



Minnesota Board of Water and Soil Resources.
Minutes.

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February 2001

WAP-TO-BOB-2001

SECTION 1

**BOARD OF WATER AND SOIL RESOURCES
ONE WEST WATER STREET, CONFERENCE ROOM
ST. PAUL, MINNESOTA 55107
FEBRUARY 28, 2001**

AGENDA

9:00 a.m. Call Meeting to Order

Adopt Agenda

Minutes of January 24, 2000

Reports

- Chair – Kathleen Roer
- Executive Director – Ron Harnack
- Dispute Resolution Committee – Jim Dahlvang
- Wetlands Committee – Darrell Bruggman
- Cost-Share/Soil Conservation Committee – Dwain Otte
- Education and Public Relations Committee – Paul Krabbenhoft
- Financial Oversight Committee – Ginny Imholte
- Administrative Advisory Committee – Kathleen Roer
- Metro Subcommittee Update – Jack Frost

Agency Reports

- Department of Agriculture
- Department of Health
- Department of Natural Resources
- Minnesota Extension Service
- Pollution Control Agency

Consent Agenda

1. Morrison County Request for Comprehensive Local Water Plan Extension – DECISION

Recognition of Retiring (“tired”) Board Members

- ☐ Kathleen Roer
- ☐ Jim Dahlvang
- ☐ Allan Oehlke

Committee Recommendations

1. State Cost-Share Program Base Grant Allocation Revision - Wayne Zellmer – DECISION

2. FY02 State Cost-Share Program Allocation Policy - Wayne Zellmer – DECISION
3. Non-Point Engineering Assistance Base Grant Allocation Policy – Wayne Zellmer – DECISION
4. Approval of 2001 Spending Plan for the Public Road Wetland Mitigation Program – DECISION
5. Policy Establishing Payment Rates for Easements Taken for Public Road Replacement Bank Sites - DECISION

New Business

1. Red River Valley Set-Aside Program – Ron Shelito – DECISION
2. Legislative Update – INFORMATION
 - a. Budget
 - b. Policy Tracking Sheet

Advisory Comments

- Minnesota Association of Townships (MAT)
- Minnesota Association of Conservation District Employees (MACDE)
- Minnesota Association of Soil and Water Conservation Districts (MASWCD)
- Minnesota Association of Watershed Districts (MAWD)
- Natural Resources Conservation Service (NRCS)

Upcoming Meetings

- Next BWSR Meeting, March 28, 2001, St. Paul
- BWSR Tours for 2001



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St. Paul, MN 55107
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Field Offices

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Metro Region:

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DATE: February 20, 2001

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

FROM: Ronald D. Harnack, Executive Director

SUBJECT: February 28th BWSR Meeting

The Board of Water and Soil Resources (BWSR) will meet on Wednesday, February 28, 2001, beginning at 9:00 a.m. The meeting will be held in the BWSR conference room at One West Water Street, St. Paul. The following information pertains to the agenda items:

Consent Agenda

1. Morrison County Request for Comprehensive Local Water Plan Extension: See attached. DECISION

Committee Recommendations

1. State Cost-Share Program Base Grant Allocation Revision: In June of 1999, the BWSR Cost-Share Committee was directed by the Board to explore revising the statewide cost-share allocation formula. The current formula was developed for FY85. Since then, many physical, cultural, economic, and social changes are or have been taking place in Minnesota. These changes have prompted the Committee to re-evaluate the appropriateness of the current formula. The Committee offers to the Board their conclusions and recommendations. DECISION
2. FY02 State Cost-Share Program Allocation Policy: State Cost-Share Program allocations are grants to SWCDs to cost-share with landowners the application of soil conservation and water quality improvement practices. The annual legislative appropriation is \$2,120,000. This appropriation is allocated by the Board to SWCDs via the Base Grants and Special Projects Grants Programs. The Board will be requested to adopt the Cost-Share Committee's recommendations for the appropriate amount to allocate for each program and establish certain policies for FY02. DECISION

3. Non-Point Engineering Assistance Base Grant Allocation Policy: The costs of funding the employment of the 11 JPB engineers and technicians, along with providing up-to-date survey and design equipment, has reached \$1,400,000 annually. Without any changes to BWSR allocations and policies, this program will not be solvent in FY2002. The BWSR Cost-Share Committee met on January 23, 2001, to consider various options including the enclosed recommendations from MASWCD regarding the projected program budget shortfall. DECISION
4. Approval of 2001 Spending Plan for the Public Road Wetland Mitigation Program: Attached is a copy of the BWSR's Wetland Committee's recommendation for the 2001 spending plan as reviewed by the Wetland Committee on January 24, 2001. DECISION
5. Policy Establishing Payment Rates for Easements Taken for Public Road Replacement Bank Sites: See attached. DECISION

New Business

1. Red River Valley Set-Aside Program: The 2000 Minnesota Legislature appropriated \$2,650,000 to BWSR for establishment of an agricultural land set-aside program to provide short-term economic assistance to landowners. Clay, Polk, Red Lake, Pennington, Marshall, Kittson, and Roseau SWCDs participated in the program. BWSR staff Ron Shelito and Brian Dwight will share the results of the recently completed program sign-up. They will also be seeking board approval for final allocation amounts for the participating SWCDs. See attached. DECISION

2. Legislative Update

Agency Reminder: The local water planning challenge grant review will be convened within the month. Please review your staff assignments for the review and let me know of any changes. Your agency's participation is important, please ensure representation.

If you have any questions, please feel free to give me a call. I look forward to seeing you on February 28!

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**BOARD OF WATER AND SOIL RESOURCES
ONE WEST WATER STREET, CONFERENCE ROOM
ST. PAUL, MINNESOTA 55107
FEBRUARY 28, 2001**

PRELIMINARY AGENDA

9:00 a.m. Call Meeting to Order

Adopt Agenda

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- Wetlands Committee – Darrell Bruggman
- Cost-Share/Soil Conservation Committee – Dwain Otte
- Education and Public Relations Committee – Paul Krabbenhoft
- Financial Oversight Committee – Ginny Imholte
- Administrative Advisory Committee – Kathleen Roer

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- Department of Natural Resources
- Minnesota Extension Service
- Pollution Control Agency

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- Natural Resources Conservation Service (NRCS)

Upcoming Meetings

- Next BWSR Meeting, March 28, 2001, St. Paul
- BWSR Tours for 2001

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**BOARD OF WATER AND SOIL RESOURCES
ONE WEST WATER STREET, CONFERENCE ROOM
ST. PAUL, MINNESOTA 55155
JANUARY 24, 2001**

BOARD MEMBERS PRESENT: Kathleen Roer, Darrell Bruggman, Jim Dahlvang, Jerome Deal, Clair Nelson, Jim Anderson-MES, Ginny Imholte, Dwain Otte, Jack Frost, Char Kahler, Allan Oehlke, Mark Dittrich-MDA, Lee Coe, Dan Wilson-MDH, Wayne Edgerton-DNR, Rod Massey-PCA

BOARD MEMBER ABSENT: Paul Krabbenhoft

STAFF PRESENT: Ron Harnack, Marybeth Block, Jim Haertel, Jeff Nielsen, Mary Jo Anderson, Ron Shelito, Phil Belfiori, John Jaschke, Bill Best.

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Call Meeting to Order - Chair Roer called the meeting to order at 9:00 a.m.

01-01 **Adopt Agenda** - Moved by Lee Coe, seconded by Clair Nelson, to adopt the agenda as presented. Motion passed on a voice vote.

01-02 **Minutes of December 13, 2000** – Chair Roer noted the correct spelling of Jack Uldrich, deputy commissioner of Minnesota Planning. Moved by Jack Frost, seconded by Char Kahler, to approve the minutes of December 13, 2000, as corrected. Motion passed on a voice vote.

Chair's Report - Chair Roer stated that EQB cancelled their meeting this month.

Executive Director's Report - Ron Harnack reported that the Governor's Budget was presented yesterday. It was exciting news for BWSR - CREP was fully funded! Ron stated that chief authors of the CREP bill are Senator Dennis Frederickson, Senator John Hottinger, Representative Elaine Harder and Representative Henry Kalis. Two press conferences will be held to announce the bill introduction, February 1, 11:00 a.m., Room 181 of the State Office Building in St. Paul; and February 2, 3:00 p.m., at the Holiday Inn in Mankato. Board members are invited to attend. Ron commended the members of the CREP Coalition as well as BWSR staff, DNR Commissioner Allen Garber and staff, for their efforts to put CREP in a highly visible position during the budget decision process. Ron reported that an additional \$700,000 was allocated for feedlots, a reallocation of dollars from PCA's Clean Water Partnership Program; a continued BWSR commitment of dollars historically going to feedlots in base grants and special project and Minnesota River grants. \$140,000 of new general fund dollars for nonpoint engineering for support of the feedlot program. Legislative issues that BWSR will track include taxing; local water planning base grant adjustment; and WCA funding issues that have been addressed with Senator Dan Stevens; SWCD funding initiatives and other water policy and budget issues as they arise.

Dispute Resolution Committee (DRC) - Jim Haertel reported that there are two appeals pending. One appeal regards Anoka County Ditch number 53-62. The Rice Creek Watershed District denied an exemption involving the federal exemption. The Board has previously heard two appeals on this ditch at this location but they dealt with a different exemption. A pre-hearing conference will be held tomorrow to set the briefing and hearing schedule. The other pending appeal is in Delano and regards a replacement plan approval for a subdivision. A decision to accept or deny the appeal has not been made yet. Jim Dahlvang thanked Jim and Ron Harnack for their efforts on resolving issues before they come before the DRC, which has not received any appeals recently.

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Wetlands Committee - Darrell Bruggman reported that the Wetlands Committee will meet today. Ron commented on the Supreme Court decision regarding an isolated wetland gravel pit in Illinois. This is a nationally recognized controversial decision.

Cost-Share/Soil Conservation Committee - Dwain Otte reported that the cost-share committee met yesterday. The staff met with and reviewed various options for committee consideration. Some conclusions have been made; the cost-share committee will review the options for cost-share allocations, policy, and non-point engineering assistance and will present information to the Board at the February meeting.

Education and Public Relations Committee - Jim Anderson reported that the committee met with Ron Struss this morning. The committee reviewed the upcoming Non-point Education for Municipal Officials (NEMO) project. The BWSR Education Strategy from 1998 was reviewed, which included eleven potential action items to implement those objectives. The education committee will review and consider those objectives and report to the Board at the February meeting.

Administrative Advisory Committee - Ron Harnack reported that the administrative advisory committee will meet via conference call to define procedures to adequately respond to incidents that occur regarding SWCD supervisors.

Ron Harnack reported that board appointments continue to be reviewed by the Governor's appointments office.

Agency Reports

Mark Dittrich, Minnesota Department of Agriculture (MDA), reported that he attended the Corn and Soybean Expo. MDA has feedlot rule training meetings scheduled. MDA has hired two staff to deal with feedlot issues and the dairy farm enhancement project.

Dan Wilson, Minnesota Department of Health (MDH), reported that a new arsenic drinking water report was published in the Federal Register, although it's been put on hold due to the new Bush administration. Dan reported that the Governor approved MDH's funding request. Dan stated that MDH proposes a new law for well testing upon property transfer. Minnesota would be the first in the country to have such a law.

Wayne Edgerton, Department of Natural Resources (DNR), reported that DNR is pleased with the CREP funding. DNR is in the process of hiring two replacement positions for CREP. Wayne stated that there's potential for opening of the trespass law, SF #207, regarding agricultural land definition. Concon lands is also before the legislature.

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Rod Massey, Pollution Control Agency (PCA), thanked BWSR and MES for training on feedlot issues, things are going fairly well. Rod stated that the feedlot permit report was presented to the legislature. Rod stated that recommendations have been received regarding the Karst area; eventually rules will be modified. Rod thanked MDA for their efforts on feedlot issues as well. Rod reported that the PCA was not quite as lucky regarding the Governor's budget funding. Elimination of some programs will be presented to the legislature. Rod reported that a reform proposal has been submitted which consolidates some of PCA's fee funding sources. The first feedlot hearing will be held tomorrow.

Consent Agenda

- Meeker County Request for Comprehensive Local Water Plan (CLWP) Extension - Marybeth Block reported that staff recommends approval of the Meeker County request for extension of the CLWP until December 31, 2002. Moved by Jim Dahlvang, seconded by Char Kahler, to approve the Meeker County request for CLWP extension. Motion passed on a voice vote.
- **
01-03

Committee Recommendations

- Sunrise River WMO Watershed Management Plan - Jim Haertel reported that the metro subcommittee recommends approval of the draft order. Moved by Dwain Otte, seconded by Jerome Deal, to approve the Sunrise River WMO Watershed Management Plan. Motion passed on a voice vote. Chair Roer commended Chris Lord for his efforts, as he has been very instrumental this plan.
- **
01-04

- Richfield Bloomington WMO Watershed Management Plan - Jim Haertel introduced Scott Anderson from the City of Bloomington. Jim reported that the metro subcommittee met to review the plan and recommend approval of this plan and draft order. Jim stated that a correction is needed on page four, the date on the signature page of the order should read January 24, 2001. Moved by Jack Frost, seconded by Dwain Otte, to approve the Richfield Bloomington WMO Watershed Management Plan. Motion passed on a voice vote. Chair Roer will sign the order with the corrected date.
- **
01-05

Jim Haertel noted that corrections were made to the dates on the orders of the Brown's Creek and Valley Branch Watershed District Enlargement and Increase Number of Managers.

Jim introduced Jane Harper, Washington County; Mark Doneux, Washington SWCD; Dave Baudet, mayor, Oak Park Heights; Don Scheel, manager, Valley Branch Watershed District; and John Hanson, engineer, Valley Branch Watershed District. Jim reported that the metro subcommittee recommends enlargement per the Washington County petition, but the number of managers remain at five. Dwain Otte approved of

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01-06 ** the enlargement but felt it necessary to keep the managers at five, Jack Frost agreed with that as well. Moved by Allan Oehlke, seconded by Dwain Otte, to approve the Brown's Creek Watershed District Enlargement, maintaining five managers. Motion passed on a voice vote.

01-07 ** Valley Branch Watershed District Enlargement and Increase Number of Managers - Jim Haertel reported that the metro subcommittee recommends enlargement per the Washington County petition, the managers remain at five, and the name of the watershed district be changed to the Lower St. Croix Valley Watershed District. Moved by Dwain Otte, seconded by Jack Frost, to approve the order for enlargement, approval of the name change to Lower St. Croix Valley Watershed District, and the number of managers remain at five. Motion passed on a voice vote.

01-08 ** Carnelian-Marine Watershed District Enlargement and Increase Number of Managers Hearing - Jim Haertel reported that staff recommends approval of the hearing per the draft order. Moved by Jack Frost, seconded by Jim Dahlvang, to order the hearing for the Carnelian-Marine Watershed District Enlargement and Increase Number of Managers. Motion passed on a voice vote.

Ron Harnack extended appreciation to Jane Harper and the Washington County for their leadership and efforts in Washington County. Chair Roer stated that the County has been impressive in dealing with this plan.

Chair Roer, on behalf of the State of Minnesota, presented Ron Harnack with a Seiko watch for 30 years of state service. Ron thanked the Board and staff for all their support.

Chair Roer called for a break in the meeting at 10:40 a.m. The meeting reconvened at 11:00 a.m.

New Business

01-09 ** Revised WCA Corrective Action/Oversight Policy - John Jaschke reported that the purpose of this policy is to establish the process that will be utilized to correct Local Government Unit (LGU) implementation and administration problems involving the Minnesota Wetland Conservation Act (WCA). The strategy of this policy is to provide a clear, concise, timely route to resolution of problems with local government implementation of WCA. Discussion followed. Chair Roer and Ron Harnack suggest some changes for policy clarity. Moved by Darrell Bruggman, seconded by Lee Coe, to adopt the WCA Corrective Action/Oversight Policy, as amended. Motion passed on a voice vote.

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January 24, 2001
Page Six

FY01 Non-Point Engineering Assistance (NPEA) Challenge Grants - Dwain Otte, on behalf of the cost-share committee, stated that he appreciates Michelle Lewis' assistance with the grants process. Wayne Zellmer explained that the NPEA challenge grants provide additional engineering/technical assistance funding to SWCD Joint Powers Boards (JPBs). The purpose of the grant is to assist landowners to implement high priority conservation practices. Wayne reported that seven applications from JPBs were received, totaling \$275,111. The total requested also includes \$11,970 for Eagle Point software updates recommended by BWSR staff. Wayne reported that the staff reviewed the applications and recommend funding a total of \$135,939 for challenge grants. Discussion followed. Moved by Ginny Imholte, seconded by Dwain Otte, to approve the FY01 NPEA Challenge Grants as recommended. Motion passed on a voice vote.

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01-10

Advisory Comments

Natural Resource Conservation Service (NRCS) - Roger Musetter reported USDA is not certain of Pearlle Reed's position as chief due to the new administration. Roger reported that NRCS received their budget, it's a stable budget and they are able to maintain current staff. The USDA Wildlife Habitat Incentive Program (WHIP) received funding. NRCS currently has three district conservationist vacancies. NRCS has a new outreach coordinator position that will work in Greater Minnesota. NRCS is in the process of filling Bill Stokes' position after his retirement. Roger reported that NRCS has been allocated an additional position to work on technical and organizational issues. This position will take over some of the shared duties that Roger and Tim Koehler have been responsible for.

Upcoming Meetings

- NACD Annual Meeting, February 4-8, Fort Worth, Texas. Doug Thomas will attend.
- Farm Forum, Feb. 12, Radisson South, Bloomington
- Next BWSR Meeting, February 28, St. Paul

Clair Nelson thanked the board for coming to Lake County in September.

Chair Roer adjourned the meeting at 11:45 a.m.

Respectfully submitted,

Kathleen Roer
Chair

Consent Agenda

1. Morrison County Request for Comprehensive Local Water Plan Extension - DECISION

MORRISON COUNTY COMPREHENSIVE LOCAL WATER PLAN EXTENSION (FOR BOARD ACTION)

Morrison County has a Comprehensive Local Water Plan (CLWP) which was approved by the Minnesota Board of Water and Soil Resources on February 28, 1996. The effective date (end date) of this CLWP is February 28, 2001.

The 1995 amendments to the Comprehensive Local Water Management Act, M.S. 103B.301, gives the Board of Water and Soil Resources authority to grant extensions to counties for the purpose of extending the ending date of their water plans. These extensions must be requested in writing and can't be for more than two years.

