below	Below	Below	Above	Well Above	Below	Below
Little Falls	Below	Below	Near Basic	Below	Above	Well Above	Above
Long Prairie	Below	Near Basic	Below	Near Basic	Below	Below	Below
Luverne	Well Above	Above	Above	Well Above	Above	Well Above	Above
Mahtomedi	Below	Near Basic	Below	Near Basic	Near Basic	Below	Below
Mankato	Below	Below	Below	Above	Well Above	Above	Above
Maple Grove	Below	Below	Below	Well Above	Well Above	Below	Near Basic
Maplewood	Above	Near Basic	Near Basic	Well Above	Above	Below	Above
Marshall	Well Above	Above	Above	Above	Above	Below	Above
Medina	Below	Above	Below	Near Basic	Well Above	Well Above	Above
Melrose	Below	Well Above	Below	Below	Below	Below	Near Basic
Mendota Heights	Above	Near Basic	Above	Below	Above	Well Above	Above
Minneapolis	Well Above	Well Above	Above	Above	Near Basic	Well Above	Above
Minnetonka	Near Basic	Above	Near Basic	Below	Near Basic	Below	Near Basic
Minnetrista	Below	Above	Below	Below	Near Basic	Below	Below
Montevideo	Above	Below	Near Basic	Below	Near Basic	Well Above	Near Basic

City	Parks & Rec.	Govt. Admin.	Police	Streets	Fire	Other	Total
Monticello	Near Basic	Well Above	Below	Well Above	Above	Well Above	Above
Moorhead	Well Above	Near Basic	Above	Near Basic	Well Above	Well Above	Above
Mora	Below	Near Basic	Near Basic	Below	Below	Well Above	Near Basic
Morris	Below	Near Basic	Below	Near Basic	Near Basic	Below	Below
Mound	Below	Above	Below	Below	Above	Below	Below
Mounds View	Below	Above	Below	Near Basic	Near Basic	Below	Below
Mountain Iron	Near Basic	Well Above	Below	Above	Above	Below	Near Basic
New Brighton	Near Basic	Near Basic	Below	Above	Near Basic	Near Basic	Near Basic
New Hope	Above	Below	Near Basic	Below	Well Above	Near Basic	Near Basic
New Prague	Below	Above	Below	Above	Above	Below	Near Basic
New Ulm	Above	Above	Above	Well Above	Above	Well Above	Above
Newport	Below	Below	Above	Below	Above	Below	Below
North Mankato	Well Above	Near Basic	Below	Well Above	Below	Near Basic	Above
North Oaks	Below	Below	Below	Below	Well Above	Well Above	Below
North St. Paul	Near Basic	Below	Below	Below	Near Basic	Below	Below
Northfield	Below	Well Above	Below	Well Above	Near Basic	Near Basic	Near Basic
Oak Park Heights	Below	Above	Near Basic	Below	Below	Well Above	Near Basic

City	Parks & Rec.	Govt. Admin.	Police	Streets	Fire	Other	Total
Oakdale	Below	Near Basic	Below	Above	Above	Well Above	Above
Olivia	Near Basic	Above	Below	Near Basic	Below	Below	Below
Orono	Below	Above	Below	Below	Above	Above	Below
Osseo	Below	Below	Below	Above	Well Above	Below	Below
Owatonna	Above	Below	Below	Well Above	Well Above	Above	Above
Park Rapids	Below	Above	Near Basic	Above	Below	Above	Near Basic
Pine City	Below	Well Above	Below	Above	Near Basic	Below	Near Basic
Pipestone	Well Above	Near Basic	Near Basic	Above	Below	Well Above	Well Above
Plainview	Below	Near Basic	Below	Below	Below	Below	Below
Plymouth	Below	Below	Below	Near Basic	Near Basic	Above	Near Basic
Princeton	Below	Near Basic	Near Basic	Below	Above	Below	Below
Prior Lake	Near Basic	Above	Above	Near Basic	Near Basic	Well Above	Above
Proctor	Below	Near Basic	Below	Below	Below	Below	Below
Ramsey	Below	Above	Below	Below	Well Above	Near Basic	Below
Red Wing	Above	Above	Above	Near Basic	Well Above	Well Above	Well Above
Redwood Falls	Well Above	Well Above	Above	Above	Above	Below	Above
Richfield	Well Above	Below	Above	Below	Well Above	Below	Near Basic

City	Parks & Rec.	Govt. Admin.	Police	Streets	Fire	Other	Total
Robbinsdale	Above	Above	Above	Below	Near Basic	Below	Near Basic
Rochester	Well Above	Below	Near Basic	Near Basic	Above	Near Basic	Above
Rockford	Below	Well Above	Below	Near Basic	Well Above	Below	Near Basic
Rosemount	Above	Well Above	Near Basic	Well Above	Above	Below	Above
Roseville	Near Basic	Below	Below	Well Above	Near Basic	Below	Near Basic
Sartell	Below	Below	Below	Well Above	Above	Below	Below
Sauk Centre	Below	Below	Near Basic	Above	Near Basic	Well Above	Near Basic
Sauk Rapids	Below	Below	Below	Below	Above	Well Above	Below
Savage	Below	Above	Above	Well Above	Well Above	Well Above	Above
Shakopee	Above	Above	Above	Well Above	Above	Above	Well Above
Shoreview	Well Above	Below	Below	Well Above	Well Above	Below	Near Basic
Shorewood	Below	Above	Below	Above	Near Basic	Well Above	Near Basic
Sleepy Eye	Above	Below	Below	Above	Near Basic	Well Above	Above
South St. Paul	Below	Near Basic	Well Above	Well Above	Well Above	Above	Well Above
Spring Lake Park	Near Basic	Near Basic	Near Basic	Below	Near Basic	Below	Below
Staples	Below	Near Basic	Near Basic	Well Above	Above	Below	Near Basic
Stewartville	Below	Below	Below	Near Basic	Well Above	Below	Below

City	Parks & Rec.	Govt. Admin.	Police	Streets	Fire	Other	Total
Stillwater	Below	Below	Near Basic	Near Basic	Well Above	Below	Near Basic
St. Anthony	Below	Below	Below	Below	Well Above	Below	Below
St. Charles	Below	Below	Below	Below	Above	Below	Below
St. Cloud	Below	Above	Near Basic	Above	Well Above	Below	Above
St. Francis	Below	Below	Below	Below	Above	Near Basic	Below
St. James	Above	Below	Near Basic	Well Above	Below	Below	Near Basic
St. Joseph	Below	Below	Below	Above	Above	Below	Below
St. Louis Park	Above	Below	Near Basic	Below	Well Above	Near Basic	Near Basic
St. Michael	Below	Near Basic	Below	Below	Below	Well Above	Below
St. Paul	Above	Near Basic	Above	Above	Well Above	Well Above	Above
St. Paul Park	Below	Near Basic	Below	Near Basic	Well Above	Below	Below
St. Peter	Above	Above	Below	Well Above	Above	Below	Above
Thief River Falls	Well Above	Above	Above	Near Basic	Well Above	Well Above	Above
Two Harbors	Well Above	Below	Above	Well Above	Above	Well Above	Well Above
Vadnais Heights	Below	Below	Below	Below	Above	Near Basic	Below
Virginia	Above	Above	Above	Near Basic	Well Above	Well Above	Above
Waconia	Below	Above	Below	Well Above	Well Above	Well Above	Above

City	Parks & Rec.	Govt. Admin.	Police	Streets	Fire	Other	Total
Wadena	Above	Below	Near Basic	Below	Near Basic	Well Above	Near Basic
Waite Park	Below	Below	Below	Below	Below	Well Above	Near Basic
Waseca	Below	Below	Below	Well Above	Above	Well Above	Near Basic
Wayzata	Near Basic	Above	Near Basic	Well Above	Below	Well Above	Above
West St. Paul	Below	Below	Near Basic	Above	Well Above	Below	Above
White Bear Lake	Below	Above	Near Basic	Below	Below	Below	Below
Willmar	Above	Above	Above	Below	Well Above	Well Above	Above
Windom	Near Basic	Below	Above	Above	Below	Below	Near Basic
Winona	Well Above	Above	Above	Near Basic	Well Above	Near Basic	Above
Woodbury	Below	Above	Near Basic	Near Basic	Above	Near Basic	Near Basic
Worthington	Below	Above	Well Above	Above	Above	Below	Above

Chapter 4 - CORE Recommendations

CORE has developed a methodology for determining basic spending levels for Minnesota cities with more than 2,500 population. Through this methodology, the state can provide Minnesota city residents with information about their city's spending practices compared to CORE's determination of basic spending levels.

CORE Recommendation:

> **To enable continuing comparisons, the state should institute an ongoing data-gathering process to collect the information necessary to measure city workloads and revenue-raising capacities, based on the CORE methodology. Through this process, the state should maintain and publish information that is accessible to all Minnesotans and that they can use for comparing their city with others.**

Implementing the recommendation

Implementation of this CORE recommendation requires fundamental changes in the data that is currently collected by the state. The single source of information for revenue and spending data of all Minnesota cities is the Office of the State Auditor. Currently, this data is insufficient for meaningful comparisons of city spending.

Background

The mission of the State Auditor is to be a "watchdog" over local governments; the office examines the finances and activities of all local governments in Minnesota. Cities with populations over 2,500 are required to submit a five-page form to the State Auditor each year that details their spending and revenues for both governmental and enterprise fund activities. Governmental Accounting, Auditing, and Financial Reporting Principles are the guide for how the forms should be completed. The form was originally designed to assist the Auditor in identifying fraud or mismanagement in cities. The instruction booklet has not been substantially revised since 1981.

Issues

There are four reasons why the data collected by the State Auditor, using its present methods, are not entirely suitable for making spending comparisons between cities:

1. **Cities do not use the spending categories on the State Auditor forms for recording expenditures in a consistent manner.**

Some of the instructions are either difficult to understand or counter-intuitive. For example, the instructions indicate that expenditures for street cleaning should be reported under the sanitation category, but many cities report these expenditures under the street maintenance category.

In addition, the instructions provide little direction to city officials on how to properly record certain types of expenditures. Examples include expenditures for the maintenance of city buildings or transit services. These types of expenditures can appear in a number of different expenditure categories.

2. The spending and revenues of cities that are associated with providing services to other government entities are not detailed.

The reporting form does not require cities to distinguish between expenditures for providing services to city residents using city revenues, and the expenditures and revenues associated with providing services to other cities, the county or the state. This lack of information makes it difficult to determine the true cost of services provided within the boundaries of a city and financed by the city's own revenues.

3. Cities do not record the depreciation of their capital assets or give details of their balance sheets.

Cities only record their capital outlays for a given year, with the cost of the entire outlay recorded on the State Auditor forms. This method for recording capital purchases makes it difficult to estimate the true cost of government services because the capital outlays are consumed over a number of future years, but the costs are all recorded in the year of purchase.

4. There are no established adequacy measures of city services.

To make valid comparisons between cities, a person must have accurate spending data and also know the level of service provided by a city. Service expenditures will vary between cities for several reasons. One reason for variation is that cities provide different amounts of a service. For example, a city which has police coverage for twenty-four hours a day will have higher expenditures than a city that provides less than twenty-four hours a day.

These problems with the State Auditor data are widely recognized. According to a study completed in February of 1992 by Andersen Consulting for the Legislative Commission on Policy and Fiscal Planning, the data currently collected by the state on local government spending is **"incomplete, dated, and difficult to compare."** These concerns were echoed in CORE meetings with local services funding experts and city officials. One local official expressed his own frustration in attempting to obtain comparable data between his city and similar ones in Minnesota.

Correcting inconsistencies in the data after it has been collected is a very costly undertaking. A considerable amount of CORE time, as well as time from city officials, was devoted to

compiling an accurate data base to compare city spending.

Making future comparisons

To enable future comparisons of city spending, the State Auditor's financial reporting form should be revised. A new form should be developed that allows accurate comparison of city spending. The goal of such a form would be to ensure that cities accurately report the true cost of providing services within their boundaries, costs that are financed by their own revenues. This goal requires that clear and precise instructions be devised for categorizing revenues and expenditures.

In order to replicate this study the new form must contain the following information:

1. **Clearly defined expenditure categories for each of the basic services.**

   Well defined categories for different types of spending will improve the accuracy of measuring the true costs of each of the basic services.

2. **Individual listings for all contract revenues from other governmental entities for each of the basic services.**

   The subtraction of contract revenues from their respective spending categories helps determine the cost of city services that are provided to the residents and businesses within the city's boundaries. Clearly identifying the costs associated with contract revenues also encourages the appropriate pricing for the contracted service.

3. **Individual listings of all grants.**

   Citizens should be aware of how their basic services are financed and the contributions to city spending as a result of intergovernmental aid. Some of this information could be provided by the government agencies that provide grants.

4. **Accepted and accurate measures of what is produced by the spending on basic services, or in other words, what citizens and businesses are receiving for their taxes.**

   Citizens cannot judge for themselves the adequacy of their fire services if they do not know the annual fire losses in their city or what their ISO rating is and how it was determined.

OFFICIAL COMMUNICATION

FROM THE OFFICE OF THE GOVERNOR OF THE STATE OF MINNESOTA

ARNE H. CARLSON
GOVERNOR

JOANELL M. DYRSTAD
LT. GOVERNOR

DEC 0 19
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FOR IMMEDIATE RELEASE
October 27, 1993

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LIEUTENANT GOVERNOR DYRSTAD ANNOUNCES STATE DIVERSITY INITIATIVES

Releases *State of Diversity,* an action plan for Minnesota

Lieutenant Governor Joanell M. Dyrstad today outlined a series of new state government strategies to promote ethnic and racial diversity and enhance opportunities for all Minnesotans. This multi-agency emphasis is driven by an ongoing commitment from Governor Arne H. Carlson who has proclaimed October 25 - 31, Minnesota's first "Diversity Week".

"All of our efforts in the area of diversity point to one very basic goal," Governor Carlson said. "It is that every Minnesotan has the opportunity to achieve, succeed and ultimately find happiness. This starts with tolerance, acceptance and respect by all people for all people."

Lt. Governor Dyrstad has formed a diversity cluster group whose members meet regularly to address issues of equal opportunity and convey their ideas and concerns to the administration. Cluster members include the heads of the Council on Black Minnesotans, the Indian Affairs Council, the Council on Asian Pacific Minnesotans, the Spanish Speaking Affairs Council, the Council on Disability, the Commission on the Economic Status of Women and the Minnesota Departments of Human Services, Employee Relations and Human Rights.

"Until now, there has been no way for these organizations to consistently communicate with our administration," Lt. Governor Dyrstad said. "The formation of this cluster represents a first step in broadening our understanding of the needs and barriers, and it provides us a forum in which we can collectively solve problems."

Since taking office in 1991, Governor Carlson has appointed more than 1,200 Minnesotans to a wide range of state boards and commissions. Of those appointees, 47 percent are women, and 13.5 percent are people of color (including six percent African Americans, four percent Asian Pacific Americans, two percent Native Americans and two percent Hispanic Americans). The total minority population in Minnesota is 6.3 percent. In addition, of the 25 judges appointed by Governor Carlson to date, 10 are women and two are people of color.

-more-

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Deputy Chief of Staff
Director of Communications
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Governor Carlson has directed each member of his cabinet to promote diversity both within state government and in the broad public areas in which they operate. Many state agency initiatives have spawned from his leadership and encouragement.

Among the new initiatives are:

- Release of *State of Diversity,* a research document and action plan to combat racial and ethnic intolerance.

- Creation of a $6 million Urban Challenge Grant program to make low interest loans available to minority and women owned businesses in the metro area.

- Establishment of an Office of Diversity and Equal Opportunity to counsel and advise state agency heads and managers on how to create organizations that welcome and value people of all abilities, cultures, races genders and ethnic backgrounds.

- Establishment of a job training program called Seeds, which is designed to encourage students at the high school and college levels to explore non-technical business or engineering career opportunities in transportation while they are employed in positior throughout the Minnesota Department of Transportation.

- Doubling of state purchases from minority contractors through an improved procurement process at the Department of Administration.

- Formation of a Chicano/Latino Task Force to address specific issues and barriers confronting members of this community in Minnesota.

- Creation of a forum in which business leaders can share information, ideas and resources and receive technical assistance from state agencies that will enable them to more effectively expand opportunities to all people.

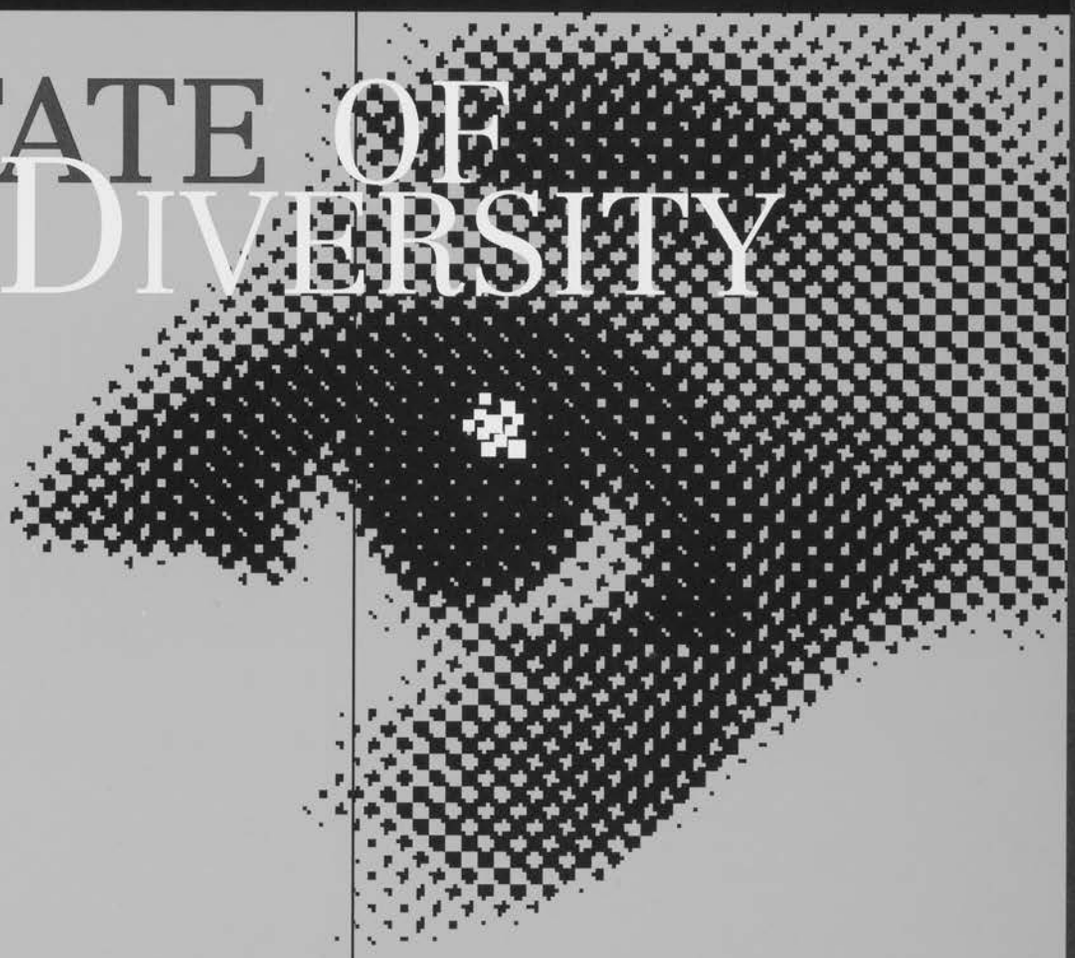
- Development of a campaign to design approaches and strategies that will increase awareness and sensitivity for both teachers and students to human rights issues in Minnesota schools.

"These are the latest additions to a whole host of diversity initiatives throughout the state," Governor Carlson said. "There are also individuals and organizations who have made great advances in this area, but the reality is, in 1993, we see that we have a long way to go to arrive at our destination of zero tolerance of discrimination."

# # #

A PLAN OF ACTION FOR MINNESOTA

STATE OF DIVERSITY



MN PLANNING

MINNESOTA PLANNING is charged with developing a long-range plan for the state, stimulating public participation in Minnesota's future and coordinating public policy with state agencies, the Legislature and other units of government.

State of Diversity was prepared by the staff team of Mark Larson, Dianne Marsh and Deborah Pile, with assistance from Dale Mott, J. H. Fonkert and Amy McKenney-Maki, staff members of Minnesota Planning.

Upon request, *State of Diversity* will be made available in an alternate format such as Braille, large print or audio tape. For TDD, contact Minnesota Relay Service at 612-297-5353 or 1-800-627-3529 and ask for Minnesota Planning.

MN PLANNING

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Saint Paul, MN 55155
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November 1993

Working papers were prepared under the guidance of project subcommittees and are available from Minnesota Planning:

- Government Inclusiveness and Jobs Working Paper
- Diversity and Human Rights Working Paper
- Wealth and Economic Development Working Paper
- Steering Group Interim Report; January 1993
- Responses to the Survey of Cultural Diversity and State and Metro Government
- Databook: Minnesota Government Customers and Employment by Race and Ethnicity
- State of Diversity: A Resource Guide

A Changing Population: The Next 30 Years, by the Demographer's Office at Minnesota Planning, also is available from Minnesota's Bookstore at 117 University Avenue, St. Paul, Minnesota 55155, 612-297-3000 or 1-800-657-3757.

Printed on recycled and recyclable paper with vegetable-based ink.

CONTENTS

STATE OF DIVERSITY

SUMMARY 1

INTRODUCTION 5

RECOMMENDATIONS 11
- Growing Businesses 11
- Owning Homes 15
- Preparing Youth 17
- Diversifying the Workforce 19
- Preparing Minnesota Institutions 26
- Building Government Commitment 27
- Making Decisions 31
- Enforcing Rights 33
- Building Community Commitment 35

MEASURES OF EQUALITY 37

APPENDIX 43

DEFINITIONS AND USAGE OF TERMS

Throughout this report, various terms are used to refer to portions of Minnesota's racial and ethnic mosaic. The report uses terms that are commonly used by the U.S. government in compiling statistics and some additional terms used by people themselves in referring to their ethnic or racial group. In the census, people define their own ethnicity. Generally accepted terms and usage are changing, and sometimes multiple terms with similar meaning are used by communities of color, such as American Indian and Native American.

AFRICAN AMERICAN: A person having origins in any of the black racial groups of Africa.

AMERICAN INDIAN: A person having origins in any of the original peoples of the Americas. The principal American Indian tribes in Minnesota are the Ojibway in the north, also called the Anishinabe or Chippewa, and the Dakota in the south, also called the Sioux.

ASIAN: A person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent or the Pacific Islands. The three largest Asian groups in Minnesota are the Hmong (23 percent), Korean (16 percent) and Vietnamese (12.4 percent).

COMMUNITIES OF COLOR: People of color who share a common racial and ethnic background and often a common culture.

DIVERSITY: The term may be used narrowly to refer to difference in race and ethnicity, but in the context of training and action by groups, it often refers to a full range of differences in people, including race, ethnicity, gender, age, religion, disability, family status, sexual preference, place of origin, and other individual characteristics defined by birth, culture or personal choice. **Cultural diversity** usually but not always refers to differences in race, ethnicity or national origin.

HISPANIC: A person of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, regardless of race. In the census, more than 65 percent of Minnesota Hispanics are of Mexican, Chicano or Mexican American origin. More than 54 percent classify themselves as white, while more than 36 percent list their race as other, suggesting that they do not feel they fit any of the four racial categories. While Hispanic is used in the census and in equal opportunity statutes, Latino or Chicano/Latino are gaining ground. They refer to persons coming from the Americas, excluding those immigrating from Spain or other places outside the Americas.

MINORITY, RACIAL AND ETHNIC MINORITY: Individuals who are African American, American Indian, Asian or Hispanic. In this report *minority* and *racial and ethnic minority* are interchangeable with the term *people of color*.

PEOPLE OF COLOR: Individuals who are African American, American Indian, Asian or Hispanic.

WHITE: A person having origins in any of the original peoples of Europe, North Africa or the Middle East.

SUMMARY

STATE OF DIVERSITY

Minnesota is entering a new era of racial and ethnic diversity. Communities large and small across Minnesota are changing, making the state a richer mosaic of races and nationalities. Its population of African Americans, American Indians, Asians and Hispanics grew by 72 percent during the 1980s. From 6.3 percent of the total population in 1990, the population of color is projected to grow to 15 percent of the total population in the year 2020. Based on projections of the State Demographer, more than 24 percent of the state's children will be racial and ethnic minorities by the year 2020 — more than double the current level.

Minnesotans of all backgrounds share in the American dream of achieving a good education, a well-paying job, a home of their own and economic security. They seek to be full contributors to their community and full participants in Minnesota's growing economy. However, today, not all citizens are sharing in the benefits of prosperity.

How diversity meshes with Minnesota's economy will affect the future quality of life. Will Minnesota be unified and prosperous or will it be divided by race and income?

Minnesota's economy increasingly relies on a racially diverse work force. Expanding Minnesota's economy can mean expanding opportunities for all to achieve the dream of prosperity. People of color already are a cornerstone of the work force in food processing and other industries. An increasing number of people of color are business owners and business leaders. Tribal gaming is a major employer and engine of economic development in rural communities.

While many of Minnesota's quarter million people of color are prospering economically, a disproportionate share are not. Gaps in income and education between whites and people of color are large and often growing. An increasing proportion of the state's children are poor children of color, meaning that if trends continue, economic and social gaps among the state's racial and ethnic groups could grow wider. Racism, exclusion, poor education and poverty prevent many Minnesotans from achieving their dreams for their families. Key trends in Minnesota:

- The income gap increased between whites and all communities of color from 1980 to 1990.

■ In 1990, 84 percent of white adults had a high school diploma, compared to 76 percent of African Americans, 71 percent of Hispanics, 70 percent of Asians and 68 percent of American Indians.

■ School dropout rates tripled for Asian youth and nearly doubled for Hispanics from 1981 to 1991. Only about half of African American and American Indian youth graduate.

■ Whites own businesses at more than four times the rate of people of color.

■ Percentages of people of color who own their own homes are far below that of whites.

Minnesotans of all backgrounds also share the dream of democracy and representative public institutions. Yet people of color are not yet fully involved in making public policies, running local governments and teaching children. Our public institutions do not yet mirror the state's population:

■ Four of 201 state legislators are people of color, a 2 percent share of the total.

■ Only two of 311 school superintendents and less than 3 percent of all school principals are people of color.

■ Less than 2 percent of all public school teachers are racial and ethnic minorities, compared to over 10 percent of public school students.

■ Seventeen major county governments surveyed all have minority employment levels below their minority population levels.

This report shows evidence of disturbing trends toward racial division throughout the state. To ignore these trends is to invite a serious decline in the state's quality of life and position in a diverse and interdependent world economy.

POLICY GOALS FOR THE 1990S

1. Minnesotans of all racial, ethnic and religious backgrounds will have free access to all parts of society without fear of discrimination or harassment.

2. Communities of all racial, ethnic and religious backgrounds will be respected. All Minnesotans will be free to cultivate their heritage and to participate fully in mainstream society.

3. Communities of color will have genuine representation and be respected as equals in all areas of public decision-making. People of color will be able to guide programs and policies that specifically and uniquely affect their communities.

4. Government will commit its resources to building an environment in which diverse people can thrive and contribute to Minnesota's future. The state will fully include and retain people of color in its work force.

5. People of all racial and ethnic communities will build wealth and financial security through business growth, property ownership and well-paying jobs.

6. People of color will have education, skills and credentials and quality employment on a par with other Minnesotans.

7. Children of color will be fully included and equally treated in all school classrooms and programs and will achieve academic success comparable to that of other children. Schools will value diverse cultures, reduce biased behaviors and nurture all children.

8. No Minnesotans will be denied their choice of housing because of their race or ethnicity.

If the state continues this course, it will not arrive at the future envisioned by Minnesotans. *Minnesota Milestones*, the state's 30-year plan, created in 1992 with the help of thousands of citizens, calls for a future with safe, friendly and caring communities; a future where people of all cultures, races and ethnic backgrounds are valued and respected; and a future where all citizens will have the economic means to maintain a reasonable standard of living.

To help bring Minnesota closer to this vision of the future, *State of Diversity* examines racial bias and inequality and offers a multiyear action plan to combat racism and enable all Minnesotans to participate fully in the future. To develop the plan, Minnesota Planning brought together the ideas of diverse Minnesotans from communities, business and government. They formulated the policy goals outlined in this summary and recommended strategies to advance toward these goals.

State of Diversity calls on all of Minnesota's leaders, public and private, to join in the action plan and help rid our schools, workplaces, streets and neighborhoods of bias. The emergence of new community diversity coalitions across the state demonstrates that Minnesotans are ready to join the commitment to change. Many of these groups are listed in a separate publication available from Minnesota Planning, *State of Diversity: A Resource Guide*.

State of Diversity is organized in three parts. The first part presents an overview of Minnesota's changing population and demonstrates why issues of diversity are important to Minnesota. The second part contains nine broad recommendations and 37 specific strategies. These recommendations and strategies are summarized below. The final part offers a set of measures to chart Minnesota's progress toward racial equality in the future.

RECOMMENDATIONS AND STRATEGIES

GROWING BUSINESSES

Recommendation: *Support and nurture minority investment and businesses*. Investment and business ownership create wealth and stability for individuals and communities. They are a key path to equality. Yet minority households have low levels of accumulated wealth and relatively few people of color own businesses. Getting the funds and assistance to start, expand and run a business can be particularly difficult for people of color.

Strategies:
1. Expand capital and technical assistance to minority-owned businesses.
2. Develop a comprehensive electronic directory of minority-owned businesses and technical and financial assistance sources.
3. Increase corporate buying from minority suppliers.
4. Form a Minnesota chapter of the Minority Business Brain Trust and develop a mentor network.
5. Encourage local governments to seek bids and make purchases from minority-owned businesses.
6. Document disparities in government purchasing and continue the state targeted-group purchasing program.
7. Strengthen and market the state targeted-group purchasing program.

OWNING HOMES

Recommendation: *Government and the private sector should do more to increase access to home ownership.* Home ownership is an important element of personal wealth and community stability. However, home-ownership rates for minorities in Minnesota were significantly lower than rates for whites in 1990 and have declined or stalled while white home-ownership rates have increased. Lack of money for down payments, incomes too low to qualify for conventional financing, and lack of information on home-ownership contribute to this disparity.

Strategies:
8. Expand public and private home loan and rehabilitation programs across the state.
9. Expand home-ownership information and training programs.
10. Create a directory of home-ownership assistance providers.

PREPARING YOUTH

Recommendation: *Prepare and motivate youth for careers and for business and community leadership*. Many Minnesota youth are ill prepared for today's high-skilled, ever-changing workplace. In test scores, dropout rates and college enrollment, youth of color come up short. Many lack exposure and connections to the world of work, business and higher education. Preparing youth must be viewed as everyone's business — communities, schools, businesses, unions, government agencies and individuals.

Strategies:
11. Expand youth jobs and internship programs in state government.
12. Expand private-sector partnerships with schools to link young people with careers.
13. Provide more opportunities for youths to learn about and develop business enterprises.
14. Enact the recommendations of state task forces on the education of youth of color.

DIVERSIFYING THE WORKFORCE

Recommendation: *Remove barriers and expand opportunities for employment in both government and the private sector.* People of color continue to be underrepresented in the better-paying occupations in Minnesota's public and private sectors. Differences in education, mismatches between the location of new jobs and unemployed people of color, outdated civil service systems and continuing discrimination all contribute to this problem. Some employers have demonstrated aggressive solutions that can be more widely adopted.

Strategies:
15. Increase the recruitment and training of young people of color into stable and growing high-skill, high-wage occupations in the private sector.
16. Develop and link transportation, housing and job development strategies to improve geographic access to jobs.
17. Educate more professionals of color in key fields of public service.
18. Reinstate requirements for local government and school district affirmative action plans.
19. Develop an aggressive recruitment system to attract top employees of all backgrounds to state government.
20. Use new approaches to invest in and retain employees of all backgrounds in government.
21. Change civil service job qualifications to ensure that public employees are respectful of diversity.
22. Simplify and open up civil service hiring and promotion procedures.

PREPARING MINNESOTA INSTITUTIONS

Recommendation: *Public and private organizations should institute zero-tolerance-for-bias policies and help train Minnesotans to live and work with diverse cultures.*

The climate of a community flows from all of its institutions. When discrimination occurs in our government and institutions, it permeates the whole society and affects those institutions and the people they serve.

Strategies:
23. Institute zero-tolerance-for-bias policies throughout state and local government.
24. Ensure a bias-free environment in the public schools.
25. Require anti-bias and diversity training for key professionals who serve the public.
26. All state employees participate in diversity and anti-bias training.

BUILDING GOVERNMENT COMMITMENT

Recommendation: *State and local government leaders should adopt action plans to incorporate diversity throughout their activities and regularly measure progress toward goals.* Minnesota's growing racial and ethnic diversity affects state and local governments in many areas, including employment, representation in decision-making, delivery of services and the work environment. If government is to be efficient and effective, it must change along with its clientele and work force.

Strategies:
27. Designate a high-level council and an Office of Diversity to guide action on diversity within state agencies.
28. Adopt a multiyear action plan involving all state agencies, with measurable goals and annual reporting on progress.
29. Make a demonstrated commitment to diversity part of the selection and performance criteria for agency managers and supervisors.
30. Organize a collaborative campaign to increase the employment and representation of people of color in local government.

MAKING DECISIONS

Recommendation: *Improve participation of Minnesotans of color in state and local government and school decision-making.* Effective democracy depends on all citizens being included in public decision-making, yet people of color tend to be underrepresented where many key policies are formed and programs operated.

Strategies:
31. Take action to ensure diversity on state, local and school district citizen boards and advisory committees.
32. Set standards to ensure inclusiveness in all phases of grant-making and state aid allocation.
33. Expand opportunities for communities of color to direct or control programs targeted to them.

ENFORCING RIGHTS

Recommendation: *Give the human rights system the resources and tools it needs to reduce racial incidents through education and make enforcement timely and effective throughout the state.* Laws cannot be effective if enforcement resources are not adequate and enforcement processes are not swift. Yet access to human rights enforcement personnel is limited in many parts of the state, proceedings are lengthy and some enforcement duties go unmet.

Strategies:
34. Increase access to human rights enforcement and education outside the Twin Cities.
35. Develop innovative approaches that resolve discrimination complaints more quickly.

BUILDING COMMUNITY COMMITMENT

Recommendation: *Minnesota leaders and citizens statewide should make a commitment to improve the racial climate.* Laws and policies have limited effect if they are not backed by the commitment and vigilance of Minnesota's leaders. The Governor, the Legislature, and community and private-sector leaders must work together to implement the strategies in this report and discourage racism.

Strategies:
36. Form a Unity in Diversity coalition to lead implementation.
37. Initiate a community-based statewide campaign to promote agreed-upon "best practices" and create a clearinghouse to support local efforts.

While the strategies and goals offered in *State of Diversity* are aimed at public and private institutions, every Minnesotan must take responsibility for making Minnesota free of racial discrimination and harassment. Minnesota must choose whether it will gain from diversity or suffer from division. All Minnesotans must have the opportunity to be vital contributors to the state's future.

INTRODUCTION

STATE OF DIVERSITY

Today and throughout history Americans have been driven by the dream of freedom and opportunity. In the 1980s a large new generation of immigrants arrived seeking economic opportunity. While many earlier generations of European immigrants worked their way to success, many Native Americans, African Americans and other people of color were held back by exploitation and discrimination. Despite decades of economic growth that benefited most Americans, many people of color have been left behind. While the civil rights laws of the 1960s broke down many barriers, disparities are still growing. New commitments and new approaches must now be considered to make the dream a reality for all, regardless of race or ethnicity.

Since its founding as a territory in 1849, Minnesota has been challenged to meet the ideals of freedom and equality put forth in the Constitution and the Bill of Rights. While sometimes a leader, Minnesota continues to face conflicts over race. Today, an increasingly diverse population heightens the challenge. Children born and entering school in the 1990s, more than any other generation, must be prepared to live and work together in a multiracial society. Preparing current and future generations to live together in a state of diversity is critical to Minnesota's economy, sense of community, natural resources and quality of life.

Minnesota's racial and ethnic mosaic has been diverse from the state's beginning, made up of Ojibway and Dakota peoples, African Americans and European immigrant peoples. Lakes, rivers and counties were given Indian and French names, and small groups of African Americans fleeing the South by riverboat established homes, churches, businesses and newspapers in St. Paul and other river towns. Gradually treaties isolated Indian tribes on reservations and African Americans left such towns as Winona and Red Wing and concentrated their homes in the Twin Cities. Outside of the Twin Cities, Indian reservations and a few towns employing Mexican Americans, communities of color in Minnesota historically were small and isolated. Many people came to see Minnesota as a homogeneous, white society, and racial issues were seen as urban issues.

Minnesota now is more racially and culturally diverse than ever. Population changes were dramatic in the last decade. Dozens of Minnesota cities, towns and suburbs

MINNESOTA'S CHANGING POPULATION

	1900-40	1970	1990	PROJECTED 2020
WHITE	99.2%	98.2%	93.7%	85.0%
AFRICAN AMERICAN	NA	0.9	2.2	5.9
AMERICAN INDIAN	NA	0.6	1.1	1.8
ASIAN	NA	0.3	1.8	4.3
HISPANIC	NA	NA	1.2	3.0

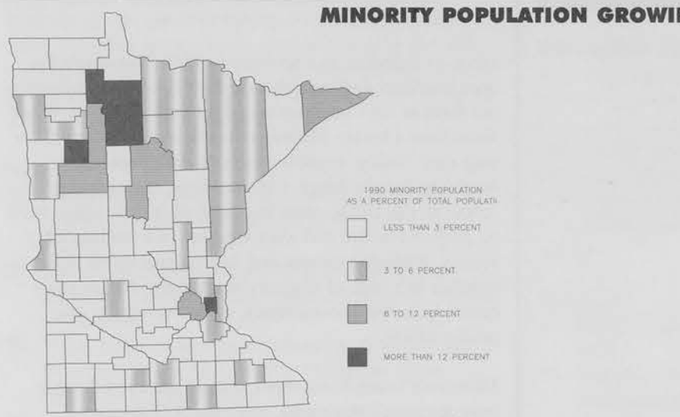
Note: The percentage of whites in 1990 and 2020 include only non-Hispanic whites.
Source: U.S. Census and *A Changing Population - The Next 30 Years,* MN Planning

■ In 1990, Minnesota's population was 6.3 percent people of color, up from 3.9 percent in 1980. By 2020, 15 percent of all Minnesotans are expected to be people of color.

■ Ten percent of public school students today are African American, American Indian, Asian or Hispanic. Children are six times more racially diverse than the population over age 65.

■ By 2020, 24 percent of children under 15 are projected to be African American, American Indian, Asian or Hispanic.

MINORITY POPULATION GROWING



Source: U.S. Census

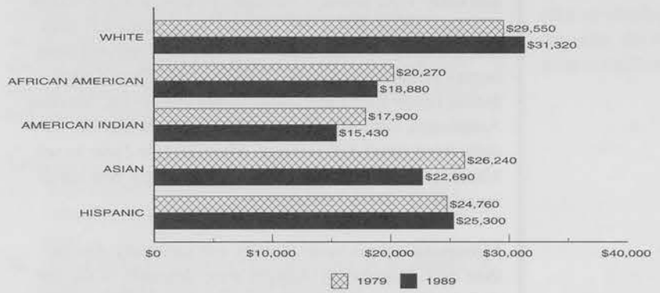
■ Racial and ethnic minority population grew in many counties in the 1980s but remains concentrated.

■ Kandiyohi and Jackson counties had the greatest increases in minority population from 1980 to 1990 — with 257 percent and 233 percent, respectively — largely due to growth in their Hispanic communities.

■ The nonmetropolitan counties with the largest proportion of minorities are in northern Minnesota, where American Indian communities are concentrated.

ECONOMIC GAP WIDENS

MINNESOTA MEDIAN HOUSEHOLD INCOME IN 1989 DOLLARS - 1979 & 1989



Source: U.S. Census

■ Median income of African American, American Indian and Asian households in the state dropped in the 1980s, while that of white households increased.

■ Poverty rates for Hispanics and all other minorities rose, while that of whites fell.

■ American Indians were nearly five times as likely as whites to have incomes below the poverty level.

across the state have growing Mexican American, Latino, Laotian, Hmong, Cambodian, Vietnamese, American Indian and African American populations. From 1980 to 1990, the racial and ethnic minority population outside the Twin Cities metropolitan area grew by 50 percent. School enrollment data shows this growth continuing. This change is forcing all areas of the state to address race relations.

Still, people of color remain concentrated in the metropolitan area. In 1990, 92 percent of all African Americans, the state's largest racial minority, lived in Anoka, Dakota, Hennepin and Ramsey counties, with about 72 percent of them in Minneapolis and St. Paul. In both 1980 and 1990, about half of the state's people of color lived in Minneapolis and St. Paul. Yet, the minority population of the Twin Cities suburban areas more than doubled in the 1980s.

With this growth in the number of people of color, housing patterns in Minneapolis and St. Paul have become less segregated since 1960. More census tracts contain more minority residents than ever before. However, areas with large numbers of minorities have become more homogeneous and therefore more isolated from whites. As a result, whites in Minneapolis, St. Paul and surrounding suburbs are more likely than before to encounter people of color in their daily activities.

ECONOMIC FUTURE

By nearly all measures, the gap in economic well-being between whites and minorities in Minnesota is large and, in most cases, getting larger. Though many people of color have risen to prominent positions in government, industry, sports and the arts since the 1950s, racial and ethnic minorities on average have lower incomes and are more likely to be living in poverty than whites. If this continues, given the rapid growth rates of minority populations, racial inequality and polarization threaten to increase.

Major economic disparities exist between Minnesota's children of color and white children. Poverty rates are five times higher than that of white children for African Americans and American Indians and three times higher for Asians and Hispanics. Children in female-headed households are particularly at risk. Female-headed households account for more than 75 percent of all African American and more than 60 percent of all American Indian families in poverty.

African Americans, American Indians and Asians are less likely than whites to be in the labor force, and all people of color are more likely than whites to be in service and semiskilled manufacturing jobs or unemployed. From 1980 to 1990, the percentage of people age 16 and older participating in the labor force increased for Hispanics and whites but stayed the same or fell for African Americans, Asians and American Indians. Unemployment rates for all minorities were higher than for whites in 1990, with African American unemployment more than three times as high and American Indian unemployment more than four times as high.

Minority workers tend to be underrepresented in higher-paid, higher-skilled jobs and overrepresented in lower-paid, semiskilled occupations. They also are less likely to be employed full time and, in most cases, lag behind whites in educational achievement. These persistent differences all contribute to lower income levels for people of color.

Children of all races must be prepared to be contributing citizens and productive workers. Today's young people will be the workers and taxpayers who support the baby-boom generation during retirement. If African American, Asian, Hispanic and American Indian populations continue to polarize between an educated middle class and a large, underemployed poverty class, the tax burden of public assistance and medical programs only will grow.

Discrimination has been found to play a role in these differences and may be rising as layoffs and tight economic times increase competition for jobs. University of Minnesota professor Samuel L. Meyers Jr. examined income differences for a sample of white and minority workers in Minnesota and found that "only about 25 percent of the racial gap in earnings in Minnesota can be attributed to racial differences in education, age, occupation, location, industry or migration patterns."

Institutional racism and exclusion from jobs and business can hinder Minnesota's economic growth and potential in international trade. Cosmopolitan cities with climates supportive of diversity and thriving, well-educated communities of color may have an advantage in expanding business and cultural links with Africa, the Pacific Rim and Latin America.

The dependence on workers of color by rural manufacturers and urban service industries is growing. Meatpacking and other food processing companies in such towns as Worthington, Madelia, Marshall and Pelican Rapids increasingly are dealing with labor shortages and wage pressures by recruiting Hispanic and Southeast Asian workers from the Twin Cities, Texas, California and Mexico. Like earlier generations of migrants and immigrants, these workers are new customers for small-town businesses, and their children help keep schools open in these communities.

COMMUNITY AND QUALITY OF LIFE

Community harmony has been identified by Minnesotans through *Minnesota Milestones* as a vital part of quality of life. Unfortunately, racial incidents have scarred dozens of communities in recent years, undermining the quality of life for all Minnesotans. Racial conflict is likely to increase unless more Minnesotans reduce their isolation and increase their understanding of each other. History shows that when some racial groups are disproportionately poor and excluded, when they are pitted against each other or whites for limited jobs, housing and political representation, racial conflict eventually grows.

Many cities, towns and suburbs face common challenges and opportunities related to diversity. Minnesota Planning and its project committees identified several patterns in the course of doing interviews and analysis of communities around the state:

■ Inequality and racial exclusion are not simply the result of recent growth in migration from Illinois, Texas, Mexico and Southeast Asia. In many towns, American Indians and Mexican Americans who are long-time residents of the state are still marginal participants in mainstream employment, politics and schools. Many people of color see a pattern of behaviors and incidents that reinforces a feeling that they are not welcome. On the other hand, Indian gaming has begun to accelerate the entrance of American Indian people into mainstream business and community life.

■ Rural communities with longstanding seasonal populations of Mexican American migrant workers are having difficulty accepting growing permanent populations of Mexican Americans as neighbors and equals.

■ Communities that lack any multiracial organizations and leadership dedicated to improving race relations are experiencing deepening conflicts and distrust. Communities with leaders and multiracial groups working toward multiracial cooperation are starting to see results. For example, employment of American Indians in Bemidji has increased significantly since the Bemidji Area Indian Employment Council and the Bemidji Area Race Relations Task Force began involving both employers and the Indian community in bringing down old barriers.

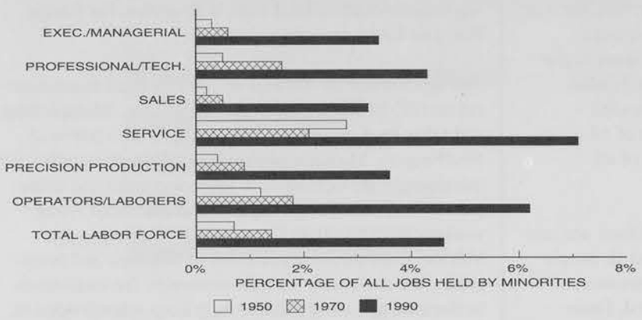
■ Efforts to improve race relations in some communities have achieved limited success because, though sincere, they do not significantly share power or provide people of color with real benefits, such as access to jobs. Many people of color will not join in efforts in which they feel they are not treated as equals and not invited in on the ground floor.

■ Minority-owned businesses are beginning to flower in some small cities but are virtually absent in others, reinforcing the isolation of communities of color from the economic mainstream.

NATURAL RESOURCES

Racial isolation also threatens to undermine wise management of our natural resources. Minnesota Indian tribes own nearly 1 million acres of land. Coordinated management of forests, waters, recreation and development is highly desirable. The Mille Lacs treaty conflict over fishing rights is likely to be followed by others, as Ojibway and Dakota tribes continue to gain strength and exercise claims and treaty rights that have lain dormant for decades. Tribes are using casino profits to expand their land base and their activities in forestry and tourism,

MINORITY EMPLOYMENT IN TOP OCCUPATIONS STILL LAGS



Source: U.S. Census

■ People of color still are disproportionately concentrated in lower-paid service and semiskilled operator/laborer jobs.

■ People of color made major gains in executive and managerial jobs in the 1980s but are still underrepresented compared to their presence in the labor force.

■ Minority representation in professional and technical jobs remained strong but fell below labor force levels from 1980 to 1990.

proving that wealth and business ownership make people of color "players," with greatly increased social and economic status. Greater cooperation and understanding will be needed to coordinate the development and the protection of forests, lakes and water supplies. Emerging issues include Indian access to the Boundary Waters Canoe Area and their rights under the federal Indian Religious Freedom Act to have sacred places protected from development.

PROJECT ORIGINS AND OBJECTIVES

At public hearings across the state in 1992, Minnesotans spoke of the desire for close and caring communities where people of all cultures, races and ethnic backgrounds are valued and respected. The public hearings were part of an 18-month effort to develop *Minnesota Milestones*, a 30-year plan for the state. The strategies outlined in this report are intended to bring us closer to the kind of future Minnesotans envision for themselves and their children.

Are our public policies adequate to respond to the growing opportunities and tensions arising between races and cultures? What policies are guiding our schools, our employers, our human services programs and our economic development agencies? Have the civil rights laws of the 1960s and 1970s achieved the intended results? What new directions are needed? To answer these questions, Minnesota Planning began shaping a project on issues of racism and equality in early 1992.

Minnesota Planning consulted with the Council on Black Minnesotans, the Spanish Speaking Affairs Council, the Council on Asian Pacific Minnesotans, the Indian Affairs Council, the Urban Coalition and others representing communities of color. About 20 representatives of communities of color, key state agencies, and communities throughout the state were invited to serve on a steering group to guide the project. This group advised that further research was not as important as determining policies and actions to alleviate discrimination and inequality. The steering group worked for nine months, establishing policy goals and setting priorities for developing action recommendations.

Three subcommittees involving more than 30 additional people were formed: Diversity and Human Rights, Wealth and Economic Development, and Government Inclusiveness and Jobs. These areas were selected because they were not already being addressed by other organizations. The Minnesota Supreme Court was studying bias in the judicial system, and four task forces representing communities of color had presented recommendations on education to the State Board of Education. Numerous groups were working on jobs and training issues. In the three selected areas, expert practitioners, with strong leadership from communities of color, worked closely with state officials and project staff to develop the bulk of the recommendations presented in this report. Among those contributing were chairs of minority chambers of commerce, chairs of local human rights commissions, cultural diversity trainers and people experienced in carrying out diversity projects in major corporations and state agencies.

Recognizing that racism and equality are not just urban issues, Minnesota Planning conducted interviews and focus groups with communities of color and local officials in Bemidji, Moorhead, and Rochester, as well as interviews in Worthington and Mankato. Issues in these communities are mentioned because similar issues affect many other cities and towns.

ACCOMPLISHMENTS

Several recommendations made in the working papers and the project's January 1993 Interim Report have been carried out, including:

■ The Department of Human Rights and the state's four minority councils were exempted from the 5 percent budget cuts taken by most other agencies for the 1994-95 biennium.

■ To improve communications with the minority councils, the Council on Disability, and the Commission on the Economic Status of Women, the Governor created a cluster group headed by the Lieutenant Governor that meets quarterly and includes the six groups and several state commissioners.

■ The 1993 Legislature appropriated $6 million for the Urban Challenge Grant Program to benefit minority businesses, recapitalized the Capital Access Program and incorporated recommendations developed by the project subcommittee.

■ The Department of Trade and Economic Development is acting to increase promotion and outreach to communities of color for its rural challenge grant, capital access and other programs.

■ Legislation was passed requiring all schools to have racial harassment policies.

■ Minnesota Planning, the Metropolitan Council and the Minnesota Housing Finance Agency are conducting an examination of policies that affect affordable housing.

LIVING WITH HARASSMENT

■ American Indians in Bemidji and the Mille Lacs area report a pattern of being followed and watched as they shop in certain stores. African Americans frequently complain of the same pattern in Twin Cities shopping malls and department stores.

■ In a local newspaper report, American Indians in the Mille Lacs area described receiving slower or no service in restaurants and being required, while whites are not, to show identification when cashing checks.

■ At the University of Minnesota, Jewish students were shouted down when they attempted to counter an African American student's anti-Semitic remarks.

■ At Macalester College in St. Paul, the Jewish students' kosher kitchen was vandalized and defiled.

■ In South St. Paul, a Hispanic resident was pulled from a car at an intersection, hit with a two-by-four, and told to get out of town by young white men wearing black fatigues and swastika armbands. In previous weeks, white supremacists had passed out literature at schools, apartments and businesses in the city.

■ In Rochester, results of a survey on racial attitudes indicated that 49 percent of the respondents would be most comfortable living in an area with no Southeast Asians and 41 percent would be most comfortable living in an area with no African Americans.

■ In Eden Prairie, an African American family was harassed by a cross burning, a mock lynching and a racist letter containing a death threat.

■ In August 1992, 83 percent of 200 respondents to a Worthington Daily Globe survey said that the city "has not been enhanced by the recent influx of various minority groups." Several dozen flagrantly racist comments from the survey were published.

■ In Minnetonka, an African American man was called derogatory racial names and attacked and beaten by two young white males at Ridgedale Shopping Center.

Sources: Minnesota Planning interviews, Suburban Hennepin Anti-Racism Committee, *Brainerd Daily Dispatch, St. Paul Pioneer Press, South St. Paul Sun-Current*, 1990 Rochester Racial Attitudes Survey, *Eden Prairie Sun-Sailor, Worthington Daily Globe, Plymouth Sun-Sailor*. All reports from 1992 and 1993

TROUBLING ATMOSPHERE IN LAW ENFORCEMENT AND SCHOOLS

■ In Minneapolis, police officers placed two unconscious American Indians in the trunk of their squad car to take them to Hennepin County Medical Center. The officers were suspended without pay. Also in Minneapolis, an African American man on his way home from work was stopped, searched and beaten by two Minneapolis police officers. The officers said he looked like a rape suspect. (Star Tribune, June 5, 1992; City Pages, October 7, 1992)

■ In St. Paul, a high school art teacher added racist elements to a drawing of an African American student. After the school failed to appropriately respond to the incident, the school superintendent removed the teacher, the principal and the assistant principals from the school. (St. Paul Pioneer Press, August 19, 1992)

■ In Deer River in northern Minnesota, a freshman at a high school that is about 20 percent American Indian wrote a derogatory essay about Native Americans that said, "I hate Indians so bad for stealing our country, I will personally assassinate the first Indian president." Newspapers across the region covered the incident. (Fargo-Moorhead Forum, January 2, 1993)

■ At Concordia College in Moorhead, an African American employee received a racist note in the mail along with a cartoon and a disfigured doll. The Fargo Forum reported that classes were suspended for one day, and the college held a discussion about its racial atmosphere.

■ Bemidji and Rochester school officials report that students of color are not well-integrated into extracurricular activities. A Bemidji official said that "many kids still feel like a square peg in a round hole."

HOUSING DISCRIMINATION

■ A 1991 housing survey in the Phillips neighborhood of Minneapolis revealed discriminatory practices by rental agents, including offering fewer services to minority auditors, showing them fewer and lower-quality units, asking more detailed questions on status and life-style and not keeping appointments to show them units. (CURA Reporter, October 1992)

■ A social service administrator reported to Minnesota Planning that at least one Rochester apartment landlord had set aside buildings just for Asians. He personally investigated and verified discrimination. Other interviewees also reported incidents of blatant discrimination by landlords.

■ A lawsuit was filed in July 1992 charging that Minneapolis and federal public housing agencies steer people to historically segregated areas by giving them selective information. The suit contends that two-thirds of the city's Section 8 certificates (federally subsidized rental housing units) and about 60 percent of its scattered-site assisted housing are in areas heavily populated by minorities.

■ In a study of 13 cities that includes Minneapolis and St. Paul, ACORN, a community activist organization, found that insurance agents were five times more likely to refuse insurance to homeowners in inner cities than to homeowners in high-income areas. It also found that people living in poor minority neighborhoods were far more likely to be without insurance than those in poor white neighborhoods.

RECOMMENDATIONS

STATE OF DIVERSITY

This report offers strategies to the Governor, the Legislature and the people of Minnesota for achieving a state where people of all cultures, races and backgrounds are valued and respected. The recommended course of action cannot be completed in one or two years. A sustained and bipartisan effort will be required throughout the 1990s.

Historically, Minnesota has been a leader in protecting human rights and striving for equality, and the Legislature continues to enact new laws and programs aimed at these goals. But the state's population is changing faster than its practices, and the time has come to bridge the gap between ideals and realities.

This section of the report covers nine major areas. Each area begins with a summary of findings and issues, followed by a broad recommendation and several specific strategies for action. Each recommendation begins with a restatement of policy goals; some goals apply to several sections. Background information in each section is drawn from data analysis, surveys, interviews, focus groups and the expertise of the project's working committees.

GROWING BUSINESSES

To many people, money is the key to equality. Only through economic empowerment, they contend, can full citizenship be achieved. Some go further, suggesting that class has replaced race as the major differentiating factor in American life. For people of color, however, who are disproportionately represented in the lower economic classes and rank lower than whites in almost all measures of wealth, the question of whether the issue is race or class may be moot.

Before the civil rights movement, Chinese and Jewish people in the Twin Cities prospered despite intense job discrimination because they built businesses that employed their family and community members. Many African Americans attained middle-class status by becoming professionals or small business owners. Now, the creation of major gaming enterprises has elevated the status of American Indians in rural Minnesota. They have become major employers, deeply involved with bankers, construction companies, suppliers, mayors, city councils and economic development officials.

Despite these efforts and the anti-discrimination laws of the past three decades, economic conditions for communities of color in Minnesota are bad and getting worse. Income and wealth of Minnesota's minority people remain below that of whites, and disparities have grown. Figures for household income, families in poverty and home ownership all show improvements for whites and, in general, worsening conditions for people of color. One exception is Hispanics, whose median household income and percentage of households with middle and upper incomes both increased in the 1980s. Although educational achievement was lower for minorities, this difference does not appear to completely explain the income gap.

Attention is usually focused on jobs and income, but more attention must be given to the overall issue of wealth and economic development. Education, jobs and income provide the means of survival. Wealth is the accumulation of assets — savings, investments, homes, real estate, farms and businesses. Wealth provides security and stability across generations and through job losses and economic crises.

Minority households have low levels of accumulated wealth. Nationally, the Census Bureau found that the 1988 median net worth of white households ($44,400) was about 10 times that of African Americans ($3,800) and Hispanics ($5,500). Even for married-couple households, the median net worth of whites was more than four times higher than that of people of color.

The State of Black America 1990 reported clear disparities between African American and white wealth ownership in all types of assets. For example, 75 percent of whites compared with 44 percent of African Americans reported owning interest-bearing accounts at financial institutions, and 22 percent of whites compared with 5.4 percent of African Americans reported owning stocks and bonds. The per capita size of holdings also was much smaller for African Americans.

Business ownership is a major path to wealth in the United States, yet relatively few people of color own businesses. An expanding economy is good for everyone, especially for those at the margins of economic security.

Minority business ownership can benefit the business owner and help revitalize neighborhoods and increase opportunities for others in the community. The jobs, role models and multiplier effect of expanded purchasing within the community created by the business can stimulate other economic development.

In the 1980s, in both Minnesota and the nation, the number of businesses owned by minorities increased more rapidly than the number owned by white males. In Minnesota, the number of minority businesses increased by more than 35 percent from 1982 to 1987. Still, only 1.5 percent of businesses in Minnesota were owned by people of color in 1987. In the nation, the number of minority-owned firms jumped from 757,000 in 1982 to 1,222,000 in 1987, increasing the minority share of all U.S. businesses from 6 percent to 9 percent. The U.S. 1990 minority population, however, was 24 percent.

Most of the growth in Minnesota came from Asian-owned businesses, reflecting the large increases in the state's Asian population in the 1980s. The number of Asian-owned businesses increased nearly 68 percent from 1982 to 1987, following even higher increases from 1977 to 1982.

Minority-owned firms are similar to all Minnesota firms in percentage of firms with employees and number of employees per firm. However, they tend to be smaller in terms of sales and receipts. In 1987, average sales and receipts for firms owned by people of color were 48 percent less than those for all firms in Minnesota.

Securing the funding to start, run and expand a business can be particularly difficult for people of color, a fact that undoubtedly contributes to the disparities in business ownership. A 1989 survey of female and minority business owners found that African American business owners were significantly more likely than white male business owners to report experiencing major problems obtaining capital. More important, in almost all cases, minority business owners were much more likely to report major business problems as unresolved.

State government and the private sector have not offered minority-owned businesses satisfactory access to their

MINNESOTA'S TRIBAL CASINOS ARE BIG BUSINESS

TRIBAL CASINOS HAVE HAD A TREMENDOUS EFFECT ON RURAL ECONOMIES AND MINORITY EMPLOYMENT.

- Casinos generated more than $300 million in revenues in 1992 — nearly as much as all minority-owned businesses combined in 1987.
- Their 1992 payroll of $127 million was more than twice the payroll of all minority-owned business in 1987.
- With more than 10,000 employees in 1991, casinos had twice the number of paid employees of all minority-owned businesses in 1987.
- Casinos employed more than 3,000 American Indians — more than 20 percent of the total 1990 American Indian employment.

Sources: *Minnesota Gambling 1993*, Minnesota Planning; U.S. Department of Commerce, Bureau of the Census

sizable markets. In a 1989 study of Minnesota minority- and female-owned businesses, the state documented specific evidence of discrimination against these businesses ad concluded that it exists in both government purchasing and in private-sector activities. All state purchasing areas had significant disparities in the use of businesses owned by all minority groups and women compared to their availability.

The state developed a targeted-group purchasing program in 1991 to help correct the disparities in its purchasing and replace a similar program that was eliminated following federal court rulings in 1988. Women, minorities and people with disabilities are within the targeted group.

In order to be successful, government and the private sector must work together to stimulate growth in minority-owned businesses and the accumulation of capital and assets by people of color. As communities of color grow in Minnesota, their interest in developing businesses also grows. Joint efforts to promote minority-owned businesses can be mutually beneficial. The city of Mountain Lake helped several Laotian businesses get started as part of its downtown revitalization program. Redwood Falls has been working closely with the Lower Sioux community on local development plans.

A growing issue facing state and local agencies is the desire of Indian tribes to deal with environmental, infrastructure and financial changes related to gaming-related development and the diversification of tribal economies beyond gaming. Such bands as the Mille Lacs, Shakopee, Red Lake and Lower Sioux have established formal economic development corporations and plans.

GROWING BUSINESSES RECOMMENDATION

SUPPORT AND NURTURE MINORITY INVESTMENT AND BUSINESSES.

POLICY GOAL

People of all racial and ethnic communities will build wealth and financial security through business growth, property ownership and well-paying jobs.

STRATEGIES FOR GROWING BUSINESSES

1. Expand efforts to provide capital and assistance to minority-owned businesses by marketing existing programs and pursuing new sources of funding and assistance. Successful programs to foster minority-owned business development and economic development in low-income communities are underway in Minnesota and across the country. Such programs as the Rural Challenge Grant Program, the Working Capital Fund, the Ark Capital Fund, the Headwaters RDC Revolving Loan Fund and the new Urban Challenge Grant Program are working to make a difference. More can be done. The Department of Trade and Economic Development should:

- Market information on state-funded business development programs through organizations and periodicals serving minority-owned businesses and communities of color.
- Evaluate the level of participation by minority- and female-owned businesses in state programs and determine what additional promotional approaches and targeting methods are needed to increase participation.

PEOPLE OF COLOR ARE LESS LIKELY TO OWN BUSINESSES

1987 MINNESOTA BUSINESS OWNERSHIP

	NUMBER OF FIRMS	PERCENT OF ALL FIRMS	FIRMS PER 1,000 POPULATION
WHITE, NONHISPANIC	276,061	98.5%	67.3
AFRICAN AMERICAN	1,448	0.5	15.3
AMERICAN INDIAN	340	0.1	6.9
ASIAN	1,684	0.6	21.9
HISPANIC	751	0.3	15.1

Source: U.S. Department of Commerce, Bureau of the Census. 1992 data not yet available.

- Asians had the highest business-ownership rate of all minority groups.
- Whites and African Americans in Minnesota are just as likely as their counterparts in the nation as a whole to own a business.
- Business-ownership rates for Minnesota's Asians and American Indians are less than half the U.S. rates and rates for Hispanics are nearly 30 percent less.

■ Modify existing economic development programs, such as Star Cities and Small Cities Development, to provide for direct involvement by communities of color.

■ Work closely with the Metropolitan Economic Development Association, small business development centers, federal agencies and private lenders to encourage and expand funding programs for minority business development.

2. Develop a comprehensive electronic directory of minority-owned businesses and technical and financial assistance efforts. The Department of Trade and Economic Development should work with the minority chambers of commerce, the Metropolitan Economic Development Association and the University of Minnesota to develop the directory. The directory should be interactive, providing an electronic network for Minnesota's minority business owners to both obtain and exchange information. Many businesses are unaware of sources of assistance or believe them to be too costly or inaccessible. As businesses across the nation are discovering, they can be more competitive by pooling resources and sharing information on practices that help them survive and expand. The directory should be linked with existing networks, such as the University of Minnesota's Minnesota Project Outreach, and with the proposed National Technical Extension Service. The cooperating organizations should identify and solicit private or public funding sources.

3. Promote corporate buying from minority suppliers. The National Minority Supplier Development Council reported a 25 percent increase in purchases of goods and services from minority-owned businesses by major U.S. companies from 1990 to 1991 and steady increases throughout the 1970s and 1980s. K Mart, General Motors, AT&T and others are seeking out minority suppliers, fostering joint ventures between suppliers and minority-owned businesses and encouraging suppliers to use minority-owned vendors. The Department of Trade and Economic Development and the Minnesota Minority Supplier Development Council should work with Minnesota's corporate leaders to assist existing efforts and foster new ones by supplying information on Minnesota's minority-owned businesses and bringing vendors and corporations together.

4. The minority business community should form a Minnesota chapter of Minority Business Brain Trust and develop a mentor network to better advocate for minority business issues. The Minority Business Brain Trust is a national network of more than 4,000 business and political leaders set up to provide rapid communication between the nation's capital and minority businesses. It primarily serves to identify concerns and mobilize response to federal actions, but local chapters also have been powerful forces in influencing local decisions. A Minnesota trust also could be part of a mentor network among businesses that would work with the Service Corps of Retired Employees.

5. Encourage local units of government to seek bids and make purchases from minority-owned businesses. Local units of government also are major purchasers of goods and services. To date, no local units of government in Minnesota have conducted disparity studies to justify minority or other targeted-group compensatory purchasing programs. Even without a specific program, however, they could use the state's certified list to identify potential vendors. Those units that do conduct studies and develop targeted-group purchasing programs should be encouraged or required by law to use the state's certified vendor list so that businesses do not have to apply for certification with each individual governmental unit.

6. Continue the state targeted-group purchasing program. The Minnesota Department of Administration should conduct a study to document disparities in government purchasing among businesses owned by white males and those owned by women, people with disabilities, and people of color. Court rulings require the documentation of disparities to justify compensatory programs. The state completed a disparities study in 1989 and additional studies are required every five years to maintain its purchasing program. The Department of Administration must begin the study by July 1994 and complete it by July 1, 1995, to guarantee uninterrupted operation of the state's purchasing program targeted to businesses owned by women, minorities and people with disabilities.

7. Strengthen and market the state targeted-group purchasing program. The Minnesota Department of Administration should do this by:

■ **Fully enforcing current state government purchasing policies.** Although procedures for targeted-group businesses are not always followed, the department is instituting changes to improve enforcement. It should hold purchasing agents accountable and should rescind agents' authority to operate if they are not following procedures.

■ **Improving its ability to categorize state purchases and contracts and increasing marketing of opportunities to minority-owned businesses.** In a Minnesota Planning survey of state agencies, some reported that services and products they needed were not available from certified minority vendors. However, only a small fraction of the state's minority-owned businesses are certified to participate in the state's targeted-group purchasing program. Increased marketing of the state's needs should stimulate more businesses to seek certification.

■ **Creating an automated system to provide up-to-date information on certified vendors and state bid opportunities.** The current loose-leaf certified vendor directory is cumbersome for agencies to update and use, and information on bid opportunities is available only from a few sources not easily accessible to all vendors. Developing an automated system that can provide this information would greatly benefit both agencies and vendors. The department should make the system available to all units of government and to businesses to encourage their use of targeted-group vendors. The department expects to have the first phase of such an automated system functioning this year.

MINORITY-OWNED BUSINESSES TO GET BOOST

Minnesota's new Urban Challenge Grant Program sets up a $12 million revolving-loan fund for new and expanding businesses in low-income areas. The fund was patterned after the successful Rural Challenge Grant Program. It will serve businesses in Minneapolis, St. Paul and low-income inner-ring suburbs. The purpose of the fund is to provide jobs for people of color and others in low-income areas, to create and strengthen minority-owned businesses and to promote economic development in low-income areas. An 11-member board, including six representatives from minority business enterprises, will administer the revolving-loan fund. The Legislature provided half of the money for the fund. The state's $6 million now must be matched by another $6 million from private sources. Together with the replenished Rural Challenge Grant Program, the Capital Access Program and other financial and technical assistance efforts, this effort provides a strong basis for economic development partnerships in Minnesota.

OWNING HOMES

Home ownership is an important element of personal wealth. Homes are often used as collateral for loans, including those for starting small businesses. In addition, home ownership can stabilize communities, since owners tend to have a greater stake and interest in a community's future than renters.

Although Minnesota is recognized for its high home-ownership rates, its people of color do not share equally with whites in this major source of personal wealth. Home-ownership rates for minorities were significantly lower than rates for whites in 1990 and have declined or stalled while white home-ownership rates have increased.

A year after the end of World War II, African Americans in Minnesota had a home-ownership rate comparable to that of whites, due in large part to cheap, long-term financing and booming construction. However, rising construction costs and interest rates through the late 1970s and early 1980s drove many middle- and low-income people, including many people of color, out of the home-ownership market.

Income differences among groups contribute to differences in home-ownership rates. The median income for all minority groups in Minnesota was well below that of whites in 1990. Length of residency can also be a contributing factor. Asian and, to a lesser extent, African American populations increased significantly through the 1980s. Many were unfamiliar with the area and available programs, and unaccustomed to home ownership.

Some low-income people are renting housing when they could be buying and gaining home equity. For example, to qualify for a new three-bedroom low-income townhome, the annual income limit is $27,550 and rent is $593 per month, plus utilities. On the open market, this same income is sufficient to purchase a $72,000 house at 8 percent interest with a monthly principal and interest payment of $550. Substantial efforts, however, remain focused on building low-income rental housing.

The availability of affordable housing is a problem statewide for low-income buyers. In some southern and western Minnesota cities, affordable housing is not keeping up with job growth. Newly constructed homes are generally beyond the price range of low-income people. The Metropolitan Council's survey of Twin Cities homebuilders in the *1991 Home Prices Report* found that only 0.09 percent of single-family homes and 0.08 percent of townhomes built in 1991 were priced $69,999 or under. On the other hand, 20.8 percent of sales of existing single-family homes were in this price range. Development of low-income homes does not appear to be keeping up with demand.

Even when appropriate housing is available, a lack of money for a down payment can deter purchasing. A recent survey conducted by the Southeastern Minnesota Housing Network found that more than 35 percent of surveyed households in the Energy Assistance Program were unable to purchase a house because they lacked the down payment.

Finally, discrimination cannot be discounted as a factor in home ownership disparities. The U.S. Department of Commerce must work with other federal and state agencies and community groups to strengthen enforcement of nondiscrimination in home mortgages, focusing on mortgage bankers and savings and loan institutions.

STRATEGIES FOR OWNING HOMES

8. Expand private sector and government home loan and rehabilitation programs for low- and moderate-income people across the state. Banks in Minneapolis and St. Paul, including First National and Norwest, have specific home-loan programs for low-income people. In addition, the Minnesota Housing Finance Agency has several programs designed to help low-income Minnesotans acquire and renovate housing. Minneapolis, St. Paul and other local governments and private organizations across the state also have housing-loan assistance programs. However, the funds in several low- and moderate-income home-loan programs are insufficient or depleted. Special attention should be given to increasing lending outside Minneapolis and St. Paul and in rural Minnesota, where fewer special programs are available. Programs should be marketed aggressively in cooperation with community organizations and tribes.

OWNING HOMES RECOMMENDATION

GOVERNMENT AND THE PRIVATE SECTOR SHOULD DO MORE TO INCREASE ACCESS TO HOME OWNERSHIP.

POLICY GOAL

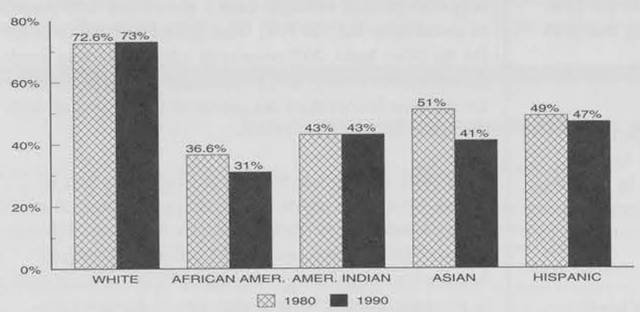
People of all racial and ethnic communities will build wealth and financial security through business growth, property ownership and well-paying jobs.

9. Expand private sector and government home-ownership information and training programs, focusing on communities of color and areas outside the metropolitan area. Many first-time home buyers and owners need information, assistance and advocates to help them understand the home-buying options. They need assistance in demystifying the buying process, finding affordable neighborhoods and homes, and dealing with home care and maintenance. Minnesota Housing Finance Agency staff report that renters may need a year or more of assistance before they are able to take the final steps toward owning a home. Current efforts include those of the Home Ownership Centers in Minneapolis and St. Paul, the Housing Finance Agency's Urban Indian Housing Program, realtors and banks. Most efforts focused on low-income people, however, are concentrated in the inner city. More are needed outside this area.

10. A directory of home-ownership assistance programs and providers should be created by the Mortgage Bankers Association and Minnesota Housing Finance Agency and provided to community organizations and potential home owners. Financing for home ownership and rehabilitation is available from numerous sources. In addition, banks, realtors and community organizations provide information, training and other assistance to home owners and prospective home buyers. However, there is no comprehensive listing of available funding and assistance programs. The direc-tory should be automated to speed updating and access.

HOME OWNERSHIP REMAINS LESS COMMON FOR MINNESOTA'S COMMUNITIES OF COLOR

PERCENT OF HOUSING UNITS OCCUPIED BY OWNERS



Source: U.S. Census

- From 1970 to 1990, white home-ownership rates edged upward in Minnesota and were well above the national 1990 white rate of 68 percent.
- Rates for people of color in Minnesota fell or stalled through the 1980s and were well below national 1990 rates, except for Hispanics.

PREPARING YOUTH

Minnesota's young people are entering a work world that demands higher skills, more adaptability, lifelong learning and knowledge of diverse cultures and international markets. Today, there are fewer low-skill jobs with good wages than in the past. Yet many youth, especially those of color, are not being prepared to meet the demands of the future. Test scores, dropout rates and postsecondary school enrollment figures all suggest that unless steps are taken now to motivate and better prepare youth, disparities in employment, income and wealth among racial and ethnic groups will increase.

PREPARING YOUTH RECOMMENDATION

PREPARE AND MOTIVATE YOUTH FOR CAREERS AND FOR BUSINESS AND COMMUNITY LEADERSHIP.

POLICY GOALS

People of color will have education, skills and credentials, and quality employment on a par with other Minnesotans.

Children of color will be fully included and equally treated in all school classrooms and programs and will achieve academic success comparable to that of other children. Schools will value diverse cultures, reduce biased behaviors and nurture all children.

Minority high school graduates are less likely than whites to continue on to postsecondary education. Although improving slightly among recent high school graduates, only 39 percent of minority students continued on to the postsecondary level, compared to 45 percent of white students.

In addition, minority students generally are less likely to complete their studies. Only 18 percent of minority freshmen in state universities graduate within six years, compared to 47 percent of white freshmen. In 1990, 63 percent of American Indian freshmen continued on to their second year of study at private colleges in Minnesota, compared to 72 percent of African Americans, 75 percent of Hispanics and 82 percent of whites. Except for Asian students, who continue schooling at rates similar to or better than white students, minority students are less likely than white students to continue on to a second year in the state university or community college systems.

A recent comprehensive study of Twin Cities minority youth, *Children of Color: A Wake-Up Call to the Community*, found major disparities in achievement test scores and graduation rates for minority youth. For example, the percentages of ninth-graders in St. Paul passing the ninth-grade competency test in 1991 were 89 percent for whites, 82 percent for American Indians, 71 percent for Hispanics, 68 percent for African Americans and 62 percent for Asians. Minnesota Planning found strong concern among minority parents that too many of their children were being placed in alternative programs that lack adequate courses for college preparation.

Minnesota institutions must work together to prepare and motivate young people of all races to obtain jobs, careers and leadership in business and the community. New approaches linking and integrating school learning with community support, hands-on experience and real career opportunities should be tried and those that work greatly expanded.

STRATEGIES FOR PREPARING YOUTH

11. The Governor and state agency heads should expand internship and job programs in state government that provide exposure to careers and job experience to lower-income and minority young adults. State government has several successful programs to expose minority youth to career opportunities, including Transportation's SEEDS program for entry-level jobs, Human Services' Pathways program, and Natural Resources' Youth in Natural Resources summer work program. The state needs to expand on these efforts. Substantial skill-building programs should be encouraged. A permanent framework for targeted summer employment in state government should be established. Special attention should be given to scientific and technical occupations, because employers have difficulty locating trained candidates in these areas. Partnerships should be formed with schools, colleges and community organizations to provide recruitment, technical training and support. Public agencies should consider such approaches as work-study programs, internships, on-the-job training, summer jobs and scholarship programs.

12. Minnesota's businesses and community organizations should expand partnerships with schools that provide young people with role models and exposure to careers. Adults and their roles in the community and the workplace significantly influence youths. Yet, minority and low-income youth often are isolated within a limited sphere of society that offers few constructive examples of possible future paths. Programs to match young people with adults and to match minority business professionals with schools can open up new possibilities for youths. The African American Rights of Passage programs and the Minnesota Mentoring Network are two successful efforts that match young people with adult mentors. Another effective program is that of 3M Company's Native American Council, a group of American Indian scientists who provide experiences, expertise, education, cultural awareness and resources to students of the Mounds Park Native American Magnet School on St. Paul's East Side.

HIGHER PERCENTAGE OF MINORITY YOUTH DROP OUT OF SCHOOL

ANNUAL DROPOUT RATES, 1991-92, GRADES 7-12

	ALL STUDENTS	ALL MINORITY STUDENTS	WHITE	AFRICAN AMER.	AMER. INDIAN	ASIAN	HISPANIC
MINNESOTA	3.5%	10.2%	2.8%	14.1%	13.0%	4.5%	11.3%
MINNEAPOLIS	12.8	16.1	9.4	17.1	29.7	6.1	17.2
ST. PAUL	10.1	12.4	8.4	15.6	20.2	7.5	15.2
BEMIDJI	1.9	5.9	1.4	0*	7.0	0*	0*
MOORHEAD	1.5	5.8	1.0	0*	16.7	1.7	5.7
ROCHESTER	3.2	6.5	2.8	9.0	22.2*	6.1	4.2
WORTHINGTON	4.2	17.2	2.6	28.6*	20.0*	14.1	23.3

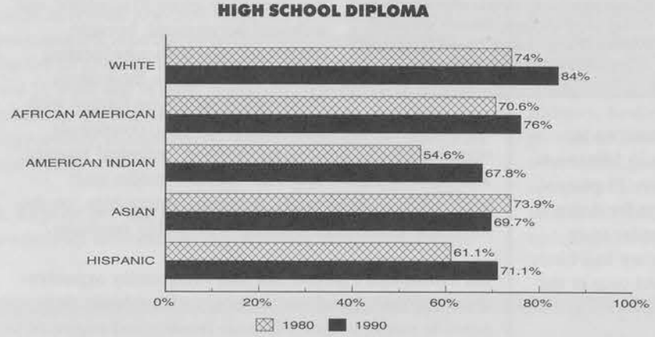
*Based on an enrollment of 20 or fewer students.
Source: Minnesota Department of Education

■ Youth of color comprised 10.1 percent of all students in 1992 and more than 25 percent of all dropouts.

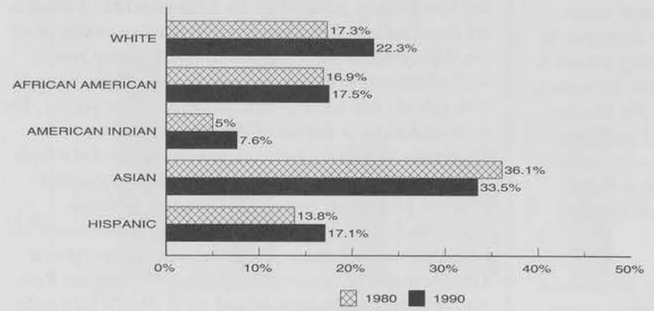
■ From 1981 to 1991, the dropout rate tripled for Asians and nearly doubled for Hispanics.

DISPARITIES IN EDUCATION REMAIN SIGNIFICANT

PERCENTAGE OF PEOPLE AGE 25 AND OVER IN MINNESOTA WITH AT LEAST A HIGH SCHOOL DIPLOMA OR COLLEGE DEGREE



Source: U.S. Census



Source: U.S. Census

■ Educational achievement of people of color has increased over the past 30 years, but, in most cases, still lags behind that of whites.

■ People of color are less likely to have a high school diploma and, except for Asians, less likely to have a college degree than whites.