At their December 15, 1999, board meeting, the BWSR approved a local water planning document which addressed BWSR expectations, internal actions and multi-planning strategies. Multi-planning strategies addresses granting CLWP extensions to counties where other planning efforts are currently underway. These other efforts require the input of the water planner and associated technical advisors in the county. Completion of other planning efforts would benefit the CLWP update.

Morrison County is completing their Enhanced 911 project, and other land use related efforts related to ISTS and shoreland issues. In addition Morrison County has been working to develop a strategy that would result in the coordination of the water plan rewrite with the rewrite of their comprehensive land use plan. Without the extension the two plans couldn't be developed together, and benefits from coordinating the two plans would be lost. Board Conservationist Dan Steward recommends approval of Morrison County's request.

RESOLUTION 2000-069
MORRISON COUNTY BOARD OF COMMISSIONERS

**REQUESTING EXTENSION FOR THE REVISION OF THE
MORRISON COUNTY COMPREHENSIVE LOCAL WATER PLAN**

Date: December 29, 2000

WHEREAS, 1995 amendments to the Comprehensive Local Water Planning Act, M.S. 103B.301 gave the MN Board of Water and Soil (BWSR) authority to extend the ending date of local water plans for a period not to exceed 2 years; and

WHEREAS, Morrison County has a current state approved and locally adopted Comprehensive Local Water Plan with an end date of February 28, 2001.

WHEREAS, Morrison County is an active participant in other major projects currently underway such as Enhanced 911, Individual Sewage Treatment Grant, Shoreline Grant and other land use projects and programs, which require county staff and commissioner time and work effort; and

WHEREAS, These other planning efforts are being completed which will allow staff to devote more time and effort to complete a thorough review and revision of the Comprehensive Water Plan; and

NOW, THEREFORE BE IT RESOLVED, That the Morrison County Board of Commissioners request from BWSR a 12 month extension (February 28, 2002) of their existing Comprehensive Local Water Plan.

BE IT FURTHER RESOLVED, Morrison County will ensure continued public participation in the form of Water Plan Advisory Committee and Public Information meetings.

BE IT FURTHER RESOLVED, No projects will be ordered or commenced under M.S. 103B.301 subd. 3 and 4 during the extension period.

Commissioner Endrich moved the adoption of the resolution and it was declared adopted upon the following vote:

Ayes 5

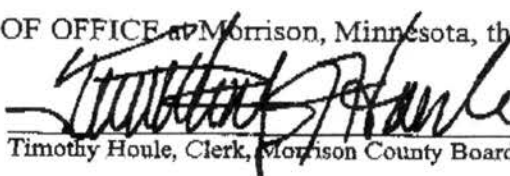
Nays 0

Attest to :

County of Morrison

I, Timothy Houle, Clerk, Morrison County Board of Commissioners, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 2nd day of January A.D., 2001, and that the same is true and correct copy of the whole thereof.

WITNESS MY HAND AND SEAL OF OFFICE at Morrison, Minnesota, this 2nd day of January A.D. 2001


Timothy Houle, Clerk, Morrison County Board of Commissioners

Minnesota Board of Water and Soil Resources
One West Water Street
Suite 200
St. Paul, Minnesota 55107

In the Matter of Extending the Comprehensive Local Water Plan
for Morrison County (1995 Minnesota Session Law, Chapter 184,
Section 24 authorizing BWSR to grant extensions).

Whereas, Morrison County had a state approved Comprehensive Local Water Plan that is
effective until February 28, 2001 pursuant to Minnesota Statute 1990, Section 103B.301, and

Whereas, the Morrison County Board of Commissioners requested an extension of the
Comprehensive Local Water Plan to the Board of Water and Soil Resources on December 29,
2000, pursuant to Minnesota Session Law 1995, Chapter 184, Section 24, and

Whereas, the Board of Water and Soil Resources has authorization to grant extensions pursuant
to Minnesota Session Law 1995, Chapter 184, Section 24.

Now Therefore, the Board of Water and Soil Resources hereby makes the following Findings of
Fact, Conclusions and Order:

FINDINGS OF FACT

1. On January 5, 2001, the Board of Water and Soil Resources received a resolution from
Morrison County requesting an extension of their Comprehensive Local Water Plan.
2. On February 7, 2001, the Board of Water and Soil Resources staff reviewed and
recommended approval of the extension request by Morrison County.

CONCLUSIONS

1. All relevant requirements of law and rule have been fulfilled. The Board of Water and
Soil Resources has proper jurisdiction in the matter of extending the Comprehensive Local Water
Plan of Morrison County pursuant to Minnesota Session Law 1995, Chapter 184, Section 24.

ORDER

The Board of Water and Soil Resources hereby approves the extension of the Morrison County
Comprehensive Local Water Plan until February 28, 2002. Dated at St. Paul, Minnesota, this
28th day of February, 2001.

MINNESOTA BOARD OF WATER AND SOIL RESOURCES

BY: Kathleen Roer, Chairperson

Committee Recommendations

1. State Cost-Share Program
Base Grant Allocation
Revision - DECISION

STATE COST SHARE PROGRAM BASE GRANT ALLOCATION FORMULA REVISION

COST SHARE COMMITTEE MEMBERS: Dwain Otte, Chair, Ginny Imholt, Paul Krabbenhoft, Allan Oehlke, Jack Frost, Clair Nelson, Char Kahler, Mark Dittrich, Rod Massey, and Wayne Zellmer, staff.

GUIDING PRINCIPLES FOR REVISING THE FORMULA

1. It is the state's role to get the funds out quickly, predictably, and with no surprises.
2. Place less emphasis on a formula and more emphasis on historical allocations.
3. Adjust allocations for performance/outcomes - SWCDs should be accountable for their performance/outcomes, not the BWSR.
4. Pay attention to legislative priorities and concerns.
5. Respect SWCD and local water plan decision-making regarding the natural resource issues addressed by cost share funds in a SWCD (no state micromanagement).
6. Treat the State Cost Share Program as a part of, a much larger grants picture, and water quality priorities of the local water plan.
7. Restoration (as compared to prevention) is the focus of cost share projects.
8. Use SWCD Annual Plans and local water plans to ID Special Projects.

Formula Background

In 1995, certain SWCDs requested BWSR to revise the State Cost Share Base Grant Allocation Formula to address a wider variety of current resource concerns. After a thorough review of this request, BWSR policy established in August of 1995 stated that the current formula should not be revised until a legislative appropriation increase is received. The Cost Share Program Rule was revised in 1996 to allow increased program flexibility and versatility.

In 1999, the legislature did increase annual appropriations for the State Cost Share Program \$500,000. Consequently, in June of 1999, the BWSR decided to explore revising the allocation formula. The current formula was developed in 1985 to address legislation that mandated the targeting of cost share program funds to high priority soil erosion, and water quality areas. That objective has been accomplished. However, since 1985, physical, cultural, economic, and social changes have occurred in Minnesota. These changes have altered the structure of agriculture and changed land use throughout the state.

Hence, after 17 years of allocations with adjustments, penalties, and more program funding, recent allocations are different than those made in 1985. For these reasons, the Cost Share Committee directed staff to conduct an exploration of allocation alternatives.

SUMMARY OF RELEVANT INFORMATION

Allocations in Neighboring States

In order to gain additional insight into potential allocation options, allocation methods in North and South Dakota, Iowa, Wisconsin, and Missouri were reviewed. All states have significantly different allocation methods that can be attributed to differences in the organization of state and local governments, and federal program delivery. None of the methods reviewed were well suited for Minnesota.

Potential Allocation Formula Factors

Thirty-two potential allocation factors were considered in the categories of urban, feedlot, economic, surface water quality, ground water quality, official local controls, erosion, and SWCD management. For some of these factors, data is readily available. For others, it is not. For some factors, it would be difficult to acquire *uniform* statewide data for a level playing field. And, for some, the data might not exist on a statewide basis.

The Committee decided that allocations should remain rooted in agriculture with emphasis on erosion and sedimentation control. Feedlots should not be a major factor because BWSR addresses them via the Feedlot Water Quality Management Grants.

Local Performance using Program Funds

According to State Cost Share Program reports, the Committee felt that, at times, there are too many inefficient users of program funds. In other words, allocated funds are returned to BWSR while the SWCD retains a portion of the funds for technical and administrative costs.

SWCD State Cost Share Program Minimum Capacity

Currently, sixteen SWCDs receive less than \$10,000 from their base grant. This amount has limited the quantity and quality of assistance they can provide to landowners. It is difficult for a SWCD such as Cook, with a Base Grant of \$4,561, to maintain a viable cost share program with such a small annual allocation.

POTENTIAL ALLOCATION DETERMINATION METHODS

Numerous methods were explored and evaluated:

1. Data Sets Reviewed

The Land Management Information Center (LMIC) and NRCS Natural Resources Inventory (NRI) are the only known available sources of data consistent with the Committee's focus. NRI data was to be unacceptable because of the extremely high margin of error due to the lack of data points in many counties. The Committee felt that LMIC data over emphasized the intent of the cost share program's role in wind erosion control practices.

2. Tiered Allocations

SWCD allocations would be grouped into tiers based on their current allocations, much like the current RIM Reserve Services Grant. This method avoids the pitfalls of attempting to determine an exact allocation amount based on inadequate data. Some SWCDs would receive proportionally high allocation increases or decreases.

3. SWCD Workplan Based

Allocations would be made based on SWCD Annual Plans which would contain:

- Specific targets and identification of priority resources.
- Descriptions of processes and basis for selection of conservation practices to be applied.
- Estimated benefits of conservation practices, i.e., tons of soil saved, pounds of ph reduction, reduction in sediment delivery.

SWCD technical capacity and past performance would be part of BC consideration for approval. This option would alter current BC workload and conflicts with the Guiding Principles.

4. BC Area Allocations

Similar to the CREP Program in that BCs would make individual SWCD allocations determinations. BC area allocations would be determined by allocation history in a BC's area. Historical allocations are a good indication of cost share needs. Segments of Method 3, like Annual Workplan requirements, would be incorporated into this option. This option would alter current BC workload and conflicts with the Guiding Principles.

5. Keep Current Allocations with \$10,000 Minimum

This method increases allocations in 16 SWCDs to \$10,000 level. Funds for increase would therefore slightly lower allocations in all other SWCDs.

6. Use Current Formula with \$10,000 Minimum but Remove Feedlots from Equation

Some SWCDs would have large allocation changes. Leaves feedlots to be addressed in FWQMG Program. This option conflicts with the Guiding Principles.

7. Use Historical Base Grant Expenditures with \$10,000 Minimum

Similar to Method 5 except that actual historical SWCD base grant expenditures would be used instead of allocations. This method would expand on the Committee's recommendation for performance standards with a closer relationship between allocations and usage.

CONCLUSIONS AND RECOMMENDATIONS

- Beginning in FY 02, SWCD Base Grant Allocations should be based on historical base grant expenditures for that SWCD. Average expenditures of the highest 3 of 4 most recent consecutive years for which BWSR has records will be used to calculate grant amounts annually. The formula adopted in FY 85 will no longer be used. The BWSR will annually determine the total Program amount available.
- Beginning in FY 02, all SWCD grant amounts will be calculated from a minimum of \$10,000.
- SWCD technical and administrative costs will be calculated at up to 20% of amount cost shared on completed projects only.
- Beginning in FY 03 implement performance standards to increase the efficiency of allocated funds. SWCDs with a "high" level of productivity will receive a \$1,000 annual increase. Grants to SWCDs with a "medium" level of productivity will remain the same. SWCDs with a "low" level of productivity will receive a 5% grant decrease. Funds for increases will come from the Special Projects fund. Funds from decreases will go to the Special Projects fund. "High", "medium", and "low", will be defined by BWSR staff. Over time, these Performance Standards will "fine tune" allocations to where they are needed most.

6

Committee Recommendations

2. FY02 State Cost-Share
Program Allocation Policy -
DECISION

FY 02 STATE COST SHARE PROGRAM ALLOCATION POLICY

COST SHARE COMMITTEE MEMBERS: Dwain Otte, Chair, Ginny Imholt, Allan Oehlke, Paul Krabbenhoft, Jack Frost, Clair Nelson, Char Kahler, Mark Dittrich, Rod Massey and Wayne Zellmer, staff.

Affected Annual Legislative Appropriation - \$2,120,000

The Regular Statewide Cost Share Program and the Special Projects Program are two BWSR cost share programs that share the same legislative appropriation. The Regular Statewide Cost Share grants are allocated as base grants to all SWCDs. The Special Project grants are allocated competitively. The Committee will consider how much of this amount should be allocated to each Program.

For FY 01 the BWSR allocated 90% or \$1,908,000 of this amount in the Regular Statewide Cost Share Program allocation. The remaining 10%, along with any roll-over funds, were allocated for Special Projects.

FY 02 REGULAR STATEWIDE COST SHARE ALLOCATION

The following table shows examples of appropriation percentages and amounts allocated to the Regular Statewide Cost Share Program and the resulting amount remaining for the Special Projects Program.

<u>% Allocated</u>	<u>Amount Allocated</u>	<u>Amount Remaining</u>
100	\$2,120,000	\$ 0
95	2,014,000	106,000
90	1,908,000	212,000
85	1,802,850	318,150
80	1,696,800	424,200

FY 01 SPECIAL PROJECTS PROGRAM

Historical Special Project Requests and Allocations

<u>FY</u>	<u>Requests</u>	<u>Allocations</u>
01	\$ 862,995	\$ 400,000
00	856,932	407,585
99	964,241	393,000
98	1,867,319	500,000
97	1,350,187	494,162
96	812,590	365,032
Ave.	\$1,119,044	\$ 426,630

As of January 19, 2001, the BWSR has approximately \$191,000 in roll-over funds. From historical records, staff estimates an additional \$70,000 in roll-over through the Spring of 2001.

COMMITTEE SPECIAL PROJECTS PROGRAM FUNDING RECOMMENDATION

1) FY 02 Regular Statewide Cost share Program Allocation should be 90% of appropriation or \$1,908,000.

2) FY 02 Special Projects Program:

A) Allocations should be funded as:

10% of Legislative Appropriation	\$212,000
Current Roll-Over Funds Available	191,000
Est. Additional Roll-Over through Spring of 2000	<u>70,000</u>
Total	\$473,000

cost-share

3) Maximum funding per Special Project should be capped at \$40,000.

4) Special Project grants will not be used to pay for SWCD technical and administrative costs.

FY 02 FEEDLOT WATER QUALITY MANAGEMENT GRANTS FUNDING PRIORITIES

At their June 2000 Meeting, the Board decided that feedlots in riparian locations should be the #1 FY 02 funding priority as follows:

Priority

- 1 Feedlots in riparian locations
- 2 Feedlot operations where FLEVAL indicates a high pollution potential.
- 3 Practices that **will** be applied in 2001.
- 4 Feedlot operators who have received a notice of violation.
- 5 Feedlots in counties that are conducting or have completed a level 2 or level 3 feedlot inventory.

The Committee recommends that feedlots in sinkhole catchment basins and feedlots in "well-head protection areas", also be included in "riparian locations" as the #1 funding priority.

"drinking water supply management areas"

Committee Recommendations

3. Non-Point Engineering
Assistance Base Grant
Allocation Policy - DECISION

NON POINT ENGINEERING ASSISTANCE BASE GRANT ALLOCATION POLICY

BACKGROUND

The Non Point Engineering Assistance (NPEA) Program was launched in 1994 to coincide with the implementation of the State Revolving Loan Fund (SRF) for non point pollution abatement (AgBMP and Clean Water Partnership Loan Programs), and to accelerate implementation of EPA Section 319 grants, State Cost-Share, etc.). The purpose of the NPEA program is to provide engineering assistance to landowners to apply conservation practices. It was recommended by BWSR staff and the MASWCD that these funds should be used to employ an engineer and technician by each of 11 SWCD Joint Powers Boards (JPBs).

The Program was initially funded by the legislature at \$1,040,000 annually. In 1997, this amount was increased by \$90,000 per year to \$1,130,000 per year, at which it is today. Grants from EPA and MPCA to BWSR have supplemented this amount, initially to hire additional engineering staff in high workload areas, and more recently to avoid shortfalls in base grant allocations to the 11 JPBs. Beginning in 1998, funding for the Feedlot Water Quality Management Cost-Share Program was appropriated to the BWSR by the legislature. The BWSR authorized the use of 10% of this funding (one-half of the allowable 20% technical and administrative funding, or currently \$150,000 per year) for engineering assistance through the NPEA program. This funding has been targeted to accelerated staffing in high workload areas. In FY 2001, a portion of this funding was used to avoid a shortfall in base grant allocations.

The BWSR and MASWCD have sought additional state appropriations for the NPEA program in each of the past three biennial funding cycles (including the current cycle), to the extent possible.

ISSUE

The costs to employ and equip the NPEA engineers and technicians have increased at a rate of about 3 – 3.5% per year to an estimated \$1,400,000 annually for FY 2002. EPA and MPCA grants or reallocation of funds to BWSR are not viable long term funding sources. Without any changes to BWSR allocations and policies, the NPEA program will not cover costs in FY 2002.

The BWSR Cost Share/Soil Conservation Committee met on January 23, 2001, to consider various policy alternatives, including, recommendations from the MASWCD regarding the projected NPEA program budget shortfall. The following discussion summarizes the key points and policy issues identified by the MASWCD and Cost Share Committee.

DISCUSSION and FINDINGS

MASWCD Recommendation #1

- The current staffing objective of one engineer and one technician in each JPB may not be ideal for all JPBs.
- Workload quantity and type in JPBs are not uniform. For example, JPB 11 would like to employ two engineers. JPB 8 prefers to use consultants.
- All JPBs recognized the need to have engineering sign-off authority available to them.
- It is difficult to retain quality staff with uncertain funding.

MASWCD Recommendation #2

JPBs want to retain 11 areas, potentially through member SWCD contributions or other sources of funding, if necessary. However, it is unclear how many SWCDs are willing to participate. This might depend on the outcome of recommendation #1.

The committee concluded there are two other potential options:

Option #1 - Equal Grants to Existing JPBs.

Pros:

- Does not require change of JPB boundaries, host districts and staff, if SWCDs remain members.
- Simple grant allocation.
- Could result in more local ownership and accountability for outcomes.

Cons:

- Many SWCDs may not remain members, due to cost, which could force redrawing of boundaries and rethinking of best delivery system.
- Could lead to cutting back on staff hours, loss of staff and hiring of less qualified staff to fit the funding available.
- Current JPBs have 5 to 11 SWCD members. Many SWCD members of some JPBs are low budget SWCDs (e.g. JPB 3, 6, 7) that are more likely to opt out if they must contribute funds to participate.
- JPBs charging for services could result in undesirable shifts in priorities to generate money.

Financials:

- Current state funding = \$1.13 million per year.
- Estimated statewide program funding shortfall for FY 02 = \$300,000 or \$27,300 per JPB
- For JPB 3 with 5 member SWCDs = \$5,450 per SWCD
- For JPB 11 with 11 member SWCDs = \$2,480 per SWCD
- Costs per SWCD would vary based on number of SWCDs per JPA, costs of JPA staff and availability of any other sources of funding.

Another option discussed is to:

Option #2 - Reduce Number of Joint Powers Areas.

Pros:

- Would fix the funding shortfall problem (for awhile).
- Provides an opportunity to address workload differences between JPBs.
- Enable closer alignment of JPB boundaries with MASWCD and NRCS area boundaries.

Cons:

- Temporary remedy to flat grant funding for staff.
- Would cause some existing staff to have to move or quit.

Financials:

- Current average JPB staffing cost = \$127,000 per year.
- If reduce to eight JPBs, total cost for PE and technician teams = \$1.02 million.
- \$1.13 million - 1.02 million = \$110,000 which could currently buy approximately two more technicians for high workload areas, but less with time.

Option #3 - Provide Engineering Assistance via State Staff

Pros:

- Staff funding could include inflation factor.
- Program administration could be substantially consolidated.
- BWSR engineering would be better connected to program staff for supervision and support.
- Would enable BWSR to provide more engineering training for SWCDs and more BWSR/SWCD input into NRCS design standards.
- Would better enable BWSR to recommend Technical Approval Authority for SWCD staff.

Cons:

- Would require legislative change of appropriation from grants to SWCDs to BWSR funding.
- Major change.
- Loss of local control, with perceived loss of service.
- Still requires reduction in number of staff, if no new funding.

Financials:

- Estimated current average cost for state engineer = \$75,000
- Estimated current average cost for state technician = \$60,000
- Currently could afford eight engineer and technician teams.

RECOMMENDATIONS

- The Committee recommends that the entire FY 02 legislative appropriation be allocated equally, (currently, \$102,727 per JPB) up to the total requested amount.
- JPBs will be responsible for their budget shortfalls.

- JPBs will be required to submit a BC approved budget, detailing how they will resolve their budget shortfalls (estimated \$27,800 average/JPB) and provide adequate engineering assistance in their JPB area.
- Any unused grant fund amounts will be subtracted from the next year's grant.

H:228BM1



OCT 17 2000

MASWCD

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October 6, 2000

Kathleen Roer

Chair

Board of Water and Soil Resources

2232 Tamarack Drive

Long Lake, MN 55356

Dear Kathleen:

On September 28, 2000 the Minnesota Association of Soil and Water Conservation Districts Board of Directors adopted the following recommendation to resolve the Non-Point Engineering Assistance projected budget shortfall. The MASWCD is forwarding this to the BWSR Board for your consideration for future funding of this program. This recommendation addresses both short term and long term funding needs.

The recommendation is as follows:

Sequentially ranked

1. The Board of Water and Soil Resources allows each Non-Point Engineering Assistance (NPEA) Joint Powers Board (JPB) to utilize the dollars they receive to provide the technical assistance they believe they need for their JPB. (Not necessarily one engineer /one technician)

2. Equally divide the CURRENT legislative appropriation between the eleven JPB's and allow each JPB to make up the difference between what is available and what they need to operate. (i.e.; contributions, charges for services, grants, etc.). Monies returned (left-overs) to be distributed as presently done by BWSR. This process to be reviewed in two years.

3. Ask the legislature to increase the NPEA appropriation to \$1.4 million with an inflationary index for the duration of the NPEA program.

4. Solicit funding from other programs that have allowed engineering costs in their program to offset additional workload priorities for JPB's. (for instance, CREP has engineering costs built into the program and several JPB's are providing the engineering)

5. Seek funding from other long-term programs that are administered by other agencies and where JPB engineers are providing services, i.e.; EQIP/WHIP, etc. Statistics indicate that since the establishment of the JPB/NPEA program, Natural Resources Conservation Service (NRCS) Area Engineers are seldom called upon to work District programs and, even in many cases, are not working the Federal programs for the District. The conclusion from these statistics is that NRCS, as well as the Districts has benefited from the program. Therefore, it is appropriate to ask NRCS to help defray the approximate \$365,000 shortfall. If this should happen, then it would not be necessary to ask the legislature for \$1.4 million, but only ask for the inflationary protection to our present appropriation.

The MASWCD conducted strategic planning sessions. Representatives from the eleven non point engineering joint power boards, Greg Larson (BWSR Administrator of the Water and Land Section), Wayne Zellmar (BWSR Grants Coordinator), Arland Moger (MASWCD Area V Director), Carl Annalora (MASWCD Area II Director) and LeAnn Buck (MASWCD Executive Director) attended the strategic sessions.

The NPEA program is an integral component for the implementation of non-point water quality management practices. The Association recognizes the effective engineering assistance at the local level via a partnership between the state and the Soil and Water Conservation Districts. Thank you for your consideration of this matter.

Sincerely,

A handwritten signature in dark ink, reading "Owen Knutson". The signature is fluid and cursive, with the first name "Owen" and last name "Knutson" clearly distinguishable.

Owen Knutson
MASWCD President

Cc: Ron Harnack, BWSR
Greg Larson, BWSR
Wayne Zellmar, BWSR
MASWCD Board of Directors
NPEA Joint Power Boards
Bill Hunt, NRCS

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Committee Recommendations

4. Approval of 2001 Spending
Plan for the Public Road
Wetland Mitigation Program -
DECISION

	A	B	C	D	E	F	G	H	I	J	K	L	O	S	T
1	ROAD PROGRAM FINANCIAL SUMMARY (FY96, FY98, & FY00 APPROPRIATIONS)														
2	(as of 02/12/01) SHEET 1														
3	m:\roadprog\budget\budg-jan01.xls														
4					1996 Bonding			1998 Capital			2000 Bonding				
5					\$3,000,000			\$2,350,000			\$2,300,000				
6															
7							Spent			Spent			Total	Total	Cost Per
8	Category	Sponsor	Project Name	County	Budgeted	Encumbered	To Date	Budgeted	Encumbered	To Date	Budgeted	Encumbered	Cost	Credits	Credit
78															
79	Unbudgeted Balance Available (Jan.1, 2001)=				0.00			\$244,388.08			\$2,300,000				
80															
81	Proposed Spending Plan for 2001														
82															
83	2001 Projects														
84	Northern Region	MDNR	Rice Paddy Rest.	Aitkin							\$515,000		320		\$1,609
85	Southern Region	Jackson SWCD	Heron Lake Site	Jackson	(\$2500*122 acre)						\$305,000		56		\$5,446
86	Southern Region	Various	RIM Proposals	Various				\$244,388			\$244,629		100		\$4,890
87			Project Subtotals =					\$244,388			\$1,064,629		476		\$2,750
88	2001 Credit Purchase														
89	Purchase of Existing Credits														
90	Purchase of Pending Credits														
91			Credit Purchase Subtotals =								\$1,235,371	\$0	\$0	192	\$6,434
92			2001 Grand Totals =					\$244,388			\$2,300,000			668	\$3,809
93															
94	Program Balances and Totals =							\$0			\$0			1,584	
95															
96															
97	Proposed Purchase of Existing Credits for 2001														
98															
99	Credit Purchase	BWSR	Sandager	Chisago						cost/acre					
100	Credit Purchase	BWSR	Sandager	Chisago						\$2,614	\$261.40			0.10	
101	Credit Purchase	BWSR	Ebnet	Morrison						\$2,614	\$3,659.60			1.40	
102	Credit Purchase	BWSR	Deer Run	Aitkin	Aitkin-3					\$6,098	\$19,514.88			3.20	
103	Credit Purchase	BWSR	Deer Run	Aitkin	Aitkin-4					\$871	\$3,781.01			4.34	
104	Credit Purchase	BWSR	Deer Run II	Aitkin	Aitkin-6					\$871	\$4,112.06			4.72	
105	Credit Purchase	BWSR	Deer Run II	Aitkin	Aitkin-8					\$871	\$2,178.00			2.50	
106	Credit Purchase	BWSR	Douglas Co.	Douglas						\$871	\$3,397.68			3.90	
107	Credit Purchase	BWSR	Murphy	Stevens						\$1,350	\$40,500.00			30.00	
108	Credit Purchase	BWSR	Ebnet	Morrison						\$4,356	\$7,666.56			1.76	
109	Credit Purchase	BWSR	Ebnet	Morrison						\$6,098	\$19,148.98			3.14	
110	Credit Purchase	BWSR	Paakh	Clay						\$6,098	\$28,418.54			4.66	
111	Credit Purchase	BWSR	Reuss	Grant						\$7,000	\$14,630.00			2.09	
										\$3,245	\$6,490.00			2.00	

	A	B	C	D	E	F	G	H	I	J	K	L	O	S	T
1	ROAD PROGRAM FINANCIAL SUMMARY (FY96, FY98, & FY00 APPROPRIATIONS)														
2	(as of 02/12/01) SHEET 1														
3	m:\roadprog\budget\budg-jan01.xls														
4					1996 Bonding			1998 Capital			2000 Bonding				
5					\$3,000,000			\$2,350,000			\$2,300,000				
6															
7							Spent			Spent			Total	Total	Cost Per
8	Category	Sponsor	Project Name	County	Budgeted	Encumbered	To Date	Budgeted	Encumbered	To Date	Budgeted	Encumbered	Cost	Credits	Credit
112	Credit Purchase	BWSR	Sandager	Chisago						\$10,875	\$4,861.13			0.447	
113	Credit Purchase	BWSR	Sandager	Chisago						\$10,875	\$3,545.25			0.326	
114	Credit Purchase	BWSR	Gertken	Stearns						\$4,600	\$23,000.00			5.00	
115	Credit Purchase	BWSR	Gertken	Stearns						\$4,600	\$46,000.00			10.00	
116	Credit Purchase	BWSR	Dodge Co.	Dodge						\$5,000	\$50,000.00			10.00	
117	Credit Purchase	BWSR	Miller	Stearns						\$5,200	\$8,060.00			1.55	
118	Credit Purchase	BWSR	Miller	Stearns						\$5,200	\$52,000.00			10.00	
119	Credit Purchase	BWSR	Miller	Stearns						\$6,950	\$69,500.00			10.00	
120	Credit Purchase	BWSR	Christian	Wright						\$18,000	\$108,540.00			6.03	
121	Credit Purchase	BWSR	Christian	Wright						\$18,000	\$23,400.00			1.3	
122	Credit Purchase	BWSR	Christian	Wright						\$18,000	\$72,000.00			4	
123	Credit Purchase	BWSR	Christian	Wright						\$18,000	\$61,200.00			3.4	
124	Credit Purchase	BWSR	Tetrault	Anoka						\$22,500	\$45,000.00			2.00	
125	Credit Purchase	BWSR	Rehbein	Anoka						\$26,000	\$18,200.00			0.70	
126	Credit Purchase	BWSR	Rehbein	Anoka						\$26,000	\$8,840.00			0.34	
127	Credit Purchase	BWSR	Friedrichs	Todd						\$4,700	\$4,700.00			1.00	
128	Credit Purchase	BWSR	Friedrichs	Todd						\$4,700	\$4,700.00			1.00	
129										Totals =	\$757,305			130.9	
130															
131	Proposed Purchase of Pending Credits for 2001														
132										cost/acre					
133															
134	Pending Credits	BWSR	Mariska	Rice						\$5,800	\$17,400			3.00	
135	Pending Credits	BWSR	Mariska	Rice						\$5,800	\$31,320			5.40	
136	Pending Credits	BWSR	Mariska	Rice						\$5,800	\$11,600			2.00	
137	Pending Credits	BWSR	Eisel	Crow Wing						\$6,534	\$42,471			6.50	
138	Pending Credits	BWSR	Eisel	Crow Wing						\$6,534	\$14,375			2.20	
139	Pending Credits	BWSR	Mueller	Sibley						\$7,100	\$142,000			20.00	
140	Pending Credits	BWSR	R. Goertz	Chisago						\$9,950	\$99,500			10.00	
141	Pending Credits	BWSR	R. Goertz	Chisago						\$9,950	\$99,500			10.00	
142	Pending Credits	BWSR	R. Goertz	Chisago						\$9,950	\$9,950			1.00	
143	Pending Credits	BWSR	R. Goertz	Chisago						\$9,950	\$9,950			1.00	
144			Totals =								\$478,066			61	

Committee Recommendations

5. Policy Establishing Payment Rates for Easements Taken for Public Road Replacement Bank Sites - DECISION

Policy Establishing Payment Rates for Easements Taken for Public Road Replacement Bank Sites

Whereas the Board of Water and Soil Resources adopted a policy in 1999 that allowed the BWSR to acquire easements for wetland restoration a price not to exceed 125% of the RIM rate or the assessed land value; and

Whereas the attorney general's office has advised that the policy needs certain clarification;

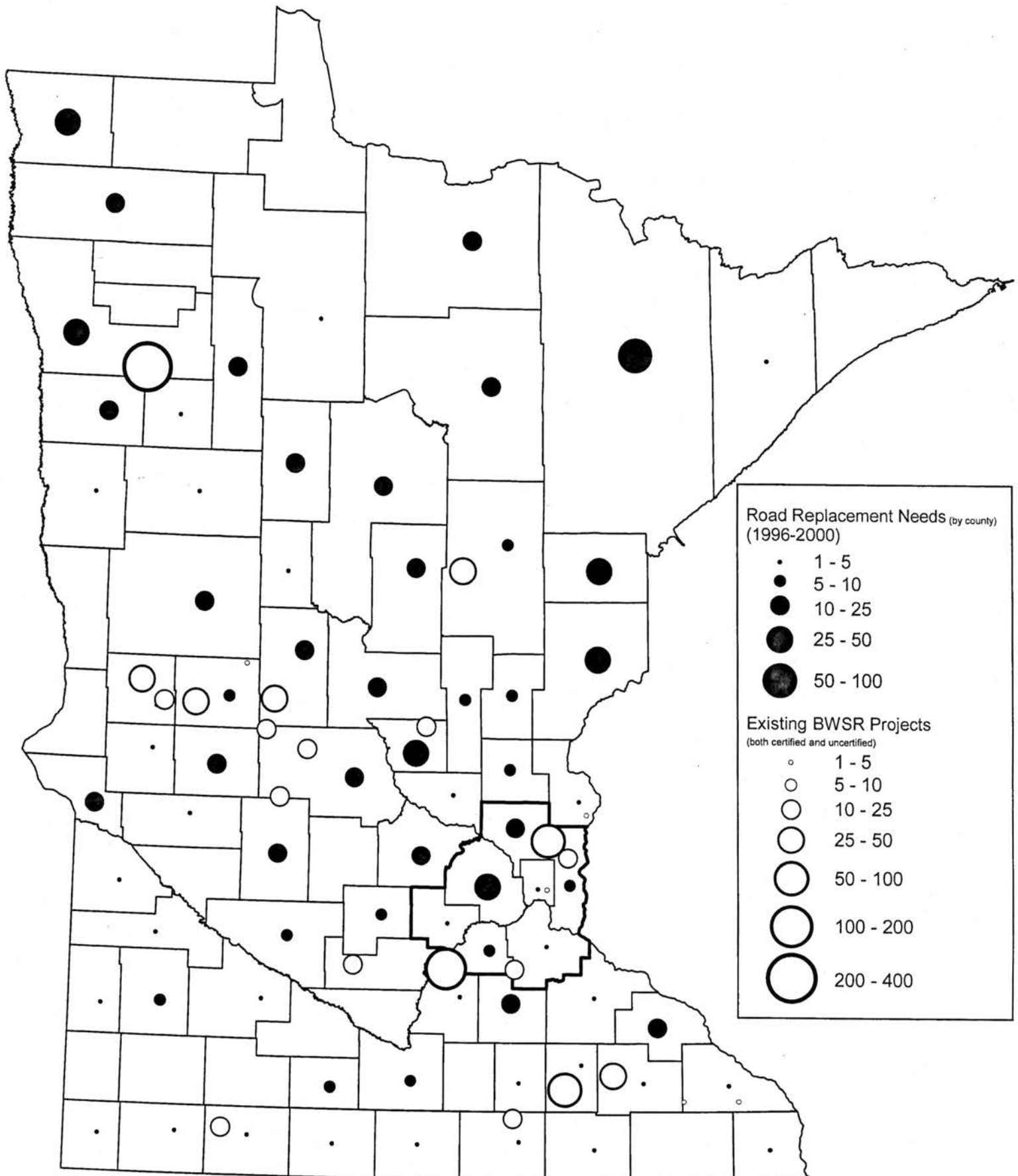
Now therefore the Board of Water and Soil Resources hereby adopts the following policy relating to payment rates for easements taken for the public road wetland replacement program:

1. That it is in the best interest of the State of Minnesota, where practical, to utilize the existing administrative process for the RIM conservation easement program to secure conservation easements for wetland restorations that will be utilized as wetland bank sites.
2. That this option be utilized only for sites that are eligible for RIM but can't be enrolled due to lack of adequate funding to accomplish an adequate restoration.
3. That the BWSR establishes a payment rate of 125 % of the established RIM rate for easement lands that would qualify for bank credits and further, any additional land included in the easement that is eligible for RIM but not eligible for bank credit will be acquired at the RIM rate .
4. That this option will only be used for projects where the BWSR engineer's estimate for implementing either the construction plan or the vegetation management plan is \$15,000 or less. For projects meeting this criterion, the landowner will be reimbursed for the full amount of the cost of construction and vegetation management.
5. That the landowner sign an acknowledgement form (in addition to the agreement) indicating that they understand that the state will be banking any eligible credits.

FOR DECISION

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Road Replacement Needs (1996-2000) and Existing BWSR Projects/Credits



New Business

1. Red River Valley Set-Aside
Program - DECISION

Red River Valley Set Aside Program

The 2000 Minnesota Legislature appropriated \$2,650,000 to the Board of Water and Soil Resources (BWSR) to establish an agricultural land set-aside program and provide short-term economic assistance to landowners. The legislature recognized that agricultural areas have suffered through several recent disaster declarations as a result of flooding, as well as crop production problems due to disease and excess precipitation. BWSR will allocate the funds to northwestern Minnesota Soil and Water Conservation Districts (SWCD) in designated primary counties in the 1999 Presidential Disaster Declaration. These counties are Clay, Polk, Red Lake, Pennington, Marshall, Kittson, and Roseau.