■ The percentage of Asian college and high school graduates was influenced by the large influx of less educated immigrants.

■ Percentages of whites and African Americans completing college increased in the 1970s to be nearly equal in 1980.

■ The percentage of people with some postsecondary education increased for all racial and ethnic groups.

13. Minnesota's businesses, schools and communities should provide more opportunities for youths of all backgrounds to learn about and develop business enterprises. Many young people, particularly low-income and minority youths, have limited opportunities to learn how businesses are started and run. For those without a family history of business ownership, the prospect of starting a business is remote. Joint school, business and community efforts can help students learn about and develop business enterprises while expanding their career options and promoting future economic growth. Successful efforts underway include a new north Minneapolis Dairy Queen franchise predominantly owned and operated by African American youths. Other possible approaches include a high-technology training and enterprise center for inner-city youths that would combine skills training with the actual manufacturing and marketing of products. Banks and schools should develop partnerships to promote knowledge of the U.S. economic system and to encourage students to save, invest and develop long-term economic goals.

As part of this recommendation, the Department of Trade and Economic Development should promote minority participation in the $50,000 youth entrepreneurship education program funded by the 1993 Legislature.

14. The Department of Education and the Legislature should speed up action to put in place the recommendations of the State Board of Education's 1988 Black Learner Task Force, the 1989 Indian School Council report, and the 1992 Hispanic and Asian-Pacific Learner Task Forces. These four working groups of citizens and professionals put forth a thorough agenda to help improve cross-cultural understanding and reduce disparities in learning. The 1993 Legislature funded several measures to improve the success of students of color: $10,000 for a Multicultural Education Advisory Council, $125,000 for grants to enhance cross-cultural understanding among students and staff, $600,000 in incentives to hire minority teachers, and $600,000 in grant funds for teachers of color partnership programs between school districts and colleges training teachers. Further action can help struggling Minnesota school districts work more effectively with their changing student bodies.

DIVERSIFYING THE WORK FORCE

People of color gained a larger share of the jobs in virtually all occupational groups from 1980 to 1990, yet their income levels fell relative to those of whites. Factors contributing to this decline may include historic and current discrimination, the fact that a greater percentage of people of color than whites are unemployed or on public assistance, the lower educational levels of minorities as a whole, and the migration into Minnesota of people with limited work skills and educational levels from the southwestern United States, declining industrial cities elsewhere in the Midwest, Latin America and Southeast Asia. Whatever the cause, it is clear there are significant disparities in employment and income. Actions must go beyond recruiting employees of color from other states, as many companies are doing. To reduce disparities, long-term strategies must focus on developing the skills of and opportunities for people living in Minnesota.

Over the past 10 years, major companies in Minnesota generally have been more aggressive and innovative than government in diversifying their work forces. Using a variety of comprehensive strategies, including working with local youths, Northern States Power increased the number of racial and ethnic minorities in its Midwest work force from 3.8 percent of the total in 1987 to 7.4 percent in 1992. The number of employees of color in union and apprenticeship positions increased from 7.9 percent to 16 percent.

One suburban Twin Cities manufacturer, Seagate Technology, has made extensive efforts to develop the skills of its manufacturing employees, about half of whom are people of color, including many Southeast Asian immigrants. It has provided English language training on company time, given cross-cultural training to senior managers and put workers through extensive cross-cultural, team-building and quality management training.

People of color continue to be underrepresented in the better-paying occupations in Minnesota's public and private sectors. Compared to their share of the adult population and labor force, fewer people of color hold executive, administrative, managerial, skilled craft, and precision production jobs. Relatively more people of color hold service and semiskilled blue-collar jobs.

A growing controversy is the mismatch between the location of job growth in the Twin Cities metropolitan area and the greatest concentrations of unemployed and low-income people of color. People of color are increasingly moving to suburban areas, but most still live in the central cities of Minneapolis and St. Paul and inner-ring suburbs. However, 76 percent of all job growth in the Twin Cities in the 1980s was in the outer-ring suburbs. In the metropolitan area during the 1980s, manufacturing jobs declined by 23,000 in the central cities while growing by 32,000 in the outer-ring suburbs. Minnesota Planning, the Metropolitan Council and the Minnesota Housing Finance

Agency are examining these issues as part of a project on affordable housing in the metropolitan area.

State government has made progress in providing equal opportunity for minorities, but the task is not complete. Many believe the traditional civil service system of personnel management used by state and local public employers is inadequate. Under this system, potential employees are drawn from the pool of applicants who took and passed a test and who are rated and ranked based on measurable credentials of past achievement. It also allows for the selection of new supervisors and managers only when room is made through resignation, retirement, or expansion.

A new approach, more in tune with advanced practices in the private sector, would entail actively attracting, developing and promoting top employees of all backgrounds. The applicant pool would be expanded, beginning with efforts to stimulate career interest in young people. Many employees would be expected to continue their training and would be supported in doing so. Promotional openings would be anticipated, and employees of diverse backgrounds would be groomed for leadership. Without this kind of basic change, government cannot compete with private and nonprofit employers who are actively supporting diversity and employee growth.

Minnesota Planning's project steering committee believes that affirmative action forms a necessary foundation for employment policy but is not enough by itself for several reasons: (1) it does not guarantee a hiring pool with enough qualified minority candidates; (2) it is stigmatizing to many people of color; (3) it does not address prob-lems caused by work environments that do not support diversity; (4) it does not promote unity among employees and foster professional development; and (5) it is unable to reduce the high turnover rate of employees of color.

ASIAN PACIFIC LEARNERS TASK FORCE

SUMMARY OF RECOMMENDATIONS TO THE STATE BOARD OF EDUCATION 1992

A group made up primarily of Asian educators and citizens was established by the State Board of Education along with task forces representing other communities of color. Each task force developed proposals to improve educational results for children of its community. Key recommendations of the Asian Pacific Learners Task Force were:

1. Expect teachers, administrators, coaches and other school professional staff to demonstrate cross-cultural knowledge and understanding as a condition of licensure and relicensure.
2. Require teachers to demonstrate the ability to teach limited English-proficient children as a condition of licensure.
3. Establish college programs to prepare bilingual teachers' aides to become licensed teachers.
4. Establish a state program to recruit and retain Asian Pacific staff.
5. Make certain that school districts are putting in place inclusive education as required.
6. Set up a state resource center with Asian Pacific materials, fund training of local school staff and help school districts share effective methods for inclusive education.
7. Develop standard tests that is free of cultural bias.
8. Ensure that English as a Second Language programs are effective.

State government can be a model for inclusive practices, influence the labor market, and help reduce the economic disparities experienced by people of color in Minnesota. With more than 60,000 employees (executive, judicial and legislative branches), including the University of Minnesota's 19,000 employees, state government is the largest employer in Minnesota. Government as an employer needs to make special efforts to develop opportunities for disadvantaged youths and adults. Government agencies historically have played a leading role in breaking down employment barriers.

Employment of people of color in Minnesota state government has increased steadily from 1983 to 1993. From 1991 to 1993, the number of minorities employed increased by 276, while total state employment dropped by 192. Throughout the 10-year period, the overall average hourly wages of minority and white employees remained basically equal.

While the rate of minority employment may look good, appearances can be deceptive. The federal definition of labor force includes only people working or actively seeking employment. A disproportionate percentage of people of color are not in the labor force because they have either given up seeking employment, are on public assistance or have chosen to not work outside the home.

Minority-employment levels vary widely among agencies. Two of the largest departments, Human Services and Natural Resources, have only 3 percent minority employment. Both departments have staff teams developing diversity action plans.

Minority employees are more likely to hold professional than supervisory positions in state government. In 1993, minorities held 5.5 percent of state agency professional jobs outside of academia. They also held 5.3 percent of managerial jobs, 4.7 percent of blue-collar, service and clerical jobs and only 3.2 percent of supervisory jobs.

Employees of color also are more likely to leave state service than white employees. Over the last four years, the annual turnover rate for state minority employees averaged 8.4 percent, compared with 5.7 percent for whites. Minority turnover rates ranged from 6.1 percent for Hispanics to 11.1 percent for African Americans. Resignation is the chief factor in minority turnover, with dismissal a distant second. Over the last four years, the total minority turnover rate decreased to within 1.5 percent of the white rate. Rates of both resignations and dismissals declined.

The low percentage of employees of color in supervisory positions and the relatively high turnover rate point to the importance of giving more attention to career growth and retention. Minnesota Planning's survey of 57 state and metropolitan agencies found that 56 percent have special strategies or programs to enhance the recruitment and hiring of people of color, women and people with disabilities. Only 25 percent have programs for the retention or advancement of these employees. Affirmative hiring can become a revolving door unless it is backed up with a supportive work environment that is free of bias and offers growth opportunities.

In 1990, more than 157,000 workers were employed by local governments in Minnesota. According to census data, minority employment in local government increased from nearly 3 percent in 1980 to 4.9 percent in 1990. Employment of people of color appears to be concentrated in Hennepin and Ramsey counties and low in most other counties.

School districts and large counties have made limited progress toward achieving equal employment for people of color in professional jobs and in semiskilled jobs. Those with voluntary affirmative action plans appear to have made more progress than others.

Even in areas of the state where organizations are working to improve race relations, public employment statistics do not reflect community diversity. In Olmsted County, despite the work of such groups as Rochester's Building Equality Together and the Olmsted County Affirmative Action Network, a public-private employer group, the public sector's record in employing people of color has been a source of frustration for the area's citizens of color. People of color made up 4.9 percent of the county's residents in 1990 but only 2 percent of county government's 849 full-time workers at the end of 1992. The city of Rochester had only four employees of color out of 665 permanent employees in late 1992, three of them newly hired. Less than 1 percent of Rochester school district employees were people of color, according to 1991 state data.

Beltrami County government is represented on the Bemidji Area Race Relations Task Force and has expressed a commitment to improve its hiring of American Indians. As of March 1993, it reported that people of color made up 5 percent of its work force, compared to their 17.6 percent representation in the county's population. Information from several counties indicates that often, more people of color are employed in human services and law enforcement departments and fewer people of color are employed in general office jobs and public works departments, where turnover is low.

Information gathered by Minnesota Planning from 17 counties indicates that in every county, 1993 employment of racial and ethnic minorities is well below minority population percentages of 1990. In 10 counties, minority employment rates are less than half the minority population levels. Sample counties include the state's most populous counties and counties with large or longstanding populations of color. Data collected by the Minnesota

MINORITY EMPLOYMENT IN STATE GOVERNMENT GROWS

EXECUTIVE BRANCH, 1983-1993

YEAR	MINORITY JOBS	% MINORITY	TOTAL JOBS
1983	1,174	3.5%	33,686
1985	1,360	3.9	35,367
1987	1,479	4.2	35,538
1989	1,708	4.5	37,922
1991	1,942	4.8	40,727
1993	2,218	5.3	40,539

Source: Minnesota Department of Employee Relations; all figures for January

- Employment of people of color in state government has increased steadily over the last decade, despite periods of slow growth or shrinkage in total jobs.
- In the judicial branch, people of color hold 4.7 percent of 1,239 jobs. In the legislative branch, people of color hold 5 percent of 635 jobs. At the University of Minnesota, people of color hold 8.4 percent of 19,009 jobs.

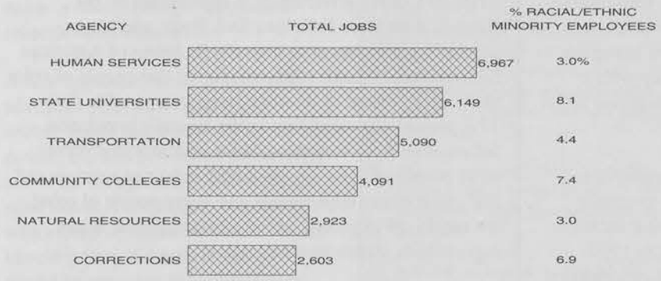
HIGH MINORITY EMPLOYMENT IN METROPOLITAN AGENCIES - 1992

	TOTAL EMPLOYEES	PERCENT MINORITY
METROPOLITAN TRANSIT	2,389	18%
METROPOLITAN WASTE CONTROL	1,133	10
METROPOLITAN AIRPORTS	381	11
METROPOLITAN MOSQUITO CONTROL	211	5
METROPOLITAN COUNCIL	191	12
METROPOLITAN SPORTS	111	12
REGIONAL TRANSIT BOARD	33	6
TOTAL	**4,449**	**14%**

Source: MN Department of Employee Relations

■ Overall, metropolitan agencies employ people of color at levels well above their representation in the area's labor force.

MINORITY EMPLOYMENT VARIES IN LARGEST STATE AGENCIES -1993



Source: MN Department of Employee Relations

■ Agencies of 100 or more employees with the lowest percentage of employees of color are the Iron Range Resources and Rehabilitation Board (0%), Faribault School (1.4%), Military Affairs (2.3%), Human Services and Natural Resources.

■ Agencies with the highest percentage are Housing Finance (12.8%) and Labor and Industry (10.0%).

COUNTY GOVERNMENT EMPLOYMENT - 1993

	% MINORITY POPULATION 1990	% MINORITY COUNTY GOVERNMENT EMPLOYEES
ANOKA	3.4%	1.6%
BELTRAMI	17.6	5.0
BLUE EARTH	3.1	0.7
CLAY	4.6	3.1
DAKOTA	4.7	1.5
FREEBORN	3.9	2.3
HENNEPIN	11.4	9.5
ITASCA	3.9	1.3
KANDIYOHI	4.4	1.3
NOBLES	3.9	1.8
OLMSTED	4.9	2.0
POLK	5.2	3.3
RAMSEY	13.3	8.3
STEARNS	1.7	1.0
ST. LOUIS	3.4	1.5
WASHINGTON	4.0	1.2
WATONWAN	5.9	3.6

Sources: U.S. Census and county responses to Minnesota Planning survey, March 1993. Counties selected for overall size and duration and size of minority population.

■ Employment of racial and ethnic minorities by counties is consistently below population levels and in most cases below labor force levels.

■ In most counties, employment of racial and ethnic minorities increased from 1988 to 1993.

■ Six counties have minority human services employees at percentages above the population — Clay, Freeborn, Hennepin, Kandiyohi, Polk and Watonwan.

■ Five counties have no minorities working in law enforcement — Blue Earth, Freeborn, Itasca, Stearns and Watonwan.

Department of Human Services in 1991 from 77 primarily nonmetropolitan counties found that only 1.3 percent of county human services employees were people of color. The percentage had not increased from three years earlier.

The biggest challenge to local communities is to reflect growing diversity in the staffing of public schools. Fueled by a younger general population, higher birth rates and migration, the percentage of minority students in Minnesota's public schools rose from 5.6 percent in 1981 to 10.1 percent in 1992. In some school districts, minority enrollment exceeds 25 percent.

DIVERSIFYING THE WORK FORCE RECOMMENDATION

REMOVE BARRIERS AND EXPAND OPPORTUNITIES FOR EMPLOYMENT IN BOTH GOVERNMENT AND THE PRIVATE SECTOR.

POLICY GOALS

People of color will have education, skills and credentials and quality employment on a par with other Minnesotans.

Government will commit its resources to building an environment in which diverse people can thrive and contribute to Minnesota's future. It will fully include and retain people of color in its work forces.

The employment of people of color in all categories, professional and nonprofessional, lags far behind the percentage of minorities in the labor force and even farther behind that in the school population. Total minority employment in the schools grew very little during the 1980s, from 1.8 percent in 1983 to 2.4 percent in 1991. Low employment levels in nonprofessional staff areas such as clerical, food service, and maintenance suggest that the root of the issue for schools is in commitment and hiring methods, not just in a shortage of professionals of color.

Minneapolis and St. Paul schools face major challenges. Minneapolis has a minority student enrollment of 54 percent, while 14 percent of its teachers are people of color. This year, St. Paul has 49 percent minority students and 10 percent teachers of color, even after hiring 43 new teachers of color out of 200 total new teachers in fall 1993. Both districts have become aggressive in hiring minority nonprofessional staff; these employees comprised 19 percent of all new nonprofessional hires in Minneapolis in the school year ending in 1992 and 30 percent in St. Paul.

Hiring of teachers has been hampered in part because less than 2 percent of education majors in Minnesota state universities are people of color. To achieve 10 percent teachers of color in Minnesota, a level matching the current student population of color, 2,500 teachers of color need to be recruited, trained, graduated, certified and hired as teachers or hired from outside the state.

STRATEGIES FOR DIVERSIFYING THE WORKFORCE

15. The private sector should increase the recruitment and training of young people of color into stable and growing high-skill, high-wage occupations. Employers, industry associations and apprenticeship committees should evaluate the level of minority entry into these occupations and, where needed, devise goals and action plans to increase participation. People of color are heavily represented in lower-paying service occupations and underrepresented in better-paying craft jobs. Efforts to change this have been made. Northern States Power, for example, has focused its recruitment efforts on colleges with high minority-student enrollment, offered internships and summer jobs, provided mentors to new employees, and formed partnerships with public schools to expose students to science and the company. In just five years, from 1987 to 1992, the utility increased the number of minority engineers in its work force from 5.2 percent to 11.7 percent and the number of minority technicians from 2.8 percent to 7.4 percent.

16. The Metropolitan Council and Minnesota Housing Finance Agency, in cooperation with local agencies, should develop linked transportation, housing and job development strategies to improve access of low-income people to jobs. Approaches to consider include:

■ Promoting and providing incentives for innovative transportation services connecting low-income communities and major employers.

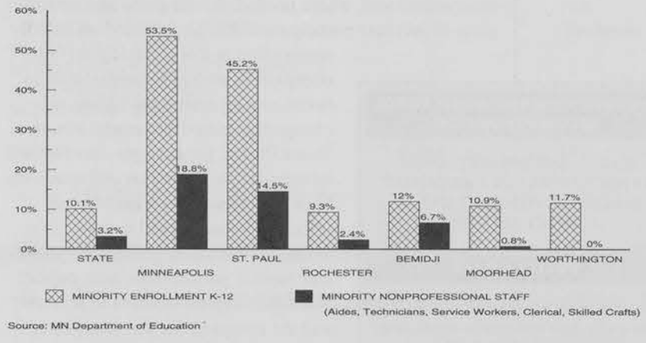
■ Promoting and providing incentives for locating integrated moderate- and low-income housing in areas of high job growth, especially outer-ring suburbs and regional growth centers, such as Redwood Falls, Marshall, Willmar and Worthington.

■ Continuing to explore effective ways to stimulate job creation through enterprise zones or grass-roots business development in low-income, high-unemployment areas.

17. State higher education leaders should set aggressive goals and embark on a major coordinated effort to train more professionals of color in key fields. They should offer more career exposure programs for youths, customized recruitment, specialized financial assistance and targeted programs to train people of color in the teaching, public administration, human services, sciences and law enforcement professions. The

SCHOOLS NONPROFESSIONAL JOBS HAVE LIMITED DIVERSITY

SCHOOL DISTRICT EMPLOYMENT OF RACIAL AND ETHNIC MINORITY NONPROFESSIONAL STAFF COMPARED TO ENROLLMENT
1991-92



Source: MN Department of Education

- School districts statewide have a weak employment record in hiring people of color in service, clerical and other nonprofessional jobs.
- In 1992, 6.4 percent of new nonprofessionals hired were people of color, a level twice their current 3.2 percent share of all nonprofessional jobs.

RETENTION AND PROMOTION BARRIERS

SUMMARY OF RESPONSES OF 54 STATE AND METROPOLITAN AGENCIES
ABOUT EMPLOYING PEOPLE OF COLOR IN STATE GOVERNMENT

Isolation
The small number and lack of a "critical mass" of people of color in individual state agencies affect their "comfort level" and means less attention is given to their concerns. There is a lack of support groups in outstate Minnesota.

Attitudes of Supervisors and Co-Workers
There is a "limited awareness of cultural diversity" at all levels. Supervisors, in particular, lack the skills and understanding to accept, support and promote diversity. "Ongoing monitoring and training are necessary."

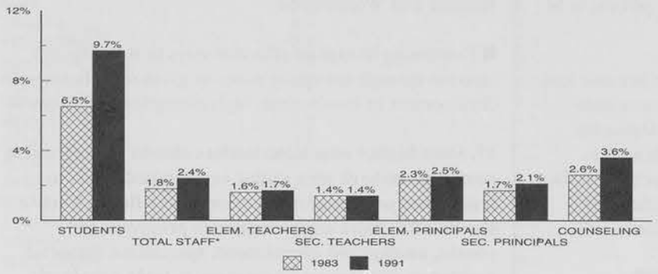
"Glass Ceiling" - Lack of Career Growth Opportunities
Career development programs and mobility opportunities are limited. Employees of color have a low expectation of promotion, due to a general "glass ceiling" effect, low turnover in supervisory positions, and greater promotional opportunities given to more senior employees by union contracts for some types of positions.

Competition from Other Employers; Inflexible Compensation System
Salaries in some fields, such as health and business, are higher in the private sector or metropolitan county governments. The civil service system makes it difficult to reward and retain top people of color, who are recruited by other employers. The state becomes a training ground for private industries that can pay more and offer advancement.

Source: Minnesota Planning Survey, January 1993

SCHOOL STAFFING DOES NOT MIRROR SCHOOL ENROLLMENT

PERCENTAGES OF STUDENTS AND STAFF OF COLOR IN MINNESOTA PUBLIC SCHOOLS
SCHOOL YEARS ENDING 1983 AND 1991



*Includes licensed professional staff and nonlicensed support staff, part- and full-time. All other staff data is for full-time professionals.

Source: MN Department of Education

- Employment of people of color in public schools is far below their representation in the labor force (4.6%) and student population.
- In 1991, only 2.1 percent of new teachers and 3.2 percent of new principals hired were people of color.

Higher Education Coordinating Board, Minnesota State Universities and Community College System should lead the effort in partnership with organizations of color and public employers. The Legislature could tie appropriations for higher education systems to their performance in enrolling and graduating teachers of color and other professionals of color who are in short supply. The need is rapidly increasing for Hispanic and Southeast Asian teachers in southern and western Minnesota. A long-standing need for more American Indian teachers in northern Minnesota has been documented, as has a growing need for teachers of all backgrounds in the metropolitan suburbs. In particular, the increasing numbers of adults who live in smaller towns and cities and speak Spanish and Southeast Asian languages should be targeted for special career development programs that will train them to work in schools and public agencies. The Higher Education Coordinating Board should work with communities of color to assess the adequacy and location of programs to prepare minorities for jobs in schools and public agencies.

In education, such special initiatives as the state's Teacher Preparation Grants ($190,000 annual funding), the new Teachers of Color Program ($300,000) and the Minority Teacher Incentives program ($300,000) may help, but they are small steps compared to the need. Efforts also should be made to recruit and train counselors, librarians and administrators of color.

18. The Legislature should reinstate requirements for local government and school district affirmative action plans. Legislation passed in 1988 required local governments and school districts with 25 or more employees to have affirmative action plans. This affirmative action law was repealed in 1989. It should be re-enacted, with consideration given to how to make affirmative action more effective and manageable for governments of all sizes. Incentives or penalties should be provided to ensure compliance with the requirement.

19. The Department of Employee Relations and state agency personnel offices should develop an aggressive recruitment system to attract top employees of all backgrounds. Resources should be identified to support recruitment and internship programs. Minnesota Planning's survey of state agencies found that special efforts are particularly needed in technical and scientific occupations. Employee Relations and agencies should develop a coordinated plan to build relationships with key community and professional groups and to recruit and test applicants across the state and the nation, conduct joint advertising in minority media and promote government as a positive place for people of color to work. Some agencies already have developed special approaches. The Minnesota Department of Transportation has ongoing recruiting relationships with four minority job-training organizations.

20. To retain more top employees of all backgrounds, local units of government and the Department of Employee Relations should establish new human resources approaches that concentrate on investing in employees and creating incentives for career growth. Work force planning and management trainee programs could help overcome the shortage of employees of color and women in many supervisory, management and skilled craft areas. Agencies should take deliberate steps to create a "culture of success" through mentor programs, individual professional development plans for all employees and regular training opportunities. Agencies should identify and pursue the mix of work force skills and attributes needed to effectively serve their mission and their customers, including bilingual skills, cross-cultural understanding and connections to diverse communities. Human Resources Innovations Project funds should be used to promote these approaches.

21. State and local civil service officials should systematically adjust job qualifications to ensure that public employees have skills to work with people of diverse cultures. Cross-cultural skills and a demonstrated commitment to supporting diversity should be considered as qualifications in all classes of jobs and should be made preferred qualifications in direct service and supervisory jobs. Cross-cultural training should be conducted to support growth for all employees in this regard.

- The Department of Employee Relations and local government civil service heads should identify and remove any hiring requirements that are not job-related and might have adverse impact on applicants of color. The Statewide Affirmative Action Council and advisory committees from communities of color believe that some current state job requirements do have adverse effects on applicants of color, but the number of people of color taking tests is not large enough to allow a valid statistical analysis to verify the problem.

22. State and local civil service officials should open up job application, classification, exam and selection processes and create more flexible paths to obtaining public jobs and job promotions. This could include steps recommended by state agencies surveyed by Minnesota Planning:

- Simplifying the application process, keeping applications open continuously and shortening the hiring process.

■ Using larger selection pools to include more applicants of color.

■ Regularly using search committees and interview panels that are diverse in race, gender and disability status.

■ Exploring the use of more flexible compensation in highly competitive fields.

■ Re-examining the use of seniority as the main advancement factor in some state job classes.

PREPARING MINNESOTA INSTITUTIONS

Government, schools, law enforcement and private businesses all contribute to the climate in Minnesota communities. Public and private institutions often have not been successful in creating a comfortable atmosphere for all people. In some instances, they have been the perpetrators of harassment.

Tensions, lack of communication and inadequate diversity in staffing sometimes cause citizens of color to view all actions by public servants as discriminatory. As the number of people of color increases in Minnesota, institutions need to eliminate discrimination and become sensitive to diverse cultures. To achieve this, they must establish and promote clear policies and organize formal programs. Responding appropriately with diverse clientele should be a central part of being "customer-focused."

PREPARING MINNESOTA INSTITUTIONS RECOMMENDATION

PUBLIC AND PRIVATE ORGANIZATIONS SHOULD INSTITUTE ZERO-TOLERANCE-FOR-BIAS POLICIES AND HELP TRAIN MINNESOTANS TO LIVE AND WORK WITH DIVERSE CULTURES.

POLICY GOALS

Minnesotans of all racial, ethnic and religious backgrounds will have free access to all parts of society without fear of discrimination or harassment.

Communities of all racial, ethnic and religious backgrounds will be respected. All Minnesotans will be free to cultivate their heritage and to participate fully in mainstream society.

Children of color will be fully included and equally treated in all school classrooms and programs and will achieve academic success comparable to that of other children. Schools will value diverse cultures, reduce biased behaviors and nurture all children.

STRATEGIES FOR PREPARING MINNESOTA INSTITUTIONS

23. The Governor and local government leaders should institute zero-tolerance-for-bias policies throughout state and local government. The Governor has issued a similar directive on sexual harassment. An atmosphere free of bias is vital to the recruitment and retention of employees of color and the effective functioning of organizations.

Minnesota Planning's survey of state and metropolitan agencies found that 44 of the 57 agencies have policies and procedures on racial bias. A strong message from management and supportive training is necessary to make such policies effective. At the same time, internal resolution of incidents can reduce the burden on the Department of Human Rights. To promote a zero-tolerance-for-bias policy in local government, such organizations as the League of Cities and the Association of Minnesota Counties could develop model policies and procedures and promote adoption by members. In addition, the state human rights certification requirements that local agencies must meet to receive state funding could be expanded to include anti-bias policies.

RECRUITING AND HIRING BARRIERS IN STATE GOVERNMENT

SUMMARY OF SURVEY RESPONSES FROM 54 STATE AND METROPOLITAN AGENCIES ABOUT EMPLOYING PEOPLE OF COLOR IN STATE GOVERNMENT

Internal Barriers

■ Attitudes and value systems that preserve the status quo and "perpetuate an exclusive culture"; some staff resentment of affirmative action.

■ Lack of relationships with communities of color and their organizations.

■ Lack of proactive recruitment system and the extra resources needed to support it.

■ "Cumbersome" and "rigid" civil service system.

■ "Burdensome," "tedious" and "impersonal" application process.

■ Lack of continuous access to exams; tests are biased or not needed for the job.

■ Few or no minority candidates on certified hiring lists.

■ Hiring selection panels that are not trained and diverse in membership.

■ "Inflexible" salary structure that cannot always compete with other employers.

■ Limited job openings due to small size of agency.

External Barriers

■ Inadequate number of people of color trained in technical and scientific fields, such as health care, systems analysis, natural resources, engineering, chemistry and accounting.

■ Limited number of people of color and women in union apprenticeship programs in skilled trades — electricians, pipefitters, machinists, bricklayers, and painters.

■ Lack of racial and ethnic diversity in outstate areas where many state jobs are located.

Source: Minnesota Planning Survey, January 1993

24. The Departments of Education and Human Rights and major education organizations should work together to ensure a bias-free environment in the public schools. They should ensure that 1993 legislation requiring all schools to adopt racial harassment policies (Minnesota Statutes 127.46) is effectively carried out by:

■ Developing a strong model policy and procedure.

■ Developing a model incident response format.

■ Providing training for officials, administrators, teachers and counselors and encouraging the provision of anti-bias and diversity awareness sessions for students.

■ Setting up a system for reporting and monitoring bias incidents.

25. The Legislature and private organizations should require regular anti-bias and diversity training for key professionals and others who serve the public. Professionals need to help public agencies and private organizations create bias-free environments and ensure fair treatment of racial and ethnic minorities. Diversity and cultural sensitivity training should be part of the required continuing education of licensed professionals, such as police, lawyers, teachers and social workers. Training should be carried out with current funding and through existing channels wherever possible. Employers and professional groups in other fields, such as banking, health care, real estate and retailing, should also obtain such training as a way of improving customer service. In addition:

■ **The Legislature or the Peace Officers Standards and Training Board should require law enforcement officers to have a minimum of eight hours of diversity training for recertification.** Although new officers receive some diversity training, Minnesotans of color perceive that many police officers lack sensitivity and engage in harassment. Police officers must obtain 48 hours of training every three years to maintain their certification, and diversity training could be part of this training. The Supreme Court Task Force on Racial Bias made this and many other useful recommendations for law enforcement officers in its May 1993 report.

26. All state government employees should participate in ongoing diversity and anti-bias training. Local governments and school districts should provide similar training for their employees. Effective training can improve the work environment and service to the public and reduce burdensome legal complaints. Training should begin with supervisory and direct-service employees and be as intensive as possible. As of January 1993, 61 percent of all state and metropolitan agencies had conducted training for at least some employees, but only six agencies had ongoing training, according to agency reports to Minnesota Planning. It is not known how many local governments have conducted training, but some, such as the city of South St. Paul, have required diversity training for all employees. The Bemidji Race Relations Task Force has provided joint training for managers and staff of a variety of public and private employers.

BUILDING GOVERNMENT COMMITMENT

Minnesota's growing racial and ethnic diversity affects state and local government far beyond employment issues, going to questions of leadership, representation, the quality of policies and decisions, how services are delivered, and the working environment. Elected officials and government managers and employees throughout Minnesota should make it a priority to develop and carry out strategies supportive of diversity in all of these areas.

The most successful efforts at managing diversity aim to be as broad and inclusive as possible. Many experts recommend that diversity be defined broadly to include gender, age, race, ethnicity, parental status, sexual preference, disability and other dimensions.

In the past, the approach to encouraging inclusiveness and overcoming discrimination was through anti-discrimination laws, affirmative action employment and purchasing, and human rights certification for recipients of state funds. This formed a legal foundation that has shaken up major institutions with histories of discrimination or exclusion and has produced results. Though it is still needed, this approach is no longer enough for a rapidly changing state.

Minnesota government needs active initiatives to involve all citizens in democratic decision-making, to develop their job skills, and to make expensive public services generate better results with clients of diverse languages and cultures. An increasing share of the customers of government are people of color. This gives them a major stake in how services are shaped and delivered.

Through its focus groups and working committees, Minnesota Planning found that many people of color are more comfortable when they find other people of color represented in government offices and on boards and committees that make decisions on programs important to them and their children.

The private companies and governmental bodies that are successful in attracting top-notch employees of color and delivering effective services and products to communities of color are those that have adopted broad, comprehensive diversity strategies. Such strategies make inclusiveness a priority in how the organization operates in all areas — from recruiting to training, from product design to customer service.

BUILDING GOVERNMENT COMMITMENT RECOMMENDATION

STATE AND LOCAL GOVERNMENT LEADERS SHOULD ADOPT ACTION PLANS TO INCORPORATE DIVERSITY THROUGHOUT THEIR ACTIVITIES AND REGULARLY MEASURE PROGRESS TOWARD GOALS.

POLICY GOAL

Government will commit its resources to building an environment in which diverse people can thrive and contribute to Minnesota's future. It will fully include and retain people of color in its workforces.

Promising but very uneven efforts to institute diversity strategies are being undertaken in state agencies. In December 1992, Minnesota Planning surveyed 57 state and metropolitan agencies with 25 or more employees on their policies and practices relating to cultural diversity. The responses indicated that the larger agencies and higher education systems were the most involved in diversity strategies, with less activity occurring in the smaller agencies. Some findings from the 54 respondents were:

- One-third of the agencies have established or are developing some kind of broad, formal cultural diversity strategy.

- Fifty-six percent of agencies reported that affirmative action or responsiveness to cultural diversity was a part of performance reviews for managers. Forty-six percent said it was a part of reviews for supervisors, and 5 percent said it was a part of reviews for line staff.

- Forty-four percent of agencies reported having ongoing or one-time employee committees or task forces to provide feedback to management on diversity issues.

- Thirty-percent reported having conducted employee surveys or focus groups on concerns of race and ethnicity.

Several agencies have carried out a broad array of activities to improve their work environment, build cross-cultural appreciation, diversify their work force, and provide bilingual and culturally sensitive services to the public. The experiences of these agencies can be drawn on by others. It is important to set up structures to share and institutionalize the effort in state government to provide continuity across changes in elected officials. Guidance also is available from the experiences of a number of major corporations in Minnesota that have moved forward aggressively with comprehensive strategies and specific action steps. Honeywell, for one, has instituted major cultural diversity initiatives that go beyond traditional affirmative action approaches. These initiatives focus on addressing tension in the work force, developing the potential of employees from all backgrounds and dealing with diversity in the marketplace. Chairman James Renier led the effort and began meeting monthly with small groups of diverse employees to hear problems and ask advice on solutions. A director of workforce diversity was named. Managers attended two-day diversity awareness seminars. The company created nine employee councils representing people with disabilities, women and racial and ethnic groups. In 1990, Renier named a high-level council to advise executives on how to reduce barriers for women and employees of color. From 1980 to 1990, the percentage of people of color in management, professional and sales jobs at Honeywell nationwide increased from 7.6 percent to more than 9 percent, despite major layoffs.

Some organizations have established specific budgets for diversity activities. In the state public sector, the largest budget commitments have been made by the University of Minnesota (fiscal year 1992), $3,752,683; Minnesota State Universities (fiscal year 1993), $2,677,999; and the Community College System (fiscal year 1993), $539,376.

The recommendations here for fostering inclusiveness focus heavily on state government but could be applied to cities, counties and school districts as well. Some specific options also are offered for these entities. Local public agencies provide many of the most important public services to Minnesota's growing population of color. Minnesota school districts and counties generally do not have work forces that reflect the racial and ethnic diversity of their local labor force and population. Concerted efforts are needed to increase the number of school superintendents, school principals, city and county administrators, law enforcement officials and other public managers and supervisors of color. A more detailed review by education and local government organizations should be done, but action in a number of areas could begin immediately based on successful models used by private employers and others.

STRATEGIES FOR BUILDING GOVERNMENT COMMITMENT

27. The Governor should designate a high-level council or cluster within state government to set goals and guide a comprehensive strategy to respond to diversity issues in state agencies. This group should be supported by a new Office of Diversity. While individual agencies are already making progress, a united effort would demonstrate leadership by the state and accelerate progress, especially for medium and smaller agencies. It would create an atmosphere more conducive to accepting change and sharing promising new opportunities and approaches.

The group could be an existing cluster of commissioners or a new diversity council with representatives from many agencies. Agencies could consider establishing internal councils to help develop their action plans and advise agency heads. Honeywell, Northern States Power and the Department of Transportation use networks of employee committees to involve all segments of their work forces and advise executives.

To be successful, day-to-day staffing and support of this effort are essential. The Office of Diversity would focus attention, assess needs, help set goals, monitor progress, organize annual meetings, provide consultation, broker training and establish a resource clearinghouse. Existing resources should be identified in 1993 to begin operations of the office and the diversity council. The office should work closely with the current Governor's Affirmative Action Council, headed by the Lieutenant Governor, and the Equal Opportunity Division of the Department of Employee Relations. All functions could be combined into one office tied to Employee Relations. However, the charge of the new office would be broader than employment and affirmative action, encompassing issues of inclusiveness in state decision-making bodies and in the design and delivery of services to the public. Current minority councils should remain independent but work with the office.

28. Under the leadership of the Governor and the Office of Diversity, state government should adopt an overall multiyear action plan and individual agency plans, with measurable objectives at both the state and agency levels. To achieve accountability, state agencies should report annually on their progress toward goals. Diversity issues should be a top priority for all agencies, with common areas identified for all to address. This report can be a starting point for the plan. All state agencies should have action plans underway by 1994. Agencies should meet annually to assess progress toward common goals, share experiences, revise strategies and present awards for performance. Such state agencies as Transportation and Revenue already have strategies addressing diversity, and others, such as Natural Resources and Human Services, are developing them.

The Office of Diversity, in cooperation with agencies, should establish common objectives relating to such areas as inclusiveness in policy-making groups, training, management, hiring and retention, and purchasing. Objectives should be set by the end of 1993. Examples of possible statewide objectives are:

- By July 1994, all state agencies that use policy boards, task forces or councils will have in place objectives for including representation from communities of color and procedures for achieving them.

- By December 1994, 15 state agencies will be involved in internship or similar programs in which at least 100 young people of color will be participating. By December 1995, 25 state agencies will be involved, with 200 young people of color participating.

- By January 1995, 95 percent of all state supervisors will have had at least 16 hours of cross-cultural training.

Agency goals could be integrated into the strategic plans and performance reports now prepared for the Department of Finance and the Legislative Auditor under 1993 legislation (Minnesota Statutes Chap. 192, Sec. 40). The office may also conduct audits and evaluations to help agencies identify problems and opportunities.

29. Top officials and personnel departments in state and local governments should make demonstrated commitment to diversity part of the selection and performance criteria for agency managers and supervisors. In a state where about 95 percent of the labor force is white, most managers and supervisors will be white for the foreseeable future. Their attitudes on race, gender, age, sexual preference and other characteristics of their employees will affect the productivity of their employees and the credibility and support their agency has with the public.

State and local agencies should work with communities of color and business to aggressively identify and recruit candidates of all backgrounds. Where feasible, agency heads and elected officials should establish incentives for managers and supervisors to achieve annual inclusiveness goals. This approach has been implemented in the Minnesota state universities.

30. The League of Minnesota Cities, the Association of Minnesota Counties and the Minnesota School Board Association should organize a collaborative campaign to increase the employment and representation of people of color in local government. Minority employment in local government is important as a means of both

SIGNIFICANT MINORITY MEMBERSHIP ON STATE BOARDS

About 203 citizen boards and councils ranging in size from three to over 20 members provide direction to the state on a wide range of issues from health care to agriculture. They are governed by the Open Appointments Act. Diversity of representation varies widely. Of the 89 percent of members who reported their ethnic background, racial and ethnic minorities had the following representation:

- Eight percent of all members, excluding boards designated for communities of color, such as the Spanish Speaking Affairs Council (July 1993).
- Three of nine members of the State Board of Education (May 1993).
- In 1992, 5.1 percent of all new appointments for all boards, including the minority-specific boards, were African Americans, 3.1 percent were American Indians, 2.5 percent were Asians and 2.0 percent were Hispanics, totaling 12.7 percent.
- Approximately 110 boards have at least one member of color, while 93 report no members of color (Fiscal Year 1992 report).

Source: MN Secretary of State

RACIAL AND ETHNIC MINORITY CUSTOMERS

SELECTED MINNESOTA GOVERNMENT PROGRAMS AND ACTIVITIES

PROGRAM	TOTAL CLIENTELE	% RACIAL/ ETHNIC MINORITY
JTPA SUMMER YOUTH JOBS (1992)	4,658	36.1%
PUBLIC SCHOOL ENROLLMENT (1991-92)	766,784	10.1
SPECIAL EDUCATION (1989-90)	80,617	11.7
TECHNICAL COLLEGES (1991-92)	75,854	7.1
STATE UNIVERSITIES (1992-93)	60,580	3.6
ADULT CORRECTIONAL INSTITUTIONS (JANUARY 1993)	3,832	44.9
WIC - SUPPLEMENTAL NUTRITION	89,052	29.2
AFDC/PUBLIC ASSISTANCE (DECEMBER 1990)	171,783	38.4
SENIORS SUPPORT SERVICES	102,279	6.5
CHILDREN IN SUBSTITUTE CARE (FOSTER CARE)	16,777	33.7

Source: Agency reports

- People of color made up 6.3 percent of Minnesota's population in 1990 but represent a much larger share of the clientele of many public programs.

LIMITED REPRESENTATION IN STATE GOVERNMENT LEADERSHIP - 1993

African Americans, American Indians, Asian Americans and Hispanics hold the following positions in state government:

- Four percent of upper-level managers, not including the heads of the state's four minority councils (March 1993).
- Four percent of the Senate staff, but none of its 66 administrative, professional and technical positions.
- Six percent of all management positions.
- Three percent of all supervisory positions.
- Six percent of the House staff and three percent of its 163 administrative, professional and technical positions.
- Two percent of all 201 legislators.

Minnesota's first African American legislator, Republican John Francis Wheaton, was elected in 1898. Not until the 1970s and 1980s were four others elected. Today, two Hispanics, one African American and one American Indian serve in the legislature, the greatest number ever, but well below the 6.3 percent share of racial and ethnic minorities in the population.

Source: MN Department of Employee Relations 1993

making local government more approachable for minority citizens. Local governments should consider changes in job qualifications, advertising and testing procedures to remove any artificial barriers to hiring people of color. Joint recruiting among local government, internships, scholarship programs and diversity training programs should be explored. Partnerships should be developed with schools, colleges and minority job training organizations.

Smaller local governments should consider applying with other local governments or professional associations to the Board of Government Innovation and Cooperation for planning grants for shared minority recruitment programs. This board, operating out of the State Auditor's Office, has $1.2 million available for the 1994-95 biennium. Not all actions require money; local officials also could consider a voluntary campaign to increase the representation of people of color on local boards and commissions.

MAKING DECISIONS

Effective democracy depends on all citizens being included in public decision-making and on communities having significant control of their own destinies. Minnesota Planning found that leaders in Minnesota's communities of color see their long-term progress coming not just from social and educational programs but from full participation in public and private policy-making on all type of issues. Broadening participation can help groom diverse citizens for leadership roles, reduce unfamiliarity and division between races in local communities, improve decisions and make public services more responsive to their recipients.

This project's steering group stressed the importance of participation at the front end of policy development and program design, as well as in the day-to-day operation of programs that serve communities of color. Meaningful participation can be accomplished by having people of color represented in management and staff ranks, consulting with and holding hearings in communities of color, using official boards, committees and special task forces on which people of color are represented and involving the state's four minority councils. Public agencies can structure contracts, grants and aids programs to ensure that tribes and organizations in communities of color have access to funds.

Involvement by people of color in policy-making is particularly critical in programs and activities in which they make up a significant share of the clients. Minnesota Planning's survey of state and metropolitan agencies on the issue of inclusiveness in policy-making found that 30 percent of the 54 agencies have a policy, procedure or structure for including diverse racial and ethnic groups or tribes in policy decision-making and on boards and committees. When asked about barriers to being more inclusive, a staff member from one large state agency responded, "The state's work force is underrepresentative of people of color. At the staff level of policy development, this results in much less sensitivity to potential policy impacts on communities of color than would be if more staff were from communities of color... Services are delivered at the county level and by other providers. The majority of county government agencies also lack staff diversity." A representative of another large state agency said, "The barriers are complex, entrenched and systematic. My recommendation is that we don't take the issue superficially. There is no task force or commission that is going to come up with the quick panacea. We must begin with training, behavior and attitudinal modification."

How public agencies distribute funds and what they expect of the local governments, school districts and private agencies that they fund also affect inclusiveness. Funds often are allocated in a process in which competing proposals are solicited and ranked for selection. Minnesota Planning's survey found that about half of 16 state agencies that distribute funds are making at least some efforts to include minorities in the allocation. Eight indicated that they have specific approaches for involving communities of color in setting criteria and priorities for their programs and in rating and selecting proposals; nine involve these communities in monitoring and evaluating programs. The nature and extent of these approaches was not examined. Six of the 16 agencies also place diversity requirements other than human rights certification on their funding recipients or encourage other inclusiveness measures.

State government has made uneven progress in having people of color among its elected officials and top managers. People of color are underrepresented among state legislators and somewhat better represented among appointed officials. A number of major agencies have no executives or managers of color, including the Departments of Health, Education, Public Service, Commerce and Trade and Economic Development, the Technical College Board, and the Higher Education Coordinating Board. Several of these, however, have had minority heads or assistant heads in the recent past.

Considerable progress has been made in participation of people of color on 203 state public policy boards and councils governed by the Open Appointments Act. Many other policy task forces and committees serve state

increasing work opportunities for people of color and agencies but are not included under the act, so no summary data on their participation is available.

Local governments have a long way to go to bring their increasingly diverse communities into the decision-making process. A Minnesota Planning survey of large counties and counties with significant populations of color found four people of color in 489 county government administrative positions outside of Hennepin and Ramsey counties. The 15 sample counties included the cities of Duluth, Moorhead, Mankato, St. Cloud, Bemidji, Willmar, Albert Lea, Crookston, and Grand Rapids. It is clear that the number of Minnesotans of color elected to local offices of government is small. Several people of color serve on city councils or school boards in the metropolitan suburbs, as well as in the Twin Cities, Rochester and, until recently, Bemidji. No statewide data is available, but it would be useful if the Secretary of State would begin collecting data on the racial and ethnic backgrounds of local elected and appointed officials.

MAKING DECISIONS RECOMMENDATION

IMPROVE PARTICIPATION OF MINNESOTANS OF COLOR IN STATE AND LOCAL GOVERNMENT AND SCHOOL DECISION-MAKING.

POLICY GOAL

Communities of color will have genuine representation and be respected as equals in all areas of public decision-making. People of color will be able to guide programs and policies that specifically and uniquely affect their communities.

Participation by people of color is only slightly better in public school administration. Students of color made up 10.1 percent of public school enrollment in 1992, but only two of 311 superintendents are minorities. Less than 3 percent of elementary and secondary principals were from communities of color in 1991. The percentage of local school board members who are people of color was not available. Minnesota's school districts will find it more difficult to manage growing cross-cultural tensions if the staff and leadership itself does not mirror diversity.

The participation of parents of color in local school advisory and decision-making bodies is an important issue. Parents of color, like many others, often find the school environment intimidating. This is accentuated by language and cultural differences. Frustration can grow if only minor efforts are made and people of color are not genuinely represented.

Perhaps the community with the greatest diversity in local leadership is St. Paul, where African Americans serve as school superintendent, police chief, city council chair and school board member, and where the nation's first Hmong school board member has been elected.

As all this shows, Minnesota has made progress, but the representation of communities of color in decision-making and program management is often limited or absent. There is no simple or numerical answer. A sound approach should go beyond numbers to developing leadership from among all citizens and productive working relationships with both individuals and organizations of color.

STRATEGIES FOR MAKING DECISIONS

31. State and local government and school district leaders responsible for appointing citizen boards, commissions and advisory committees should take positive action to ensure racial, ethnic, gender and socioeconomic diversity in their membership and their proceedings. They should establish goals, relationships with organizations of color and recruiting campaigns where needed. Community members can be involved through citizen dialogues, community-based teams that monitor public programs and neighborhood hearings. Involving the community can build rapport and increase community members' willingness to serve on boards and committees. Minnesota Planning interviews often revealed a lack of communication and relationships between growing communities of color and the agencies that serve them.

Legislators and state and local officials should consider legislation or executive action encouraging or requiring diversity. Specific guidelines for boards and commissions governed by the state Open Appointments Act should be considered. Requirements already exist in some areas; for example, state law requires community corrections advisory boards to be representative of ethnic minorities, as well as other segments of the population (Minnesota Statutes 401.08). Department of Corrections policy requires that advisory groups have representation from a "wide spectrum of cultural and socioeconomic segments of the community."

32. State agency heads should set standards to ensure inclusiveness in all phases of grant-making and state aid allocation. Recipients should be expected to have management, staffing and service designs that reflect the diversity of the population they are serving. The United Way of Minneapolis is establishing these requirements for its entire funding process. Additional actions could include:

- The Governor, by executive order, directing state agencies to have procedures for inclusiveness in the design of requests for proposals, grant review and selection committees and program monitoring and evaluation teams.

- The Legislature expanding human rights certification criteria for recipients of state funds under Minnesota Statutes 363.073 to include criteria other than the requirement of an affirmative action plan.

33. The Legislature, state agency managers, city and county officials and school boards should expand opportunities for communities of color to direct or control programs targeted to them. Programs designed especially for or heavily used by communities of color could be made more effective by having people of color play a major role in shaping and operating them. This could be done through their participation on governance boards or as managers and staff or by contracting for the services with community-based organizations. This approach is already used in Indian Education, in Indian scholarship programs, and in job training programs contracted to such organizations as Lao Family Services and Chicanos Latinos Unidos en Servicio in St. Paul.

ENFORCING RIGHTS RECOMMENDATION

GIVE THE HUMAN RIGHTS SYSTEM THE TOOLS IT NEEDS TO REDUCE RACIAL INCIDENTS THROUGH EDUCATION AND MAKE ENFORCEMENT TIMELY AND EFFECTIVE THROUGHOUT THE STATE.

POLICY GOALS

Minnesotans of all racial, ethnic and religious backgrounds will have free access to all parts of society without fear of discrimination or harassment.

No Minnesotans will be denied their choice of housing because of their race or ethnicity.

ENFORCING RIGHTS

Federal and state law guarantee that Minnesotans will not be discriminated against on the basis of their race, color, national origin, religion, creed, disability or sex. However, complaints filed with the state and local human rights departments and the U.S. Equal Employment Opportunities Commission show that discrimination occurs. In addition, the number of complaints filed may underestimate the problem.

Action is needed to increase compliance with anti-discrimination laws and reduce the number of complaints to the Minnesota Department of Human Rights. Over the past five years, racial discrimination complaints have, in most cases, gradually increased.

Many people lack faith in state and local human rights enforcement systems. In interviews and focus group discussions in Bemidji, Red Lake, Moorhead, Rochester and Worthington, many residents told Minnesota Planning that they were dissatisfied with the service from state and local human rights investigators. The complaint process is commonly seen as too lengthy and unresponsive, especially outside the Twin Cities area, where access to human rights investigators is limited. One person of color stated that even if the process ends in victory, it loses its meaning by being so long and drawn-out and is "like getting messed over twice." In 1992, the average case took 371 days to resolve. In the previous five years, the time to case closure ranged from 323 to 409 days. The average case that went to court took 4.5 years. In addition, state enforcement officers had an average of 56 cases each in June 1992.

The state department's field staff consists of four full-time and one part-time positions. In the spring of 1993, only three employees were available to travel outside the Twin Cities area. They normally spend one to three days each month in several of the following cities: Duluth, Bemidji, Moorhead, Mankato, Rochester and Willmar. Each city receives about six to 10 visits per year. Many participants in focus groups and interviews in southern and northern Minnesota expressed a preference for human rights staff who were easily accessible and well-rooted in their area. One participant said, "When people have complaints, they want someone to talk to soon, or they get frustrated and drop it."

Only two cities, Minneapolis and St. Paul, have their own anti-discrimination laws and enforcement offices. Approximately 40 other communities have human rights commissions, most of which mediate some complaints and refer others to the state. Commission budgets are typically very small. Some larger cities, such as Duluth, do not have a commission. Many people said the process is too slow, that "people are tired of being told to wait." Because most human rights commissions do not have enforcement powers, many people see them as powerless and unable to help. For this reason and others, some people do not inform commissions of discriminatory incidents.

To achieve the objectives of all the anti-discrimination laws already in place, Minnesota must give the human rights system the tools to strengthen and speed enforcement and to do more extensive education to deter discrimination before it happens. The rapid growth of populations of color throughout the state underscores the need for this change.

BIAS CRIME PERPETRATORS AND VICTIMS ARE MAINLY UNDER THE AGE OF 30

1992 MINNESOTA DATA

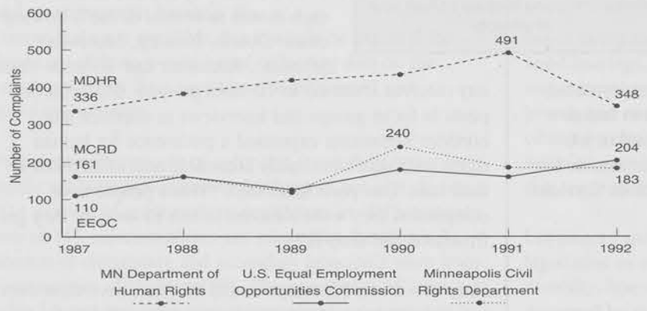
	BIAS CRIME VICTIMS		BIAS CRIME OFFENDERS	
AGE GROUP	NUMBER	% OF TOTAL	NUMBER	% OF TOTAL
0-10	19	4%	8	2%
11-20	180	36	277	63
21-30	148	29	98	23
31-40	94	18	32	7
41-50	39	8	11	3
51+	24	5	7	2
TOTAL	504	100%	433	100%

Source: MN Department of Public Safety. Includes all types of bias crimes, not only racially motivated crimes. However, 92 percent were based on race, religion or national origin.

- Of offenders, 48 percent were white; 44 percent were African American.
- People of color were 52 percent of the victims of bias crimes, though they are only 6 percent of the population.
- The majority of victims (65 percent) and offenders (86 percent) were between the ages of 11 and 30.

RACE-BASED DISCRIMINATION COMPLAINTS INCREASED AT THREE LARGEST ENFORCEMENT AGENCIES

MINNESOTA 1987 - 1992



Note: The decline for the Department of Human Rights in 1992 may be a result of new procedures to screen out weak cases before they are formally filed.
Source: Agencies Listed

- Race-based discrimination complaints increased at all three of the largest enforcement agencies in Minnesota from 1987-1992.
- In 1992 complaints based on race were 55 percent of total complaints filed with the Minneapolis Civil Rights Department.

SUMMARY OF RECOMMENDATIONS ON LAW ENFORCEMENT: MINNESOTA SUPREME COURT TASK FORCE ON RACIAL BIAS

FINAL REPORT, MAY 1993

- The Supreme Court and the Legislature should establish and fund long-term activities to address problems in minority community-law enforcement relations.
- The state human rights law should be amended to require local law enforcement agencies to adopt affirmative action plans. Local law enforcement agencies should be required to set hiring goals based on the demographics of the communities they serve.
- Police recruitment, education and in-service training must be reoriented to ensure that officers have the skills needed to interact effectively with diverse minority communities. Innovative, "real world" training programs should be developed rather than classroom-bound programs.
- The Peace Officers Standards and Training Board should develop cultural diversity training programs and make them available to all Minnesota law enforcement agencies. Annual cultural diversity training should be required as part of the continuing education requirements for peace officers.
- The POST Board should develop management training programs on diversity issues for supervisory personnel.

STRATEGIES FOR ENFORCING RIGHTS

34. Access to human rights law enforcement and education outside the Twin Cities should be increased by the Department of Human Rights in cooperation with local governments. This could be done through one or more of several approaches:

- Providing mechanisms or incentives for cities and counties to establish local or regional human rights enforcement systems in cooperation with the state.
- Establishing regional Department of Human Rights offices.
- Increasing the frequency and geographic coverage of state department field staff.

35. New approaches that resolve discrimination complaints more quickly and provide a more effective deterrent to violations should be developed by the Department of Human Rights in consultation with constituents. Without violating due process, the department should look for successful solutions developed elsewhere such as the use of fines or administrative penalties used for traffic violations and by the Pollution Control Agency.

BUILDING COMMUNITY COMMITMENT RECOMMENDATION

MINNESOTA LEADERS AND CITIZENS STATEWIDE SHOULD MAKE A COMMITMENT TO ACT TO IMPROVE THE RACIAL CLIMATE.

POLICY GOALS

Minnesotans of all racial, ethnic and religious backgrounds will have free access to all parts of society without fear of discrimination or harassment.

Communities of all racial, ethnic and religious backgrounds will be respected. All Minnesotans will be free to cultivate their heritage and to participate fully in mainstream society.

BUILDING COMMUNITY COMMITMENT

Minnesotans are proud of the warm and open environment that draws people to this state. A safe, friendly and caring atmosphere — a *Minnesota Milestones* goal — creates a base on which to sustain and build communities. However, the atmosphere in many Minnesotan communities is not comfortable for racial and ethnic minorities. A public administrator said in Moorhead, "It is evident that bigotry is a problem here. The major issues are acceptance and understanding of different cultures. People have not accepted people in different cultures. This sentiment has been expressed by people with leadership roles in the community." In Rochester, leaders of community organizations reported a pattern of blatant discrimination in the rental of housing. Nevertheless, several people suggested that the city's residents will not admit that racism exists in Rochester.

Minnesota Planning found that numerous communities of color in diverse parts of the state feel isolated and that many citizens and institutions are not accustomed to and comfortable with dealing with people of color. They may need help in learning to include and support communities of color.

By allowing people of color to be isolated, communities permit discrimination and harassment to occur. Newspapers and citizens report a Minnesota where individuals and groups of people are singled out for harassment because of their race or ethnicity. Voices of hatred and bigotry are becoming louder and more prominent as hard economic times encourage the search for scapegoats. Accounts from around the state in the last two years show that some people are living in fear of harassment.

The number of reported racially motivated crimes increased 67 percent in Minnesota, from 219 in 1989 to 366 in 1992. Nearly 85 percent of all bias crime was racially motivated. The targets of racial crime are most often people, not property, and the victims are usually strangers. Simple assaults, verbal abuse and property damage were the most common types of crimes, but other crimes in 1992 included cross burnings, telephone harassment and aggravated assaults.

Although complaints filed with the Minnesota Department of Human Rights declined from 1991 to 1992, it most likely is not a sign of decreasing discrimination. Rather, the decline probably stems from a 1992 change in department procedures to screen out cases without sufficient basis for investigation before they are filed.

To effectively address bigotry and harassment, communities need to work together to create an atmosphere that is comfortable to all and values all cultures. Minnesota's leaders should guide the state into the 21st century by providing a visible and positive commitment to embracing diversity. They should mobilize our institutions and our communities in a campaign to create a climate that is respectful of diversity. Broader and deeper programs should be developed to nurture citizens' understanding and ability to live and work in a diverse, multiracial world. This is essential to creating an atmosphere in which all the other recommendations and strategies in this report are taken seriously and leaders at all levels can take supportive action.

The *Minnesota Milestones* goal of a state that accepts all people is within reach but not without vigilance and action.

STRATEGIES FOR BUILDING COMMUNITY COMMITMENT

36. The Governor, the Legislature and community and private-sector leaders should form a Unity in Diversity coalition to lead implementation of anti-racism strategies and monitor progress throughout the 1990s. The coalition should involve leaders from religion, business, labor, sports and entertainment, communities, local government and nonprofit organizations in this effort. The coalition should be created in law or incorporated independently to ensure its continuance across changes in elected officials. Financial contributions should be sought from the private, nonprofit and public sectors.

37. The Unity in Diversity coalition should initiate an ongoing, community-based statewide campaign to promote the benefits of diversity for Minnesota's future, discourage racism and involve all Minnesotans in the economy, government and community life; it also should create a statewide center and clearinghouse to support local diversity and anti-bias projects. Leaders should seek participation in the campaign from all sectors of society, including major media outlets and advertising agencies. The Governor and legislative leaders should make responding to diversity a priority in public pronouncements, legislative proposals and budget decisions. As part of this campaign, the coalition should develop common goals and promote agreed-upon "best practices."

The coalition should raise private and public funds to operate a statewide center and clearinghouse. The center would provide expert planning assistance to local communities, educational materials, cross-cultural training and referrals to other resources. The Suburban Hennepin Anti-Racism Committee has proposed a similar center for its area. The Minnesota Extension Service already is helping communities establish diversity coalitions. The coalition could assemble teams of volunteers and professionals that would provide intensive assistance to requesting communities. Youths of color in Moorhead have suggested creating a multiracial youth network to help minority youths in smaller communities overcome isolation and obtain supportive resources and to promote cross-cultural understanding and cooperation.

STATE OF DIVERSITY

MEASURES OF EQUALITY

The 15 measures outlined in this section will serve as critical indicators of whether Minnesota is making progress toward inclusiveness and racial equality during the 1990s and into the 21st century. While not always perfect measures, they will give citizens and policymakers comparative information on the well-being of major racial and ethnic groups. Measures cover discrimination, educational achievement, income, business ownership, home ownership, employment, representation in government, and equity in government purchasing and employment. They relate directly to the policy goals set forth in this report.

These measures are a tool to hold private and public leaders accountable for the effectiveness of their policies. They can help determine whether results are being achieved. If strategies fail, they need to be revamped or new strategies devised.

Each of the 15 measures in this section includes historical data and a format to track data and set goals for future years. As a next step, target goals for future years could and should be created, with community participation.

The measures include and build upon those developed through *Minnesota Milestones* and the *Economic Blueprint for Minnesota*. Accurate information for some measures is available only every 10 years through the U.S. census. For some measures, existing information is not adequate. In these cases, recommendations are made for collecting better information.

1. REDUCTION IN RACE AND NATIONAL ORIGIN DISCRIMINATION COMPLAINTS FILED IN MINNESOTA (*Minnesota Milestones* 33, modified)

	1987	1988	1989	1990	1991	1992	2000
DEPT. OF HUMAN RIGHTS*	336	382	418	433	491	348	
U.S. EEOC**	110	161	125	179	160	204	
MINNEAPOLIS CIVIL RIGHTS DEPT.	161	160	118	240	185	183	
TOTAL	607	703	661	852	836	735	

*Data for the Department of Human Rights is for fiscal years.
** U.S. Equal Employment Opportunities Commission.

Discussion: Since no measure of actual discrimination incidents is available, discrimination complaints are the next best measure of how people of all racial and ethnic groups are valued in Minnesota. A reduction in complaints should indicate improvement in acceptance of diverse Minnesotans in such areas as housing, employment and education. The measure is imperfect, however. Lengthy complaint proceedings and insufficient staffing may deter people from filing. As systems are improved, complaints may rise without a true rise in incidents.

Complaints can be filed with the Minnesota Department of Human Rights, city or county human rights departments or commissions and the federal government. Statewide totals are not available.

Recommendation: All jurisdictions should report discrimination complaints to the Minnesota Human Rights Department. The department should then regularly publish the combined data. This was suggested in *Minnesota Milestones* measure 33.

In addition, a question about perceived experiences of discrimination within the past year should be included in a public survey every three years.

Sources: Minnesota Department of Human Rights, Minneapolis Civil Rights Department, St. Paul Human Rights Department and U.S. Equal Employment Opportunity Commission

2. REDUCTION IN THE NUMBER OF BIAS-MOTIVATED CRIMES IN MINNESOTA RELATED TO RACE, RELIGION OR NATIONAL ORIGIN

INCIDENTS	1989	1990	1991	1992	2000
RACIAL	219	255	333	366	
RELIGIOUS	13	24	33	23	
NATIONAL ORIGIN	9	4	12	10	

Discussion: Data can be kept only on bias crimes that are reported, and many are not. An increase in the number of reported bias crimes does not necessarily mean more crimes are being committed. The number may increase over the years as people become more comfortable and knowledgeable about reporting bias crimes. The ideal would be for every bias crime to be reported and for that number to decrease over time.

Source: Minnesota Department of Public Safety, Office of Information Systems Management

3. MINNESOTA MEDIAN MINORITY HOUSEHOLD INCOME AS A PERCENTAGE OF MEDIAN WHITE HOUSEHOLD INCOME

	1980	1990	2000
WHITE	100%	100%	
AFRICAN AMERICAN	68.6	60.3	
AMERICAN INDIAN	60.6	49.3	
ASIAN	88.8	72.4	
HISPANIC	83.8	80.8	

Discussion: This measure shows the increasing economic disparity between whites and racial and ethnic minorities. The goal should be for all groups to achieve 100 percent of the white level. The median income for white households in 1990 was $31,320. Median income is defined as the level at which half of all households are earning more and half are earning less.

Source: U.S. Census Bureau

4. PERCENTAGE OF STUDENTS ENROLLED IN MINNESOTA POSTSECONDARY INSTITUTIONS WHO ARE RACIAL AND ETHNIC MINORITIES

	FALL 1983	FALL 1985	FALL 1987	FALL 1989	FALL 1991	FALL 1993	FALL 2000
WHITE	95.2%	94.6%	94.7%	83.4%*	85.7%*	85.3%*	
AFRICAN AMERICAN	1.4	1.5	1.6	1.6	1.9	1.9	
AMERICAN INDIAN	1.0	1.1	1.0	0.9	1.1	1.0	
ASIAN	1.7	1.9	1.9	1.9	2.1	2.4	
HISPANIC	0.7	0.8	0.7	0.7	0.9	1.0	

*Note: Figures do not add up to 100% for 1989, 1991 and 1992 because nonresident aliens and students who did not report their racial or ethnic background are not included. The data includes state universities, community colleges, technical colleges, private colleges and the University of Minnesota.

Discussion: The goal should be for each racial and ethnic group to maintain college enrollment similar to its percentage of the population. In 1990, Minnesota was 2.2 percent African American, 1.1 percent American Indian, 1.8 percent Asian and 1.2 percent Hispanic.

This measure will help track how well people of all racial and ethnic groups are being prepared for the work force. The preferred measure would be the percentage of high-school graduates who are pursuing advanced training, apprenticeship or higher education one year after high school (*Minnesota Milestones* 40), but this data is not available.

Recommendation: The annual statewide survey of high school graduates' activities conducted by the Department of Education should include data on race and ethnicity.

Source: Minnesota Higher Education Coordinating Board

5. MINORITY SHARE OF MANAGERIAL, PROFESSIONAL AND TECHNICAL JOBS IN MINNESOTA

	1980	1990	2000
MINORITY SHARE OF MANAGERIAL, PROFESSIONAL AND TECHNICAL JOBS	2.8%	3.9%	
MINORITY SHARE OF TOTAL LABOR FORCE	3.2	4.6	

Discussion: This measure indicates the level of racial and ethnic minorities employed in highly skilled, highly paid occupations. The goal would be for the minority share to equal or exceed the percentage of minorities in the labor force.

Source: U.S. Census Bureau

6. PERCENTAGE OF STATE EMPLOYEES WHO ARE RACIAL OR ETHNIC MINORITIES

	1990	1993	2000
% MINORITY EMPLOYEES	4.4%	4.8%	
% MINORITY MANAGERS	3.9	5.3	
% MINORITY PROFESSIONALS	NA	5.5	
% MINORITY SUPERVISORS	4.8	3.2	
% MINORITY CLERICAL/ SERVICE/TECHNICAL WORKERS	4.3	4.7	

Note: Annual January data for executive-branch agencies only; not included are academic employees of community colleges and state universities, the Legislature, the judiciary, the University of Minnesota or the Minnesota Historical Society.

Discussion: The percentage of state employees who are racial or ethnic minorities should in all categories reflect the minority percent of the labor force, which was 4.6 percent in 1990, or the minority population, which was 6.3 percent. Because of seasonal changes in the labor force, this data may not match with other data in this report drawn from other months.

Source: Minnesota Department of Employee Relations, Affirmative Action Annual Reports

7. MINORITY UNEMPLOYMENT RATE COMPARED TO TOTAL UNEMPLOYMENT RATE

	1987	1988	1989	1990	1991	2000
MINNESOTA MINORITY UNEMPLOYMENT RATE	15.9%	14.8%	17.8%	14.3%	10.5%	
STATE UNEMPLOYMENT RATE	5.0	3.6	3.9	4.5	4.7	

Discussion: The goal for this measure should be reduction of the unemployment rate for racial and ethnic minorities to the level for the total population. The unemployment rate indicates the percentage of all persons in the labor force who are not working. The labor force is defined as all persons age 16 or older who are working or actively seeking work. It does not include "discouraged workers" who have given up seeking work. Minority figures were developed by the Minnesota Department of Trade and Economic Development, based on U.S. Bureau of Labor Statistics sample data. The figures only include racial minorities and may be subject to substantial error due to the small size of the sample.

Recommendation: The state should establish a survey, and estimate unemployment information by race and ethnicity employing the formula used by the U.S. Census Bureau for the periods between the census.

Sources: U.S. Bureau of Labor Statistics Annual Geographic Profile of Employment and Unemployment, MN Department of Trade and Economic Development

8. PERCENTAGE OF APPOINTED STATE BOARD AND COUNCIL MEMBERS WHO ARE RACIAL OR ETHNIC MINORITIES

	1993	2000
% PEOPLE OF COLOR ON ALL STATE BOARDS AND COUNCILS	14.0%	
% PEOPLE OF COLOR ON ALL BOARDS AND COUNCILS EXCLUDING THOSE SPECIFICALLY DESIGNATED FOR COMMUNITIES OF COLOR	8.0%	

Discussion: A goal of representation comparable to population has been achieved. However, many boards and councils lack any representation of people of color. Members of approximately 203 state advisory and governing boards and councils are appointed under Minnesota's Open Appointments Act (not included are numerous advisory boards, councils and task forces appointed by various state agencies). A total of 1,581 members sit on these boards and councils. Information about race was provided voluntarily by 89 percent of appointees in 1993. Persons who did not specify their race or ethnicity are included in calculating the above percentages. The total excludes some vacant positions and data unavailable due to technical problems.

A number of councils, such as the Indian Scholarship Committee, are specifically dedicated to concerns of communities of color and have close to 100 percent minority membership. They are omitted from the lower measure in order to give a clearer picture of racial and ethnic minority representation in general policy.

Source: Secretary of State

9. PERCENTAGE OF STATE GOVERNMENT PROCUREMENT DOLLARS AWARDED TO MINORITY-OWNED BUSINESSES

	1985	1987	1991	1992	2000
% OF DOLLARS TO MINORITY CONTRACTORS	3.1%	1.9%	0.6%	0.9%	

Discussion: The goal should be to increase the share of state contract dollars awarded to minority businesses to at least the minority share of the population. Racial and ethnic minorities made up 6.3 percent of Minnesota's population in 1990. The decline in procurement dollars over the past six years is due primarily to U.S. Supreme Court rulings that led to the elimination in 1989 of the state's procurement programs for businesses owned by women, minorities and people with disabilities. A new program was established in 1991.

Source: Minnesota Department of Administration

10. PERCENTAGE OF STATE LEGISLATORS AND STATE ELECTED OFFICIALS WHO ARE RACIAL OR ETHNIC MINORITIES (*Minnesota Milestones* 35)

	1980	1990	1991	1992	1993	2000
MINORITY LEGISLATORS AND STATE ELECTED OFFICIALS	0.5%	0.5%	2%	2%	2%	
PERCENT MINORITY POPULATION	3.9	6.3	*6.6	*6.8	*7.1	

*Based on population projections from the Demographer's Office at Minnesota Planning

Discussion: Minnesota has 201 legislators and six elected constitutional officers. Currently, four legislators and no officers are from communities of color. This measure reflects the gap between the percentage of racial and ethnic minorities serving in the Legislature and state elected offices and their share of the overall Minnesota population. The goal should be for minority representation to reach the same levels as in the total population. The third policy goal in this report calls for "genuine representation in all areas of public decision-making," which may not always be limited to a population percentage.

Recommendation: Representation at the local level is equally important in measuring whether elected leadership reflects the general makeup of the population. Data should be gathered by the Secretary of State on the percentage of local elected officials who are racial or ethnic minorities.

Sources: U.S. Census Bureau; Minnesota Legislature and Secretary of State

11. BUSINESS OWNERSHIP RATES PER 1,000 POPULATION

	1982	1987	1992	1997
WHITE MALE	80.6	93.7		
AFRICAN AMERICAN	23.6	15.3		
AMERICAN INDIAN	7.0	6.9		
ASIAN	31.2	21.9		
HISPANIC	15.6	15.1		

Note: Business-ownership rates are calculated using the population from the closest census year. Available data does not consistently include white female business ownership rates

Discussion: The goal for this measure should be to narrow the gap and achieve comparable business-ownership rates for all racial and ethnic groups. Business ownership is one of the keys to wealth, as well as job development and community stability and well-being.

Source: U.S. Census Bureau, economic census conducted every five years

12. HOME OWNERSHIP RATE (*Minnesota Milestones* 48)

	1980	1990	2000
WHITE	73%	73%	
AFRICAN AMERICAN	37	31	
AMERICAN INDIAN	43	43	
ASIAN	51	41	
HISPANIC	49	47	

Discussion: This measure reports what percentage of households in each racial and ethnic group own their homes. The goal should be for the rates all groups to increase and achieve similar levels. Home ownership measures one aspect of wealth. However, overall wealth is better measured based on the value of a person's home, interest, dividends, royalties, net rental income and other income. While this information is only available every 10 years through the U.S. Census Public Use Microdata Sample, it would still be a useful benchmark.

Source: U.S. Census Bureau, available every 10 years

13. PERCENTAGE OF TEACHERS AND LOCAL GOVERNMENT EMPLOYEES WHO ARE PEOPLE OF COLOR

	1990	2000
% MINORITY LOCAL GOVERNMENT PERSONNEL	4.9%	
% MINORITY TEACHERS	1.6	
% MINORITY LABOR FORCE	4.6	
% MINORITY SCHOOL ENROLLMENT	9.7	

Note: The minority figures are slightly inflated for local government due to overcounting in the category of Hispanics.

Discussion: The goals should be for minority employment in local government to be at least comparable to the minority share of the labor force or population and for the minority share of teachers to increase to the level of the minority share of school enrollment.

Recommendation: The minority percentage of law enforcement personnel would be a desirable measure but is not available. Also, annual data on employment directly from cities and counties would be preferable to census data. Law enforcement agencies and cities and counties should be required to regularly report employment data by race and ethnicity to the Peace Officers Standards and Training Board and the Secretary of State or Department of Jobs and Training, respectively.

Sources: U.S. Census Bureau; Minnesota Department of Education

14. PERCENTAGE OF POPULATIONS LIVING IN HOUSEHOLDS WITH INCOMES AT LEAST 200 PERCENT ABOVE THE POVERTY LINE *(Minnesota Milestones 44, modified)*

	1980	1990	2000
WHITE	73.9%	73.6	
AFRICAN AMERICAN	50.6	49.4	
AMERICAN INDIAN	40.0	54.6	
ASIAN	58.8	48.7	
HISPANIC	58.3	47.7	

Discussion: The goal should be for all groups to achieve similar levels, at least comparable to the current level for whites. The poverty level is an estimate of the income needed for households of various sizes to meet basic living costs. It is adjusted annually by the U.S. Department of Commerce. However, many people living above the poverty level are still unable to sustain a family at a secure and reasonable standard of living. Therefore, although any definition of a "reasonable" standard of living is arbitrary, 200 percent above poverty is used as a cut-off point, the same level used by *Minnesota Milestones*. In 1990, two times the poverty level was $13,600 for a single person and $26,508 for a family of four.

Source: U.S. Census Bureau, available every 10 years

15. REDUCTION IN THE PERCENTAGE OF SEVENTH- TO 12TH-GRADERS DROPPING OUT OF SCHOOL

SCHOOL YEAR ENDING	1981	1991	1992	2000
WHITE	2.4%	2.7%	2.8%	
AFRICAN AMERICAN	11.4	10.9	14.1	
AMERICAN INDIAN	10.8	10.1	13.0	
ASIAN	1.6	4.2	4.5	
HISPANIC	5.0	9.3	11.3	

Discussion: The goal should be for dropout rates to be minimal and similar for all racial and ethnic groups. Dropout rates report the number of public school students in a given school year, or previous summer, who have stopped coming to school and are not known to have re-enrolled in any other school during the 12-month period. Some dropouts may eventually return to complete school, often at an alternative school or through a GED or adult education program.

Dropout rates reflect the ability of public school systems to work effectively with an increasingly diverse clientele, as well as the general health and well-being of families and children.

Source: Minnesota Department of Education, annual reports

APPENDIX

STATE OF DIVERSITY

PROJECT COMMITTEES

Minnesota Planning extends its thanks to all of the following project participants who provided the invaluable knowledge, experience and leadership that set the direction for this report and action plan.

STEERING GROUP

Lee Aragon, President of Impact, Roseville; Linda Barton, Commissioner, Department of Employee Relations; David Beaulieu, Commissioner, Department of Human Rights; Lester Collins, Executive Director, Council on Black Minnesotans; Dolores Fridge, Director of Enforcement Division, Department of Human Rights; Jim Gaulden, Supervisor, Human Resources Department, 3M, St. Paul; Josie Gonzalez, Project Advocacy, Moorhead; Roger Head, Executive Director, Indian Affairs Council; Joan Isaacson, Chair, Rochester Human Rights Commission; Jim Korkki, Director, JTPA, Department of Jobs and Training; Dr. Albert de Leon, Executive Director, Council on Asian Pacific Minnesotans; Edward Lohnes, Job Developer, American Indian Opportunities Industrialization Center, Inc., Minneapolis; Patricia Neahr, Executive Director, Countryside Council, Marshall; Perry Pickins, Director of Affirmative Action, Department of Natural Resources; Luther Prince, Assistant Commissioner, Department of Labor and Industry; Georgina Y. Stephens, State Board of Education Member, St. Paul; Terry Stone, Executive Director Region 9 Regional Development Commission, Mankato and Mayor of Madelia; Dean Sullivan,Director, Job Service and UI, Department of Jobs and Training; Carol White, Minneapolis School Board Member and representative of African Americans Concerned Together; Charles Williams, Director of Fair Housing, Housing Finance Agency; Joey Yocum and Mike Chanaka, Northern States Power; Steven Zachary, EEO Director, Department of Employee Relations.

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Our thanks also to the following organizations for their contributions: Center for Urban and Regional Affairs, Hmong Youth Association, Law Enforcement Opportunities, Metropolitan Council, Midwest Farmworkers, Minneapolis Initiative Against Racism, Minnesota League of Human Rights Commissions, Peace Officers Standards and Training Board, Spanish Speaking Affairs Council, Suburban Hennepin Anti-Racism Committee, United Way of Minneapolis, Urban Coalition. We also thank all state and metropolitan agencies for participating in the diversity survey and those state agencies that provided research and information, especially the Departments of Human Rights, Employee Relations, Education, Trade and Economic Development, and Administration.

We would especially like to thank all of the citizens and public and private officials who agreed to be interviewed or attended focus groups in Bemidji, Mankato, Moorhead, Rochester, Red Lake Reservation and Worthington.

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MN PLANNING

BWSR CLIENTELE SURVEY

1. Please check your affiliation:

Soil and Water	supervisor	____	staff	_____
Watershed District	manager	____	staff	_____
County	commissioner	____	staff	_____
Other	_____			

2. What do you like about BWSR service ?

3. What do you see as needing improvement in the service BWSR provides to local units of government?

4. How would you rate the service you receive from BWSR field staff?

Completely Satisfied	Somewhat Satisfied	Neither Satisfied Nor Dissatisfied	Somewhat Dissatisfied	Completely Dissatisfied
___	___	___	___	___

5. How would you rate the timeliness of BWSR service to you?

Completely Satisfied	Somewhat Satisfied	Neither Satisfied Nor Dissatisfied	Somewhat Dissatisfied	Completely Dissatisfied
___	___	___	___	___

6. Please rate the <u>effectiveness</u> of the following programs in your area:

	Completely Satisfied	Somewhat Satisfied Nor Dissatisfied	Neither Satisfied	Somewhat Dissatisfied	Completely Dissatisfied
State Cost-Share Program	___	___	___	___	___
RIM Conservation Easements	___	___	___	___	___
BWSR ~~Potential~~ Resources Block Grants (combined Wetlands, Water Planning, and Shoreland grants)	___	___	___	___	___

7. How would you rate the <u>application process</u> for the following BWSR grant programs:

	Completely Satisfied	Somewhat Satisfied Nor Dissatisfied	Neither Satisfied	Somewhat Dissatisfied	Completely Dissatisfied
State Cost-Share Program	___	___	___	___	___
RIM Program	___	___	___	___	___
BWSR Block Grants (combined Wetlands, Water Planning, and Shoreland grants)	___	___	___	___	___

(OVER)

8. How would you improve the following conservation programs:

State Cost-Share Program

Local Water Planning Program

RIM Program

Wetlands Conservation Program

9. What issues do you think should receive more debate at the BWSR board meetings?

10. How do you feel about these issues?

11. Other comments:

Thank you for your comments.