The BWSR approved target allocation for each county at the September 2000 board meeting. The BWSR reserved the right to adjust final allocations based on actual landowner applications. Each SWCD conducted a landowner sign-up. Results were due to BWSR staff by January 15, 2001. The attached spreadsheet shows the results of the sign-ups. Based on the actual landowner applications, BWSR staff recommend the following allocations:

Clay SWCD	\$334,259.60
Kittson SWCD	\$258,314.98
Marshall SWCD	\$455,740.65
Marshall-Belt SWCD	\$118,790.38
Pennington SWCD	\$265,026.97
East Polk SWCD	\$ 50,131.49
West Polk SWCD	\$737,958.49
Red Lake SWCD	\$ 5,000.00
Roseau SWCD	\$359,545.47

RRV Set Aside Program Summary/Allocation

	Initial Allocation	Amount Requested Through Sign-up	Difference	Number of Applications Taken	Number of Applications Funded	Amount of Funding Approved	Acres offered	Acres Accepted	Percent Requests Funded	T/A	Total Allocation
Clay	\$387,750.00	\$309,190.00	-\$77,960.00	18	18	\$309,190.13	1,381	1,381	100%	\$25,069.47	\$334,259.60
Kittson	\$310,200.00	\$238,941.62	-\$23,327.00	26	26	\$238,941.62	1,629	1,629	100%	\$19,373.62	\$258,314.98
Marshall	\$417,000.00	\$554,864.21	\$137,864.21	36	25	\$421,560.10	3,354	2,493	69%	\$34,180.55	\$455,740.65
Marshall-Beltrami	\$100,000.00	\$174,035.76	\$74,035.76	20	11	\$109,881.10	1,136	696	55%	\$8,909.00	\$118,790.38
Pennington	\$206,800.00	\$446,279.64	\$239,479.64	37	23	\$245,149.94	4,089	1,599	62%	\$19,877.03	\$265,026.97
E. Polk	\$336,500.00	\$45,131.49	-\$291,368.51	6	6	\$45,131.49	326	326	100%	\$5,000.00	\$50,121.49
W. Polk	\$336,500.00	\$1,083,610.74	\$747,110.70	46	33	\$683,851.74	4,535	3,147	72%	\$54,106.75	\$737,958.49
Red Lake	\$129,250.00	\$0.00	-\$129,250.00	0	0	\$0.00	0	0	0%	\$5,000.00	\$5,000.00
Roseau	\$361,900.00	\$332,579.56	-\$29,320.44	21	21	\$332,579.56	2,601	2,601	100%	\$26,965.91	\$359,545.47
BWSR										\$65,000.00	\$65,000.00
Totals	\$2,585,900.00	\$3,184,633.02	\$647,264.36	210	163	\$2,386,285.68	19,051	13,872	66%	\$263,482.33	\$2,649,758.03

2001 Wetlands/Waters Bill Summary

Sections 1, 2 and 3. **Modifies the Permanent Wetland Preserves (PWP) program** to allow BWSR to acquire voluntary M.S. 103F.515 conservation easements on type 4 and 5 wetlands, in addition to types 1,2,3 and 6 wetland types, and on public waters and public waters wetlands and to fund related capital improvement projects to preserve or restore wetlands on the easement areas. Provides for a payment option based on fair market value of drained land for areas connected to public drainage systems.

Section 4. Clarifies the DNR and BWSR roles in **assuming the federal section 404 program** in-lieu of the Army Corps Engineers and directs the agencies to consider alternatives to accomplish this objective as well as assuming elements of federal farm program to further the goal of regulator simplification.

Section 5. Allows DNR to **designate public waters wetlands (W's) as public waters (P's) on the Public Waters Inventory (PWI) if the state or federal government has become titleholder** to any of the beds or shores of the public waters wetlands. Although there are no affects to landowners or local governments anticipated, the proposed change can be "vetoed" by the landowner or various local governments.

Section 6. Allows BWSR, for a ten year period, to **fund replacement of wetland impacts** resulting from local government public transportation projects as follows:

- one-third in the metropolitan area,
- one-third outside the metropolitan area, but not including the Minnesota River watershed, and
- one-third in the Minnesota river watershed.

Current funding allocation is similar but without a directed emphasis on the Minnesota River watershed.

Section 7. Changes the language related to the DNR's process for approving alterations to **calcareous fens** and provides for rulemaking authority for DNR, independent of BWSR, for prescribing the processes and standards for identifying and reviewing potential affects to calcareous fens.

Section 8. Establishes a **wetland delineator certification program** as was directed by last year's legislation (Chapter 382, MN Laws of 2000) and provides for rulemaking to further define the standards and procedures of the program.

Section 9. Extends the period for **appeal of Wetland Conservation Act (WCA) Determinations** by local government units (LGUs) from 15 working days to 30 calendar days in order to be consistent with other local land use processes and Public Waters Law.

Section 10. Deletes the extraneous detail in the statute for establishing wetland **replacement credit** which are now all in MN Rule Chapter 8420.0540, Subp. 2. Provides more flexibility to develop these detailed, scientific, consensus rules as compared to what previously existed. The rules will be open for further public review during permanent rulemaking, which must be finished

by July 31, 2002.

Section 11. Allows licensed peace officers to record a deed restriction on **property subject to a wetland/waters restoration order** in order to inform and protect future potential owner if the existing owner does not comply with the restoration order before the property is transferred.

Section 12. Allows the **DNR to waive their permit authority to the WCA local government unit** on a case-by-case basis for projects that affect wetland areas of public waters in addition to wetlands under WCA jurisdiction. It is already possible for the WCA LGU to waive their authority to DNR by mutual agreement. Both of these provisions are for the purpose of reducing to one the number of state law approvals needed per project.

Section 13. **APPROPRIATIONS.**

(a) Provides ongoing funding for the local government roads wetland replacement program at current levels with future amounts indexed to transportation spending.

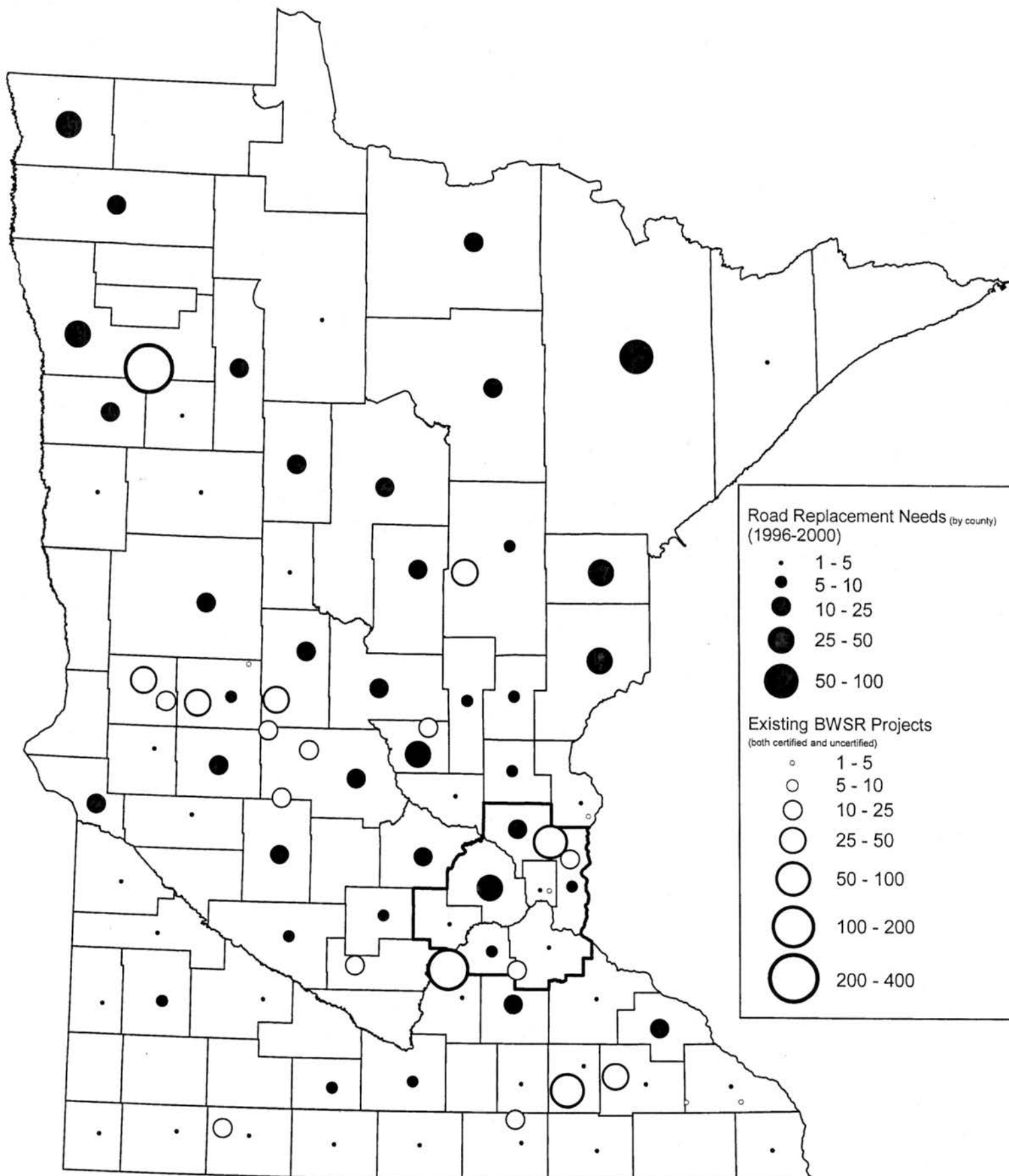
(b) Provides funding for the DNR to update and prepare a digital version of the Public Waters Inventory.

(c) Provides funding for the Permanent Wetlands Preserve Program (See Sections 1,2 and 3) for the purpose of acquiring voluntary easements from landowners to preserve and/or restore wetlands that are at risk for being impacted.

(d) Provides an inflationary adjustment for administrative grants to local governments to implement the WCA. This increase represents an inflationary adjustment based on the Consumer Price Index increases since 1993.

(e) Provides funds to implement a wetland delineator certification program as established in Section 8.

Road Replacement Needs (1996-2000) and Existing BWSR Projects/Credits





Minnesota
Pollution
Control
Agency

Commissioner's
Office

MPCA Staff and Environmental Work Reductions

February 5, 2001

This fact sheet describes the causes and impacts of reduced funding for staff and environmental work at the Minnesota Pollution Control Agency (MPCA). It provides information about the steps the agency will take to meet current funding challenges and the work that may be reduced or eliminated to allow the MPCA to focus on Minnesota's highest environmental priorities. It describes measures that can alleviate some funding reductions, including:

- ensuring stable, broad-based funding sources for the state's top environmental priorities through the Environmental Tax Reform Proposal;
- describing how the MPCA can allocate existing resources to best preserve Minnesota's quality of life, natural resources, health and economy; and
- outlining clearly the environmental work that will be reduced or eliminated because of funding shortages and the need to focus on the state's highest environmental priorities.

Overview of the Proposal

It is important to remember that most of the agency's work will get done. These cuts, representing approximately 9 percent of staff, are significant and will have a major impact in certain program areas, but the majority (91 percent) of the work currently performed by MPCA staff will continue. The activities or programs that will be reduced or eliminated are those that are winding down, have succeeded in achieving substantial results already, or deal with

problems that pose a lesser health or environmental threat to Minnesota communities than higher-priority problems.

Proposed biennial budget reallocation requests focus on water quality regulatory programs, expanded basin management activities and addressing air pollution from mobile sources. Program areas that will continue unchanged include:

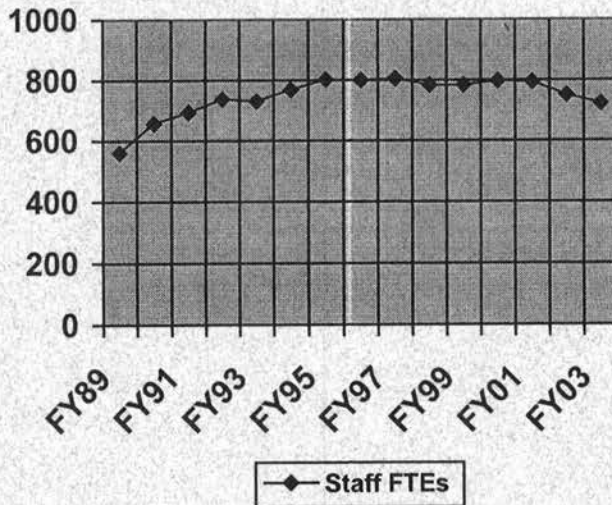
- lake assessment,
- Minnesota River efforts,
- water quality nonpoint source regulation and management,
- total maximum daily load (TMDLs, studies of impaired surface waters),
- surface water monitoring,
- wastewater operator training and certification,
- environmental review,
- voluntary investigation and cleanup of contaminated sites,
- household hazardous waste,
- pollution prevention, and
- used oil management.

Staff Reductions

The MPCA has experienced a three-year trend in decreasing staff funding, as the following graph illustrates. The staff reduction needed to meet the budget shortfall amounts to 70 Full Time Equivalents (FTEs) and includes a proportional reduction in Executive, Manager, Supervisor and Administrative Support Services staff.



The MPCA hopes to achieve these staff reductions through attrition over the next biennium, and by reassigning staff as necessary. The agency has been preparing for reductions by holding vacancies open in FY01. If the Environmental Tax Reform Proposal is not approved, it will be necessary to reduce staff by a further 15 FTEs. These additional reductions, the result of under-collection of fees in the water quality point source regulatory program and the hazardous waste regulatory program, will have to come from these programs.



Staff Reallocations

The MPCA is recommending the following budget reallocations, which the agency has included in its proposed biennial budget. These reallocations are based on input from public forums, statutory requirements, environmental risk, economic trends and the condition of our fiscal resources.

Program Reductions (FTE)	Program Increases (FTE)	Statute/Rule Change?	Comments
Salvage Yards -3.0 (100%)	Mobile Sources/Air Toxics +3.0 (27%)	Rider on new use of funds	Salvage yard manual and assistance training completed, transfer needed for air pollution 10 Point Plan
Land Regulatory Programs (solid waste, tanks, hazardous waste) -7.0 (7%)	Water Quality Point Source Regulations +6.0 (8%)	Rider on new use of funds (Land Reg. Programs)	Land programs were successful and are in maintenance mode. Water quality permit backlog and new stormwater permits require more resources.
Water Quality Septic Systems -2.0 (30%)	Water Quality Stormwater Permits +3.0 (22%)	Rider on new use of funds, statutory changes (WQ Septic Systems)	
	Watershed/Basin Planning +4.0 (13%)	Statutory	Funds transferred from the Environmental Fund (Superfund) to managing water resources through basin planning.
Listed Metals -1.0 (100%)	Frog Research +1.5 Lake Superior Lake Area Management Plan (No staff, only dollars)	None	Listed Metals Advisory Council completed its work. Current funding ends for frog research 6-30-01.
Clean Water Partnership Grant Transfer -\$1.235 million		None	Funds to counties and farmers for cost share on feedlots.

In addition to these requested allocations, the agency also has made adjustments within the air-quality (4.0 FTEs) and water-quality (2.0 FTEs) budgets to focus more effort on point source regulations. The MPCA budget also includes an additional change that adds 9.0 FTEs to the feedlot program from new General Fund money.



Program Elimination

The programs recommended for elimination are listed in the following table. In some cases, eliminating the program (or the MPCA's involvement in the program) may require statutory or rule changes. Eliminating these programs may also require discussions with the U. S. Environmental Protection Agency (EPA) or other state agencies.

Program Area	FTE	FTE Reduction	Statute/Rule Change?	Comments
Air				
Indirect Source Permitting	1.5	-1.5 (100%)	Rule	MPCA would no longer review air pollution impacts of large construction projects (malls, arenas).
Land				
Toxic Substances Control Act/Polychlorinated Biphenyls (PCBs)	1.0	-1.0 (100%)	None	Program wind down, decrease in federal funding. EPA responsibility.
Listed Metals	1.0	-1.0 (100%)	None	Activity completed.
Salvage Yards/Chlorofluorocarbons (CFCs)	3.0	-3.0 (100%)	None for Salvage Yards/ Statute and Rule for CFCs	Salvage yard manual, outreach completed.
Waste Tires	0.5	-0.5 (100%)	Statute and Rule	Program succeeded, no more cleanup assistance funding available.
Wellhead Protection	1.0	-1.0 (100%)	None	Minn. Dept. of Health has primary responsibility and resources for wellhead protection.
Source Water Protection	0.25	-0.25 (100%)	None	Minn. Dept. of Health has primary responsibility and resources for source water protection.
Water				
Sludge/Biosolids	4.0	-4.0 (100%)	Rule	Regulated municipal community will go to EPA for service; delays likely.
Wetlands	2.0	-2.0 (100%)	None	Federal funding is ending for development of criteria on water quality impacts to wetlands, Dept. of Natural Resources/Board of Soil and Water Resources (DNR/BWSR) responsibility.
401 Certifications	2.0	-2.0 (100%)	None	No more state oversight of federal actions that can affect water quality.
Sanitary District Formation	0.5	-0.5 (100%)	Statutory Changes	Districts will use other legal methods to form.



Additional Program Reductions

In order to reach the staffing levels necessitated by funding decreases, the MPCA recommends that the following program areas see reductions in environmental work performed. In most cases, these reductions will result in slower response from the MPCA in the specified program areas. Further staff reductions (15 FTEs) in the Water Point Source and the Hazardous Waste Regulatory Programs will be necessary, if the Environmental Tax Reform Proposal is not approved.