EXECUTIVE SUMMARY FOR THE
EROSION, SEDIMENT AND WATER QUALITY
MANAGEMENT PROGRAM
(i.e., THE COST-SHARE PROGRAM)

WHAT THE LAW SAYS:
"The State Board may allocate available funds to SWCDs to share the cost of systems or practices for erosion or sedimentation control or water quality improvement that are designed to protect and improve soil and water resources" (cit.: Minnesota Statutes Section103C.501, subd. 1.)

BACKGROUND
An annual allocation is made available to the 91 soil and water conservation districts (SWCDs) in Minnesota through the Erosion, Sedimentation and Water Quality Management Program, commonly referred to as the Cost-Share Program. The Program provides said funding to SWCDs, which in turn contract (for up to two years) with landowners or occupiers to provide incentive funding to address the high priority erosion, sedimentation and water quality concerns identified as existing within that district in their Annual and Comprehensive Plans.

Since the inception of this Program's funding in 1978, $ 1,500,000 has been appropriated annually by the legislature for dispensation by the BWSR to the SWCDs of Minnesota. This annual total is dispensed to the SWCDs in the state in the following proportions:

1. Seventy per cent ... ted for use in addressing ... ntation, or water quality pr... ehensive and Annual Plans of th... amounts given to SWCDs are based c... rrently available information ... dibility and animal feedlots wi...

2. Remaining Pr... lows: no more than ... be used for either techn... ion of the SWCDs, or for lower ... n or water quality problems.

3. Ten per cent ... nsed to SWCDs on a competitive ba... ts portion of the program, the i... provide funding for innovative ero... projects or practices that would not normally be funded using the portion of the Cost-Share funding described in Item 1 above.

4. Since 1984 the BWSR (and its predecessor, the SWCB) has had the ability to retain and reallocate any funds unspent and returned by the SWCDs. This funding is accrued and then dispensed at either the end of the calendar year to districts with specific project funding needs, or, it is added to the 10 per cent

MARY JO —
THIS PACKET OF STUFF
NEEDS TO BE AVAILABE
ON THE HANDOUT TABLE
AT THE BOARD MEETING
PLEASE MAKE COPIES.
FOR EVERYONE TO PICK
UP
in folders
THANKS
WAYNE

EXECUTIVE SUMMARY FOR THE EROSION, SEDIMENT AND WATER QUALITY MANAGEMENT PROGRAM (i.e., THE COST-SHARE PROGRAM)

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Since the inception of this Program's funding in 1978, $ 1,500,000 has been appropriated annually by the legislature for dispensation by the BWSR to the SWCDs of Minnesota. This annual total is dispensed to the SWCDs in the state in the following proportions:

1. Seventy per cent of the funds are allocated for use in addressing high priority erosion, sedimentation, or water quality problems identified in the Comprehensive and Annual Plans of the SWCDs. Individual allocation amounts given to SWCDs are based on a formula which considers currently available information on factors including soil erodibility and animal feedlots within a district.

2. Remaining Program funds may be used as follows: no more than 20 per cent of the funds may be used for either technical assistance and administration of the SWCDs, or for lower priority erosion, sedimentation or water quality problems.

3. Ten per cent of the funds are annually dispensed to SWCDs on a competitive basis through the Special Projects portion of the program, the intent of which is to provide funding for innovative erosion control projects or practices that would not normally be funded using the portion of the Cost-Share funding described in Item 1 above.

4. Since 1984 the BWSR (and its predecessor, the SWCB) has had the ability to retain and reallocate any funds unspent and returned by the SWCDs. This funding is accrued and then dispensed at either the end of the calendar year to districts with specific project funding needs, or, it is added to the 10 per cent

Special Projects allocation given out in the beginning of the State's fiscal year.

There are currently nine general "practices" for which a landowner may receive Cost-Share funding, including:

Erosion control structures
Stripcropping
Terraces
Stormwater control systems
Field windbreaks
Animal waste control systems
Critical area stabilization, and
Streambank, lakeshore and roadside stabilization

A practice may be defined as an activity or series of activities intended to control soil erosion or sedimentation or improve water quality. Primarily structural in nature, practices that are cultural in nature such as stripcropping and field windbreak establishment may also be eligible for cost-sharing. Each practice must be planned, designed engineered and installed by a qualified individual who is competent and capable of doing such work. Each specific practice is defined as to its intent, purpose, applicability, cost-sharing payment rate limits and any other policy limits that may be placed.

PAYMENT RATES AND REQUIREMENTS

While maximum payment rates vary between practices (usually up to 50 or 75 per cent of total cost), there are some general requirements that may be applied regardless of the type of practice installed. They include that cost-shared practices must:

* Be permanent, i.e., projects must have a life expectancy of no less than ten years (possibly longer).

* Have a primary purpose of erosion or sediment control or water quality protection

* Not be solely production oriented

In addition:

* The landowner must be liable for monetary damages if a practice is not timely installed or maintained. Landowners are provided information about practice operation and maintenance and how they can monitor the practice over its lifetime.

Oversight and administration of individual Cost-Sharing contracts is the responsibility of the local SWCD and its Board of Supervisors.

Landowners interested in receiving Cost-Share Program financial and technical assistance may apply for such assistance through their local SWCDs.

BWSR ALLOCATION PROCESS (OR, HOW IT GETS THERE FROM HERE)

Step 1. The legislature appropriates funding to the BWSR.

Step 2. The BWSR approves a specific funding amount to a district.

Step 3. Within 30 days the BWSR Accounting Staff recquisitions funding for each individual SWCD. This prompts the Department of Finance to transfer program funds to the BWSR, which in turn sets up a separate account for each specific program allocation, which is shown on the Grant Agreement sent to the SWCD for signature.

Step 4. The Grant Agreement is sent to the SWCD for signature.

Step 5. After an appointed SWCD person (Staff or Supervisor) signs and returns the Grant Agreement, the following State Agencies or Departments must review and sign the document (in this sequence, from top to bottom):

BWSR Director or Assistant Director
Attorney General's Representative
Department of Administration, and
Department of Finance

Step 6. The Department of Finance notifies the BWSR that encumbrance against the Grant Agreement may begin by the SWCD (or other local unit of government).

Step 7. The BWSR then officially notifies the SWCD of its ability to encumber funds.

Step 8. Within days of the notification to encumber funds, payment is made to the SWCD.

ANNUAL DEADLINES FOR BWSR ADMINISTERED PROGRAMS

Date	Program	Clients
January 15th	Local Water Resources Protection & Management Program (LWRPMP) Application for both Base & Challenge grants	Counties
January 31	LWRPMP Annual Progress Reports due	Counties
March 15th	SWCD Annual Plans Annual Reports & Financial Statements due	Districts
April 1st	SLR & Special Project Applications	Districts
June 1st	Deadline for landowners to apply for Cost-Share Program funding through their SWCD	Districts
June 30th	Deadline for encumbrance of Cost-Share funds by the SWCD	Districts
August 15 (even # yrs.)	Comprehensive Plan Amendments	Districts
End of Sept.	MFIP Sign-up	Districts
December 1	Deadline for submitting Cost-Share Roll-over Applications	Districts

SPECIAL PROJECT CRITERIA

PURPOSE: To use 10 per cent of Cost-Share Program to fund special projects which address erosion or sediment control, or water quality problems using the procedures set forth in the Cost-Share Program. Special Project funding provides an opportunity for requests of a larger scale to be funded, thus reducing demands on regular cost-share funding, and it also provides a funding mechanism for the installation of innovative methods & approaches for erosion and sediment control and water quality problems.

1. Degree of Public Benefit: 0 to 20 points
   Public Benefits include:
   - *Public safety considerations
   - *Public education
   - *Water quality impacts (including proximity to protected waters, wetland protection, etc.)
   - *Wildlife & Fisheries benefits
   - *Recreational benefits, including accessibility

2. Innovativeness of the project, based on: 0 to 20 points
   - *New or transferred technology implementation
   - *New methodologies employed
   - *New opportunities identified
   - *The identified/projected life of the project
   - *Multi-agency efforts
   - *Multi-county efforts

3. Tie-in and identification of the project as it relates to local plans and controls, such as: 0 to 10 points
   - SWCD Annual Plans
   - Comp Local Water Plans
   - Local Ordinances or Official Controls
   - Other local cooperative efforts

4. Cause & Effect: 0 to 10 points

5. Are Least-Cost Methods employed to control an identified problem? 0 to 10 points

6. Are Cost-Share funds still available locally? 0 to 5 points

7. Could the project be funded through the regular Cost-Share Program? 0 or 5 points

8. Documented or projected effectiveness of the project: (0 to 10 points) based on the data available from
   - * site investigation
   - * other documentation
   - * post-project reporting & accomplishment

STREAMBANK, LAKESHORE & ROADSIDE
PROPOSED CRITERIA

PURPOSE: Grants are available to SWCDs and other local units of government to solve sediment and erosion control problems that are located on streambank, lakeshore and roadside sites.

Cost-share payments (now given out up-front) must not exceed 50 per cent of the project costs, or 50 per cent of the local share if federal funds are used.

The desire to no longer prioritize federally funded projects was expressed, based on the fact that an original objective of the SLR Program, to be able to bring revenue to a local economy through a SWCD, is not as significant as it once was. However, the aim of the program to assist local units of government was upheld.

1. Degree of Public Benefit: 0 to 20 points
   Public Benefits include:
   - *Public safety considerations
   - *Public education
   - *Water quality impacts (including proximity to protected waters, wetland protection, etc.)
   - *Wildlife & Fisheries benefits
   - *Recreational benefits, including accessibility

2. Cause & Effect: 0 to 15 points
   Will an identified problem be adequately treated, providing a long-term solution to satisfactorily address the causes of subsequent erosion, sedimentation & water quality degradation?
   Considerations include:
   * Is the cause within the applicants control?
   * Will the problem be adequately treated?
   * Is the treatment to a provide long-term solution?

3. Are Least-Cost Methods employed to control an identified problem? 0 to 10 points

4. Tie-in and identification of the project as it relates to local plans and controls, such as: 0 to 10 points
   - SWCD Annual Plans
   - Comp Local Water Plans
   - Local Ordinances or Official Controls
   - Other local cooperative efforts
5. Is this a continuation or completion of an on-going project? 0 or 5 points

6. Could this project be completed through the regular Cost-Share Program? 0 or 5 points

SPECIAL PROJECT
SCORESHEET

District: _____

Project: _____

1. Degree of Public Benefit: 0 to 20 points _____

Comments:

2. Innovativeness of the project: 0 to 20 points _____

Comments:

3. Local Plans & Controls: 0 to 10 points _____

Comments:

4. Cause & Effect: 0 to 10 points _____

Comments:

5. Least-Cost Methods: 0 to 10 points _____

Comments:

6. Cost-Share funds available? 0 to 5 points _____

Comments:

7. Completion through regular Cost-Share Program: 0 or 5 points

Comments:

8. Project effectiveness: 0 to 10 points _____

Comments:

SUM TOTAL: _____

RANK: _____

SLR PROJECTS
SCORESHEET

District: _____

Project:_____

Streambank, lakeshore & roadside

1. Degree of Public Benefit: 0 to 20 points _____

Comments:

2. Cause & Effect: 0 to 15 points _____

Comments:

3. Least-Cost Methods: 0 to 10 points _____

Comments:

4. Local Plans and Controls: 0 to 10 points _____

Comments:

5. Continuation of an on-going project: 0 or 5 points _____

Comments:

6. Completion through regular Cost-Share funding: 0 or 5 points __

Comments:

SUM TOTAL: _____

RANK: _____

FY 92 SLR & SPECIAL PROJECT
STAFF SCORING AND FUNDING RECOMMENDATIONS

SLR PROGRAM

DISTRICT	SCORE	AMOUNT	CUMULATIVE AMOUNT	
ANOKA	56	$ 32,325	$ 32,325	
CASS	55	$ 13,040	$ 45,365	
LAC QUI PARLE 3	51	$ 5,900	$ 51,265	
LAC QUI PARLE 2	51	$ 6,250	$ 57,515	
HENNEPIN	50	$ 18,375*	$ 57,515	
PINE	50	$ 17,500	$ 75,015	
WASHINGTON	50	$ 37,595	$ 112,610	
SIBLEY	48	$ 15,000	$ 127,610	
CARVER	47	$ 26,635	$ 154,245	
PENNINGTON 3	45	$ 22,750		
LAC QUI PARLE 1	44	$ 11,000		
PENNINGTON 2	40	$ 72,500		DO
PENNINGTON 1	40	$ 22,500		
NORMAN 3	40	$ 7,137		NOT
NORMAN 2	40	$ 3,025		
HUBBARD	40	$ 1,858*		FUND
WABASHA	40	$ 18,450		
NORMAN 1	37	$ 2,938		
NORMAN 4	37	$ 11,825		
SUMMARY:	10 PROJECTS FUNDED TOTALLING		$ 157,245	

* Recommendation that the Hennepin proposal be reconsidered after the inputs of the DNR Fisheries and Waters people be incorporated into this proposal.

* Recommendation that $3,000 in funds be added to the Itasca SWCD Special Project to complete a lakeshore erosion project being done in conjuction with the U.S. Army Corps of Engineers on Lake Winnibigoshish.

Recommendation that the Hubbard proposal be funded using FY92 Cost-Share funding.

FY 92 SLR & SPECIAL PROJECT
STAFF SCORING AND FUNDING RECOMMENDATIONS

SPECIAL PROJECTS

DISTRICT	SCORE		AMOUNT	CUMULATIVE AMOUNT
BELTRAMI	85		$ 49,500	$ 49,500
ITASCA	85	(+$ 3,000 SLR)	$ 13,000	$ 62,500
WINONA	82		$ 30,000	$ 92,500
WEST POLK	80		$ 20,400	$ 112,900
KANDIYOHI	80		$ 22,515	$ 135,415
WILKIN	80		$ 31,604	$ 167,019
KANABEC	80		$ 7,500	$ 174,519
NO. ST. LOUIS	75		$ 18,369	$ 192,888
SO. ST. LOUIS	75		$ 12,416	$ 205,304
WEST POLK	70		$ 29,863	DO
SO. ST. LOUIS	65		$ 29,288	NOT
ANOKA	57		$ 59,875*	FUND
COOK	55		$ 12,919	

SUMMARY: 9 PROJECTS FUNDED TOTALLING $ 205,304

* Late submittal of a $ 241,000 application; recommend reapplication in 1992, after going through the prescribed application format not originally followed.

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October 8, 1993

TO: Soil and Water Conservation Districts

FROM: Wayne Zellmer, Grants Coordinator

SUBJECT: 1994 Cost-Share Roll-Over Application Period

First of all, hello to each SWCD! On October 6, I began as the new Grants Coordinator for the BWSR following 14 years as Resource Specialist with the Dakota SWCD. I am very much looking forward to assisting all of you in our cost-share and grant programs.

The BWSR is now accepting applications, until November 15, 1993, for Cost-Share Roll-Over funds. The primary intention of providing Roll-Over funding is to make cost-share dollars available to SWCDs that have already encumbered their FY 1994 regular allocation or to assist in funding projects that have been identified as high priority and whose costs exceed the funding remaining in the SWCD's regular allocation.

As Ron Harnack has previously stated September 9, 1993, the BWSR is going to accelerate the Cost-Share allocation to allow these funds to be allocated before January 1, 1994.

Please use the attached form to apply for Roll-Over funds. Describe the nature of the problem, including the type of practice(s) needing installation, their total cost, and the total amount of your request. We also need to know how much of your FY 1994 allocation is unencumbered.

If you have any questions regarding Roll-Over fund application, don't hesitate to contact your Board Conservationist or myself.

cc: BWSR Staff

COST-SHARE PROGRAM

ROLL-OVER APPLICATION FORM*

District_____

Type of Practice(s)_____

Amount of Project Funding requested_____

A) Explain why this project is a priority for funding consideration at this time.

B) FY 94 Cost-Share Allocation $_____

Amount Currently Encumbered $_____

Total Amount of Funding Requested in Excess of Available Funds $_____

* Use a seperate form for <u>each</u> project

ROLL-OVER FUND ALLOCATION STRATEGY AND CRITERIA

These funds are originally allocated to SWCDs via the state cost-share program. The roll-over process begins as SWCDs return unspent funds back to the BWSR. After the BWSR accrues these funds, they may be reallocated to SWCDs who apply for them.

The funding recommendation strategy and criteria employed by the Grants Team is:

* Spread the available limited roll-over fund amongst SWCDs as uniformly as practicable.

* Funds requested must be for an "approved" state cost-share practice.

* Applications will not solely be "weighed" one against another for their individual environmental merits.

* A higher priority will be given to SWCDs which have encumbered their regular state cost-share allocation.

* Applications received after the application deadline will not be considered if total funds requested exceed available funds.

SUMMARY
NATURAL RESOURCES BLOCK GRANT
1993 FALL WORKSHOPS

Workshops for the block grant were held in seven locations around the state during the month of October. Locations included St. Paul, Rochester, New Ulm, Marshall, Duluth, Brainerd, and Bemedji. Attendance at the meetings averaged 25-25 people, individuals attending were primarily staff from county planning & zoning offices, soil and water conservation districts, and county environmental services offices.

The purpose of the block grant meetings was to:

- Convey the overall concept of the block grant.

- Discuss matching requirements and definitions of new resources and in-kind contributions.

- Distribute and discuss the 1994 block grant application and 1993 annual report.

- Handout support materials and answer questions.

Overall the sessions went well with most participants appreciative of the scaling back of the information being requested in the workplan and budget component of the application.

Based on the meetings I concluded that three general perspectives or areas of concern exist. the following paragraphs try to summarize these areas.

Considerable discussion took place at all meetings over the block grant concept itself and the matching requirements established by the BWSR. With the block grant itself time was spent explaining the overall concept which very basically is, the BWSR grants a single large grant to each county and in return the county agrees to implement priority actions from their water plans, administer the wetland conservation act, and administer the DNR shoreland regulations. The message that we tried to convey was that each county has a lot of flexibility in how it actually spends the money between the various program areas as long as the programs are implemented and/or administered.

This explanation helped relieve some of the tension over the new resources match requirement for WCA, because counties could see that they could choose to spend the match in an area that they felt was more important or needed, such as abandoned well sealing, as long as they administered the wetland conservation act. Also during this time the definition of new resource was discussed. This also helped some counties, since the definition of new resource is fairly broad, including items such as levy, fees, city contributions, staff hired during the interim program, etc..

The second area of major discussion focused around the transfer of $5000 to each

SWCD to carry out their responsibilities under the wetland conservation act. It was explained that due to the legislature placing mandated responsibilities in the law and the fact that SWCD's do not have taxing authority the BWSR set the policy that a portion of the block grant should go to the SWCD. It was also discussed that the actual dollar amount could vary from the $5000 as long as both the county and SWCD agreed to it. It was suggested at a number of the meetings the the BWSR should consider granting this portion of the block grant directly to SWCD's in the future.

The third area of concern was more general with regards to BWSR's ability to provide funding over a long period of time. It seems that most counties do not trust the legislature when it comes to providing a long term stable funding of a program. On the other hand SWCD's which have a longer relationship with the BWSR did not seem to have the same reservation. Although there are no guarantees it was explained that the block grant is part of the BWSR base budget and that base budgets are generally very secure. Also it was explained that only once since 1978 were grants reduced by BWSR and then it was only for one year.

Overall the meetings went well. Individuals present seemed like they were ready to get on with the implementation and administration of the programs and that counties individually were finding ways to work out the matching requirements. It was also noted at all meetings that staff were appreciative of the changes that were made from the 1993 application requirements to the 1994 requirements.

1994 BWSR
NATURAL RESOURCE BLOCK GRANT
APPLICATION

WATER PLANNING PORTION

LOCAL WATER PLANNING 1994 BASE GRANT

Base Grant Portion of Block Grant Requested $$_____

Designated Local Match (Levy), Base Grant Portion $$_____

Total $$_____

Lead Agency/Coordinator_____

Participating Agencies/Organizations Listed in Workplan_____

_____

_____

_____

_____

Does the county have an established water planning taskforce or committee? _____yes _____ no. If yes how many times a year does it meet? _____, and how many members are there? _____.

Summary of Plan Implementation_____

_____

_____

_____

_____

_____

_____

1993 Report

(attach a report of measurable activities and/or accomplishments along with the actual expenditures for 1993)

1994 Workplan & Budget

(attach a workplan and budget which identifies those activities, programs, or actions to be implemented in 1994 and their estimated costs)

Carryover of Base Grant Funds

1991 Base Grant
Did the County spend or encumber all of their 1991 base grant by January 15, 1993 ? _____yes _____no

If you answered no to the previous question list the amount of the 1991 base grant that was unspent or unencumbered on January 16, 1993? $$_____

You must return to the BWSR the amount identified on the previous line.

1992 Base Grant
Has the County spent or encumbered all of their 1992 base grant? _____yes _____no.

How much will remain unspent or encumbered on January 1, 1994? $$_____

!!NOTE - 1992 funds must be spent or encumbered by January 15, 1994.

1993 Base Grant
Has the County spent or encumbered all of their 1993 base grant? _____yes _____no.
If the answer was no, what will be carried forward to the 1994 workplan? $$_____.
!!NOTE - 1993 grants must be spent or encumbered by January 15, 1995

WETLAND CONSERVATION ACT (WCA) ADMINISTRATION PORTION

1993 Interim WCA Report

(those counties which received a wetland challenge grant in 1992 for implementing the interim program of the wetland conservation act must complete this section)

WCA Challenge Grant received $$_____ Designated local match $$_____

WCA Challenge Grant expenditures $$_____ Local match contributed $$_____

Will any of the WCA challenge grant be unspent or unencumbered on January 1, 1994 _____yes _____no. If yes how much will be unspent or unencumbered? $$_____

!!NOTE - Any funds that are unspent or unencumbered after December 31, 1993 must be returned to the BWSR.

WCA 1994 Administration

Amount Requested for WCA Portion of Block Grant $$_____

Designated Local Match by Source for WCA portion.

New Resources $$_____

In-Kind Resources $$_____

Total Local Match $$_____

Designated Lead/Coordinating LGU (if applicable)?_____

Has the county formally adopted the WCA permanent program? _____yes _____no.

If the answer above is no, what is the anticipated date of adoption?_____

List all other LGU's (cities and townships) in county who will be administering WCA independent of the County.

_____

_____

_____

_____

_____

_____

Are all areas in the County (except for tribal lands) covered by a LGU? _____yes _____no.

If the answer above is no what plans exist to provide seamless coverage in the county?

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

List the proposed allocation of the WCA portion of the block grant (including the local match) as follows:

	WCA portion of block grant	local match	Total
County	_____	_____	_____
SWCD's	_____	_____	_____
Other LGU's(list)	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	(attach additional sheet if necessary)		
Totals	==========	==========	========

SHORELAND PORTION OF BLOCK GRANT

Shoreland Portion of Block Grant Requested $$_____

Designated Local Match, Shoreland Portion $$_____

List all other LGU's (cities and townships) in the county administering a shoreland program independent of the county _____
_____
_____
_____
_____

Will the county be allocating any of its 1994 block grant (shoreland portion) to these LGU's? _____yes _____no.

If answer above is yes please list LGU's and dollars allocated.

City/Township	Allocation	Local Match	Total
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(attach additional sheet if necessary)

If the county will will not be allocating any portion of the shoreland grant to cities or townships is technical assistance available through the county? _____yes _____no.

SIGNATURE PAGE

COUNTY _____

SWCD _____

OTHERS AS IDENTIFIED IN APPLICATION

_____

_____

_____

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LOCAL WATER PLANNING
ANNUAL REPORT, WORKPLAN & BUDGET GUIDANCE

The following format may be used to guide you in preparing your annual report, workplan, and budget. Although required by the local water planning grant rules, we hope that the report, workplan, and budget are useful locally to help tell the story of water planning and its successes in the county. Please feel free to arrange your report, workplan, and budget so that it is the most useful to you and your local efforts.

_____ COUNTY
COMPREHENSIVE LOCAL WATER PLANNING
1993 ANNUAL REPORT
&
1994 WORKPLAN AND BUDGET

ANNUAL REPORT (DUE DATE JANUARY 31, 1994)

A. Program Administration / Coordination

1. Measurable Results

Note: List Measurable activities such as # of taskforce meetings, # hours of time spent on administration, etc. during the year.

2. Expenditures From 1993 Base Grant & Carryover $$_____

Note: List here the actual grant dollars that were spent or encumbered.

B. Program Implementation

List measurable activities, accomplishments, and progress during the previous year for each of the broad categories shown below. Also list under each category the actual grant dollars spent or encumbered.

Note: For counties that organized their workplan around specific projects or initiatives those should be used instead of the broad categories shown below.

1993 Annual Report (continued)

1. Education and Information

   a. Measurable Results
   b. Expenditures From 1993 Base Grant & Carryover $$_____

2. Monitoring and Data Collection

   a. Measurable Results
   b. Expenditures From 1993 Base Grant & Carryover $$_____

3. Inventory and Mapping

   a. Measurable Results
   b. Expenditures From 1993 Base Grant & Carryover $$_____

4. Land and Water Treatment

   a. Measurable Results
   b. Expenditures From 1993 Base Grant & Carryover $$_____

5. Regulation, Ordinances & Planning

   a. Measurable Results
   b. Expenditures From 1993 Base Grant & Carryover $$_____

TOTAL 1993 IMPLEMENTATION EXPENDITURES ..... $$_____

1993 GRANT FUNDS TO BE CARRIED OVER TO 1994 ACTIVITIES $$____

Note: Expenditures may be greater than $37,500 due to carryover grant dollars from previous program years. Expenditures may also be less than $37,500 with a portion of funds carried forward to 1994 activities.

Note: Counties need to remember that this report does not replace, nor is it a substitute to an accounting/bookkeeping system. The State of Minnesota acting through BWSR does require that the county or delegated local unit of government implementing a grant shall provide for an audit that meets the standards of the Office of State Auditor. The Audit must cover the duration of a grant and be performed within one year after the end of the grant period or when routinely audited, whichever occurs first.

1994 WORKPLAN (DUE AT TIME OF APPLICATION)

A. Program Administration / Coordination

1. Narrative

Note: The narrative should describe how the water plan will be administered locally, including the identification of the plan's coordinator. This section should also describe how coordination among the various local agencies, departments, and groups is being ensured and briefly describe their roles in implementation.

B. Program Implementation

Note: In this guidance the program implementation section is broken down by implementation initiatives such as education, monitoring, construction, regulation, etc.. You may also break down your activities in this section by program, study area, project , etc..

Under each implementation initiative or activity list the activities, programs or projects which have been identified in the comprehensive plan and by the water planning taskforce or committee as a priority for the coming year.

1. Education and Information
   a. Planned Activities, Programs, and/or Initiatives
      Note: List activities, programs, etc. along with the measurable results which you expect to occur
   b. Lead Agency

2. Monitoring and Data Collection
   a. Planned Activities, Programs, and/or Initiatives
   b. Lead Agency

3. Inventory and Mapping
   a. Planned Activities, Programs, and/or Initiatives
   b. Lead Agency

4. Land and Water Treatment
   a. Planned Activities, Programs, and/or Initiatives
   b. Lead Agency

5. Regulation, Ordinances and Planning
   a. Planned Activities, Programs, and/or Initiatives
   b. Lead Agency

1994 BUDGET (DUE AT TIME OF APPLICATION

TYPE OF ACTIVITY OR ELEMENT	EQUIP. BUDGETED	SUPPLIES DATA COLL. BUDGETED	PERSONNEL BUDGETED	OTHER BUDGETED	TOTAL
Administration/ Coordination	_____	_____	_____	_____	_____
Education/ Information	_____	_____	_____	_____	_____
Monitoring/ Data Collection	_____	_____	_____	_____	_____
Inventory/ Mapping	_____	_____	_____	_____	_____
Land and Water/ Treatment	_____	_____	_____	_____	_____
Regulation, Ordinances/ Planning	_____	_____	_____	_____	_____
Other Programs, Activities, Studies, Etc. List as Needed					
TOTALS	=====	=====	=====	=====	=====

NOTE: For 1994 the budget information being requested is only for the combination of base grant dollars and local levy. At a minimum the grand total should be equal to $37,500, unless your county is carrying over dollars from 1993. Also the total can be greater if the budget includes other sources of revenue such as other grants or additional local levy.

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1994

BWSR NATURAL RESOURCES BLOCK GRANTS
BREAKDOWN BY TYPE

COUNTY	LOCAL WATER PLANNING			WETLAND CONSERVATION ACT			DNR SHORELAND		TOTAL BWSR BLOCK GRANT
	TOTAL CLWP AMOUNT	REQUIRED LOCAL LEVY	BWSR BASE GRANT	BWSR WCA GRANT	LOCAL CASH MATCH	LOCAL IN-KIND MATCH	DNR SHORELAND GRANT	LOCAL IN-KIND MATCH	
AITKIN	37,500.00	4,677.00	32,823.00	19,200.00	9,600.00	9,600.00	14,216.99	14,216.99	66,239.99
ANOKA	37,500.00	74,762.00	0.00	36,000.00	18,000.00	18,000.00	3,000.00	3,000.00	39,000.00
BECKER	37,500.00	7,140.00	30,360.00	16,700.00	8,350.00	8,350.00	14,152.82	14,152.82	61,212.82
BELTRAMI	37,500.00	6,362.00	31,138.00	36,000.00	18,000.00	18,000.00	6,969.40	6,969.40	74,107.40
BENTON	37,500.00	7,150.00	30,350.00	36,000.00	18,000.00	18,000.00	3,922.22	3,922.22	70,272.22
BIG STONE	37,500.00	1,640.00	35,860.00	10,000.00	5,000.00	5,000.00	3,104.51	3,104.51	46,964.51
BLUE EARTH	37,500.00	15,321.00	22,179.00	19,200.00	9,600.00	9,600.00	3,863.55	3,863.55	45,242.55
BROWN	37,500.00	6,562.00	30,938.00	10,000.00	5,000.00	5,000.00	3,084.84	3,084.84	44,022.84
CARLTON	37,500.00	6,830.00	30,670.00	19,200.00	9,600.00	9,600.00	4,802.27	4,802.27	54,672.27
CARVER	37,500.00	16,702.00	20,798.00	36,000.00	18,000.00	18,000.00	3,000.00	3,000.00	59,798.00
CASS	37,500.00	10,655.00	26,845.00	36,000.00	18,000.00	18,000.00	14,097.82	14,097.82	76,942.82
CHIPPEWA	37,500.00	4,050.00	33,450.00	10,000.00	5,000.00	5,000.00	3,014.67	3,014.67	46,464.67
CHISAGO	37,500.00	7,649.00	29,851.00	26,700.00	13,350.00	13,350.00	6,195.69	6,195.69	62,746.69
CLAY	37,500.00	10,370.00	27,130.00	16,700.00	8,350.00	8,350.00	3,452.86	3,452.86	47,282.86
CLEARWATER	37,500.00	2,442.00	35,058.00	19,200.00	9,600.00	9,600.00	3,753.54	3,753.54	58,011.54
COOK	37,500.00	2,745.00	34,755.00	12,200.00	6,100.00	6,100.00	5,170.79	5,170.79	52,125.79
COTTONWOOD	37,500.00	5,035.00	32,465.00	10,000.00	5,000.00	5,000.00	3,216.35	3,216.35	45,681.35
CROW WING	37,500.00	19,595.00	17,905.00	36,000.00	18,000.00	18,000.00	25,668.66	25,668.66	79,573.66
DAKOTA	37,500.00	115,176.00	0.00	36,000.00	18,000.00	18,000.00	3,000.00	3,000.00	39,000.00
DODGE	37,500.00	3,992.00	33,508.00	16,700.00	8,350.00	8,350.00	3,082.50	3,082.50	53,290.50
DOUGLAS	37,500.00	8,656.00	28,844.00	19,200.00	9,600.00	9,600.00	11,140.48	11,140.48	59,184.48
FARIBAULT	37,500.00	5,988.00	31,512.00	10,000.00	5,000.00	5,000.00	3,165.01	3,165.01	44,677.01
FILLMORE	37,500.00	4,384.00	33,116.00	10,000.00	5,000.00	5,000.00	3,106.34	3,106.34	46,222.34
FREEBORN	37,500.00	8,417.00	29,083.00	10,000.00	5,000.00	5,000.00	3,720.54	3,720.54	42,803.54
GOODHUE	37,500.00	21,427.00	16,073.00	16,700.00	8,350.00	8,350.00	3,216.35	3,216.35	35,989.35
GRANT	37,500.00	2,253.00	35,247.00	10,000.00	5,000.00	5,000.00	3,606.87	3,606.87	48,853.87
HENNEPIN	37,500.00	440,596.00	0.00	36,000.00	18,000.00	18,000.00	0.00	0.00	36,000.00
HOUSTON	37,500.00	3,401.00	34,099.00	12,200.00	6,100.00	6,100.00	3,152.18	3,152.18	49,451.18
HUBBARD	37,500.00	5,928.00	31,572.00	26,700.00	13,350.00	13,350.00	10,988.30	10,988.30	69,260.30
ISANTI	37,500.00	5,104.00	32,396.00	26,700.00	13,350.00	13,350.00	4,908.61	4,908.61	64,004.61
ITASCA	37,500.00	17,246.00	20,254.00	19,200.00	9,600.00	9,600.00	13,285.60	13,285.60	52,739.60
JACKSON	37,500.00	5,413.00	32,087.00	10,000.00	5,000.00	5,000.00	3,544.53	3,544.53	45,631.53
KANABEC	37,500.00	2,297.00	35,203.00	26,700.00	13,350.00	13,350.00	5,025.95	5,025.95	66,928.95
KANDIYOHI	37,500.00	10,861.00	26,639.00	19,200.00	9,600.00	9,600.00	8,681.83	8,681.83	54,520.83
KITTSON	37,500.00	3,485.00	34,015.00	16,700.00	8,350.00	8,350.00	3,045.84	3,045.84	53,760.84
KOOCHICHING	37,500.00	4,136.00	N/E	19,200.00	9,600.00	9,600.00	3,146.68	3,146.68	22,346.68
LAC QUI PARLE	37,500.00	2,995.00	34,505.00	10,000.00	5,000.00	5,000.00	3,020.17	3,020.17	47,525.17
LAKE	37,500.00	2,475.00	35,025.00	16,700.00	8,350.00	8,350.00	5,746.49	5,746.49	57,471.49
LAKE OF THE WOODS	37,500.00	1,101.00	36,399.00	26,700.00	13,350.00	13,350.00	4,204.57	4,204.57	67,303.57
LE SUEUR	37,500.00	6,062.00	31,438.00	16,700.00	8,350.00	8,350.00	6,162.69	6,162.69	54,300.69
LINCOLN	37,500.00	2,131.00	35,369.00	10,000.00	5,000.00	5,000.00	3,210.85	3,210.85	48,579.85

1994

BWSR NATURAL RESOURCES BLOCK GRANTS
BREAKDOWN BY TYPE

COUNTY	LOCAL WATER PLANNING			WETLAND CONSERVATION ACT			DNR SHORELAND		TOTAL BWSR BLOCK GRANT
	TOTAL CLWP AMOUNT	REQUIRED LOCAL LEVY	BWSR BASE GRANT	BWSR WCA GRANT	LOCAL CASH MATCH	LOCAL IN-KIND MATCH	DNR SHORELAND GRANT	LOCAL IN-KIND MATCH	
LYON	37,500.00	7,081.00	30,419.00	10,000.00	5,000.00	5,000.00	3,168.68	3,168.68	43,587.68
MCLEOD	37,500.00	7,122.00	30,378.00	16,700.00	8,350.00	8,350.00	3,513.36	3,513.36	50,591.36
MAHNOMEN	37,500.00	1,044.00	36,456.00	12,200.00	6,100.00	6,100.00	4,032.23	4,032.23	52,688.23
MARSHALL	37,500.00	4,595.00	32,905.00	19,200.00	9,600.00	9,600.00	3,000.00	3,000.00	55,105.00
MARTIN	37,500.00	9,257.00	28,243.00	10,000.00	5,000.00	5,000.00	3,562.87	3,562.87	41,805.87
MEEKER	37,500.00	4,927.00	32,573.00	19,200.00	9,600.00	9,600.00	5,911.50	5,911.50	57,684.50
MILLE LACS	37,500.00	3,739.00	33,761.00	19,200.00	9,600.00	9,600.00	6,012.34	6,012.34	58,973.34
MORRISON	37,500.00	5,790.00	31,710.00	26,700.00	13,350.00	13,350.00	4,826.11	4,826.11	63,236.11
MOWER	37,500.00	8,549.00	28,951.00	12,200.00	6,100.00	6,100.00	3,892.89	3,892.89	45,043.89
MURRAY	37,500.00	3,832.00	33,668.00	10,000.00	5,000.00	5,000.00	3,832.38	3,832.38	47,500.38
NICOLLET	37,500.00	7,054.00	30,446.00	16,700.00	8,350.00	8,350.00	3,091.67	3,091.67	50,237.67
NOBLES	37,500.00	6,237.00	31,263.00	10,000.00	5,000.00	5,000.00	3,064.17	3,064.17	44,327.17
NORMAN	37,500.00	2,997.00	34,503.00	12,200.00	6,100.00	6,100.00	3,012.83	3,012.83	49,715.83
OLMSTED	37,500.00	35,284.00	2,216.00	26,700.00	13,350.00	13,350.00	3,735.21	3,735.21	32,651.21
OTTER TAIL (2 SWCD'S)	37,500.00	13,029.00	24,471.00	19,200.00	9,600.00	9,600.00	23,774.72	23,774.72	67,445.72
PENNINGTON	37,500.00	2,255.00	35,245.00	16,700.00	8,350.00	8,350.00	3,300.68	3,300.68	55,245.68
PINE	37,500.00	5,096.00	32,404.00	26,700.00	13,350.00	13,350.00	7,508.43	7,508.43	66,612.43
PIPESTONE	37,500.00	2,469.00	35,031.00	10,000.00	5,000.00	5,000.00	3,000.00	3,000.00	48,031.00
POLK (2 SWCD'S)	37,500.00	9,557.00	27,943.00	16,700.00	8,350.00	8,350.00	4,156.90	4,156.90	48,799.90
POPE	37,500.00	2,798.00	34,702.00	12,200.00	6,100.00	6,100.00	5,245.97	5,245.97	52,147.97
RAMSEY	37,500.00	170,829.00	0.00	26,700.00	13,350.00	13,350.00	0.00	0.00	26,700.00
RED LAKE	37,500.00	1,038.00	36,462.00	12,200.00	6,100.00	6,100.00	3,355.69	3,355.69	52,017.69
REDWOOD	37,500.00	6,816.00	30,684.00	10,000.00	5,000.00	5,000.00	3,000.00	3,000.00	43,684.00
RENVILLE	37,500.00	8,130.00	29,370.00	10,000.00	5,000.00	5,000.00	3,066.00	3,066.00	42,436.00
RICE	37,500.00	10,846.00	26,654.00	19,200.00	9,600.00	9,600.00	5,161.63	5,161.63	51,015.63
ROCK	37,500.00	8,564.00	33,916.00	10,000.00	5,000.00	5,000.00	3,000.00	3,000.00	46,916.00
ROSEAU	37,500.00	8,380.00	34,120.00	26,700.00	13,350.00	13,350.00	3,113.67	3,113.67	63,933.67
ST. LOUIS (2 SWCD'S)	37,500.00	39,891.00	0.00	26,700.00	13,350.00	13,350.00	26,779.73	26,779.73	53,479.73
SCOTT	37,500.00	21,990.00	15,510.00	36,000.00	18,000.00	18,000.00	3,000.00	3,000.00	54,510.00
SHERBURNE	37,500.00	25,863.00	11,637.00	36,000.00	18,000.00	18,000.00	6,100.35	6,100.35	53,737.35
SIBLEY	37,500.00	3,909.00	33,591.00	12,200.00	6,100.00	6,100.00	3,117.34	3,117.34	48,908.34
STEARNS	37,500.00	28,456.00	9,044.00	36,000.00	18,000.00	18,000.00	11,771.18	11,771.18	56,815.18
STEELE	37,500.00	8,549.00	28,951.00	12,200.00	6,100.00	6,100.00	3,346.52	3,346.52	44,497.52
STEVENS	37,500.00	2,709.00	34,791.00	10,000.00	5,000.00	5,000.00	3,155.84	3,155.84	47,946.84
SWIFT	37,500.00	2,945.00	34,555.00	12,200.00	6,100.00	6,100.00	3,177.84	3,177.84	49,932.84
TODD	37,500.00	3,351.00	34,149.00	19,200.00	9,600.00	9,600.00	6,182.85	6,182.85	59,531.85
TRAVERSE	37,500.00	2,176.00	35,324.00	10,000.00	5,000.00	5,000.00	3,260.35	3,260.35	48,584.35
WABASHA	37,500.00	4,645.00	32,855.00	12,200.00	6,100.00	6,100.00	4,241.24	4,241.24	49,296.24
WADENA	37,500.00	1,892.00	35,608.00	16,700.00	8,350.00	8,350.00	3,645.37	3,645.37	55,953.37
WASECA	37,500.00	5,295.00	32,205.00	12,200.00	6,100.00	6,100.00	3,539.03	3,539.03	47,944.03
WASHINGTON	37,500.00	59,639.00	0.00	36,000.00	18,000.00	18,000.00	3,000.00	3,000.00	39,000.00

1994

BWSR NATURAL RESOURCES BLOCK GRANTS
BREAKDOWN BY TYPE

COUNTY	LOCAL WATER PLANNING			WETLAND CONSERVATION ACT			DNR SHORELAND		TOTAL BWSR BLOCK GRANT
	TOTAL CLWP AMOUNT	REQUIRED LOCAL LEVY	BWSR BASE GRANT	BWSR WCA GRANT	LOCAL CASH MATCH	LOCAL IN-KIND MATCH	DNR SHORELAND GRANT	LOCAL IN-KIND MATCH	
WATONWAN	37,500.00	3,458.00	34,042.00	10,000.00	5,000.00	5,000.00	3,163.18	3,163.18	47,205.18
WILKIN	37,500.00	2,826.00	34,674.00	10,000.00	5,000.00	5,000.00	3,025.67	3,025.67	47,699.67
WINONA	37,500.00	9,388.00	28,112.00	12,200.00	6,100.00	6,100.00	3,051.34	3,051.34	43,363.34
WRIGHT	37,500.00	23,460.00	14,040.00	36,000.00	18,000.00	18,000.00	12,233.21	12,233.21	62,273.21
YELLOW MEDICINE	37,500.00	3,794.00	33,706.00	10,000.00	5,000.00	5,000.00	3,020.17	3,020.17	46,726.17
MARSHALL-BELTRAMI SWCD				5,000.00	2,500.00	2,500.00			5,000.00
NORTH SHORE MGMT. BD.							50,000.00	50,000.00	50,000.00
TOTAL		1,494,782.00	2,410,247.00	1,634,500.00	817,250.00	817,250.00	518,000.00	518,000.00	4,562,747.00

9/2/93 h:blockop1.wk1/DJT

NATURAL RESOURCE BLOCK GRANTS
LOCAL MATCHING REQUIREMENT
DEFINITIONS

Local Water Planning Portion

The local match for this portion of the block grant is established by formula. The formula was established in 1989 with the creation of the LWRPMP. This portion of the local match is considered a cash match. The dollar amount of the match is based on the following formula:

Levy = Water Planning Tax Rate x County Net Tax Capacity

WCA & Shoreland Portion

These portions of the block grant require a 1:1 local match made up of a combination of cash and in-kind match. The WCA portion requires that 1/2 of the required match come from new resources and 1/2 come from in-kind resources. The Shoreland portion of the grant allows for the grant to be matched entirely with in-kind resources.

The following definitions are provided to assist in determining what may qualify as either new resources or in-kind resources.

NEW RESOURCES

New resources are generally thought of as a hard match, usually this means a source of revenue or staff that did not previously exist before the grant program. The following items will generally be considered new resources by BWSR.

Levy or Budget Appropriation - This represents a new levy or budget commitment that did not exist prior to the grant program. It will generally come from increasing the general levy or from a redirection of existing budget dollars.

Fees & Charges - Money raised through the collection of permit fees or charges for services are considered new resources. It is acceptable for the county to estimate this revenue. In estimating this revenue the county should be prepared to cover this amount if projections are not met.

Staff - Staff that has been hired within the county or other WCA LGU's after January 1, 1993 for the purpose of administering WCA will be considered an eligible new resources match. If the position has been funded with other state grant dollars only the local portion is eligible.

Note: **With new resources once the dollar amount is levied, budgeted, or established it does not increase by the same amount the next year. For example if the county has to come up with a $10,000 new resources match and does so by increasing its levy $10,000 it does not have to increase the levy another $10,000 the following year. Once the match is established it is recognized in each subsequent year by BWSR.**

IN-KIND CONTRIBUTIONS

In-kind contributions are generally considered those contributions of personnel, supplies and equipment that already existed at the time the grant was applied for. Types of in-kind contributions include:

Local Staff - All time spent on WCA and Shoreland activities is eligible as in-kind match. The amount should be based on actual salary plus a reasonable amount for overhead (office, fringe benefits, etc.)

Elected Officials and Appointed Citizens - Time spent at meetings, such as hearings, is an eligible in-kind match. In figuring this match we suggest applying a standard per-diem rate for all members.

Mileage - This should represent actual reimbursement for mileage for both staff and members for attending meetings and activities that can be directly related to administering the programs.

Supplies & Equipment - Use of supplies like lath, flagging, paper, etc. used to administer the programs is eligible.

h:match.def

SPENT & ENCUMBERED
WHAT DOES IT MEAN
WHY DOES IT MATTER
&
WHO CARES

BWSR Grants

In the past water planning grants and now block grants are written for two year periods. State contracting requires that at the end of the grant period all money must be either spent or encumbered. If not, it must be returned to the state.

Therefore it is important to understand the meaning of spent, unspent, encumbered, and unencumbered.

Spent - Money that has actually been spent by check or voucher by the last day of the grant period.

Unspent - Money that remains in the account or program at the time the grant period ends. This does not include money that is considered encumbered.

Encumbered - Encumbered means grant dollars that are obligated but not yet paid. Examples of encumbered funds include contracts you may have such as professional consultants, products ordered, or services. Another example of encumbered are salaries that are obligated but not paid due to the pay period extending past the end of the grant period.

Unencumbered - Means the same as unspent.

Note: **Proper accounting and bookkeeping is extremely important to keep track of individual grant monies and to ensure that money is either spent or returned according to the terms of the agreement. BWSR uses to two year grant periods to allow for the maximum of flexibility to get money spent but it is useful if counties try to spend the money on a calendar year basis.**

a:spent

1994 LWRPMP BASE GRANT REMINDERS

1) Resolutions - Please remember that the Attorney Generals office requires that all resolutions needed as part of a grant agreement must be certified. This means a copy of the resolution with a certification statement from the county auditor or administrator is required. Shown below is a fairly standard certification statement used by counties in the state.

STATE OF MINNESOTA)
) ss.
County of _____)

I, _____, Auditor of the County of _____, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the _____ day of _____ A.D. _____, and that the same is a true and correct copy of the whole thereof.

WITNESS MY HAND AND SEAL OF OFFICE at _____, Minnesota, this _____ day of _____ A.D. _____.

(Auditor's Seal)

_____
County Auditor

2) Due Dates -

Annual Workplan/Budget - January 15, 1994, as part of the counties application for natural resources block grant funding. Applications must be received in the St. Paul office of the BWSR by 4:30 p.m. on January 15, 1993.

Annual Report - Under normal circumstances we expect annual reports to be submitted to BWSR on January 15th as part of the base grant application. However, counties do have the option of submitting the annual report as late as January 31, 1994.

3) Board Conservationist Review - Early review by your Board Conservationist will speed up tremendously the workplan/budget review and approval process and grant distribution. We encourage counties to submit the guts of your workplan (activities and budgets) to your Board Conservationist as early as possible to avoid delays at the end of the process.

4) Who Submits the Application - For the 1994 natural resource block grants counties are expected to coordinate and submit the grant application and associated documents.

5) Workplan and Budget Coordination - Is the workplan/budget coordinated with other local agencies? In 1994 BWSR will continue the use of a signature page in the application, to help assure that all local resource partners have been involved in the process and that local coordination is occurring.

6) Products and Deliverables - As the BWSR is always being asked what are we getting for our money by the legislature and other agencies, we will continue to place a priority on making sure workplans identify specific measurable results to be achieved in the county.

h:94rem

ASSOCIATION OF
AMC
MINNESOTA COUNTIES

RESOLUTION FOR WETLAND CONSERVATION ACT
GRANT FUNDS TO COUNTY GOVERNMENTS

WHEREAS, the Minnesota State legislature developed and adopted a comprehensive wetland protection act in 1991, and

WHEREAS, the interim program was administered by cooperating units of government for a period of eighteen months with very little funding from the state, and

WHEREAS, CCRSF1570 file dated 5/06/93 Sec. 6 states that "Grants must be matched with a combination of local cash or in-kind contributions, and

WHEREAS, county governments have had Local Government Aid reductions from the state for several years, making any increased spending or taxation extremely difficult, and

WHEREAS, 60% of the counties have delegated the administration of the WCA to soil and water conservation districts which have no levy authority, and

WHEREAS, this new state law is primarily regulatory and not optional for counties to accept or reject realistically, and

WHEREAS, the Board of Water and Soil Resources Board at their August 25th, 1993 meeting passed a motion requiring one/half of the grant match to be cash or levied new monies, rather that allowing for a total in-kind match or allowing counties to split the match as they could afford,

THEREFORE, BE IT RESOLVED, that the Association of Minnesota Counties requests the Board of Water and Soil Resources reconsider their previous action, and allow the match to be at the county's discretion.

BE IT FURTHER RESOLVED, that counties be better informed of future funding levels, and recommended actions, in advance of a Board of Water and Soil Resources decision, to allow counties to respond accordingly.

Adopted: September 24, 1993

125 CHARLES AVENUE, ST. PAUL, MINNESOTA 55103-2108 612/224-3344 FAX 612/224-6540

ASSOCIATION OF
AMC
MINNESOTA COUNTIES

Ron

NOV 10 1993
BOARD OF WATER

November 10, 1993

D. James Nielsen, Chair
Board of Water and Soil Resources
1815 Meadowwoods Trail
Long Lake, MN 55356

Dear Mr. Nielsen:

Enclosed is a resolution adopted by the Board of Directors of the Association of Minnesota Counties on September 24, 1993. This resolution was considered and recommended by the Transportation and Agriculture Policy Committee for approval prior to adoption by the Board of Directors.

This resolution requests the Board of Water and Soil Resources reconsider its action regarding the match for the wetland implementation portion of the Natural Resources Block Grant. Counties have expressed concern with the prescriptive nature of the grant program.

Counties believe that the Board of Water and Soil Resources should weigh the mandatory nature of the Wetland Conservation Act when determining the match requirements for the grant funds. In addition, it is expected that the state funding will represent less than one-half the expected cost of the program. Local governments will have to find a way to pay all program costs beyond the state funds. As discussed in the resolution, generating additional revenue is very difficult for counties.

Counties need maximum flexibility in implementing and managing the complex Wetland Conservation Act. One area which needs flexibility is providing the resources necessary for implementation.

Sincerely,

James Mulder
Executive Director

cc: Board of Water and Soil Resources
Wetland Heritage Advisory Committee
Ron Harnack, Executive Director, BWSR

125 CHARLES AVENUE, ST. PAUL, MINNESOTA 55103-2108 612/224-3344 FAX 612/224-6540

WETLAND HERITAGE ADVISORY COMMITTEE
MEETING MINUTES
November 3, 1993

Members Present
Joan Miska, Chair
Jon Engfer
Norma Hanson
Dave Moran
Ron Nargang
Jerry Nordick
Commissioner Elton Redalen
Gerald Van Amburg

Members Absent
Paul Brutlag

Others Present
John Boulton, Board Member, Board of Water and Soil Resources
Beth Carlson, Department of Natural Resources
Barb Cobb, Board Member, Board of Water and Soil Resources
Keith Hanson, MN Power
Ron Harnack, Director, Board of Water and Soil Resources
John Jaschke, Board of Water and Soil Resources Staff
Greg Larson, Board of Water and Soil Resources Staff
Cheryl Miller, Audubon Society
Lynette Morrisette, Board of Water and Soil Resources Staff
Jim Nielsen, Chair, Board of Water and Soil Resources Board
Doug Norris, Department of Natural Resources
Mark Oja, Soil Conservation Service
Matt Seltzer, Attorney General's Office
Mick Weburg, US Corps of Engineers
Dave Weirens, Association of MN Counties

Chair Miska called the meeting to order at 9:15 a.m. and asked for introductions of those attending. Chair Miska then asked Larson to go over the agenda.

Larson began by discussing the Wetland Conservation Act (WCA) and rule administrative training sessions being held around the state in November/December. He stated that there were nine two-day sessions, the first two, in Alexandria and Duluth, have concluded. Day 1 is an overview to bring people up to date on the WCA and rule. Day 2 is a more technical/complex session focusing on sequencing, replacement plans, notification, etc. Larson then asked Jaschke for his comments on the sessions. Jaschke stated that it is evident after the first session that local government units (LGUs) know what they are doing by the questions they asked. They know the WCA and rule. He stated that most LGU concerns were that parts of the rule seemed unnecessary and they want simplification in regulation.

Chair Miska asked what could be done by the WHAC to help with recommendations for simplification. Larson stated that after all training sessions, a post-session summary would be put together for the WHAC, then they could meet and discuss options. He stated that with the given time frame (permanent rule begins January 1, 1994) there is an urgency for training to be completed first.

Larson went on to the next item on the agenda, Natural Resource Block Grants. He handed out a table showing distribution of the grants to counties, totaling a little over five million this year. This year the local water planning grants, WCA grants, and DNR shore grants were merged into one grant; the Natural Resources Block Grant. The coordinator role is assigned to the county.

The BWSR board approved the grant allocations and matching requirements in August and reconsidered them in September, the BWSR opted for no change. Larson stated that the checks should arrive in about February if LGUs have adopted the WCA. He stated that one issue raised is as follows: The legislature required that the WCA grant be matched with in-kind *or* new money. BWSR board required half in-kind *and* half new money.

Nordick asked what the in-kind match included, and Larson stated that any staff work related to wetlands. Nordick stated that property taxes were already out of line, and with prices the way they are the bill is no longer payable.

Miska asked where the new money should come from and if it was a legislative directive. Larson stated that it was not a legislative directive, but a BWSR board requirement. Miska asked if the committee could change this by addressing the BWSR, legislature or governor. Larson stated that WHAC should voice their concerns to the BWSR board.

Van Amburg asked what the rationale was for the BWSR board's decision. Larson said the board felt without a local cash requirement there would not be sufficient new resources for staff to adequately carry out the program - there would be enough in-kind (from past commitment), but no new money.

Cobb stated that both she and Boulton voted against this action at the BWSR board meeting. She then read the following from the BWSR board September Agenda Summary: "....The legislature authorized 50% of the cost of the program implementation, $2,000,000 of a $4,000,000 estimated cost for local government implementation. The understanding is that the remaining would come from local funds or fees. The board authorized that the match could be half cash and half in-kind recognizing that some local governments would be integrating the program into local landuse controls and thereby seeing some efficiencies. The cash also recognizes the need to build local capacity for administration of the program rather than taking from one resource program to pay for another. Changing at this time, when the permanent program is starting, means that only half a program can be administered. As the board stated in its approval last month, the allocation would be revisited next year as additional information on administration of the program is developed. First, will the board choose to reconsider the allocation decision? If so, the alternatives are to increase the in-kind

match from 1/2 to 3/4 or all in-kind match." Cobb said this was the reason the majority of BWSR voted the way they did - not to change the August decision. She also read the following local matching requirement definition of *new resources* used at the BWSR Natural Resources Block Grant training sessions: "Levy or budget appropriation. This represents a new levy or budget commitment that did not exist prior to the program. It will generally come from increasing the general levy or from a redirection of existing budget dollars."

Hanson asked what happens if this money isn't appropriated at the truth and taxation hearings coming up. Larson said that some LGUs will not be able to take their entire grant because they can't match with new money or in-kind. He went on to say that if they don't take it they won't be penalized for next year's grant.

Miska asked if LGUs not accepting full grants would still be expected to implement the program, and Larson stated yes, absolutely. Miska then asked who came up with the figures. Larson said that BWSR staff came up with the amounts by surveying LGUs statewide during the interim to see what it was costing them to run the program, and then came up with an average for the legislative proposal. Of the $4 million proposal the legislature appropriated $2 million.

Van Amburg asked if the total allocation (from the handout) was 1,634,500 million where the rest of the money went. Larson said there is about $16,000 unappropriated due to rounding and that this would be stacked onto next years $2 million. Jaschke stated that only 1.65 million was allocated for this fiscal year (to July 1994) and a full $2 million for the next fiscal year.

Moran asked why the BWSR board changed the legislative mandate from in-kind *or* new money to in-kind *and* new money. Harnack stated that the legislature asked for 2 million in cost-share through increased revenue, shifting of revenues, fees, or a combination of these. That if the program was to be successful it needed that amount of money. Harnack stated that he recognizes the burden placed on LGUs, but the program would suffer if the money was not available. He stated that LGUs have the capability to shift revenues, and that with or without funding the program still has to work. Harnack went on to say that all of the organizations (AMC, MACPZA, MAWD, MASWCD, MAT, LMC) met to discuss funding and agreed that if given half, LGUs could come up with the other half.

Chair Miska stated that she felt it was WHAC's responsibility to let the governor know how they feel about the funding issue. Van Amburg stated that he was unsure if it was within WHAC's area of responsibility vs. recommending rules. Harnack stated that it was not a rule issue, but a legislative issue. He asked if LGUs had the flexibility to choose how they match, would they be willing to run the program for half the cost. He said that BWSR has an obligation as an oversight agency to create flexibility, but also to provide a means to ensure that the program runs at 100%.

Commissioner Redalen asked the attorney general representative, Matt Seltzer, if it was in the scope of WHAC to make changes/suggestions of this nature via a letter to the BWSR board. Seltzer said after reading the law that he felt it would be appropriate for WHAC to submit a resolution to the BWSR board.

Weirens stated the following - $4 million was a low estimate based on the interim program, not the permanent program which will cost more to run; the excess will come from the local level, not the state level; counties do a good job administering programs; and if the grants are given to the counties with options they will properly run the program.

Commissioner Redalen asked if BWSR considered going to the Legislative Advisory Committee (LAC - committee set-up to appropriate additional funds for emergencies) for an additional $2 million to be appropriated. Harnack stated that this is not defined as an emergency.

Nordick stated that it was the citizens concern to protect wetlands and went on to say that if this is the case why didn't the money come right out of the general fund so that every taxpayer in Minnesota pays his/her part.

Moran asked if the program would have been fully funded if BWSR were administering rather than LGUs. Harnack said it was discussed whether to have it be administered at the state or local level, and local level was decided to be the best way to implement.

Harnack stated that if the group felt that counties should have the flexibility in matching funds they should write the BWSR board for reconsideration. Moran asked how much time the committee had to approach this. Harnack said by the first of the year - the January BWSR board meeting. Moran said this would be time to see the summarized results of the training sessions. Harnack stated that a summary of the block grant training sessions just completed could be sent to the committee. He said this would include issues raised with respect to the block grants. Moran suggested tabling the issue until input is received.

Chair Miska stated she wanted to hear from other county commissioners as well as staff. Harnack reminded the committee that there were 3 commissioners (Jim Rossman - Olmsted, Warren Rodning - Nicollet, and Barb Upgaard - Crow Wing) on the board voting in favor of the matching requirement. He stated there were also 3 SWCD supervisors on the board.

Commissioner Redalen stated that if the attorney general's office says WHAC has authority to pass a resolution here to have BWSR board address the cash match again he would move to have a resolution drafted indicating the WHACs displeasure with the BWSR board action relating to in-kind and cash matching of the WCA grant. Norma seconded the motion and said she felt the governor should also know how WHAC stands on this issue.

Moran said he preferred waiting to see the summaries of block grant training and LGU administrative training. He could not approve a resolution with a minimum number of participants. Van Amburg agreed and suggested scheduling a meeting before January. Weirens stated that he could provide the committee with supporting documentation resulting from the last AMC directors meeting. Harnack stated that the resolution should reflect why the change is wanted. Commissioner Redalen said that a vote should be postponed and the motion should stay on the table until the secretary and attorney general's office could create a resolution, by then WHAC members questions could be answered and

the motion could be reconsidered. Nordick suggested a letter accompanying the resolution. Moran asked to change the resolution to read review instead of reconsider. Commissioner Redalen agreed. Seltzer then read the draft resolution as follows:

> ***WHEREAS, the Wetland Heritage Advisory Committee has been informed of the grant matching policy of the BWSR board, in particular the requirement that 50% of the match be cash; and***
>
> ***WHEREAS, a discussion was held in which members of the committee with knowledge of the circumstances facing counties pointed out the difficulties this approach would present for some counties;***
>
> ***NOW, THEREFORE, BE IT RESOLVED, in light of this discussion and the importance of the issue, this committee recommends to the BWSR board that they review their policy decision regarding the matching requirements for the grant program;***
>
> ***BE IT FURTHER RESOLVED, in connection with the review the BWSR board make an effort to gather information from county commissioners and LGUs with regard to the matching requirements for the grant program.***

Chair Miska called the motion. Approved: Miska, Engfer, Hanson, Moran, Nordick, Redalen, Van Amburg. Opposed: None. (Nargang was not present at the time of the vote and therefore his vote is not reflected) Motion carried.

Chair Miska called for a break at 11:00 a.m. The meeting reconvened at 11:15 a.m. Chair Miska then called on Mark Oja, SCS.

Oja distributed two handouts and highlighted the following comments from each handout:

Handout 1: A Summary of "Protecting America's Wetlands: A Fair, Flexible, and Effective Approach" (August 24, 1993).

- Page 2, items 1 through 5.
- Page 3, bullets 1, 4, 5, and 8. With regard to the third bullet Oja stated that the definition of agricultural lands was still a controversy. With regard to the eighth bullet, SCS uses NFSAM which is being revised so that the '87 manual and NFSAM are almost identical.
- Page 4, bullet 3. Oja stated that there is on-going support for the Wetland Reserve Program as an incentive to restore wetlands.

Handout 2: What Does This Mean For Agriculture? (August 1993, Fact Sheet).

- Oja gave a brief summary of this fact sheet.

Miska thanked Oja and asked for questions.

Moran asked if there would be adequate notice this year if the Wetland Reserve Program is reinstated. Oja said hopefully. Moran asked if there would be more funding, and Oja said possibly but he can't say for sure.

Nordick asked several questions on SCS documentation, and Oja stated that it can't be 100%, as nothing is perfect. He stated that with the amount of determinations SCS does, they are highly accurate.

Hanson asked what would happen to land coming out of CRP in the next few years. Oja stated that this was a valid question/concern. He stated that there has been no talk or money for extending contracts, although it may be possible for high quality land. There is no commitment yet.

Miska then introduced Mick Weburg, US Corps of Engineers. Weburg stated that federal responsibilities included Section 10 and Section 404 administration with a 1.5 million dollar budget for Minnesota. He also stated that federal funding for WCA may be available in several forms through Clinton's Environmental Policy. Weburg handed out and summarized the following:

Handout 1: Protecting America's Wetlands: A Fair, Flexible, and Effective Approach, (White House Office on Environmental Policy, August 24, 1993).

- Page 5, bullets 1, 2, 4, 5, and 9. Bullet 1 offers alternative appeal options. Bullet 4 points out that Corps will still do permits after SCS delineates. Funding help may be available to states as shown in bullet 9.
- Page 6, bullet 1 (top of page) and bullet 2 (bottom of page). Non-regulatory programs, in bullet 1, are a "wait and see" issue.
- Page 7, bullet 1.
- Page 8, bullet 2. This bullet also holds funding possibilities. Weirens asked how much funding was given to the state from EPA. Norris said $270,000 over 2 years for the state wetland plan.
- Page 9, bullet 1. Weburg stated that the Corps was working with BWSR and the Interagency Wetland Group on general permits.
- Page 11, bullet 1, and the first item under bullet 2.
- Page 12, bullet 1 and "Administration Position" under D. Bullet 1 has no effect in Minnesota.
- Page 21, bullets 3 and 4. Bullet 3 provides financial incentives for assuming part or all of Section 404. With regard to the fourth bullet, Corps is possibly coming out with wetland delineation training/certification.

- Page 24 and 25, L - Takings. The new appeals standing is to eliminate taking cases. The White House administration does not support a legislative approach to this issue.

Handout 2: Federal Wetlands Policy--Fact Sheets, New 404 Permit Regs--Public Notice, (September/October 1993)

Weburg stated that everything is new in Corps permits programs and this handout gives a more detailed description of these changes. He pointed out the following:

- First 3 pages are effective immediately.
- The last two pages of the handout - Public Notice. This explains changes in the regulation of excavation, now most kinds of excavation are regulated, even when material is moved to upland disposal.

Larson asked if Corps used nationwide permit (NWP) or individual permit (IP). Weburg said either way, if the soil is moved to a wetland or water area, degradation occurs, and degradation is more than the deminimus they regulate. Regarding simplification, Weburg pointed out the Combined Project Notification form which can now be used as a permit application for DNR, Corps, and LGUs. He also stated that the Interagency Wetlands Group was working on a Section 404 general permit which is needed to reduce regulatory duplication for both the public and governments. Weirens asked if it was a realistic view to see reduction in workload by the next construction season. Larson said there are still some details to be worked on with the general permit, but he is confident that it would. Discussion continued.

The meeting adjourned for lunch at 12:20 p.m. and reconvened at 1:05 p.m. Nargang arrived.

Chair Miska asked committee members to decide when the next meeting should occur. It was decided that the next meeting would be December 13, 1993 from 9-3. Tentatively, it will be at the Kelly Inn, and this will be confirmed with the next mailing.

Larson distributed a handout on wetland regulatory simplification and Jaschke gave an overview.

Chair Miska introduced Doug Norris and Beth Carlson from DNR to advise the committee on the State Wetland Plan (SWP).

Norris gave the following background information:

- Funding was pursued for the SWP which would be a guide on issues such as mitigation.
- The funding came from EPA.
- There is a commitment from state agencies to help in its development.
- Permission and funding was received from MNDOT for the coordinator position.
- This will not be a DNR plan, but a statewide plan.

Carlson gave the following summary:

- This is a "larger quality of life" issue.
- An interagency task force has been developed to define the SWP.
- There are numerous state and federal programs involving wetlands. Many cities, counties, and watershed districts have their own wetland programs, including WCA. None of these are very well coordinated.
- The state is lacking an overall strategy on how to protect wetlands of the state.
- The purpose of the SWP is to provide overall protection, guidance and consistency.
- Agencies involved include: Department of Ag, BWSR, DNR, PCA, MNDOT, US Corps, USFWS, SCS, and the Federal Highway Administration. This is a voluntary effort on the part of agencies.
- The product will be determined as the project progresses.
- Broad concerns include: 1) a need for streamlining; 2) to resolve areas of disagreement and controversy; and 3) to look at regional and local differences in the state.
- The process includes: 1) where is the state at now; 2) where is the state going; and 3) to develop a strategy of how to get there.
- The planning sessions should begin around January of 1994 and take about 18 months to complete.
- The process will include broad input and participation from public, private, and LGUs.
- A good plan must be a dynamic, flexible document that is regularly reviewed and changed as circumstances change, and should reflect overall goals for wetlands in the state.

Carlson asked for questions. Weirens asked if a steering committee was involved on a regular basis. Carlson said it would be state and federal agencies in the beginning and would broaden in the end. Weirens stated a concern that counties needed to be involved as early on as possible. Norris stated that all interest groups would be involved form the beginning. Nordick asked what the timeline was, and Carlson stated 2 years from August.

Nargang said if anyone had a model for Carlson to review for use in how to proceed with this process it would be helpful. Carlson asked for people to contact her with organizations or people that she should be meeting with.

Engfer asked if the technical people had the support of the agency. Carlson said the request for participants went from commissioner to commissioner.

Nielsen, Chair - BWSR board, stated he had to leave and urged the committee to forward comments, suggestions, ideas, etc. to the BWSR board.

Larson distributed page 10 of Chapter 175, the legislative revisions to the WCA. He stated that the report requirement can't be ignored as it is a legislative mandate. He proposed that the committee briefly address this and consider it as part of an ongoing effort.

Nordick made the following statements regarding the 6 issues on page 10:

#1 The Corps regulates these, so how can a recommendation be made.
#2 Size was argued over for 5 years.
#3 This was discussed both through the Rule Advisory Committee and the Wetland Heritage Advisory Committee.
#4 Know exemptions.
#6 This mornings discussion.

Larson suggested taking items 1 - 6 and saying how they have already been addressed. As shown below:

#1 Where we're at now.
#3 '93 legislation dealt with this.
#4 How this is being dealt with.
#5 Point out the proposed general permit and banking agreement.
#6 Point out things that merit watching, i.e., notice provisions and this mornings discussion.

Miska asked Larson if he could prepare this to mail with the packet for discussion at the next meeting. He said he could send it out with the minutes and proposed agenda 10 days before the meeting. Engfer also requested a summary of the training meeting with regard to recommendation for changes to the grant matching. Larson said yes and also a summary of the grant training.

Moran asked if this report replaced the original legislative requirement for a wetland status report. Weirens stated no; that this is an additional report.

Miska invited Norris and Carlson back to the next meeting to provide an update of the state wetland plan. Norris said that there will not be a lot to report at that point, but he would put the WHAC on the mailing list to receive quarterly reports.

Larson handed out White House Wetlands Package is "Net Loss for America's Wetlands" (Minnesota Out-of-Doors). He said this was a different perspective of the Clinton policy.

Miska requested a motion to elect a new chair, as she has been so for a year. She requested that the committee think about it and address at the next meeting.

The meeting adjourned at 2:05 p.m.

Attachments:

- WCA Administrative Training Summary
- Block Grant Training Summary
- Report for items 1-6 of Ch. 175
- State Wetlands Report

Fee Structure For Services Pertaining To WCA

During an Area IV MASWCD meeting, SWCDs shared information on what they are charging for services relating to the Wetland Conservation Act (WCA). MASWCD thought you may be interested in a couple of examples of what SWCDs are charging:

AITKIN SWCD	
Field Check To Look at the Wetland	N/C
Complete Certificate of Exemption	$25
Assist with Replacement Agreement	$50
ANOKA SWCD	
Wetland Compliance/Exemption Certification	$50
Site Inspection for Wetland Compliance/Exemption Certification	$25
Site Inspection for Wetland Consultation (includes an on site evaluation of the requirements of the WCA as they relate to a proposed project. A detailed letter of summary will be included)	$75
Delineation Estimates (site inspection, summary of the site & an itemized estimate for services) The fee varies depending on the size of the project	$50+
Delineations done according to the Federal Manual for Identifying and Delineating Jurisdictional Wetlands	$42.50/staff hr.
Wetland Delineation Reviews (review & comment on delineations done by private consultants as requested by LGU's)	$75
Mitigation Proposal Development	$42.50/staff hr.
Mitigation Inspection & Review	$50
Wetland Monitoring (recording water levels, inventorying emerging vegetation, photo journal, etc. during each site visit)	$40/visit
Annual Monitoring Report (synopsis of all monitoring data, a delineation of the wetland to determine the actual size, determination of the type of wetland created or restored & recommendations for corrective actions)	$42.50/staff hr
Monitoring Report Reviews (include the review of annual monitoring reports developed by private consultants as requested by LGU's	$75
DAKOTA SWCD	
Official Delineation of Wetland (site inspection, staking, etc.)	fee is determined on a sliding scale determined by the size of the wetland

SCOTT SWCD

Review USDA and NWI Maps for Wetlands	N/C
Locate Wetland on Aerial Photograph	$35/hr
Field Check for Wetland (visual)	$35/hr
Delineate Wetland in Field (staking)	$35/hr
Complete "Routine Onsite Determination Data Form" for Wetland Identified	$35/hr
Complete "Certificate of Exemption" Form for Applicant	N/C
Provide Alternatives on Wetland Replacement to Applicant	N/C
Assist Applicant with the Development of a "Replacement Agreement"	$35/hr
Review "Replacement Agreement" Developed by the Applicant	N/C
Serve on "Technical Evaluation Panel"	N/C
Site Inspection for LGU on Wetland Identified by Applicant or Consultant	$35/hr
Site Inspections for LGU on Compliance with "Replacement Agreement"	$35/hr
Complete a "Restoration Order for an Individual in Violation of WCA	N/C
Site Inspection for Compliance with a "Restoration Order"	N/C

** There are several SWCDs who are not charging for their services pertaining to the Wetland Conservation Act including Redwood SWCD and Faribault SWCD.

MASWCD Meetings

NACD Urban Symposium, November 7 - 10, Minneapolis Marriott City Center, Minneapolis
Area I, Wednesday, November 3, Roseau
Area II, Wednesday, September 17, VFW Fergus Falls
Area III, Thursday & Friday, September 16 & 17, Kanabec History Center, Mora
Area IV, Monday, November 15, Park Inn, Minneapolis (Shingle Creek Parkway)
Area V, Thursday, September 23, Cottonwood County Jail house, Windom
Area VI, Friday, September 10, Orchid Inn, Sleepy Eye
Area VII, Wednesday, September 22, Holiday Inn South, Rochester
MASWCD Annual Convention, December 5 - 7, St. Cloud Civic Center, St. Cloud

There are two places where socialism will work: In Heaven, where it is not needed, and in Hell, where they already have it.

Winston Churchill

DRAFT December 8, 1993 (bwsr/jj)

STUDY AND REPORT ON WETLAND ISSUES
MN Wetland Conservation Act (WCA)

Required by: MN Laws 1993, Chapter 175

Issue:

(1) *The appropriateness of requirements under existing state laws relating to replacement of drained and filled wetlands;*

Response:

The adopted replacement requirements were developed to maintain a "no-net-loss" of wetland acreage and public values. This is required by the Wetland Conservation Act. The adopted replacement method allows wetland replacement by wetland restoration or creation either directly or thru a withdrawal from a state approved wetland "bank".

The issue of whether the 2:1 replacement ratio for non-agricultural land in counties with < 80% of their presettlement wetlands remaining will offset the wetland loss from exemptions and discourage wetland draining and filling in developing areas is yet unknown as this provision does not become effective until January 1, 1994.

(2) *The advisability of establishing a minimum size of wetland that would not be subject to regulation under these laws;*

The Chapter 175 revisions to the WCA included a "deminimus" exemption (#25) which allows wetland areas up to 400 square feet to be drained or filled without replacement. To minimize the effects of cumulative use of this exemption on a wetland basin, the rule prohibits the use of the exemption after five percent of a wetland basin has been drained or filled. To track this, LGUs must maintain records on the use of the exemption per wetland basin. Because of the recordkeeping burden, some LGU's may not offer the exemption. Changing the "deminimus" to a larger size would further complicate record keeping, contradict the "no-net loss" legislative mandate and compromise efforts to streamline wetland regulations which are based on the belief of Federal officials that Minnesota is serious about wetland protection.

(3) *The appropriate level of regulation of activities in wetlands located in counties in which a high percentage of presettlement wetland acreage is present;*

The Chapter 175 revisions changed to 1:1 the minimum replacement ratio for counties with > 80% of their presettlement wetlands remaining. This change was made in recognition of the extensive wetland acreages in these counties and the difficulty in finding wetland replacement sites. The difficulty in suggesting a more flexible program in counties with large wetland acreages stems from regulatory simplication (which was addressed in the previous issue) and consistency of

regulation. It is doubtful that progress can continue to be made in the simplification of regulations if local governments had more flexibility than currently provided for in the WCA rule. With respect to consistency of regulation, members of the regulated public have stated repeatedly that they do not favor local flexibility if it means dealing with different regulations as they work across LGU boundaries.

(4) *The appropriate level of regulation for activities in type I wetlands, as defined in United States Fish and Wildlife Circular No. 39 (1971 edition);*

Type 1 wetlands, except for bottomland hardwoods, of any size on agricultural land are exempted from regulation under the WCA by Exemption #7. This exemption honors the investment agricultural landowners have made on property they planned to improve for crop production. Type 1 wetlands typically have many of the same functions and values of other wetlands including those mentioned in the WCA : water quality, flood control, public recreation and commercial use. Given the manner in which all types of wetlands function as systems on the landscape, there is no scientific basis to protect type 1 wetlands with any less enthusiasm. The continuing argument about type 1 wetlands is grounded in conflicting values. Hence, the difficulty in bringing the issue to a resolution. Moreover, it is difficult to promote regulatory simplification --which is based on our good faith effort to protect all wetlands--and at the same time deregulate an entire type of wetland.

(5) *The feasibility and advisability of allowing local units of government to establish alternative regulatory programs for wetlands that would operate in lieu of state law;*

The WCA rule provides the minimum standards necessary to achieve the consistency among LGUs demanded by the regulated public and required for regulatory simplification. LGUs can adopt additional procedures and offer additional protection through local official controls such as zoning ordinances. Also, LGUs have the options of developing and utilizing their own replacement methodology and including local public values into the replacement requirements. Further, they are given encouragement to develop comprehensive wetland management plans by the offer of simplified wetland replacement.

(6) *Other issues identified by the committee as deserving of attention.*

- State funding and associated requirements for wetland programs mandated on LGU's
- Effect of WCA regulations on local property taxes
- The necessity for DNR Protected Water Wetlands to be separately regulated in view of the current efforts to achieve WCA/404 simplification through

LGU's via procedures such as the "programmatic general permit"**[note: this would require a statute change]**

- The time delay in project approval caused by the notice requirements of the WCA **[note:this would require a statute change]**

- The potential for persons to appeal --for no reason-- and cause unwarranted delays in the approval of replacement plans **[note:this would require a statute change]**

- The need to have all wetland boundaries delineated using the same methodology; DNR uses a different methodology than the WCA and Corps of Engineers **[note:this would require a statute change]**

a:WHAC.175

Wetland Conservation Act Program Training

Summary

Nine sessions were conducted around the state to provide local government units (LGUs) with the information and materials necessary to: 1.) determine how to adopt a the WCA rule and 2.) how to properly administer the rule once it is adopted. Attendance for Day 1 (targeted at all LGU officials and staff) averaged 90 persons and attendance for Day 2 (a workshop format targeted at LGU staff administering the program) averaged 55 persons. Staff and officials were present from counties, cities, townships, SWCDs, Watershed Districts, Water Management organizations, and state agencies.

Specific topics addressed in the training were: Mitigation sequencing, Exemptions, Enforcement, Replacement, and Banking. The training included an in-depth overview of the entire rule, question and answer opportunities, introduction to the Administrative Manual and sample forms and case study examples.

Comments

The knowledge and incite of LGU staff is high! This is as expected since they have been implementing the Interim Program for nearly two years and have received some previous training and a lot of materials.

The willingness to administer the program and to accept regulatory simplification efforts (e.g. Programmatic General Permit from the USCOE) will continue if they receive adequate financial and technical support from the state. There are two parts of the rule that continue to receive criticism. Both are statuatory and cannot be changed by rule.

1.) *The time delays for project approval that result because of the EQB Monitor notice and publication requirements*. The WCA Rule provides for an expedited review and approval for projects impacting <0.1 acres (and for those <0.25 acres for private driveways and dwellings). However, all other projects will require about 90 days (as per statute requirements) between the date a complete application is submitted and the date the project can commence----assuming no one appeals.

2.) *The fact that anyone can appeal --for any reason--an LGU decision concerning a replacement plan*. The WCA statute (and thus the rule) allows anyone who asks to receive notice to be able to appeal an LGU decision on a replacement plan or exemption/no-loss determination to the BWSR. There is a concern that frivolous appeals will be requested since there is no "cost" required of the appellant. Some LGUs are considering the requirment that appellants post a bond to minimize the occurrence of frivolous appeals.

prepared 12/8/93 by John Jaschke & Greg Larson, MN BWSR

a:wcatrain.sum

FOR YOUR INFORMATION

- AMC Policy Relating to Wetland Protection and Drainage
- Wetland Heritage Advisory Committee Meeting (11/3/93)
- Review of 1989 Ground Water Protection Act

Board Packet

TRANSPORATION AND AGRICULTURE

The Transportation and Agriculture Policy Committee recommends the following changes to the platform.

T.A. 12 COMMODITY PRICING

The Association of Minnesota Counties recognizes the difficult economic situation facing rural Minnesota due to the current low farm prices and supports ~~and encourages~~ farm prices that are adjusted for inflation equal to the rest of the food industry.