Program Area	Current FTE	Reduction (%)	Statute or Rule Change	Comments
Air				
Air Quality Point Source Regulation	73.0	-2.0 (3%)	None	Reduce permit issuance rates, compliance and enforcement.
Land				
Regulatory Programs (solid waste, above- and underground tanks, hazardous waste management)	94.0	-10.0 (11%)	Rider on new use of funds	No routine inspections at small facilities and reduced at large facilities; respond only to high-risk complaints; technical assistance curtailed; permit delays; greater county responsibility.
Integrated Environmental				
Ambient Air Quality Monitoring	15.0	-1.0 (7%)	None	Will be difficult to meet EPA requirements for Quality Assurance/Quality Control for the criteria pollutant monitoring.
Biocriteria Development	7.0	-1.0 (15%)	None	Delay in building biological criteria into water quality rule; slowdown in basin planning, effluent limits.
Groundwater Monitoring	5.0	-3.0 (60%)	None	Eliminate ambient ground water monitoring; reduces prevention strategies; less comprehensive approach to ground water protection; Minn. Dept. of Health responsibility.
Remediation Programs (leaking underground storage tanks, hazardous waste corrective actions, Superfund)	89.0	-16.0 (18%)	Rider on new use of funds	Delays in site construction; reduced brownfield and site assessments; no work on low-risk sites; delayed LUST reimbursement; decreased technical assistance and site closures.
Emergency Response	12.0	-1.0 (8%)	None	Less enforcement; fewer drills; no response to low-risk spills; increased use of contractors.
Administration				
Executives/Managers/Supervisors	115.0	-12.0 (10%)	None	Commensurate with work reductions
Infrastructure Support Services	133.0	-12.0 (9%)	None	Commensurate with work reductions

**Summary**

The MPCA and its staff are committed to protecting and improving the environment, and national studies or reports of state environmental quality rank Minnesota high. However, federal and state funding for MPCA programs have decreased, while the costs of living and doing business have increased, leaving the agency with tough choices about priorities. The following table summarizes the MPCA's recommendations about how to assure that the environmental problems that pose the greatest risks to quality of life, health, natural resources and the economy receive the most effort.

Program Area	Current FTE	Reallocate FTE	Eliminate FTE	Reduced FTE/Work	Rule/Stat. Change
Air					
• Mobile Sources/Air Toxics	11.0	+3.0 (27%)			Rider
• Indirect Source Regulation	1.5		-1.5		Rule
• Air Point Source Regulation	73.0			- 2.0 (3%)	None
Land					
• Solid Waste, Tanks, Hazardous Waste Regulation	94.0	-7.0 (7%)		- 10.0 (11%)	Rider
• Toxic Substances Control Act/Polychlorinated Biphenyls (PCBs)	1.0		-1.0		None
• Listed Metals	1.0	-1.0 (100%)	X		None
• Salvage Yards/Chlorofluorocarbons (CFCs)	3.0	-3.0 (100%)	X		None/Statute and Rule
• Tires	0.5		-0.5		Statute and Rule
• Wellhead Protection	1.0		-1.0		None
• Source Water Protection	0.25		-0.25		None
Integrated Environmental					
• Air Quality Monitoring	14.0			-1.0 (7%)	None
• Biocriteria Development	7.0			-1.0 (15%)	None
• Groundwater Monitoring	5.0			-3.0 (60%)	None
• Remediation (Leaking Tanks, Hazardous Waste Corrective Action, Superfund)	89.0			-16.0 (18%)	Rider
• Emergency Response	12.0			-1.0 (8%)	None
• Malformed Frogs	1.5	+1.5 (100%)			None
Water					
• Individual Sewage Treatment Systems (ISTs)	6.5	-2.0 (30%)			Statute
• Water Quality Point Source	67.0	+6.0 (8%)			Rider
• Sludge/Biosolids	4.0		-4.0		Rule
• Stormwater	10.0	+3.0 (22%)			None
• Watershed/Basin Planning	22.0	+4.0 (13%)			Statute
• Wetlands	2.0		-2.0		None
• 401 Certification	2.0		-2.0		Rule
• Sanitary District Formation	0.5		-0.5		Statute
Administration					
• Executive/Manager/ Supervisor	115.0			-12 (10%)	None
• Infrastructure Support Services	133.0			-12 (9%)	None
TOTAL			-12.75	-58.0	
Total MPCA Staff Reduction : 70.75 FTEs					



Legislative FACT SHEET

January 22, 2001



Minnesota Pollution Control Agency

MPCA Budget overview

Introduction

The Minnesota Pollution Control Agency is addressing declining fee revenue, federal revenue changes, and inflation pressures in the biennial budget proposal. This fact sheet gives an overview of the situation.

Background

A combination of reductions in or close-outs of federal grants, inadequate fee funding, and inflation will reduce MPCA funding over the next two years and result in significant reductions in staffing levels. The MPCA identified the beginning of this trend two years ago, and responded by managing staffing levels and cutting supply and expense budgets of the operating programs.

To operate the MPCA's programs for air, water and land, close to 800 actual FTE (calculating hours worked to equal a full-time employee) have been employed annually over the past five years. The MPCA's proposed budget is \$238 million over the next two years. Of that amount, less than \$100 million goes to operating programs. The remainder is pass-through grants or funding for site cleanup. To meet this budgetary goal, the MPCA must reduce staffing levels to 723 employees by the beginning of FY03.

About half of this projected reduction is due to diminishing federal grants and declining fee revenues, and the other half is due to inflationary increases.

Declining grants and fees

- The MPCA has been very aggressive and successful in addressing property that has been contaminated by hazardous waste (e.g., Superfund program) and petroleum products (e.g., leaking underground storage tanks program). Having largely accomplished their goals, these programs are winding down. As a result, federal funding has been reduced and shifted to other states with more pressing needs.
- The MPCA has received a number of competitive grants for water-quality research (such as wetlands) that are now or soon will be ending.
- Fees support many of our core regulatory programs. Established a decade ago, the fee levels originally covered the program costs. However, pollution problems have changed, and our primary fee payers — business and communities — are not the only source of the environmental problems that must be addressed.
- The MPCA is unable to collect fees sufficient to support the appropriation and service levels established by the Legislature. Fee payers have argued (and the Legislature has agreed) that fees should not continue to increase. Businesses and communities also are unwilling to fund work on pollution problems that are not directly related to the service they receive. The Legislature has provided "bridge" funding in some areas, but that funding is declining as well.

Minnesota Pollution Control Agency, 520 Lafayette Road North, Saint Paul, MN 55155-4194

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Inflation reduces “buying power”

The other half of the reduction in operating budgets is due to a loss of “buying power” in our federal and state funding. For example, the cost of a federally funded FTE has doubled since 1996, yet operating expenses provided by our largest federal grants have remained constant. This occurs to a lesser extent with state funding, because the Legislature has provided salary supplements in some areas for cost-of-living increases. However, these salary supplements have not covered salary-grid changes or health-benefit increases, which represent over half of our increased costs for each employee.

In the past, the MPCA has reduced program supply expenses to ensure sufficient people were available to do our environmental work. The projected increase in staffing costs means this practice cannot continue.

Three things are needed to provide the level of environmental service that Minnesotans expect:

- Ensure there is stable, broad-based funding for the state’s top environmental protection problems
- Respond with proposals to allocate resources to Minnesota’s highest priorities, and
- Be clear about what we can and cannot do.

Environmental Tax Reform

In the proposed budget, MPCA is not seeking revenue for new priorities, but rather the flexibility for the Legislature to appropriate funding to the highest environmental priorities. Through our environmental tax reform proposal, we are asking the Legislature to decouple the tight links between individual fee accounts, and instead concentrate on broad-based sources of funding that cut across the spectrum of all those who contribute to pollution and value the quality of the environment in Minnesota — individuals, households, businesses, and communities. This will enable us to propose, and the Legislature to appropriate to the highest environmental priorities.

Without Environmental Tax Reform, an additional 15 FTE must be reduced from the water quality and hazardous waste programs in the MPCA’s budget proposal.

Changes in priorities/reallocations

The budget also proposes how funding should be reallocated to environmental priorities. There is no environmental work that is not important, but under the currently proposed budget we cannot do it all.

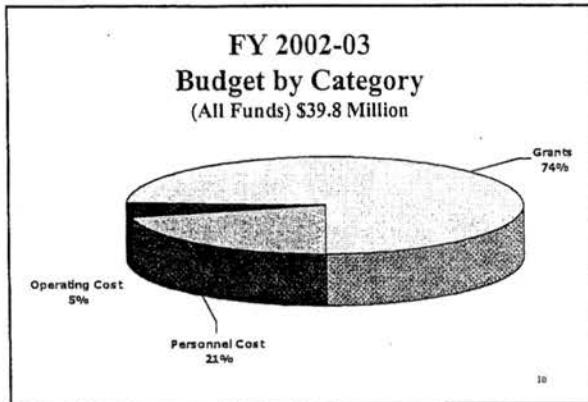
The MPCA completed an extensive stakeholder process in 2000 in which we solicited the input of environmental groups, businesses, and local units of government about where the agency should focus its efforts. Agricultural runoff, wastewater treatment, pollution from vehicles, and urban sprawl ranked as top environmental priorities. The top three categories that participants in the stakeholder meetings felt deserved the most urgent attention were accessible information for decision making, water-quality programs (permitting, compliance and stormwater programs), and measuring the condition of watershed basins through comprehensive monitoring.

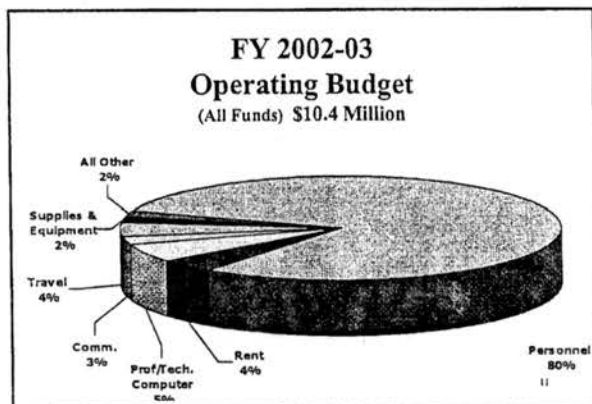
These preferences have helped guide the MPCA’s proposed biennial budget. Accordingly, part of our strategy involves reallocating resources internally to areas of higher priority from areas of lesser priority, along with proposing tax reforms as part of the governor’s package. (*See attached sheet for specific reallocation proposals.*)

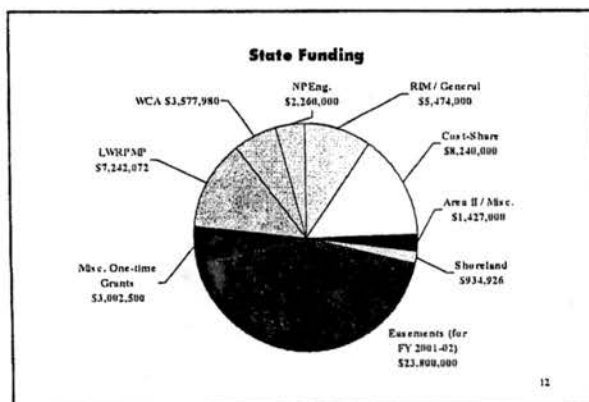
Lastly, the MPCA has developed a staffing management plan to meet the necessary staffing reductions, and to identify the environmental work that we can and cannot do as a result. (*See attached sheet for specific environmental work reductions.*)

For more information

For more information on the MPCA’s proposed biennial budget, contact Cathy Moeger at the MPCA, (651) 296-7369 or cathy.moeger@pca.state.mn.us.







The Conservation Reserve Enhancement Program (CREP)

2/16/01

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1

Minnesota has a problem and a solution

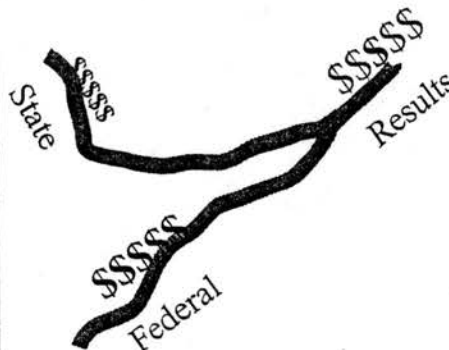
Minnesota-Mississippi River confluence at St. Paul



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Resources

2



Conservation Reserve Enhancement Program (CREP)

- Partnership of Minnesota RIM Reserve and USDA's CRP and landowner
- 100,000 acres in Minnesota River Basin
 - Floodplains
 - Buffers
 - Wetland restorations
- September 30, 2002 deadline

2/16/01

Minnesota Board of Water and Soil
Resources

3

Conservation Buffer Facts

- Filter water both surface and shallow groundwater
- Reduce up to 80% of sediment
- 40% (on average) of phosphorous
- Significant amount of nitrate
- 60% of pathogens removed
- Nesting cover and shelter for wildlife
- Improves fish habitat

2/16/01

Minnesota Board of Water and Soil
Resources

4

CREP Benefits

Environmental

- Phosphorus reduction
- Nitrogen reduction
- Sediment reduction
- Soil saved

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5

CREP Benefits (con't.)

- *Environmental*
 - Habitat
 - Pheasants, turkey, deer, ducks,
various nongame
 - Carbon sequestration

2/16/01

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Resources

6

CREP Benefits (con't.)

- *Economic*
 - Boost to local economy
\$233.5M/15 years
 - Attracts 2.3 federal dollars for each state easement dollar
 - Ends cycle of enrollment and re-enrollment

2/16/01

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Resources

7

CREP Benefits (con't.)

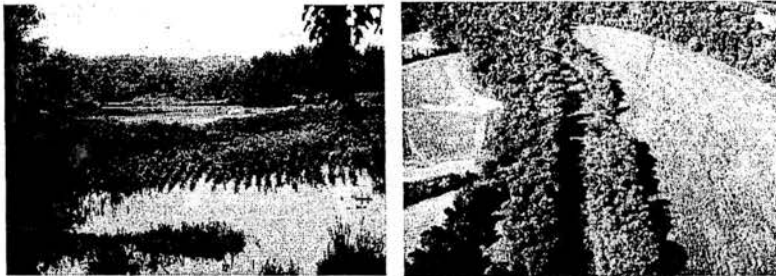
- *Economic*
 - Diminishes disaster assistance and crop insurance payments
 - Tourism – urban/rural connection
 - Recreation

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Riverside cropland is replaced



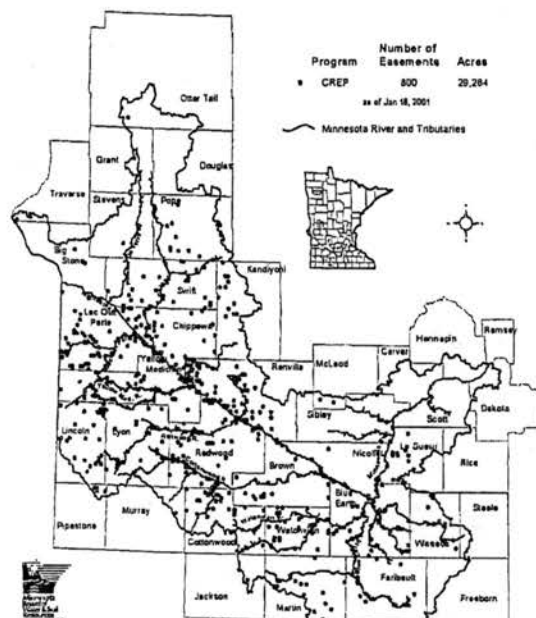
...With Native Vegetation Buffers

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Conservation Reserve Enhancement Program (CREP) Easements

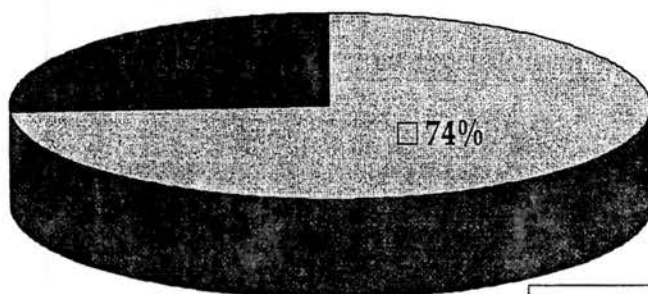


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Relative Proportions of Total Phosphorus

Normal Flow

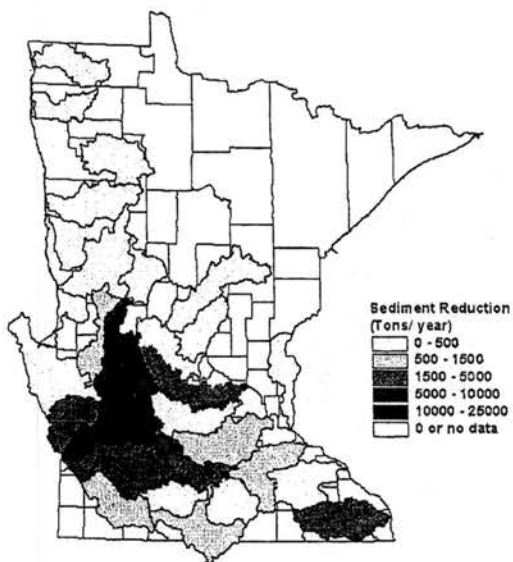


□ Nonpoint Sources
■ Point Sources

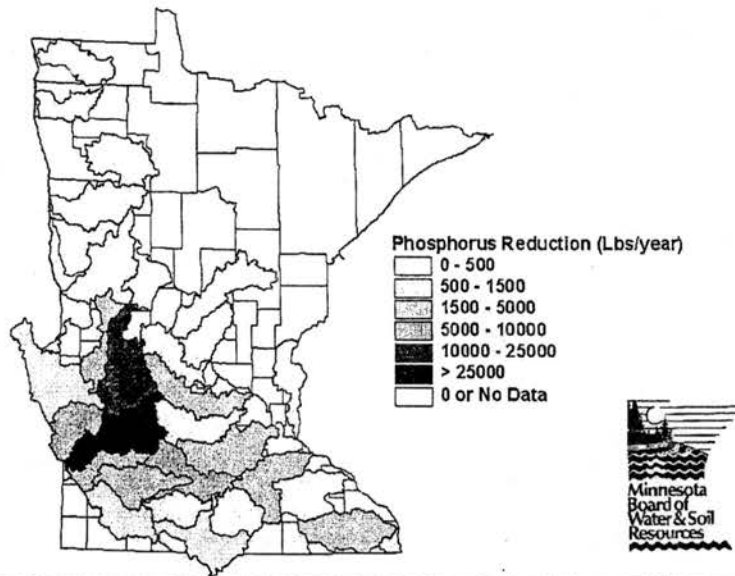
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Minnesota Board of Water and Soil Resources

1998-1999 Easements Sediment Reduction by Watershed



1998-1999 Easements Phosphorus Reduction by Watershed



Governor's Budget

- \$0.724 GF – implementation (*p. D-276*)
- \$43.000 Bond - easements (*p. 59*)
- \$ 7.763 SWF – implementation (*p. 59*)
- \$51.487

CREP

CREP Acres	Federal Easement Cost	State Easement Cost (\$M)	State Implementation Cost (\$M)	Total State Cost (\$M)	Savings* (\$M)
16,000	26	11	2	13	10
20,000	33	14	3	17	12
40,000	65	28	6	34	24
60,000	98	42	9	51	36
80,000	130	56	12	68	48
100,000	163	70	14	84	60

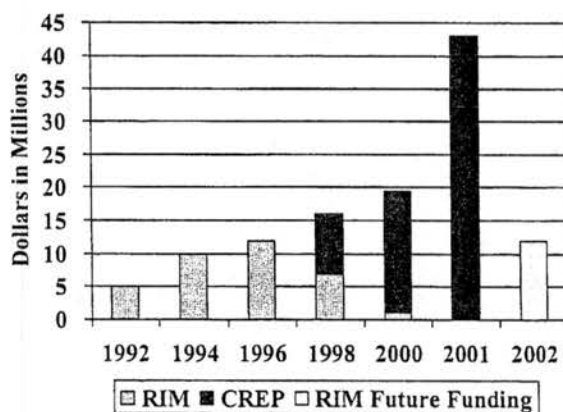
* Savings reflect the reduction in cost to the State for acquiring conservation easements

2/16/01

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Resources

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RIM Easements

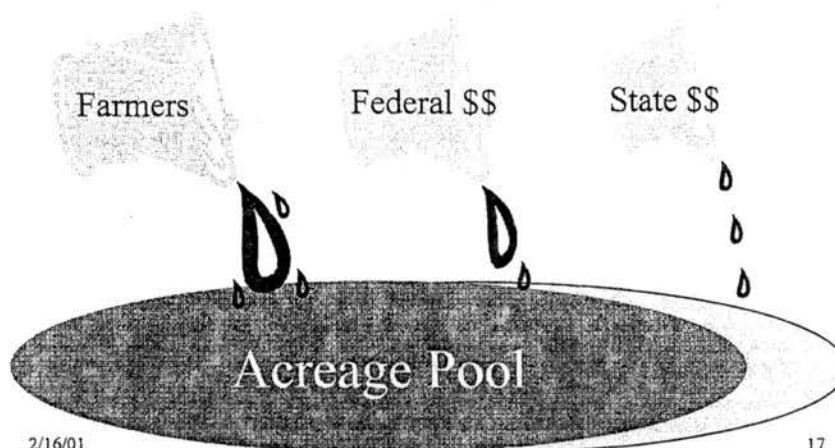


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The limiting factor at this time is state money



**Minnesota River CREP is a
good business decision for the
state, the environment and
agriculture.**



Farm the Best, Buffer the Rest.