T.A. 14 WETLAND PROTECTION AND DRAINAGE

The Association of Minnesota Counties supports the elimination of the regional and Clean Water Act Section 401 conditions placed by the Minnesota Pollution Control Agency on the Clean Water Act Section 404 Permit Program administered by the United States Army Corps of Engineers. The Association of Minnesota Counties supports requiring state agencies to comply with the rulemaking requirements of the Administrative Procedures Act in all reviews of federal permitting programs.

The Association of Minnesota Counties does not support compliance with wetland regulations imposed by agencies of the State of Minnesota - particularly the Department of Natural Resources, Board of Water and Soil Resources, and the Pollution Control Agency - which have rulemaking authority, but are not financially responsible for the impacts of their regulations, thereby burdening counties with unfunded mandates.

T.A. WETLAND PROPERTY RIGHTS COMPENSATION

The Association of Minnesota Counties supports enacting legislation that recognizes the public's responsibility to fairly and equitably compensate private landowners for the loss of property rights resulting from environmental regulation of wetlands and public waters wetlands.

FYI

Excerpts from proposed Assn platform to be considered at their 1993 annual mtg

GL

Ron Harnack
BWSR
Board Packet

Minnesota Board of Water & Soil Resources

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(TENTATIVE)
AGENDA
WETLAND HERITAGE ADVISORY COMMITTEE
NOVEMBER 3, 1993

Kelly Inn, St.Paul

9 AM : Update on implementation of WCA
- -administrative training re. permanent rule
- -natural resource block grants to counties
- -efforts to streamline wetland regulation
- -perspectives of committee members

10 : Representatives of the Soil Conservation Service and Corps of Engineers
- -review of Clinton wetland initiative and its effect on swampbuster and 404
- -new views on excavation and ditch maintenance

12 : Lunch -buffet

1 : State Wetland Plan

1:30 : Chapter 175 report

3 : Adjourn

Board Packet

1989 Ground Water Protection Act
Key Features for BWSR, Local Governments

A. Local Water Resources Protection & Management

1) Local Water Resources grants
plan development grants
plan implementation grants

2) Well Sealing Grants

3) Metropolitan Local Water Management Task Force

B. Environmental Agriculturalist Contracts

C. conservation easements
identifies ag. land in a sensitive groundwater area or adjacent to a sinkhole as "marginal agricultural land" for the purpose of the RIM reserve

D. local water planning
the 1989 act adds the requirement that sensitive areas and wellhead protection areas be considered in the plans

E. Consultations, peripheral involvements
BWSR is cited in several places as an agency "to be consulted" as part of a program managed by another agency - for instance the Nitrogen Compounds in Ground Water Study to be prepared by MDA and MPCA.

From: The MN Ground-Water Protection Act of 1989
(A summary, August 1989, State Planning)

Advisory Committee Provided Guidance

Environmental Quality Board (EQB) appointed the Advisory Committee on Ground Water Protection in January 1988 to help develop the strategies and legislation.

Members included farmers, environmentalists, researchers, and representatives from business and local government.

Their unanimous recommendations called for preventing degradation and protecting all ground water. They urged a balanced effort, including education, research, incentives, and regulation.

Local Government Got Involved

In the spring of 1989, after legislation was drafted and introduced, the Board of Water and Soil Resources (BWSR) organized a series of forums around the state to discuss the ground water bill.

BWSR also organized a "Water Day at the Capitol" for local government officials to hear about the bill.

Nutrients. Both were developed with extensive public input.

The recommendations made in them provided the framework for the Ground Water Protection Act.

Legislation Developed and Passed

The Governor prepared legislation to protect ground water as a key part of his environmental package for 1989.

In addition, before the 1989 Legislative Session ever began, the Senate formed an Ad Hoc Water Committee to analyze issues and recommend legislation to protect ground water. This led to the Senate ground water bill authored by Senator Steve Morse.

In the House, Representative Willard Munger collaborated with four coauthors to produce the House ground water bill.

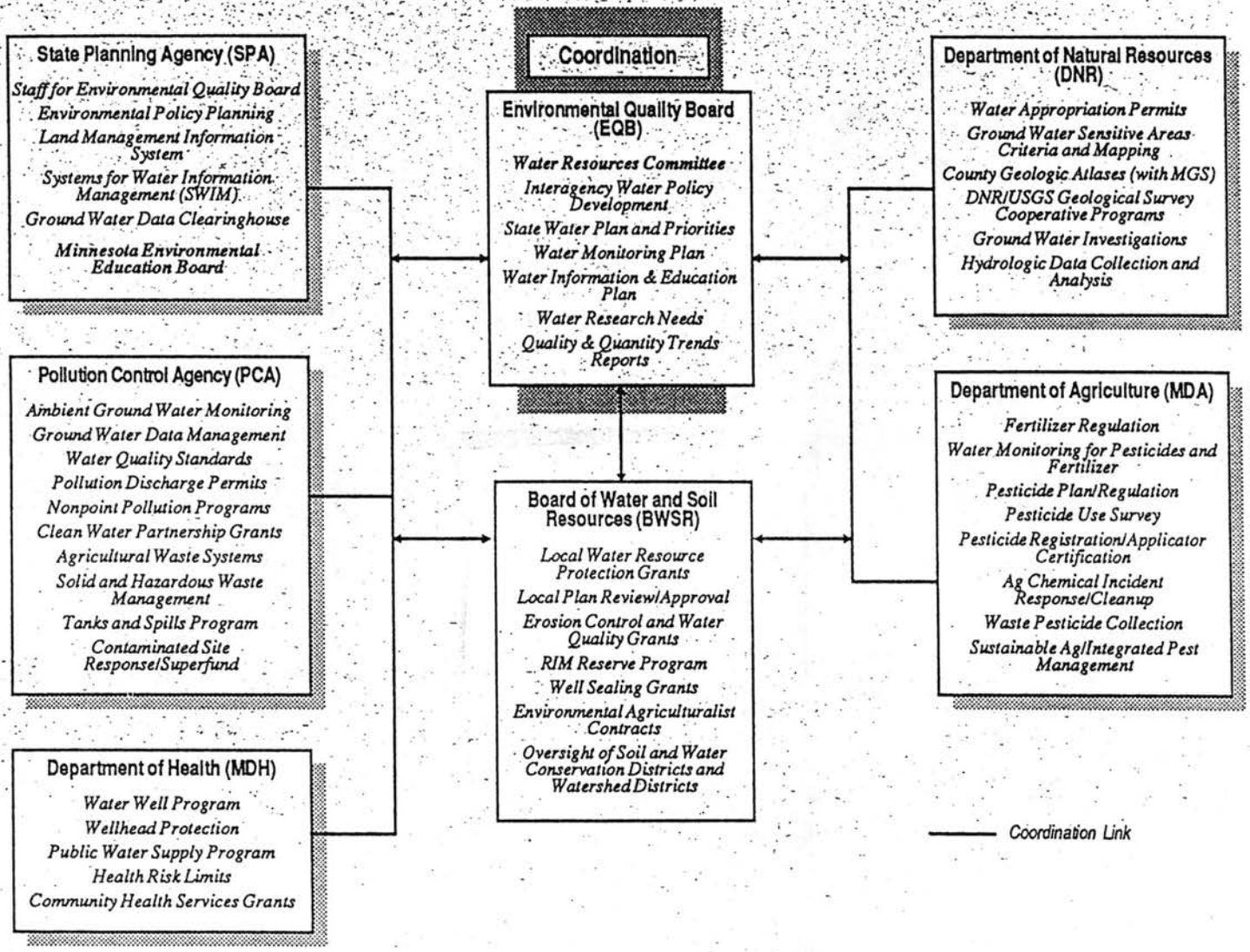
These approaches were instrumental in building the coalition of interests needed to pass the bill.

In fact, leading farm organizations as well as numerous other groups, provided resolutions of support for new water legislation.

The result was a single bill that passed both bodies overwhelmingly with only three opposing votes.



State Agency Ground Water Responsibilities



Health Risk Limits

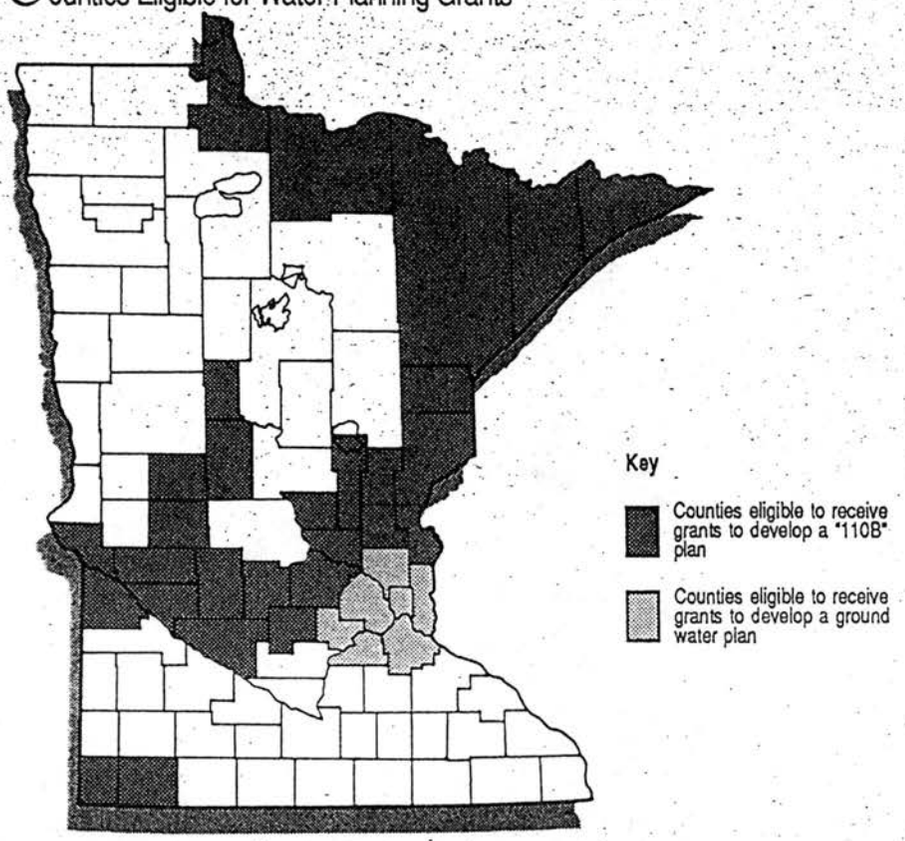
The Minnesota Department of Health (MDH) will adopt health risk limits for substances degrading ground water. These are the highest levels of pollutants that are unlikely to be harmful to people, even if the water is consumed for a long period of time.

Limits are adopted by rule, except in situations such as spills where limits are needed quickly. These emergency limits would be effective for one year. Existing risk numbers may be adopted as health risk limits.

Legislative Water Commission

A new Legislative Water Commission will review state water policy and programs. It will

Counties Eligible for Water Planning Grants



Water Use Fee

Fees are charged for water use under DNR permits. Substantially higher fees apply to once-through cooling systems.

Local Government Aid and Actions

Comprehensive local water plans are a key part of Minnesota's water program. These plans tap ideas of local government and citizens to address water-related issues.

Plans are being developed in the metropolitan area. Fifty-two counties outside the metropolitan area are currently producing comprehensive local water plans through an LCMR-funded pilot program. Other counties have started without state funding.

The new law builds on these efforts by providing grants to local governments for planning and plan implementation. Clearly local water planning is here to stay. It is a big part of ground water protection.

Key Features

Local Water Resources Grants

The local water resources protection and management program is set up within BWSR. Grants will be made to counties and other units of government through counties. They can be

Water Use Fees

GENERAL FEES:

.05 cents per 1,000 gallons for the first 50 million gallons .1 cents per 1,000 gallons for the amount greater than 50 million gallons per year (Maximum Fee - $2,000)

ONCE-THROUGH COOLING WATER FEES:

5 cents per 1,000 gallons until 12/31/91

10 cents per 1,000 gallons from 1/1/92 until 12/31/96

15 cents per 1,000 gallons after 1/1/97

Local Water Resources Protection and Management

Grants to develop water plans available to counties from BWSR after July 1, 1989. $535,000 is set aside for this.

Grants to implement water plans available to counties from BWSR after July 1, 1990. $2.5 million is set aside for this.

used to hire people, and to obtain and use information needed to develop or implement a comprehensive local water plan.

Plan Development - Grants will be available to counties after July 1, 1989, to develop comprehensive local water plans, or, in the metropolitan area, county ground water plans. About $535,000 is available to the 35 counties not part of the pilot program. This equals about $15,300 per county, the same level received in the pilot program.

Plan Implementation - BWSR will develop rules for plan implementation grants. A work group of local governments and agency representatives will assist them.

After July 1, 1990, about $2.5 million will be available to counties to carry out priority items in approved plans. A portion of these funds will be distributed on a noncompetitive basis.

Well-sealing cost-share grants will be made by BWSR to selected counties after July 1, 1990.

Well-sealing Grants

BWSR will provide grants to selected counties for sealing priority wells under this new program. A county may contract with another local unit of government for administration of this program.

BWSR will develop guidelines for determining well-sealing priorities and selecting participating counties. About $400,000 will be available for cost-share grants between July 1, 1990 and June 30, 1991. This is enough money to seal a few hundred wells. The program will end on June 30, 1995.

Financial Assistance Options - Landowners who need financial help to seal an abandoned well have two options.

1. They may request cost-sharing from the county. Cost-sharing is limited to 75 percent of the total cost, not to exceed $2,000 per well. (option available in selected counties)
2. In cases of immediate need, they may request funding directly from BWSR. If BWSR provides well-sealing funds directly to a landowner, 100 percent of the cost must be paid back to the state. This will be done either by a lien on the property where the well is located, or by assessment on property taxes.

Local Authority Over Water Wells and Borings

All or part of the inspection, reporting and enforcement duties related to water wells may be delegated to local governments at their request. Requests must be approved by MDH.

Well owners must have unused wells sealed or obtain a maintenance permit. Lack of well-sealing cost-share grants cannot be used as a defense to avoid sealing a well.

Metropolitan Local Water Management Task Force

This task force is created to study metropolitan local water management issues. It will report to the Governor and Legislature by December 15, 1989.

Funding

The Legislature authorized $17.1 million for the new law. The money comes from fees on specific activities ($8.8 million) and appropriations from the state's general revenues ($8.3 million).

Where programs directly benefit all Minnesotans, general revenues are relied upon. For example, the grants to counties for water planning and plan implementation fit in this category.

In cases where people benefit from the uses they make of water, or use products that cause pollution, fees provide the program funding needed. For example, fees are used to support regulation of the use of pesticides.

Key Features

Fees

Support for ground water protection comes from fees on those who use water and fees on products and activities.

Water Well Fees - Fees for well construction and monitoring are expected to raise $2.0 million. These fees go to the state general revenue fund to offset costs of administering the water well program.

Water Use Fees - Increased fees for water use under DNR water use permits, and much higher fees for once-through cooling, are expected to raise $2.7 million. These fees go to the General Fund to offset DNR costs for resource evaluations.

Pesticide and Fertilizer Fees - Fee increases in this area are estimated to raise $4.1 million, all of which go to dedicated accounts.

Fertilizer Fees - go to the Fertilizer Inspection Account ($480,000) for use by MDA in carrying out regulations covering fertilizers, soil amendments, and plant amendments.

Pesticide Fees - go to the Pesticide Regulatory Account ($1,900,000) for use by MDA in carrying out the pesticide parts of the bill. After July 1, 1990, an additional $600,000 per year from registration fees goes to the Waste Pesticide Account for collecting waste pesticides.

Fertilizer and Pesticide Fee Surcharges - go to the Agricultural Chemical Response and Reimbursement Account ($1,120,000). This account will be used by the MDA and the Agricultural Chemical Response Compensation Board to cover the costs of responding to spills and other incidents.

Spending and Funding

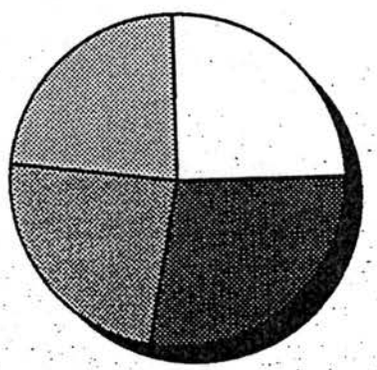
Ground Water Protection Act Spending

Control of Pollution Sources - 25%

Local Government Aid & Action - 23%

Education, Research, Monitoring and Information Management - 24%

Drinking Water Protection - 28%



Ground Water Protection Act Funding Sour

Pesticide and Fertilizer Fees - 23%

General Revenues - 49%

Water Well Fees - 12%

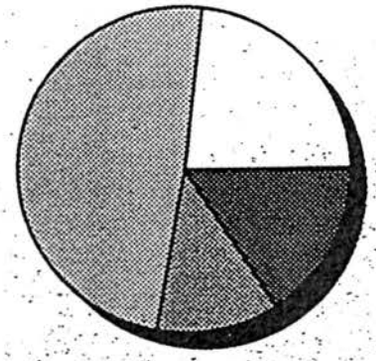
Water Use Fees - 16%

How the Funds Are to be Spent

A balanced combination of education, research, monitoring, regulation and coordination activities is funded.

Education, Research, Monitoring and Information Management - 24 percent of the funding will be spent in this area, with efforts for:

- MDA coordination and promotion of Sustainable Agriculture
- Minnesota Extension Service education in urban and rural Integrated Pest Management
- BWSR contracts for Environmental Agricultural Education
- UM Experiment Stations for Research on Impacts of Agriculture on Ground Water
- MDA Water Quality Monitoring and Laboratory Support
- DNR development of County Hydrogeological Atlases with the Minnesota Geological Survey and Ground Water Investigations and Monitoring
- State Planning Agency maintenance of an Integrated, Computerized Ground Water Monitoring Data Base
- PCA development of an Integrated Ground Water Information System



Control of Pollution Sources - 25 percent of the funds will go to control of pollution sources. The money will be used for:

- MDA Regulation of Fertilizers and Pesticides including development and implementation of Best Management Practices, Collection of Waste Pesticides and Containers, and Agricultural Chemical Response and Reimbursement
- PCA development and implementation of Best Management Practices

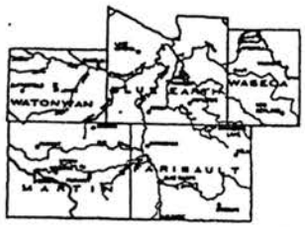
Drinking Water Protection - 28 percent of the funds go to improving the state's ability to protect drinking water supplies. This includes funding for:

- MDH development of Health Risk Limits, enforcement of the Water Well Management Program, and Monitoring of Public Drinking Water Supplies under the Safe Drinking Water Act

Local Government Aid and Actions - 23 percent of the funds are ear-marked for local government water resource protection efforts. This includes money for:

- Comprehensive Local Water Management under the Local Water Resources Protection and Management Program of the BWSR
- Well Sealing Cost-Share Grants by the BWSR
- The Metropolitan Local Water Management Task Force

Doc Brd Mtg



Blue Earth River Basin Initiative

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Marla Watje, SWCD
507-835-4831
Bill Stephens, CLWP
507-835-0655

Watonwan County
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507-375-5905
Brian Goepfert, SWCD
507-375-3104
C. Merle Anderson, CLWP
507-736-2461

County Commissioner Rep.
George Doyle
507-239-2192

September 30, 1993

OCT 0 5 1993
BOARD OF WATER

Mr. Ron Harnack
Executive Director
Board of Water & Soil Resources
155 S. Wabasha St., Ste. 104
St. Paul, MN 55107

Dear Mr. Harnack:

The Blue Earth River Basin Initiative Joint Powers Board (BERBI JPB) is currently writing a comprehensive basin plan. With a completion target of January 1994, this planning process is a vehicle for setting goals and determining needs. We anticipate using Minnesota River Assessment Project (MRAP) data as well as other information to set priorities for implementation activities and goal setting.

During the interim, we are consulting county comprehensive water plans, SWCD comprehensive plans and available MRAP data. Investigation of thirteen minor watersheds using the SWCD Methodology of Land Use Assessment indicates a tremendous need for best management practices (BMPs) application within the Basin. Specific needs for the Basin were estimated using MRAP/SWCD data. This estimate is enclosed on table I titled "IMPLEMENTATION PRACTICES FOR THE BLUE EARTH RIVER BASIN BASED ON A 4.2% SAMPLE USING MRAP - SWCD METHODOLOGY". The implementation practices estimated on this table reflect the needs, based on the assumption that all cropland is under conservation tillage or in vegetative cover crops. Currently, approximately 15% of the cropland is under a conservation tillage system with an additional 1% in vegetative cover (determined by MRAP/SWCD Methodology, 1990 data). We have much to accomplish in this arena.

It is very apparent to us that we do not possess the technical or financial capabilities to tackle these problems. For this reason we are making a special request of the Board of Water and Soil Resources by asking you to consider a special Cost-Share allocation to the BERBI utilizing the Minnesota River Cost-Share dollars. Our request is twofold in that we are seeking a basin allocation of Cost-Share dollars to implement BMPs as well as financial assistance to hire a basin engineering technician position. These proposals are explained in greater detail on the following pages. Although our proposals are presented separately, funds for hiring a basin engineering technician are essential if we are to accomplish the cost-share implementation outlined in this request.

In brief we are requesting $300,000 of the current Minnesota River Cost-Share dollars, utilizing $63,000 to hire and equip a basin engineering technician (please see detailed requests for engineering position and cost-share allocation). We anticipate hiring the technician for five years (minimum) to provide survey, design and construction assistance for cost-shared practices within the Basin. The remaining $237,000 will be spent on sharing the cost of application of BMPs as outlined in the State Cost-Share rules.

The Cost-Share dollars are being requested for 1994. We will evaluate our programs effectiveness and submit another request for 1995. A projection of Cost-Share needs is presented on table II titled "BERBI IMPLEMENTATION PRACTICES STATE COST-SHARE NEEDS FOR 1994 - 1998".

We believe that a basin approach to Cost-Share allocation, expenditures and technical assistance is in concert with our overall goals. We also feel that the requested funds will complement our existing effort in manure management, on-site sewage treatment and riparian and tile intake buffers funded through our LCMR project. If this proposal is funded, we will utilize these funds to supplement existing implementation funds such as the Agricultural Conservation Program (ACP) and traditional State Cost-Share dollars.

We thank you for considering our request. If you would like to discuss this matter in more detail, please feel free to contact me or Mary Mueller, our project coordinator.

Sincerely,

Ray Phelps

Ray Phelps, Chairperson

ENGINEERING TECHNICIAN PROPOSAL

We, the Blue Earth River Basin Initiative Joint Powers Board (BERBI JPB), desire to improve our technical capabilities in order to better serve our clientele in improving the water quality of the Blue Earth River Basin. A basin engineering technician will assist us in reaching this goal. Our intent is to hire an engineering technician for a minimum of five years. This technician would work on priority engineering projects throughout the Basin. We envision asking our neighboring counties and SWCDs who are not currently part of the BERBI but contribute to the watershed to enter into a memorandum of understanding (MOU) enabling us to share our resources to achieve our water quality improvement goal. This will include contributions in engineering of priority practices within the Basin but outside the confines of the JPB (letter to neighboring counties is attached).

The BERBI technical committee has projected the five-year need for State Cost-Share projects to be as reflected on the table titled BERBI IMPLEMENTATION PRACTICES - STATE COST-SHARE PROJECTED NEEDS FOR 1994 - 1998. In order to accomplish application of these projects, we will need technical support. We will utilize a basin engineering technician to survey and design practices by priority Basin need. These priorities will be determined using local expertise of the problem in the Basin as well as recommendations outlined in the upcoming Minnesota River Assessment Project report. We project that this employee will mean faster turnaround of requested projects. We also hope to upgrade the capabilities of our existing staff through training and access to the engineering technician.

Our proposal is to hire this basin engineering technician in cooperation with the Board of Water and Soil Resources (BWSR). We are requesting a 100% contribution from the BWSR for the first year of a five year-agreement. The BERBI JPB will gradually assume additional responsibility until a 50-50 split is accomplished the fourth year. We suggest that the funds for this position come from the Minnesota River Cost-Share allocation administered through the BWSR. Our portion of the financial commitment will be solicited from the counties within the confines of the JPB. After five years, the need for this position will be re-evaluated, and if the need continues to exist, we will again enter into an agreement at our mutual discretion. The table titled ENGINEERING TECHNICIAN PROPOSAL outlines the financial contribution we are requesting. Office rent and miscellaneous expenses will be the responsibility of the BERBI JPB and the SWCDs and counties it serves. SWCD employees and CLWP coordinators will assist the basin engineer in application of BMPs funded through this request. The JPB envisions entering into a MOU with the Soil Conservation Service (SCS) to provide for training and sign-off approval authority. If an arrangement with SCS should prove infeasible, we may consider hiring a professional engineer. If this becomes necessary, we will need to adjust our salary and benefit projections upward. Therefore, we ask you to allow for flexibility in the line items of our proposal matrix.

ENGINEERING TECHNICIAN PROPOSAL

Year	Salary & Benefits	Vehicle & Maintenance	Equipment	Phone & Supplies	Total Costs	BWSR Request	BERBI Commitment
1994	25,000	25,000	10,000	3,000	63,000	63,000	0
1995	27,000	5,000	0	3,000	35,000	28,000	7,000
1996	29,000	5,000	0	3,000	37,000	22,200	14,800
1997	30,000	5,000	0	3,000	38,000	19,000	19,000
1998	31,000	5,000	0	3,000	39,000	19,500	19,500

* Our most important objective is hiring the right person to accomplish our objectives, therefor we need flexibility in the salary and benefits column. We will adjust the other items requested if additional salary and benefits are necessary.

* Current staff will be involved in the administrative and technical aspects of application of BMPs. The value of their services is estimated on the table below.

* Rental of office space and other miscellaneous expenses will be the responsibility of the Blue Earth River Basin Initiative Joint Powers Board and the soil and water conservation districts and counties it serves.

* SWCDs and CLWP coordinators will provide additional phone and supply expenditures estimated at $3,000/yr.

CONTRIBUTIONS OF SWCDs AND CLWP COORDINATORS

Year	Technical Administrative	Office Rent	Phone & Supplies	Total
1994	31,250	1,650	3,000	35,900
1995	33,750	1,650	3,000	38,400
1996	36,250	1,650	3,000	40,900
1997	37,500	1,650	3,000	42,150
1998	38,750	1,650	3,000	43,400

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COST-SHARE ALLOCATION PROPOSAL

We are in the process of developing a comprehensive plan for the BERBI. In this plan we will clearly layout our priorities for achieving water quality goals for the Blue Earth River. We are awaiting the MRAP final report to clarify where our efforts are best spent. In the interim, we are focusing our attention on those practices we believe will reduce sediment and nutrient loading in the river. Preliminary MRAP/SWCD Methodology data suggests the overall conservation needs are as outlined on table I titled IMPLEMENTATION PRACTICES FOR THE BLUE EARTH RIVER BASIN BASED ON A 4.2% SAMPLE USING MRAP - SWCD METHODOLOGY. We project our short-term need for State Cost-Share dollars on table II titled BERBI IMPLEMENTATION PRACTICES STATE COST SHARE PROJECTED NEEDS FOR 1994 - 1998.

We recognize that Cost-Share dollars will not allow us to achieve all the practices set forth on our projection table. We will continue to utilize federal ACP and traditional State Cost-Share dollars wherever possible. The dollars we are requesting will be used to apply additional practices. We envision utilizing the programs to complement one another. We are requesting $237,000 of the Minnesota River Cost-Share dollars to be allocated to the BERBI in order to begin applying practices on a priority basis. We anticipate making similar requests in the future but will continue to seek other opportunities such as roll-over funds and special projects to build a strong implementation base.

If this request is honored, we will increase our information and publicity efforts in order to allow as many landowners as possible to participate.

TABLE I
IMPLEMENTATION PRACTICES
FOR THE BLUE EARTH RIVER BASIN
BASED ON A 4.2% SAMPLE USING MRAP - SWCD METHODOLOGY

Practice	Unit Size	Total Units	Price Per Unit	Total Costs
Contour Farming	Acre	4,631	4.25/Acre	$19,681.75
Critical Area Planting	Acre	88	235.00/Acre	$20,680.00
Dam - Multi-Purpose	Each	71	11,000.00/Ea.	$781,000.00
Ditch or Riparian Buffer	Acre	8,738	235.00/Acre	$2,053,430.00
Diversion	Foot	15,476	2.25/Foot	$34,821.00
Dump Clean Up	Each	1,357	500.00/Each	$678,500.00
Fencing - Livestock Exclusion	Foot	671,905	1.10/Foot	$739,095.50
Field Windbreak	Foot	3,003,810	0.15/Foot	$450,571.50
Filter Strip for Livestock Runoff	Acre	152	1,067.00/Acre	$162,184.00
Grade Stabilization Structure	Each	571	4,500.00/Each	$2,569,500.00
Grassed Waterway	Foot	419,048	1.75/Foot	$733,334.00
Long-Term Set-Aside	Acre	93,821	1350.00/Acre	$126,658,350.00
Pasture Renovation	Acre	2,593	125.00/Acre	$324,125.00
Septic System Upgrade	Each	6,762	2,000.00/Each	$13,524,000.00
Side Inlet Structure	Each	190	1,067.00/Each	$202,730.00
Strip Cropping Contour	Acre	0	10.50/Acre	0.00
Stock Watering Pond	Each	48	1,000.00/Each	$48,000.00
Stream Channel Stabilization	Foot	1,510,038	11.50/Foot	$17,365,437.00
Terrace	Foot	427,714	3.00/Each	$1,283,142.00
Vegetative Strips	Foot	0	0.01/Each	0.00

TABLE II
BERBI IMPLEMENTATION PRACTICES
STATE-COST SHARE PROJECTED NEEDS FOR 1994 - 1998

Practice	Unit Size	Total Units	Price Per Unit	Total Costs	Cost-Share Funds Needed
Erosion Control Structures	Each	17	$11,000.00	$187,000.00	$140,250.00
Strip Cropping	Acre	200	$10.50	$2,100.00	$1,575.00
Terrace	Foot	52,500	$3.00	$157,500.00	$118,125.00
Diversion	Foot	7,800	$2.25	$17,550.00	$13,162.50
Storm Water Control Systems:					
Grassed Waterway	Foot	66,500	$1.75	$116,375.00	$87,281.25
Water & Sediment Control Basins	Each	295	$650.00	$191,750.00	$143,812.50
Grade Stabilization Structures	Each	72	$4,500.00	$324,000.00	$243,000.00
Total				$632,125.00	$474,093.75
Field Windbreaks	Foot	396,000	$0.15	$59,400.00	$44,550.00
Animal Manure Mgmt. Systems:					
Manure Storage Ponds	Each	97	$17,000.00	$1,649,000.00	$1,236,750.00
Filter Strip for Livestock Runoff	Acre	52	$1,067.00	$55,484.00	$41,613.00
Total				$1,704,484.00	$1,278,363.00
Critical Area Stabilization:					
Traditional	Acre	55	$235.00	$12,925.00	$9,693.75
*Riparian Buffers	Acre	2100	$235.00	$493,500.00	$370,125.00
*Tile Intake Buffers	Each	210	$20.00	$4,200.00	$3,150.00
Total				$510,625.00	$382,968.75
SLR Stabilization	Foot	12,502	$11.50	$143,773.00	$71,886.50

- While it appears these practices meet the state cost-share guidelines for Critical Area Stabilization standards do not exist at this time. We anticipate encouraging the writing of standards and specifications for future application of these practices.

Total Cost: $ 3,414,657

Total Annual Costs: $ 682,871

Total Cost-Share Dollars Needed: $ 2,524,975

Total Annual Cost-Share Dollars Needed: $ 504,995

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SEDIMENT, NUTRIENTS, AND OXYGEN DEMAND IN THE MINNESOTA RIVER

PHYSICAL AND CHEMICAL MONITORING (Focus of investigation)

I. SEDIMENT/TURBIDITY
   Inorganic (sand, silt, and clay)
   Organic (algal cells, plant residue)

II. NUTRIENTS
   Phosphorus
   Nitrogen

III. OXYGEN-DEMANDING SUBSTANCES

IV. BACTERIA

RESULTS OF DATA COLLECTION

SEDIMENT:
- A. Particle-size
- B. Runoff
- C. Distribution within basin
- D. Relation to west to east precipitation gradient
- E. Blue Earth River Basin
- F. Bank erosion

NUTRIENTS:
- A. Phosphorus
  1. Particulate vs soluble
  2. Regional variability
  3. Concentrations
- B. Nitrogen
  1. Forms (nitrate, ammonia, and organic nitrogen)
  2. Regional variability

OXYGEN DEMAND:
- A. Average concentrations
- B. Elevated concentrations (magnitude & seasonality)

BACTERIA:
- A. Occurence of fecal bacteria
- B. Counts in excess of State standards

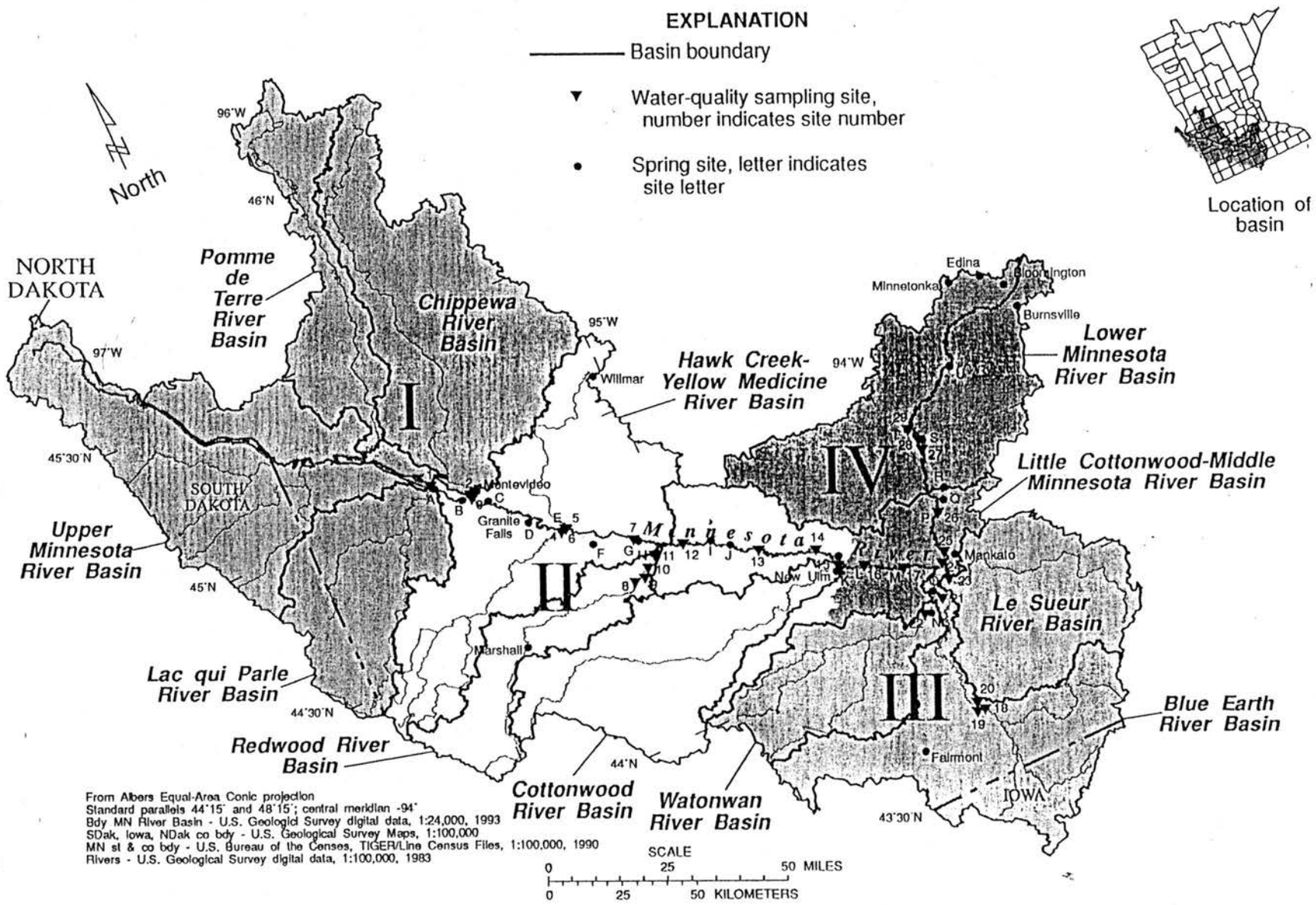


Figure 1.--Location of the Minnesota River Basin Source Regions and water-quality sampling sites.

Overview of the Cook County Water Plan
BWSR Meeting
December 9, 1993

Cook County began development of the Cook County Comprehensive Water Plan by resolution of the County Board in December 1991. In March 1992, a Citizens Task Force of 22 people was approved by the Cook County Board. Besides drafting the plan, the Task Force developed an ambitious two year work plan. An on-going advisory committee and the hiring of a part-time Water Plan Coordinator will steer the effort to implement the Cook County Water Plan.

Cook County is located at the tip of the arrowhead in northeastern Minnesota. The two major watersheds are the Lake Superior and Rainy Lake. The Rainy Lake watershed flows to Hudson Bay. The County also has 80 miles of Lake Superior shoreline.

Cook County has around 1,000,000 acres with 11% of that, private land. Ninety per cent of Cook County is forested and ten percent of the County is water. The DNR public waters inventory identified 863 lakes, and 326 natural watercourses.

Cook County is underlain by bedrock aquifers. In fact, extensive portions of the County are areas of more or less continuous bedrock exposure. Only scattered portions of the county have a mantle of glacial deposits.

Recreation and forestry are the major sources of revenue in Cook County. Recreation is increasing especially on lakes. Increased development around Grand Marais, Lutsen and Torte may require changes in water supply and sewage treatment.

The Cook County Citizens Water Planning Task Force has developed a water plan which addresses current and potential problems to the water resources. Three goals containing eleven objectives have been identified by the Task Force to implement the water plan.

Primary implementors of the Plan will be the Cook County Planning and Zoning Office, Cook County Soil and Water Conservation District, Minnesota Extension Service, Cook County Health Department, the Coordinator and the Advisory Committee.

The Task Force identified the following items as high priority for the plan to address: groundwater recharge areas, air pollution, failed septic systems, improper use of pesticides, fish contamination, forestry practices along streams, maintenance of existing dams, transport of toxic materials through Cook County and erosion along lakes and streams.

To get started on this important task, staff recommends the approval of the Cook County Comprehensive Water Plan.

VERMILLION RIVER WMO
PLAN AMENDMENT

BACKGROUND

MN Statutes 103B.231, Subd. 1 & 2 (formerly 473.878, subdivision 1, part of "509") were amended in 1990 to require that all formerly exempted minor watersheds, with less than 90% of their area in the metropolitan area, prepare plans in accordance with the requirements of sections 103B.101 and 103B.205 to 103B.355. Ravenna Township, at the easternmost edge of Dakota County, was a formerly "509"-exempted area. The Vermillion River Watershed Management Commission (VRWMC) agreed to amend their Plan to include Ravenna Township under its management.

SPECIFICS

- December, 1991, the Joint Powers Agreement (JPA) of the VRWMC was amended to include the entirety of Ravenna Township.

- The Plan amendment consists of relevant discussions on Ravenna Township and the modifications or additions required to incorporate Ravenna Township into the Plan. The amendment also includes revised maps and figures, and the revised JPA.

- Ravenna Township is 22 square miles, and, with this inclusion, the VRWMC is responsible for management of 315 square miles and includes 21 local governmental units.

- The VRMWC held a public hearing on June 8, 1993 to discuss this amendment. A quorum was not present, so the meeting was held open and continued. There was no public testimony, written or otherwise, and the hearing was closed on July 13, 1993.

- The BWSR received no requests for full review in accordance with MN Stat. 103B.231, Subd. 7,8 and 9 within 10 days of the close of the hearing.

- The BWSR received a copy of the amendment on August 4, 1993, and full review was completed on November 2, 1993 (staff responsible went on leave August 6, 1993).

- The VRWMC approved the amendment, contingent upon BWSR approval, at their November 9, 1993 board meeting.

STAFF RECOMMENDATION

BWSR staff recommends that the BWSR approve the Vermillion River WMC Ravenna Township Plan Amendment.

Prepared for: December 9, 1993 BWSR Board Meeting
By: Barbara W. Ohman, Metro Board Conservationist

STATUS OF WMO ANNUAL REPORTING FOR FY 1992
By Barbara W. Ohman, 11/23/93

BACKGROUND

MN Rules Chapter 8410.0150, Metropolitan Area Local Water Management (Rules), require watershed management organizations (WMOs) to "submit to the board a financial report, an activity report, and an audit report for the preceding fiscal year" within 120 days of the end of the WMO's fiscal year. Reporting for 1992 is the first year that this requirement is in effect, since the rules became effective August 1, 1992.