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Resources

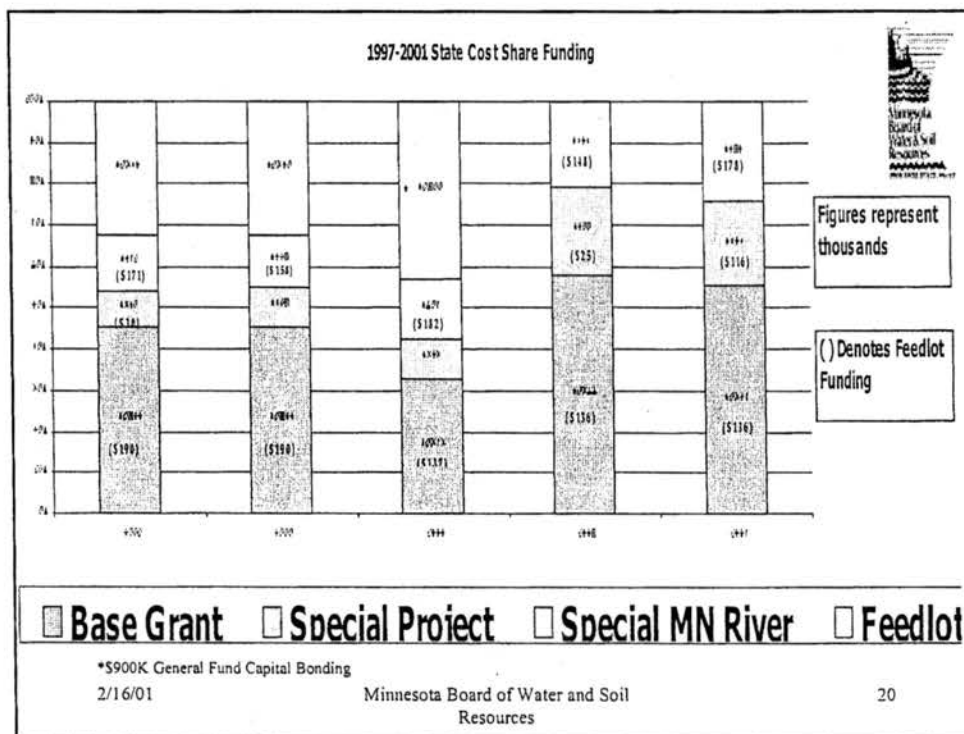
18

Feedlots

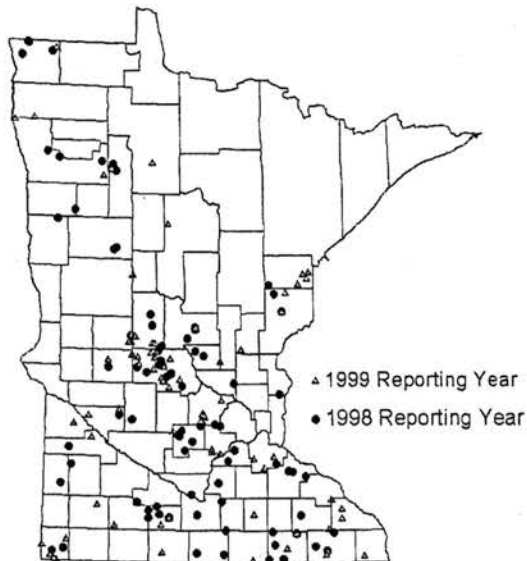
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Feedlot Land & Water Treatment Projects reported via LARS



2/16/01

21

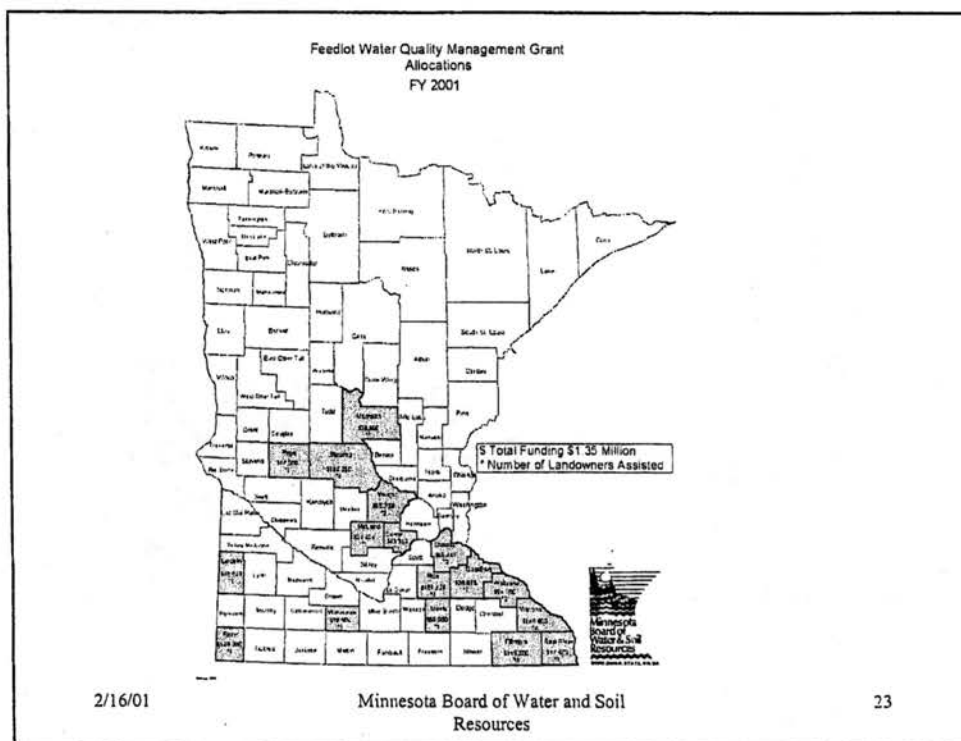
Feedlot Water Quality Management Grant Allocations FY 2000



2/16/01

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Governor's Feedlot Initiative (\$3.2M)

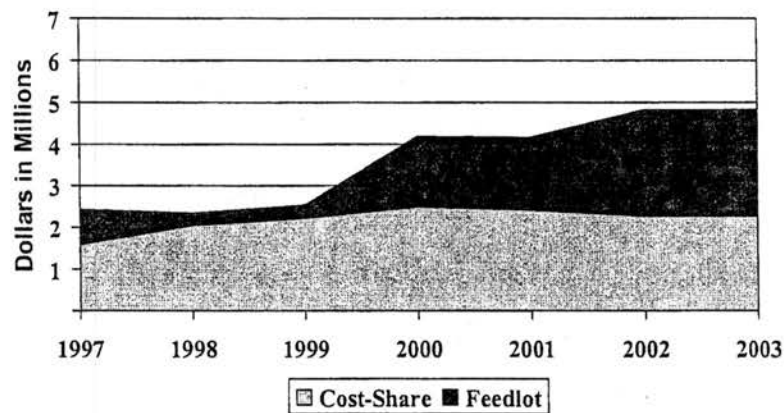
Annual \$	For	From
\$700,000 \$140,000	Feedlot Cost Share at BWSR NPEA at BWSR	PCA – Clean Water Partnership General Fund
\$500,000 \$113,000	Feedlot Cost Share at BWSR NPEA at BWSR	General Cost Share at BWSR All Other NPEA Projects at BWSR
\$535,000	County Feedlot Program Delegation Grants at BWSR	PCA – Clean Water Partnership
\$725,000	MPCA Feedlot Regulatory Staff Assistance	General Fund
\$350,000	Low Interest Loans through MDA	General Fund
\$170,000	Farm Planning Assistance through MDA	MDA – Dairy Diagnostics

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Minnesota Board of Water and Soil
Resources

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Spending History

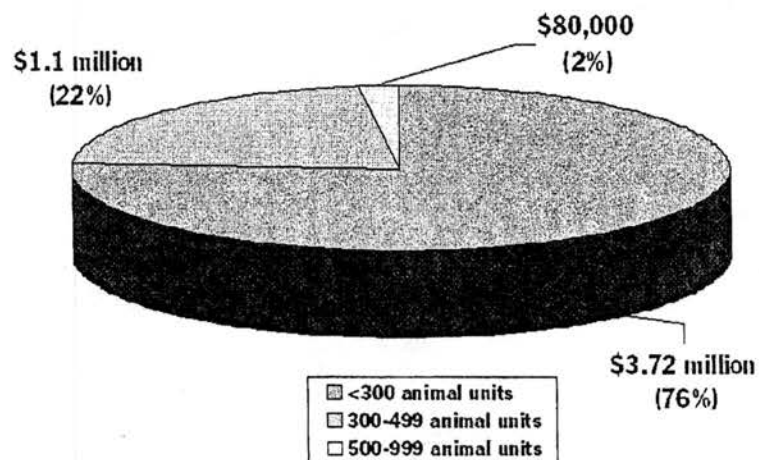


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Total Feedlot Cost-Share & Other Grants



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Putting Conservation on the Ground

- Survey
- Design
- Construction

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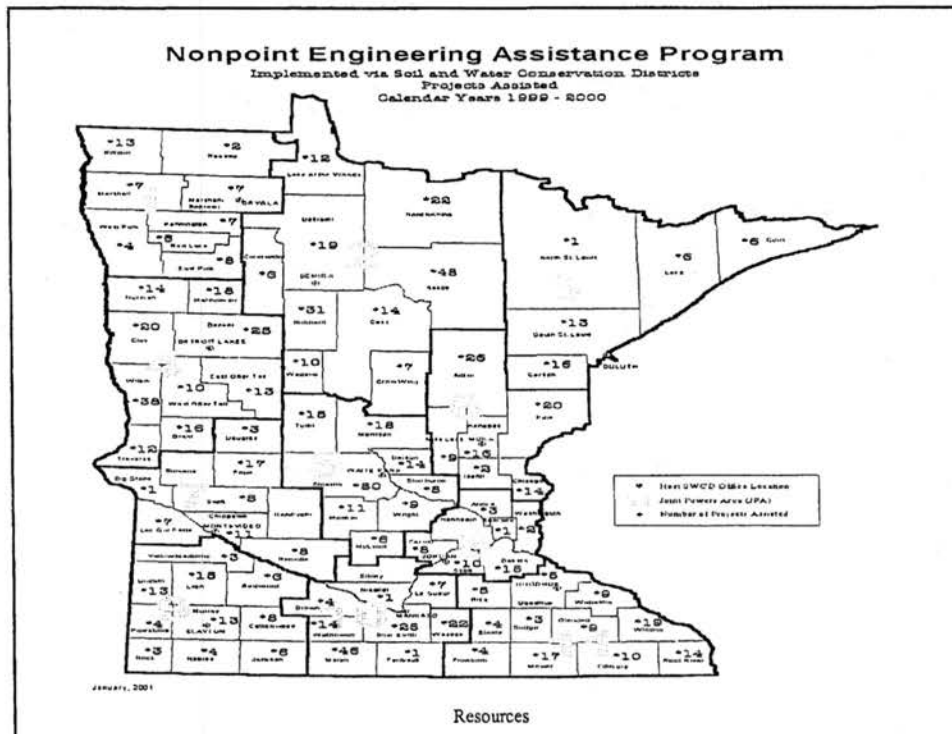
Nonpoint Engineering Assistance (NPEA) Program

Program Goal: Provide engineering assistance for constructing water quality management practices on private lands.

2/16/01

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Resources

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NPEA

- FY 2000-01 \$2.26 million
- Provides engineering assistance for:
 - Ag Best Management Practices (Ag BMP) loan program;
 - Clean Water partnership (CWP) grant and loan programs;

NPEA (con't.)

- State Cost-Share program;
- State Feedlot Water Quality Management Cost-Share program
- Federal Environmental Quality Incentives Program (EQIP);
- EPA Section 319 grants

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LCMR Recommendations

- Accelerated Local Water Planning
- Soil Updates

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One-Time Funds

- \$200,000 - Red River Basin Board
- \$2.65 million - disaster assistance - Red River Valley
- \$110,000 – U of M Extension (snow fence)
- \$42,500 - U of M Extension – RRV mediation facilitation
- \$400,000 – Wetland road replacement impl.

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Wetland Conservation Act

- Wetland Regulations Legislative Report
- A Plan for Certification of Wetland Delineators in Minnesota
- Minnesota Local Government Roads Wetland Replacement

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Wetland Road Replacement History & Background

- 1996 Wetland Conservation Act (WCA) Amendments
 - BWSR to replace wetland impacts related to local road wetland impacts
 - Local road maintenance, repair and safety improvements eligible
 - New roads or lane expansions ineligible
 - Metro wetland losses replaced in metro

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Benefits for Minnesota

- Cost effective wetland mitigation
- Greater wetland diversity
- Most wetlands restored rather than created
- High quality wetland replacements outside of highway right-of-ways
- Some developed as public access WMA's

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Implications for State and Local Government If Not Funded

- State will not meet statutory obligations
- Local governments will be required to do replacement
- Local property taxes increased to pay for mitigation
- Local road projects delayed
- WCA administration put at risk

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Options to Reduce Funds

- Eliminate requirement for state is not practical option
 - COE will still require mitigation
 - Local property tax increased
 - Inefficient wetland replacement
 - More costly replacement
 - Poorer quality projects
- Eliminate metro priority for redevelopment projects
- Allow some metro impacts to be replaced out-state

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Projected Wetland Road Replacement Funds

- Annual cost for replacement = \$2.3 million + \$400,000 engineering, surveying, real-estate, legal and administrative
- Annual wetland replacement needs = 220 acres
- Out-state replacement cost: \$3,000 to \$7,000 per acre
- Metro replacement cost: \$5,000 to \$75,000 per acre

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Resources

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Funding Options

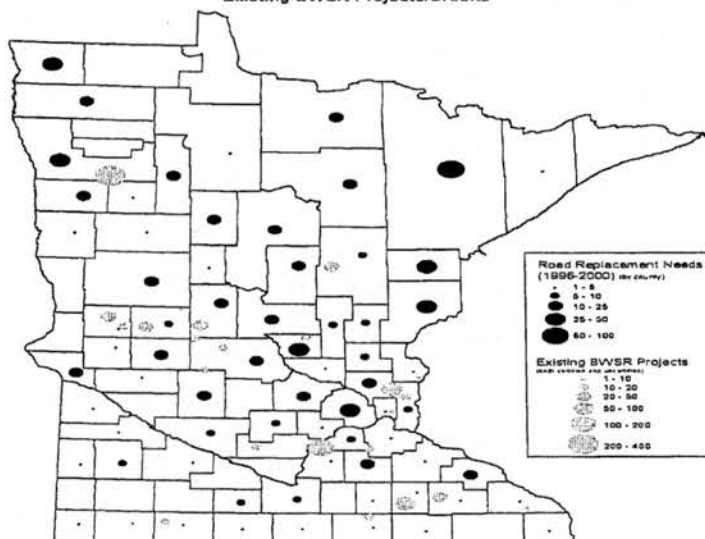
- Capitol Budget
 - Bonding
 - General Fund
- Biennial Budget
 - General Fund
 - Counties, townships, cities support this option
 - Greater assurance of StTe's commitment
 - Acknowledges ongoing obligation of the State
 - Allows for greater implementation efficiency
- Trunk highway fund

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Road Replacement Needs (1996-2000)
and
Existing BWSR Projects/Credits



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Resources

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FOR YOUR INFORMATION

(February 28, 2001)

- ❑ Letter from Jim Birkholz
- ❑ BWSR "2000-01 Biennial Report"
- ❑ BWSR "Update"
- ❑ Letter from Met Council regarding support of Governor's legislative bonding request
- ❑ Brochure "The River-Friendly Farmer Program"



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An equal opportunity employer

Printed on recycled paper

February 28, 2001

Dear BWSR Board Members:

This message is to inform you that I will be leaving my job as Deputy Director at BWSR effective March 14. On that date I will begin a new job working on a part-time basis for BWSR on some special assignments. My first assignment will be to work on a district capacity project with soil and water conservation districts. This work by its nature will also involve watershed districts and counties. I look forward to sharing more about this project at future board meetings.

Why the change after twenty years with our agency? Well, for several years now, my wife Judy and I have worked at building up our home orchard business. The work has been a rewarding and complementary activity to my work here at the BWSR. But the combined time demands resulting from continued growth here at the BWSR, the orchard and my growing family (Joe, Amelia and Sam are now 9, 8 and 5 respectively) have become too large to manage. I'm simply spread too thin and have to make some choices. I love my full-time job here at the BWSR and I believe the work we do is incredibly important. But the allure of building our own business in the community we live in and spending more time with my kids while they are growing up is too tempting to pass up. I considered extending the balancing act a bit longer but the importance of the work of our agency and the quality of effort you as board members and our staff put into their work deserves greater effort from my position than I can continue to offer.

So Ron Harnack has graciously offered me the opportunity to stay involved with the work of BWSR and local governments in a meaningful way on a part-time basis. I consider this a great chance to continue to be involved in doing significant work with the best people in state government. It's been an honor and a privilege to serve BWSR in my various positions over the years. Thank you for your hard work and dedication as board members. Your efforts add inestimable value to the services our agency provides. I look forward to working with you on occasion in my new role.

Take care, save soil, eat apples!

Jim Birkholz
Deputy Director

2000-01 Biennial Report to the Minnesota Legislature



JANUARY 2001

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Information contained in this report is available in an alternative format upon request. Cost for the report's production was \$1,700.

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LETTER FROM THE BOARD CHAIR

Dear friends and colleagues:

On behalf of the Board of Water and Soil Resources (BWSR), I am pleased to present the *2000-01 Biennial Report to the Legislature*. The biennium has been a time of great successes, all aimed at providing better service to local units of government and enhancing the stewardship of Minnesota's natural resources.

Once again, BWSR's work with the Conservation Reserve Enhancement Program (CREP) is one of the agency's most significant accomplishments for the biennium. Partnerships with Ducks Unlimited, Minnesota Waterfowl Association, and Pheasants Forever, along with other conservation groups, have helped sustain strong interest in the program. One of the initial challenges facing the partners was to change a false impression that CREP was going to take productive farmland out of production. That is now behind us; CREP is viewed as a program that benefits farmers who want to take marginal land out of production in the Minnesota River Valley watershed. The slogan "Farm the Best, Buffer the Rest," which is used in CREP marketing materials, resonates well.

Collaboration with other state agencies has been beneficial, too. The Minnesota Department of Natural Resources allocated funds to support CREP technicians who market the program with landowners at the local level. BWSR is committed to the program's success and is working aggressively to promote its benefits. Messages about CREP and its benefits—to water quality in the Minnesota River, the Mississippi

River, and the Gulf of Mexico; to wildlife habitat; and to the rural economy—are being heard. Now, the critical challenge for the program is to realize the full potential of the federal dollars that are available until the end of

September 2002. It will take the leadership of both the administration and the legislature to fully fund the request that would allow the state to leverage \$98 million in federal support available for CREP.

Clearly, the state is achieving a tremendous amount of avoidance of impact on wetlands because of the Wetland Conservation Act. Local governments will see even more success as they continue to integrate wetlands into their day-to-day land-use decisions. Once again, this biennium saw further refinement of the Wetland Conservation Act. In its initial stages, WCA treated everyone the same and didn't recognize the diversity of land in the state. That created stresses on the program and created inequities for our citizens. The latest refinement with WCA simplifies wetland regulation and ensures greater coordination among state and federal agencies involved in wetland conservation. Everyone will benefit from these changes. Continuing the simplification will require the state to seek 404 delegation from the Army Corps of Engineers and enter into an agreement with the U.S.D.A. This may cost the state and local governments additional time and effort; however, true efficiency and simplification can be realized.

Investment in the agency's Local Government Annual Reporting System—also known as LARS—is beginning to pay off. This reporting system allows us to document the results of the investment we put into programs. BWSR can track a number of indicators, including soil loss reduction, sediment reduction, and phosphorus reduction by specific projects. That powerful information will help guide both local units of government and the state in determining priorities for funding. This system provides us with a baseline for improving our service to local governments through electronic means; we expect to see integration of LARS and other reporting systems into web-based tools in the future.

Another success for the agency is the efforts of local water management at the county, watershed district, soil and water conservation district, and city government levels. The public participation, assessment of issues, identification of solutions, setting of priorities, defining measurable outcomes, and delineation of roles and responsibilities for state and local partners to

realize the outcomes continues to receive national recognition. Local governments are continuing to accept the challenge of effective and efficient management of the state's water and related natural resources. The state continues to look to local government as the mechanism for sound natural resources management and land-use planning and decision-making. The local water management process in place is the framework for integration of water resources, natural resources, and land use. As the state looks more and more to local governments, the challenge for the state is to continue to acknowledge that the state must be accountable for sharing in the effort to realize the outcomes.

All of these achievements cannot have been accomplished without the assistance and support from local units of government, partner agencies, and a dedicated

staff at the Board of Water and Soil Resources. As this agency moves forward, BWSR will continue to focus on its mission to serve local units of government, build on its successes, and work to develop and promote wise management of Minnesota's water and soil resources.

Sincerely,



Kathleen Roer
Chair, Minnesota Board of Water and Soil Resources
January 2001



MISSION AND STRATEGIC PLAN

The mission of the Board of Water and Soil Resources is to assist local governments to manage and conserve their irreplaceable water and soil resources.

This mission reflects the belief that effective environmental management can be accomplished only through a state/local partnership. The state's role—carried out through BWSR—is to provide local governments with the tools they need. These tools include overall environmental policies and guidelines; long-term goals; regular communication between state and local levels of government; and financial, technical, and administrative assistance. Local government brings to the table its land-use authority, accomplished through local planning and zoning and regulation, and its intimate knowledge of local resource needs and uses, local personalities, and local priorities.

BWSR's assistance comes in a variety of ways. During the stages of resource policy development and implementation—at the legislative or state agency level—BWSR acts as the communication link, providing local governments with a voice at the state level and in turn communicating state priorities and interests. BWSR's monthly board meetings serve as a forum for local governments to provide input to discussions on state policy, funding directions, and program implementation. BWSR's grant programs dispense funding to carry out local resource plans, and BWSR staff members contribute technical help. Board staff also offer training on new programs and basic and advanced administrative and technical skills.

Although all BWSR programs and activities are driven by its mission, certain core beliefs form the underlying structure for how the agency carries out those programs and activities. These beliefs, outlined in BWSR's strategic plan, state that water and soil management:

- *Is best implemented locally*, with local units of government working directly with landowners, resource management agencies and citizens to provide a grass roots approach to resource protection efforts.
- *Is best implemented voluntarily*, with education and incentives influencing individuals to use wise management practices.
- *Is best accomplished comprehensively and collaboratively*, with local units of government working with each other, individuals, and resource agencies.

BOARD MEMBERSHIP & BWSR STAFF

The Board of Water and Soil Resources itself consists of 17 members representing local governments, the general citizenry, and the state's environmental agencies. Three members represent soil and water conservation districts; three represent counties; three represent watershed management organizations or watershed districts; and three are citizen members. The remaining five members represent the Minnesota Department of Health, the Minnesota Department of Agriculture, the Minnesota Department of Natural Resources, the Minnesota Pollution Control Agency, and the University of Minnesota Extension.

The governor appoints BWSR members to four-year terms, with the possibility of reappointment. The governor also names the chair.

BWSR's approximately 70 staff members are located in one of eight offices throughout the state. Half of BWSR's staff is located in its field offices. Its central and administrative staff are housed in St. Paul. Half of the agency's field staff hold the position of board conservationist. Board conservationists (BCs) in each office serve as the primary contact for any local government working with BWSR. Work areas are generally five to eight counties in size. The BCs provide an array of technical and administrative assistance to local governments; they provide "one-stop shopping" for all agency clientele. These staff form the backbone of our staff delivery system across the state.

Other staff and services include:

- Staff engineers design wetland restorations, and along the north shore of Lake Superior, erosion control measures.
- A staff accountant works with local governments (primarily soil and water conservation districts) to help them maintain a financial bookkeeping system.
- A staff forester works with local governments, primarily in the northern part of the state, to provide assistance with forest management and stewardship planning.
- Wetland specialists provide wetland training, delineation, and program assistance to local governments.
- Education specialists work with BWSR staff and local governments to provide assistance with outreach and education.
- A communications specialist provides assistance to local governments with news releases and other communications needs.

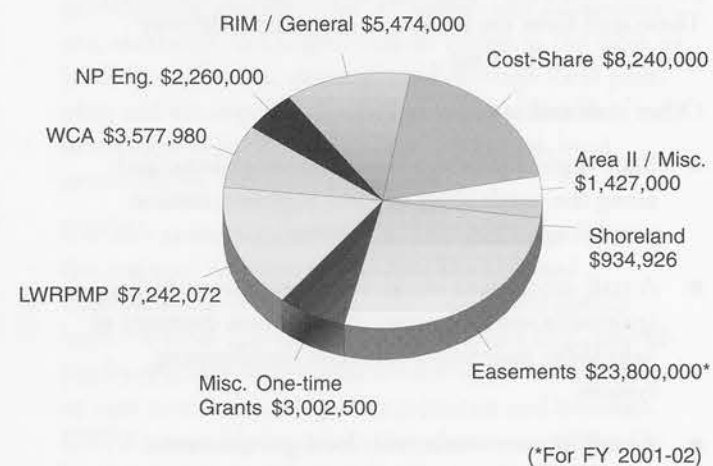


BWSR offices; heavier borders designate regions; lighter borders designate board conservationists' work areas.

PROGRAM & GRANT OVERVIEW

A large portion (74 percent) of BWSR's biennial budget goes to local government grants. These grants go out through a variety of programs designed to encourage wise local resource management and conservation. Each local government grant program is a state/local partnership, with both state government and local government contributing.

FY 2000-01 GRANTS / EASEMENTS



Local government grant programs and their goals include:

- The Local Water Resources Protection and Management Program centers around development and implementation of county local water plans.
- The Erosion Control and Water Quality Cost-Share Program shares landowners' costs to install erosion control practices and water quality improvements, including streambank stabilization, grassed waterways, farming terraces, and other practices.
- The Nonpoint Engineering Assistance Program employs engineers and engineering technicians to design conservation practices for local governments.

- The Wetland Conservation Act requires the replacement of drained or filled wetlands.
- The Shoreland Management Program seeks to enhance water quality, preserve scenic resources, and preserve economic value when shorelands are developed.
- The Area II Minnesota River Basin Projects, Inc. provides assistance to a frequently flooded nine-county area in Southwestern Minnesota.

In addition, BWSR administers several conservation easement programs, which the Legislature funds separately from its grant programs, generally through selling government bonds. These programs pay landowners to set aside certain marginal cropped lands, at-risk wetlands, and restored or drained wetlands. As with BWSR grant programs, SWCDs administer these programs at the local level. The two main conservation easement programs BWSR administers are:

- The Reinvest in Minnesota (RIM) Reserve Program places conservation easements, including CREP, on drained wetlands (for restoration) and other marginal agricultural lands. BWSR also provides soil and water conservation districts with implementation funding for RIM Reserve.
- The Permanent Wetland Preserves (PWP) Program places conservation easements on existing wetlands of the types that are most frequently drained.

REINVEST IN MINNESOTA (RIM) RESERVE & PERMANENT WETLAND PRESERVES

PROGRAM GOAL

To improve and protect water quality, reduce soil erosion, and enhance fish and wildlife habitat

FY 1999-2000 STATE FUNDING

\$15.0 million (from 1998 bonding bill)

FY 1999-2000 PROGRAM ACCOMPLISHMENTS

Program	Acres
CREP	13,189
RIM/WRP	4,091
RIM	7,487
PWP	542
TOTAL	25,309

REINVEST IN MINNESOTA (RIM) RESERVE

The Reinvest in Minnesota (RIM) Reserve Program, authorized in 1986, improves water quality, reduces soil erosion (see map on Page 18), and enhances fish and wildlife habitat by retiring marginal lands from agricultural production and restoring previously drained wetlands. The program pays landowners a percentage of the value of their land to enroll it in a conservation easement. Types of land eligible for the program include drained wetlands (for restoration), highly erodible cropland, riparian agricultural land, pastured hillsides, and sensitive groundwater areas.

As with many other BWSR programs, soil and water conservation districts (SWCDs) administer the program locally. SWCDs screen and prioritize applications based on how well they address local resource protection needs and priorities.

The FY 1999-2000 biennium successes added to the program's fine history. Two major partnership efforts—the Conservation Reserve Enhancement Program (CREP) and the RIM Reserve/Wetland Restoration Program (RIM/WRP) partnership—provided great opportunities to increase enrollment acreage and environmental benefits.

CREP, which began in 1998 and ends in 2002, combines state and federal land set-aside programs and leverages federal money (more than \$163 million is available) for Minnesota. CREP is targeted at the



CREP marketing efforts included billboards along roads across Southern Minnesota.

Minnesota River watershed, where it aims to enroll 100,000 acres. Eligible lands include drained wetlands (for restoration), riparian lands, and flood prone lands. The program leverages about \$2.30 for each state dollar spent. BWSR and the U.S. Department of Agriculture Farm Service Agency jointly administer the program.

During FY 1999-2000, CREP enrolled 360 easements on 13,189 acres. State payments to landowners for these easements and conservation practice plan establishment were \$9.1 million. This leveraged approximately \$20 million in federal dollars.

The "Regular" RIM Reserve Program secured 306 easements on 7,487 acres of environmentally-sensitive cropland acres across the state. The state cost (the payments to landowners) for these easements was \$5.4 million.

The RIM Reserve/WRP partnership combines the RIM Reserve Program with the federal WRP (administered by the U.S. Department of Agriculture Natural Resources Conservation Service) to restore wetlands and place them first in a 30-year WRP easement, followed by a perpetual RIM Reserve easement. This provides for permanent protection of the wetlands while leveraging federal dollars and reducing RIM Reserve costs. During FY 1999-2000, the RIM Reserve/WRP Partnership was able to fund 64 easements, which encompass 4,091 acres at a state cost of \$2.3 million.

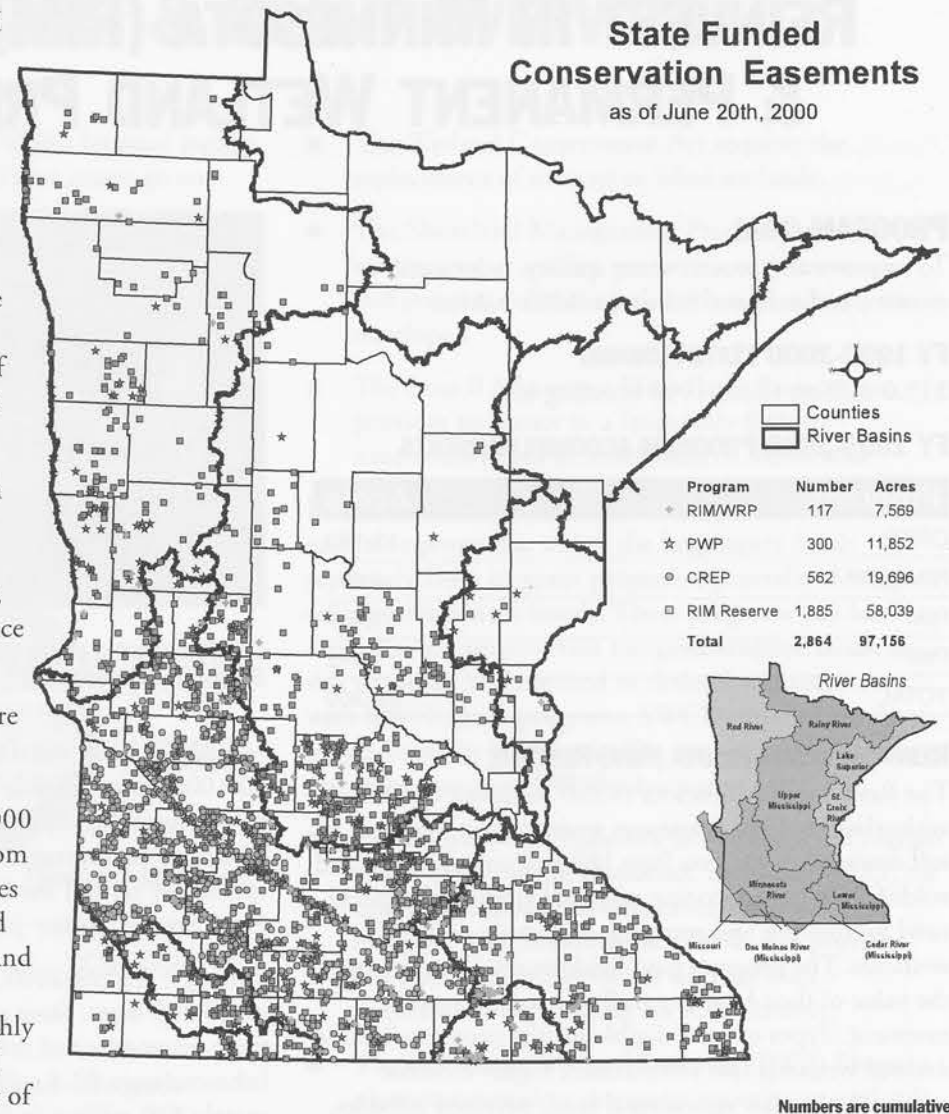
Since it began in 1997, the RIM Reserve/WRP partnership has leveraged approximately \$7.0 million federal dollars which, combined with \$3.5 million in state money, has restored and protected 7,569 acres of wetlands and adjacent uplands. This partnership allows the state to secure permanent wetland restoration easements at one-half the cost when compared to RIM Reserve alone.

Including land enrolled through CREP and RIM/WRP partnerships, RIM Reserve has secured approximately 2,864 easements, covering about 97,156 acres, since it began in 1986.

Of those totals, 25,309 acres were enrolled in the FY 1999-2000 biennium, at a cost of \$17.4 million (\$15.0M from 1999-2000 appropriation; \$2.35M came from older accounts). The 25,309 acres includes 11,314 acres of restored wetlands and adjacent uplands and 13,285 acres of riparian lands. Sensitive groundwater areas, highly erodible cropland, and pastured hillsides comprise the remainder of the enrolled acres.