The Rules also require that Joint Powers Agreements must be updated to be in conformance with Chapter 8410.0030, Content of Joint Powers Agreements, no later than July 27, 1993. The Rules do not specifically require that BWSR be sent any updated JPAs, therefore, we do not have a good idea of overall compliance at this time.

REPORTING STATUS

- Of the 46 WMOs in the metro area, 18 returned annual activity reports, and 15 of those submitted financial/audit reports.
- Of the 18, only 8 were submitted within 120 days of the end of the fiscal year.
- Of those submitted, only 2 were non-compliant, with the rest attempting for this first year to address the requirements of the Rules.
- Local plan adoption and implementation status, from those reporting, indicates that 21% of the local communities have approved plans, while an additional 17% are in the process of plan development.
- As of 11/23/93, only one updated JPA has been reported to BWSR. Informal feedback indicates that the majority and 2/3 voting requirements are problematic.

ADDITIONAL INFORMATION

- Attached with this report is a copy of the memo sent to all metro WMOs and WDs regarding the annual reporting requirements, as well as the BWSR Staff Checklist used to review submitted reports. Also included is a copy of the memo sent to all metro watershed planning entities on October 12, 1992, in which WMOs were reminded of the reporting requirements as well as the JPA updating requirements.
- Attached is a chart of the status of the 1992 annual reporting status, as well as two figures depicting the status of compliance with Rules 8410.0150.

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MEMO: Chairs, Watershed Management Organizations
Presidents, Metro Area Watershed Districts

FROM: Jim Haertel, Metro Board Conservationist
Barbara Ohman, Metro Board Conservationist

DATE: November 22, 1993

RE:
- **Annual Reporting Requirements under MN Rules Chapter 8410.0150 - 1992 Annual Reports**
- **Joint Powers Agreements Updates Due, 7/27/93**

We have completed our reviews of 1992 annual reports for those which were submitted as required under MN Rules Chapter 8410.0150, Metropolitan Area Local Water Management (Rules). The Rules require that the reports, including financial audit, be submitted within 120 days of the end of the fiscal year. Thank you for your understanding of the late date of the completion of our review, as we dealt with workload (WCA) and staffing issues this past summer.

If your WMO did submit an annual report, attached with this memo is a completed BWSR Staff Checklist of the items required by the Rules. Areas that may be deficient should be corrected. Further, you may use the checklist for completing the 1993 Annual Report, to be sure to include all necessary information.

If your WMO did not submit an annual report, attached with this memo is a blank BWSR Staff Checklist of the items required by the Rules. Please be advised that a 1992 Annual Report is required. You may make use of the checklist to guide your completion of the reports for 1992 and 1993. An elaborate report is not required, and a simple statement or paragraph addressing each of the areas would be sufficient.

We are especially interested in the status of adoption and implementation of the members' local water management plans. We need to update our Board as to the status of these local planning efforts, and determine where more attention is needed in these efforts.

This memo also serves to remind Joint Powers Agreement (JPA) WMOs that, as specified in the Rules (8410.0030, Subp. 2), JPAs must be updated to be in conformance with Chapter 8410.0030 by July 27, 1993. Please take the opportunity at your next board meeting, if you have not already done so, to review your JPA, update as necessary, and submit the update to our office.

Thank you for your attention to these matters. It is important that we maintain a firm understanding of the status of water management implementation. We are continually asked by legislators and special interest groups about the status of water management activities in your areas.

CC: METRO SWCDs - WITH CHECKLISTS FOR WMOS IN COUNTY

Metropolitan Area Local Water Management
MN Rules Chapter 8410.0150

ANNUAL REPORTING REQUIREMENTS
BWSR STAFF CHECKLIST

Reporting Year:_____

WMO:_____

Date Report/Work Plan Received:_____ Reviewed by:_____

Date Financial Report Received:_____

Subp. 1 Within 120 days of end of fiscal year? Y / N

Subp. 1 Audit Report prepared by CPA or state auditor? Y / N

Subp. 2 Content of Annual Financial Report

Y / N A. approved budget

Y / N B. reporting of revenues

Y / N C. reporting of expenditures

Y / N D. financial audit report or equivalent

Subp. 3 Content of Annual Activity Report

Y / N A. list of board members, committee members and vacancies, WMO officers, addresses, and organization represented (JPAs) or county of appointment (WDs)

Y / N B. list of employees and consultants and addresses/phone numbers

Y / N C. assessment of previous year's work plan, indicating if goals/objectives were achieved, and if not, why not

Y / N D. projected work plan for next year with goals/objectives

Y / N E. permits or variances issued or denied, and any enforcement action

Y / N F. summary of water quality monitoring data

Y / N G. evaluation of status of local plan adoption and implementation #apprvd #in prep #total locals

Y / N H. copy of published communication required by part 8410.0100, subpart 4

Y / N I. activities related to biennial solicitation for legal, professional or technical consulting services under MN Statutes 103B.227, subd. 5

Y / N J. assessment of changes in fund balances, including description of program costs with respect to overall annual budget

Y / N K. status of any locally adopted wetland banking program

Y = Substantially Compliant with 8410.0150
N = Not Compliant or Vague and Unclear

Minnesota Board of Water & Soil Resources

Southbridge Office Building
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St. Paul, Minnesota 55107

(612) 296-3767
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October 12, 1992

To: Watershed Management Organizations
WMO Technical Advisors
City Planners
Soil and Water Conservation Districts

From: Ron Harnack, Executive Director
Board of Water and Soil Resources

Subject: Metro Local Water Management Rules

Enclosed is a copy of rules which were recently adopted by the Board of Water and Soil Resources (BWSR) relating to watershed management in the seven county metro area. The rules are the result of over a year of effort by a 42 member advisory committee in providing guidance and direction to the content of the rule.

The adoption of the rules was pursuant to Chapter 601 of the Laws of 1990 which directed the BWSR to address the following major items:

1. the content of joint powers agreement,
2. the content of watershed management plans,
3. the content of local watershed plans,
4. annual reporting requirements of watershed management organizations, and
5. procedures for dealing with non-compliance.

There are some near-term impacts of the rules on WMOs. For instance, all watershed management organizations (WMOs), including metro watershed districts, will have to submit annual financial and activity reports consistent with Part 8410.0150 of the rules within 120 days of the WMO's current fiscal year. Also, all WMOs created by joint powers agreements should note that they will need to revise their joint powers agreements by August 1, 1993 to be consistent with current law and rule.

The impact the rules will have on a the content of a WMO's watershed management plan will vary from WMO to WMO. Generally, if a WMO has an approved "first generation" plan, the plan will have to be revised consistent with the rules according to the revision schedule adopted in the plan. However, many WMOs may want to revise their "first generation" plan sooner for a number of reasons. The BWSR encourages this to occur at the soonest practical time.

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The content of local watershed plans of cities and towns will be affected by these rules primarily to the extent the WMO plans affecting the city are compliant with the plan content portion of the rule.

The rules will provide more consistency in metropolitan watershed plan implementation in the future. Primarily they will define the roles of involved local governments, set priorities of implementation, and enhance coordination of state, local and private interests.

The BWSR recently established a metropolitan regional field office with the aim to provide a more proactive approach to assisting WMOs, soil and water conservation districts and other local governments with watershed plan revisions, grant and cost share programs and implementation of the wetland conservation act. Below is a brief account of the staff assigned to the metropolitan region and their backgrounds.

Bruce Sandstrom, Regional Supervisor. 15 years experience with the DNR, Division of Waters involving public waters permits; floodplain, shoreland and wild and scenic river zoning and the national flood insurance program, eight years of which were at field offices in the DNR Metro Region and Region 3. Three and 1/2 years as BWSR's metro water plan coordinator. BS degree in Fisheries Biology and Masters of Agriculture in Ag. Engineering Technology. Certified as a Professional Hydrologist by the American Institute of Hydrology.

Barbara Ohman, Board Conservationist. Former District Administrator of the Dakota Soil and Water Conservation District. Experience as the Conservation Administrator for the Town of Lincoln, Massachusetts involving wetland delineation and program administration. BS in Biology and Environmental Studies from Boston College.

James Haertel, Board Conservationist. Five years with DNR, Division of Waters in Rochester and Lake City as Area Hydrologist involving public waters permits; floodplain, shoreland and wild and scenic river zoning. Nine years with the National Weather Service as a hydrologist involved in hydrologic modeling and flood forecasting; eight of which were in Anchorage, Alaska. BS in Forestry and MS in Forest Hydrology.

Please feel free to direct any questions you may have with respect to these rules to any of our Metro Region field staff at 297-4958.

Encl

cc Board Members
Select BWSR Staff

a:rulemail.ltr

STATUS OF WMO ANNUAL REPORTING FOR FY 1992

WMO Name	Date Activity Report	Date Finan. Report	Total Funds Expended	Annual Work Pln (Y/N)	Amount Next Yr Budget	# Local Plans Appr'd	# Local Plans Possible	News Letter (Y/N)	Date 509 Plan Apprvd	Due Date 509 Plan Revision	JPA Updated (Y/N)
Bassett Creek							9		7/26/89	?	
Bevens Creek							9		3/27/91	12/31/95	
Black Dog							5		11/22/89	12/31/00	
Browns Creek	5/28/93		1805	Y		4	6	N	1/24/90	12/31/00	
Carnelian–Marine	11/6/92	7/16/93	34691	N	38450	?	5	Y	3/25/92	12/31/00	
Carver Creek							10		7/24/91	12/31/95	
Central Ramsey	4/28/93	4/28/93	6244	N		?	4	Y	3/27/91	12/31/94	
Chaska Creek							4		no plan		
Coon Creek	7/19/93			Y		1	5	N	7/27/88	12/31/90	
Cottage Grove Ravine									no plan		
Credit River							7		3/27/91	12/31/95	
Crow River							9		12/18/91	12/31/95	
East Mississippi									no plan		
Elm Creek	5/25/93	2/25/93	43343	Y		0	9	N	5/25/88	?	Y
Forest Lake							3		2/28/90	12/31/00	
Grass Lake							2		8/19/87	?	
Gun Club Lake	3/17/93	1/22/93	16661	Y		2	3	Y	8/23/89	12/31/95	
Hazeltine Bavaria									no plan		
Lower Minnesota River							15		no plan		
Lower Mississippi River							7		7/26/89	?	
Lower Rum River	4/27/93	3/22/93	12484	Y		1	4	N	1/23/91	12/31/95	
Lower St. Croix	5/7/93			Y		1	3	N	6/26/91	12/31/00	
Marine on St. Croix							4		5/22/91	12/31/00	
Middle Mississippi									no plan		
Middle St. Croix							11		4/24/91	12/31/00	
Minnehaha Creek							30		5/26/93	12/31/95	
Nine Mile Creek	7/22/93	6/8/93	72889	Y		?	6	N	no plan		

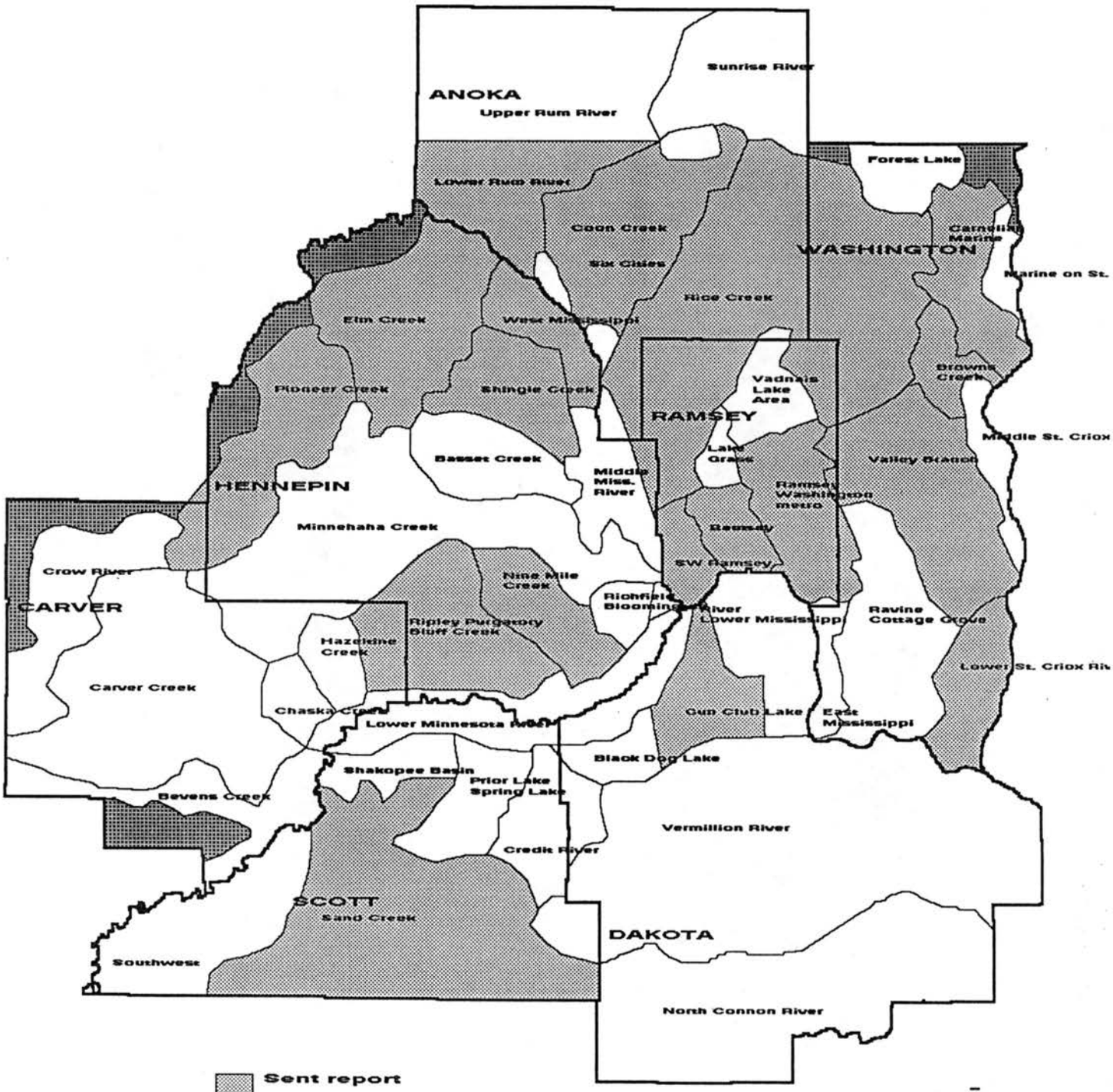
11/29/93

STATUS OF WMO ANNUAL REPORTING FOR FY 1992

WMO Name	Date Activity Report	Date Finan. Report	Total Funds Expended	Annual Work Pln (Y/N)	Amount Next Yr Budget	# Local Plans Appr'd	# Local Plans Possible	News Letter (Y/N)	Date 509 Plan Apprvd	Due Date 509 Plan Revision	JPA Updated (Y/N)
North Cannon River							11		10/23/91	12/31/00	
Pioneer Creek	4/23/93	5/18/93	9662	Y	10000	0	8	Y	2/24/88	1/1/00	
Prior Lake–Spring Lake							5		5/22/91	12/31/95	
Ramsey–Wash. Metro	9/8/93	9/30/92	1144463	Y		?	11	N	9/12/86	?	
Rice Creek	11/17/93	11/17/93		N		6	31	N	7/25/90	12/31/90	
Richfield–Bloomington							2		1/23/91	12/31/95	
Riley–Purg–Bluff Creek	8/25/93	6/9/93	230554	Y	223000	0	7	Y	no plan		
Sand Creek	10/93	8/25/93	1880	Y		10	11	N	4/24/91	12/31/95	
Shakopee Basin							4		4/24/91	12/31/95	
Shingle Creek	5/19/93	5/19/93	106143	Y		4	9	N	4/25/90	?	
Six Cities							6		7/27/88	12/31/93	
Southwest Ramsey	4/28/93	4/28/93	6698	N		?	4	Y	3/27/91	12/31/94	
Southwest Scott							4		4/24/91	12/31/95	
Sunrise River							3		9/25/91	12/31/95	
Upper Rum River							5		no plan		
Vadnais Lakes Area						1	7		4/7/87	?	
Valley Branch	6/4/93	3/3/93	455687	Y	189390	1	13	N	9/8/87	12/31/90	
Vermillion River							20		8/23/89	12/31/00	
West Mississippi	5/19/93	5/19/93	61193	Y		0	5	N	4/25/90	?	

11/29/93

STATUS OF
WMO ANNUAL REPORTING
FOR FY 1992



Sent report

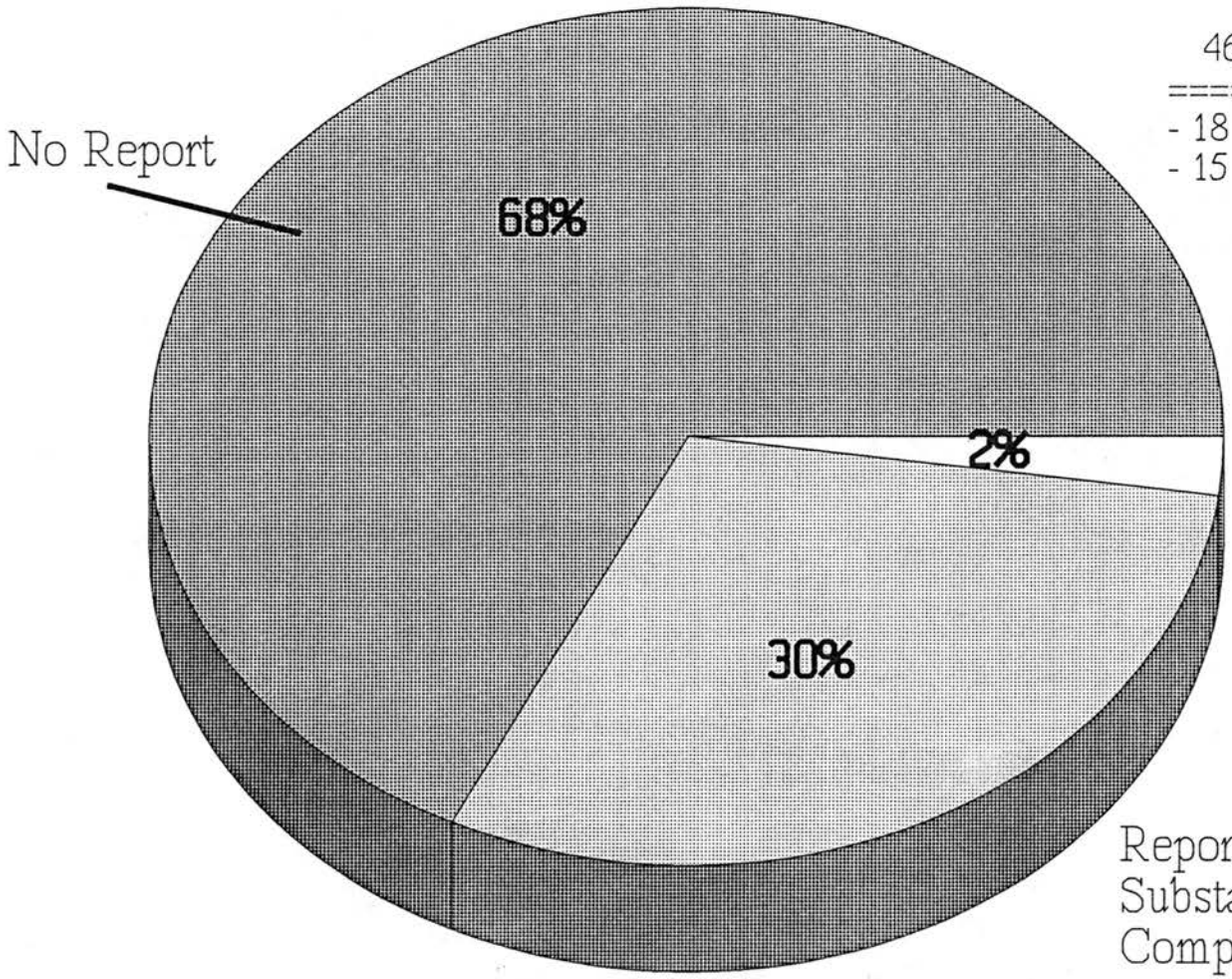
Did not send report

Exempt prior to Aug. 1990

WMOSTAT
11/24/93

Minnesota Board of Water & Soil Resources

1992 WMO Compliance with MN Rules Chapter 8410.0150



46 WMO's in Metro Area

- 18 Submitted Reported
- 15 Submitted Fiancial/Audit Reports

Minnesota Board of Water & Soil Resources

WMOSTATB
11/24/93

Proposed projects for the
Snake River Watershed Management Board
August 23, 1993
DRAFT NUMBER 3

1) **USGS WINTER STUDY** - Take water samples from same sites that were tested during August of 1993.

Cost: $8,000 Estimated Match: $4,000

2) **SOIL BANK EROSION INVENTORY** - Use canoe and/or photo's to complete an inventory of erosion sites along the Snake river.

Cost: $40,000 - 2 years Estimated Match: $20,000
$20,000/year $10,000/year

3) **WATER QUALITY MONITORING AND DATA INTERPRETATION** - Complete additional tests, analyze data already gathered and do computer modeling.

Cost: $15,000

4) **EDUCATIONAL PROGRAMS** - Develop informational materials that will generate public interest and awareness of water quality issues affecting the Snake River Watershed. Develop media piece to be used in the schools etc.

Cost: $2,500

5) **VOLUNTEER RECRUITMENT PROGRAM** - institute a program which uses volunteers to help with water testing and information gathering. Identify possible sources of pollution etc.

Cost: $500

6) **LAND USE/WATER MAP** - Develop a map of the entire Snake River Watershed. This map could identify pollution "hot spots", water quality management projects, water test sites etc.

Cost: $5,000

7) **SNAKE RIVER WATERSHED COORDINATOR** - Hire a coordinator to provide administration support services, data interpretation, plan review, grant writing services and assist with the development of projects. This person would also be responsible for pulling information together from the common elements of the individual county water quality plans. Cost estimate includes: Coordinator, office expenses, vehicle/travel and some engineering analysis.

Cost: $50,000 Estimated Match: $15,000

TOTAL BUDGET $101,000 WITH MATCH $ 72,000

#2, 6 + 7
Consolidated

DRAFT DRAFT

MINNESOTA BOARD OF WATER AND SOIL RESOURCES

WATERSHED DISTRICT WATERSHED MANAGEMENT PLAN GUIDELINES

One of the first major tasks of a newly-created watershed district is preparing a Watershed Management Plan. Watershed districts are encouraged to complete their initial Plan within one year of establishment. The Minnesota Watershed Act - Chapter 103D - requires a Water Management Plan to contain "a narrative description of existing water and water-related problems within the watershed district, possible solutions to the problems, and the general objectives of the watershed district" (Minnesota Statutes, Section 103D.401). A district's proposed Plan must be submitted to affected counties, cities, soil and water conservation districts, the Minnesota Department of Natural Resources, and the Minnesota Board of Water and Soil Resources for review and comment. Final approval is the responsibility of the Minnesota Board of Water and Soil Resources.

A Watershed Management Plan should contain the following five key components:

1. An inventory of pertinent information on the district that describes the watershed's setting and hydrologic characteristics;
2. A description and assessment of existing and potential water and water-related problems;
3. A description and assessment of possible solutions to high priority problems;
4. A statement of the broad goals and the specific objectives for water management within the district; and
5. A list of district policy statements that define the district's role in managing water and water-related resources, and that establish district performance standards for sound water management.

Level of Detail Required

The level of detail required in a Plan is not prescribed by law or agency rule. Watershed districts are encouraged to be specific when defining their objectives and policies. If a Plan does not contain concise policy statements and measurable objectives, there is no way to evaluate how well the Plan is being followed and to what extent the Plan's management strategy is working.

Guidance Materials Available

The MBWSR has adopted formal rules governing the content of metropolitan watershed management organization plans and county comprehensive water plans. Minnesota Planning published a "Handbook for Comprehensive Local Water Planning" that incorporates the MBWSR's county water plan rules, along with examples of various plan elements, and names and phone numbers of state agency staff persons who can supply water-related data from agency files. Attached is a list of Plan development recommendations that contains key ideas from these planning assistance materials. Also attached is a generic outline for Watershed Management Plans to help watershed districts format their Plans. Watershed districts are encouraged to review all of these assistance materials before beginning development of their Plan.

Comprehensive County Water Plans

Watershed districts that include counties with approved comprehensive county water plans should make sure that they involve local county water plan coordinators in the district's planning process to ensure coordination and consistency between watershed and county plans. Districts should take full advantage of opportunities to complement and build upon existing management efforts of counties and soil and water conservation districts.

WATERSHED MANAGEMENT PLAN DEVELOPMENT RECOMMENDATIONS

1. PLANNING PROCESS

A. Publicize your planning process and seek information and ideas from the public, local governmental units, resource agencies, and interested organizations.

B. Recruit and appoint experienced and interested people for the Advisory Committee.

C. Meet with officials, managers, and staff of other local governmental units, resources agencies, and resource organizations to form working relationship and to gain a basic understanding of the nature and scope of their water management programs and activities.

D. Establish and maintain communications and information-sharing with other local units and agencies throughout the planning process.

E. Select a competent and capable individual to lead and coordinate Plan development.

II. WATERSHED INVENTORY

A. Compile and present basic information on the watershed's geography, topography, soils, geology, land use and cover, surface and ground waters, water use, and existing water management plans and programs.

B. Make use of the "Handbook for Comprehensive Local Water Planning" for a listing of resource agency people to contact for specific types of water-related

information, and for ideas you may be able to apply in your watershed.

C. Coordinate with the lead contact person in each county that has a comprehensive county water plan to avoid duplication of effort in compiling inventory information and to maximize cooperation and coordination.

D. Contact area colleges to investigate opportunities for graduate students in resource management to work on the Plan as a special project. Students in social sciences or geography may be interested in conducting a watershed poll to gain information on public attitudes and perceptions regarding water resource management issues.

III. PROBLEM IDENTIFICATION

A. Locate, describe, and rate the severity of existing and potential problems in the areas of water quantity, water quality, erosion and sedimentation, fish and wildlife resources, recreational opportunities, and water supply needs.

B. Acknowledge and use the comments and information received from the public, other local governmental units, and resource agencies.

C. Assess the adequacy of existing local, state, and federal water-related programs to address identified problems.

D. Identify major program gaps in terms of authority, scope, enforcement, budget support, public awareness, etc.

IV. POSSIBLE SOLUTIONS

A. Discuss alternative approaches to solving or preventing identified water

problems, and assess their applicability and potential effectiveness in the District.

B. Carefully consider gaps in the information needed to make sound management decisions, and include data collection and analysis needs as an element of long-term solutions to problems.

C. Fully assess the existing plans and regulations of other governmental units and agencies, and resource protection technical assistance and grant monies available, to make sure the District takes full advantage of existing programs in formulating coordinated solutions.

D. Consider all possibilities in formulating solutions, including: adopting or revising water-related regulations; collecting and analyzing water-related data; improving enforcement of existing regulations and programs; developing information and education programs; investigating and developing water management projects; promoting joint cooperative ventures with other governmental units and agencies; and promoting changes in legislative or agency policy on relevant issues.

V. GOALS AND OBJECTIVES

A. Set forth the District's long-term goals and short-term objectives for all priority water issues affecting the watershed.

B. Make sure the District's short-term objectives are measurable to give the Board of managers and other interested persons means of evaluating progress towards the District's goals.

C. Establish priorities within the Plan to differentiate between objectives the District would like to accomplish and objectives the District believes it must accomplish.

D. In addition to water resource management issues, make sure the goals and objectives address other important issues, including intergovernmental relationships and public information and education.

VI. POLICIES AND PROPOSED ACTIONS

A. Develop policy statements that define the role and responsibilities the District will serve in managing water resources in the watershed, and set forth proposed programs, projects, or activities the District intends to carry out to achieve its goals and objectives.

B. Make sure the policy statements explain how the District views its management role in relationship to other governmental units and resource management agencies.

C. Ensure that the Plan fulfills the requirements of specific state or federal program criteria if the District intends to apply for specific grants.

D. Make sure that the data and information in the Plan supports and justifies the policy statements.

WATERSHED DISTRICT

GENERIC WATERSHED MANAGEMENT PLAN OUTLINE

I. INTRODUCTION (historical perspective, district formation, acknowledgement of assistance...)

II. INVENTORY

A. Watershed Setting

1. Geography (location, size...)
2. Topography (high/low elevations, slopes, surface features...)
3. Soils (general soils map, permeability, erodibility...)
4. Geology (primary aquifers, confining layers, known flow directions...)
5. Land Use and Cover (general land use map, vegetative cover map, special land uses...)

B. Water Resources

1. Subwatersheds (subwatershed map, lake drainage basins...)
2. Surface Water (lakes, streams, ditches, wetlands...)
3. Ground Water (distribution, yield, quality...)

C. Water Use

1. Appropriations (from streams, lakes, ground water...)
2. Recreation (parks, wildlife management areas, forests, lakes, and rivers...)

III. EXISTING AND POTENTIAL PROBLEMS

A. Water Quantity (flooding, lake levels, low streamflows...)

B. Water Quality (lakes, streams, groundwater...)

C. Erosion and Sedimentation (critical erosion map, sedimentation map...)

D. Fish and Wildlife Resources (fishing and hunting surveys, data trends, declining habitat...)

E. Recreational Opportunities (public demands, declining lake quality...)

F. Water Supply (water contamination, health advisories, well interference...)

IV. POSSIBLE SOLUTIONS

A. Improvement Projects (retention dams, wetland restoration...)

B. Public Information and Education (news articles, brochures...)

C. Regulatory Initiatives (rules governing runoff control, soil loss, feedlots...)

D. Resource Management Programs (data collection, watershed modeling, technical or financial assistance to landowners...)

E. Intergovernmental Coordination and Cooperation (communication, joint ventures, memos of understanding...)

V. GOALS AND OBJECTIVES

A. Water Quantity

B. Water Quality

C. Erosion and Sedimentation

D. Fish and Wildlife Resources

E. Recreational Opportunities

F. Water Supply

VI. PROGRAMS AND POLICIES OF OTHER ORGANIZATIONS

A. Local (township, city, county, soil and water conservation districts...)

B. State (MBWSR, DNR, PCA, MDH...)

C. Federal (SCS, ASCS, COE, USFWS, EPA, USGS...)

D. Private (Ducks Unlimited, Pheasants Forever, Nature Conservancy...)

VII. POLICIES AND PROPOSED ACTIONS

A. Project Investigation and Initiation

B. Public Information and Education

C. Regulation of Activities Affecting Water Resources

D. Special Resource Management Programs

E. Intergovernmental Coordination and Cooperation

APPENDICES:

A. Resource Data

B. Hydrologic Data

C. Project Data

Minnesota Board of Water & Soil Resources

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RECEIVED
NOV 15 1993
BOARD OF WATER
SOIL RESOURCES

November 9, 1993

Mr. Tom Roeschlein
Snake River Joint Powers Board Chair
Route 1
Mora, MN 55051

Dear Mr. Roeschlein:

At the December 15, 1992 meeting, the Board of Water and Soil Resources (BWSR) was made aware of the efforts by Mille Lacs, Kanabec, Pine and Aitkin Counties to develop a joint powers agreement that would provide for a cooperative management of the Snake River watershed. After reviewing the 13 criteria for an adequate joint powers agreement, the board then moved to set a deadline of March 15, 1993 for the counties to present an executed joint powers agreement to the board.

The agreement was developed and approved by the Board of Water & Soil Resources during their April 1993 meeting, with the stipulation of being provided a year-end report. Over the past six months, a number of initiatives have developed to address the needs of the Snake River Watershed as prescribed in the Joint Powers Agreement.

As chair of the Joint Powers Board, the Board of Water & Soil Resources extends an invitation to you to update them on current initiatives and give your perspective on how the process is going. As the lead staff person, I am also requested to attend. The meeting will be held December 9, 1993, at the State Capitol in Room 112.

The agenda time will depend on your schedule. I indicated to Ron Harnack that with your dairy operation, late morning or early afternoon would probably be best; but I will be in contact with you to get your thoughts.

I will be available to assist you with any questions you may have regarding your presentation.

Sincerely,

Keith R. Grow
Board Conservationist

c: Ed Montbriand, Commissioner, Pine County
Margaret Sherman, Commissioner, Aitkin County
Dick Jackson, Commissioner, Mille Lacs County
Bill Strusinski, Pokegama Lake Association
Robert Hoefert, Chair, Advisory Committee to the Joint Powers
Ron Harnack, Executive Director, BWSR
D. James Nielsen, Chair, BWSR

ALLOCATION OF SPECIAL MINNESOTA RIVER BASIN FUND

BACKGROUND

The Board of Water and Soil Resources received $600,000 for FY 94 to accelerate water quality practices installation in the Minnesota River Basin. Subsequently, an allocation procedure is needed. A meeting was held in our southern region to discuss allocation options. Also, input from all SWCDs in the river basin was invited. Input from SWCDs and the meeting referenced above has been summarized below. BWSR staff have prepared comments and recommendations as well.

General SWCD Feedback

* Keep allocation procedure simple.
* It is unrealistic to satisfy all SWCD funding requests.
* Allow SWCDs the flexibility to fund practices of their choice. (Do not limit practices to AWCSs.)
* Do not fund SWCDs to contract with private engineers for technical assistance.

General BWSR Staff Comments

* SWCDs should **apply** for funds.
* Funding priority should be given to SWCDs where projects have been identified via an inventory or assessment, i.e. AGNPS, phase 1 of CWP, etc...
* Use 20% of allocation to **increase** the number of technicians.
* Funding priority be given to SWCDs inter-organized, such as joint powers groups and cooperative SWCD ventures.

Fund Allocation Recommendations by BWSR Staff

1. Fund two or three watershed groups, such as a joint powers group or similar cooperative venture, that have developed an implementation plan.
2. Allocate all funds to SWCDs via a special project application.
3. Divide the allocation between recommendations #s one and two, with more money going to recommendation #1, such as a 60:40 ratio.

* BWSR staff recommends #3

BWSR Staff Recommendation to Fund Technical Assistance

* Fund SWCDs to hire new technicians via a long-range decreasing scale agreement. Upgrades to engineers would be at SWCD expense.

58		*well sealing	6,333.57
59	Rock	X Terraces	4,044.00
60		**Terraces**	**7,950.00**
61		X Terraces	5,250.00
62		Terraces	8,702.00
63		**Terraces**	**8,000.00**
64		**AWCS**	**8,500.00**
65		**Terraces**	**1,687.50**
		Late Applications	
66	Wabasha	ECS	5,250.00
67		SWCS-?	5,625.00
68	Kittson	SLR (stream)	5,000.00
69	Norman	AWCS	23,017.50
70	Blue Earth	AWCS	15,000.00

* well sealing is not an approved practice

acronyms
AWCS-animal waste control system
SLR-streambank, lakeshore, and roadside
SWCS-stormwater control system
ECS-erosion control structure
CAS-critical area stabilization
wascob-water and sedediment control basin

21	Lincoln		SWCS-wascobs	8,699.00
22			*well sealing	10,500.00
23	Kandiyohi	X	SLR (roadside)	6,730.57
24	Carver	X	SWCS-road culverts?	4,700.00
25			SWCS-ecs?	5,000.00
				(4,000.00)
26	South St. Louis		SLR (lake)	20-50K
27			SLR (stream)	4,000.00
28			SLR (road)	2,500.00
29	Blue Earth		AWCS	15,000.00
30			AWCS	22,500.00
31			AWCS	29,480.00
32	Freeborn		SWCS-wascobs	4,395.00
33			SWCS-grade stab.	1,275.00
34	Goodhue	X	SLR (stream)	50,000.00
35			SWCS-waterway	4,000.00
36		X	SWCS-waterway	1,250.00
37	Dakota		SWCS-wascobs	6,600.00
38			SWCS-waterway	1,350.00
39			SWCS-waterway	1,500.00
40			SWCS-waterway	3,300.00
41	Jackson		SWCS-waterway	1,500.00
42			SWCS-waterway	750.00
43			SWCS-waterway	750.00
44			SWCS-waterway	1,500.00
45			SWCS-waterway	1,125.00
46	Aitkin		SLR (lake)	8,000.00
47	Fillmore		Terraces	100,000.00
				(10,000.00)
48	Nobles	X	CAS, SWCS-waterways	21,787.00
			Diversions	(13,600.00)
49	Brown		AWCS	14,149.80
50			AWCS	25,950.00
51			AWCS	28,875.00
52	Anoka		CAS-slr?	27,000.00
53			SLR (stream)	30,000.00
54	Pipestone		SWCS-waterway	6,430.00
55			SWCS-waterway	5,300.00
56			SWCS-waterway	2,128.00
57			SWCS-waterway	11,650.00

FY 94 ROLL-OVER FUND ALLOCATION

SUMMARY

Number or applications received: 70
Funds requested: $851,482
Funds available: $208,000
Applications recommended for funding: $208,000

ALLOCATION STRATEGY

Due to the great disparity between funds requested and funds available, it was the BWSR staff Grants Team's goal to divide the funds available amongst as many SWCDs as possible, while funding as many practices as possible and to not target a specific practice(s) or geographic area. Applications with a (X) in the "FEMA" column may be eligible for FEMA funding via the flood recovery effort.

The following is a list of all applications received. The ones listed in **bold** are recommended for funding.

#	District	FEMA?	Practice	Amount
1	**Cass**		**SLR (lake)**	**7,100.00**
2	Kanabec		ECS	50,000.00
3			AWCS	35,000.00
4			AWCS	30,000.00
5	**Scott**		**SWCS-wascobs**	**3,300.75**
6			**SWCS-waterway**	**1,500.00**
7			**SWCS-(side inlet structure)**	**2,250.00**
8			SWCS-waterway, wascob, grade stab.	15,000.00
9			SWCS-grade stab.	15,000.00
10	**Chippewa**		**SLR (stream)**	**10,000.00**
11	**Stearns**		**SLR (stream)**	**7,500.00**
12	**Traverse**		**Field Windbreaks**	20,000.00 **(10,000.00)**
13	**Marshall-Beltrami**		**ECS**	**1,653.50**
14	**Rice**		**Terraces**	**7,500.00**
15			**Terraces**	**1,500.00**
16	**Watonwan**		**SWCS-waterway**	**1,556.25**
17	Steele		SWCS-wascobs	10,000.00
18	**Pennington**		**SWCS-grade stab.**	**9,450.00**
19			SLR (stream)	5,538.40
20	West Polk		ECS, CAS	20,000.00

11/24/93

ALLOCATION OF SPECIAL MINNESOTA RIVER BASIN FUND

BACKGROUND

BWSR received $600,000 for FY 94 to accelerate water quality practices installation in the Minnesota River Basin. Subsequently, an allocation procedure is needed. A meeting was held in our southern region to discuss allocation options. Also, input from all SWCDs in the river basin was invited. BWSR staff will prepare a recommendation(s) for Board consideration on December 9, 1993.

STATUS

Input from SWCDs and the meeting referenced above has been summarized below. BWSR staff have prepared preliminary comments as well.

TASK

Today, the G-Team needs to review/revise BWSR staff recommendations for fund allocation. The next step will be staff presentation of these recommendations to the BWSR.

General SWCD Feedback

* Keep allocation procedure simple.
* It is unrealistic to satisfy all SWCD funding requests.
* Allow SWCDs the flexibility to fund practices of their choice. (Do not limit practices to AWCSs.)
* Do not fund SWCDs to contract with private engineers for technical assistance.

General BWSR Staff Comments

* SWCDs should **apply** for funds.
* Funding priority should be given to SWCDs where projects have been identified via an inventory or assessment, i.e. AGNPS, phase 1 of CWP, etc...
* Use 20% of allocation to **increase** the number of technicians.
* Funding priority be given to SWCDs inter-organized, such as joint powers groups and cooperative SWCD ventures.

Fund Allocation Recommendations by BWSR Staff (in priority)

1. Fund two or three watershed groups, such as a joint powers group or similar cooperative venture, that have developed an implementation plan.
2. Divide the allocation between recommendation #s one and three, with more money going to the one deemed a higher priority by the BWSR.
3. Allocate to SWCDs via a special project application.

BWSR Staff Recommendation to Fund Technical Assistance

* Fund SWCDs to hire new technicians via a long-range decreasing scale agreement. Upgrades to engineers would be at SWCD expense.