Funding for the program has varied widely since it began, from a 1986-87 high of about \$18 million to a 1988-89 low of \$1.5 million. In 2000, the Legislature approved \$21 million for easement acquisition through the RIM Reserve Program and the Permanent Wetland Reserves Program for the FY 2001-02 biennium. Because of the state's agreement with the federal government, that will leverage more than \$43 million for CREP.

RIM Reserve also continues to obtain federal grant money through the North American Wetland Conservation Act (NAWCA) to acquire easements on drained restorable wetlands in the Prairie Wetland Heritage Project Area, the Heron Lake watershed in southwestern Minnesota, and the Northern Tallgrass Prairie ecoregion in northwestern Minnesota, bringing the



total amount received from NAWCA since 1991 to \$2.8 million.

PERMANENT WETLAND PRESERVES

The Permanent Wetland Preserves (PWP) Program encourages landowners to preserve existing at-risk wetlands of the types most commonly drained or filled (wetland types 1, 2, 3, and 6) by allowing those areas to be enrolled in a permanent easement. The program functions similarly to the RIM Reserve Program, with landowners being paid a percentage of the assessed value of their land when they place it in an easement. During the 1999-2000 biennium, BWSR spent about \$258,411 to obtain 23 PWP easements totaling 542 acres. Since the program began in 1991, approximately 11,609 acres of existing wetlands have been placed under permanent protection through the program. The program also provides compensation to landowners when WCA denies a replacement plan.

THE WETLAND CONSERVATION ACT

PROGRAM GOAL

No net loss of wetlands in Minnesota

FY 2000-01 STATE FUNDING

\$3.6 million; local government matching funding of \$3.6 million

FY 2000-01 ACCOMPLISHMENTS

- Expansion of the wetland banking program to include 41 counties
- Wetland bank deposits totaling 2,187 acres since 1994
- Streamlined permitting to combine WCA and Army Corps of Engineers' approval for most wetland projects
- Of 4,548 projects reported in 1997, 3,372 or 74 percent resulted in wetlands avoidance; that protected an estimated 2,888 acres of wetlands
- Rules developed in conjunction with local governments, DNR, and multiple interest groups
- Development and distribution of wetland vegetation restoration manual
- Revision and distribution of the WCA Handbook to local governments and made improvements to web site version
- Presentation of 12 technical or administrative training sessions; total attendance of 1,600
- Total number of comprehensive wetland protection and management plans: 25

BACKGROUND

The Wetland Conservation Act, a broad wetlands protection measure first approved by the legislature in 1991, saw further refinement in the 2000 Legislative session as Senate File 83 was signed into law. The latest change is considered a significant first step toward simplifying and consolidating wetland regulations in the state. The resulting consistency will enable local units of government to address most situations when alterations to wetlands are desired.

Significant provisions of the legislation that have been incorporated into the rule include:

- Common standards were established for alterations of wetland types 3, 4, and 5, including excavations, wetland replacement location, and wetland replacement standards. In many cases, these changes

mean that wetland work permitted through the WCA often does not need to also be permitted by the federal government.

- Local road authorities have the option of reporting wetland impacts to the Board of Water and Soil Resources annually or on a project-by-project basis.
- A change in parts of the Public Waters Inventory gives the DNR flexibility to change wetlands currently classified as public waters wetlands to Wetland Conservation Act wetlands.
- DNR conservation officers can issue cease and desist orders to both landowners and contractors doing work that is suspected of violating wetlands laws, rather than immediately issue criminal citations.

Changes in the law were specifically intended to minimize the number of contacts required for landowners who seek to drain or fill a wetland. Additionally, changes should further coordination among local, state, and federal agencies involved with wetland conservation. The next step, however, will be to examine how to make the underlying procedures and standards involved in wetland regulations work more effectively by eliminating redundancy and reducing paperwork at all levels.

Data collected in 1997 and 1998 indicates that WCA continues to provide a significant incentive for landowners to revise their projects to avoid impacting wetlands. Of the 4,548 projects proposed in 1997, approximately 74 percent (3,372) were ultimately resolved with no disturbance at all to a wetland. Other numbers show that in 1997, 384 acres were replaced via replacement plans; in 1998, 326 acres were replaced via replacements plans.

Another noteworthy success in wetland conservation is the wide acceptance by local governments and state and federal agencies of the Minnesota Wetland Bank as the mechanism for replacing wetlands. The system allows landowners the option of purchasing wetlands credits established by previously restored or created wetlands. Since the program began in 1994, approximately 2,187 acres have been deposited and about 846 acres have been withdrawn, leaving a balance of approximately 1,341 acres.

RECOMMENDATION FOR CHANGE

As part of earlier amendments to WCA, BWSR assumed responsibility from local road authorities for replacing wetlands lost through repair and replacement of existing roads in the state. That program is serving the needs of other state agencies and federal agencies well. Road projects are known to have the biggest impact on wetlands in the state; wetland conservation in this context is critical to the state's entire efforts relating to WCA. Local government units have recommended that the state mandate for replacing wetlands lost to local government public transportation projects should be a base element in the state budget and not subject to annual debate in the budget process. That issue is expected to be addressed by the Legislature in 2001.



Photo: Mark Nelson

Wetland delineators discuss "red" soils at a delineation refresher course near Duluth. The course was sponsored by BWSR, U.S. Army Corps of Engineers, and St. Louis County.

THE EROSION CONTROL & WATER QUALITY COST-SHARE PROGRAM

PROGRAM GOAL

To protect and improve water quality by controlling soil erosion and reducing sedimentation

FY 2000-01 STATE FUNDING

\$8.24 million

FY 2000-01 ACCOMPLISHMENTS

- Critical area stabilizations: 18
- Diversions: 308
- Field windbreaks: 28
- Grass waterways (stormwater control): 390
- Feedlot management: 68
- Riparian buffer strips: 24
- Sediment retention, erosion or water control: 126
- Streambank, shoreland, and roadside: 160
- Stripcropping: 4
- Terraces: 146

Minnesota's Erosion Control and Water Quality Cost-Share Program—commonly known as the Cost-Share Program—is aimed at protecting and improving water quality by controlling soil erosion and reducing sedimentation.

The program pays up to 75 percent of a landowner's cost of installing a variety of conservation practices, including animal waste control systems, terraces, field windbreaks and stormwater control systems. Soil and water conservation districts (SWCDs) administer the program locally, taking landowner applications and determining which projects best fit local needs and priorities. SWCDs receive varying amounts of money based upon an allocation formula that weighs a number of factors.

During the FY 2000-01 biennium, the Cost-Share Program received about \$8.24 million in legislative funding, \$2 million more than its usual allocation. The Legislature targeted this additional money toward water quality management grants related to feedlots, with \$1.6 million dedicated to grants for small feedlots (with a priority on feedlots that had been cited for water quality violations) and about \$200,000 for additional technical assistance.

As has been done since 1994, about \$1 million of the remaining money continues to be allocated to the Minnesota River basin, reflecting the continuing awareness of that watershed's unique concerns and the state's 10-year commitment to clean up the Minnesota River. In this biennium, 17 SWCDs within the basin used this money for a variety of erosion, animal waste, and sediment control systems.

The remaining funding, plus about \$463,000 in roll-over funding from the previous biennium, was divided between standard cost-share projects, which address erosion and sedimentation problems (\$3.8 million); and special projects, which allow SWCDs to accelerate treatment of a particular area or experiment with unique and innovative solutions to erosion problems (\$788,000).

Over the biennium, BWSR maintained its commitment to the North Shore by continuing to staff a north shore engineer to provide BMP educational and technical design assistance for projects on Lake Superior. Since BWSR established this position in 1994, the engineer has designed and constructed about 28 projects, in addition to helping develop educational materials and provide training workshops. The availability of this technical assistance has also allowed the BWSR to solicit about \$442,760 in federal grants for North Shore erosion control projects.



BWSR's assistance with the state's erosion control projects includes this one near Lutsen. The site has high-erosion potential, with sand and clay banks 8 to 10 feet tall. The second photo shows how the shore was protected with pinned-rock riprap revetment.

Photos: Gene Clark

COMPREHENSIVE LOCAL WATER PLANNING & MANAGEMENT

BACKGROUND

The Comprehensive Local Water Planning and Management Act was passed in 1985 to encourage counties outside of the metropolitan area to plan for the protection and management of water and water-related resources. The Legislature passed the Ground Water Protection Act in 1989, which contained language providing ongoing state support for local water planning via the Local Water Resources Protection and Management Program.

Counties drafted and adopted their initial plans in the late 1980s and early 1990s. The comprehensive plans contain resource information; 55 data elements; resource assessments; issues of concern, goals, objectives and actions; and an implementation program. Most county water plans are updated every five years.

ACTIVITY

Total FY 2000-01 State Funding	
Base Grants	\$5,305,072
Challenge Grants	\$1,745,000 (\$1.0 million from LCMR)
Metro Planning Grants	\$ 192,000
Total	\$7,242,072
Total Local Match	\$7.05 million
Number of Plans	80

ACCOMPLISHMENTS

- Local inventories such as septic systems, riparian pastures, feedlots, and sensitive lands.
- Monitored targeted water bodies to collect data such as phosphorous levels, chlorophyll A, transparency levels, macro invertebrates; and assessed the data.
- Targeted conservation practices such as sealing abandoned wells, sealing abandoned ag waste systems, establishing buffer strips, and stabilizing streambanks.
- Provided education activities such as distributing newsletters, hosting environmental leadership forums, and conducting grade and high school activities focused on water protection and management.

- Planning and ordinances: updated water plans and drafted new and reviewed existing ordinances pertaining to water and land-resource management.
- Carried out large projects such as watershed protection and MPCA Clean Water Partnerships.
- Retained qualified staff to carry out water and related resource management at the local level.
- Developed and implemented lake-management plans.

BWSR also gives a number of small grants each biennium under the Natural Resources Block Grant umbrella. These are intended to improve capacity for local governments with local water planning. Grants include the following:

- \$27,000 (per year) to the Southeast Minnesota Water Resources Board, a nine-county joint powers board that coordinates implementation of local water plans.
- \$100,000 (per year) to the Minnesota River Joint Powers Board, a 37-county joint powers board that coordinates water plan implementation in the Minnesota River basin.
- \$1.04 million to local governments for the Department of Natural Resources Shoreland Management Program; this funding includes \$50,000 (per year) for the North Shore Management Board, a group of representatives from the counties and major cities along the North Shore of Lake Superior, and \$35,000 (per year) for the St. Louis River Board, which implements the St. Louis River plan and has representatives from Carlton and St. Louis counties and townships.

RECOMMENDED CHANGES

Program funding has not increased since 1994. BWSR supports the state increasing its financial commitment to local implementation of comprehensive local water management plans because of the following points:

- Since the inception of comprehensive local water planning in 1987, the Legislature has added

requirements that sensitive groundwater areas, well head protection, and urban stormwater management be addressed in the plans, and that high priority areas for wetland protection, restoration, and establishment be identified. These new requirements have resulted in increased costs to counties in both the preparation of revised plans and expansion of local implementation activities.

- It is time to take a critical look at the administrative rules for the Comprehensive Local Water Planning Program. With 20 years of experience, and with more and more counties connecting water planning with comprehensive land-use planning, it would be beneficial to evaluate the contents of the plan and the planning process set forth in rule. This assessment should be done in concert with rule revisions to the Metropolitan Surface Water Management Act.
- "Crosscurrents - Managing Water Resources," (Minnesota Planning, December 1996) identifies expansion of local water planning as one of 10

options to help in addressing the Legislature's goals and objectives for water resource management in the state.

- State and federal agencies are using comprehensive local water plans as a tool to assist them in prioritizing financial and technical assistance to local units of government. Those plans improve efficiency and effectiveness of state programs.
- The Association of Minnesota Counties, as part of its 1998 policy platform, formally recognized the importance of comprehensive local water planning and supports an increase in the state's base grant funding to counties to assist in implementation of water resource management efforts.
- Counties and cities need to accept and are accepting the challenge of integrating water resource policies into land-use decision making. The state needs to promote and provide incentive for this effort.

METROPOLITAN SURFACE WATER MANAGEMENT

BACKGROUND

The Metropolitan Surface Water Management Act (MS103B) created a framework for the local application of watershed management principles to the seven-county metropolitan area.

Forty-six watershed management organizations (WMOs) were recognized, with 10 of these having the added authorities of MS103D watershed districts (WDs). By early 2001, there is expected to be 36 WMOs, of which 14 are watershed districts. This shift in governance mechanisms reflects dissolution of joint-powers WMOs, consolidation of WMOs under county authorities, and the establishment of watershed districts by petition.

ACTIVITY

Activity levels of WMOs and WDs vary with local need, local philosophy, division of workload with stakeholders, and geographic breadth. The table below provides the basic operating parameters needed to compare their activities. The Metropolitan Soil and Water Conservation Districts are included to provide context.

WMO and WD Activity in the Seven-County Metropolitan Area (1998 Data)

Entity	Number	Area (sq. miles)	Expenditures
WD	14	1,020	\$10.3 million
WMO	23	1,920	\$1.3 million*
SWCD	7	2,940	\$3.6 million

*Estimated

PLANNING

Statutes addressing Metropolitan Surface Water Planning have been amended and supplemented by rule on several occasions since 1982.

Significant statute amendments and rules (MR8410) were passed between the first and second-generation planning cycles. The 36 WMOs can be categorized as

MS103B.227 subd. 2 "After December 31, 1999, staff of local units of government that are members of the watershed management organization are not eligible to be appointed to the board."
Number of commissioners in 1999: 67; number in 2001: 39

having 19 approved second-generation plans and nine have revised plans under way. The remaining eight are not due for renewal or are likely to become an element within a larger watershed entity.

RECOMMENDATIONS FOR CHANGE

We are approaching the start of the third generation planning cycle and the time is right to incorporate improvements to both statute and rules regarding Metropolitan Surface Water Management. The deletion of language that has been found to inhibit flexibility and needlessly raise the cost of complying with MS103B requirements should also be considered. BWSR is proceeding with rule amendment in calendar year 2001 and statutory changes in the 2001 Legislative session. Following are items for consideration:

Item	Reference	Nature of Change
Local water mgmt. rules (Rule)	MR 8410	Add performance measurements, diminish excessive reference data collection, adapt for use with other local water planning required under MS103B statewide
NPDES phase II regulations (Rule)	MR 8410	Set a minimum threshold to comply with federal mandate and allow for watershed based implementation
Sub-watershed financing (Statute)	MS103B	Incorporate Department of Revenue suggestions to allow creation of financial sub-districts per legislative intent
Financial reporting (Rule)	MS103B, MS103D	Establish minimum criteria for financial reporting using Department of Revenue and State Auditor recommendations
Enforcement (Rule)	MS103B, MS103D	Stipulate minimum consequences for failure to report or to maintain an approved plan

THE NONPOINT ENGINEERING ASSISTANCE PROGRAM

PROGRAM GOAL

To provide engineering assistance for implementation of a variety of nonpoint water quality management practices on private lands

FY 2000-01 STATE FUNDING

\$2.26 million

FY 2000-01 ACCOMPLISHMENTS

- Erosion control: 428
- Feedlot pollution abatement: 307
- Wetland restoration: 207
- Other: 120

BACKGROUND

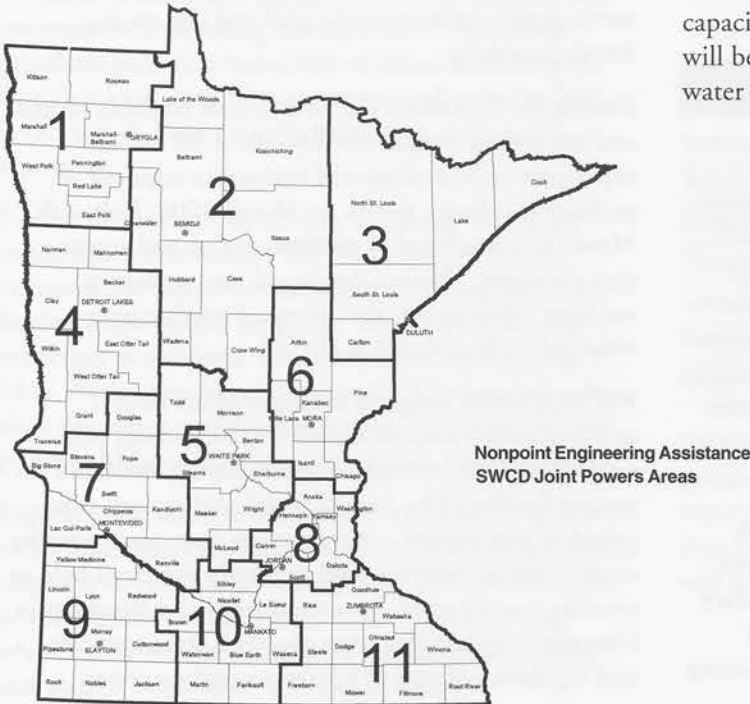
The Nonpoint Engineering Assistance (NPEA) Program provides planning, design, and construction inspection assistance for a variety of nonpoint water quality management practices on private lands statewide. The types of practices assisted include feedlot runoff and manure storage, vegetated filter strips, streambank and lakeshore erosion control, water and sediment control basins, grassed waterways, terraces, and wetland restorations.

This program is administered through a state-local partnership with Soil and Water Conservation Districts (SWCDs). Eleven joint powers organizations of SWCDs receive grants to employ professional engineers and technicians to assist private landowners in cooperation with member SWCDs and other project partners.

The NPEA program provides engineering assistance for a number of state and federal grant and loan programs, including:

- Ag Best Management Practices (Ag BMP) loan program;
- Clean Water Partnership (CWP) grant and loan programs;
- State Cost-Share program;
- State Feedlot Water Quality Management Cost-Share program;
- federal Environmental Quality Incentives Program (EQIP); and
- EPA Section 319 grants.

The continued dedication of technical assistance capacity from USDA-NRCS suggests that this effort will be more and more critical to implementation of water quality projects in future years.



AREA II MINNESOTA RIVER BASIN PROJECTS, INC.

PROGRAM GOAL

To provide technical and financial assistance to local units of government within Area II for the engineering, land rights acquisition, and construction of floodwater retarding/retention structures within a general plan for floodplain management.

FY 2000-01 STATE FUNDING

\$378,000 general appropriation, matched 25 percent by the nine member counties for a biennial budget of about \$504,000.

ADDITIONAL FUNDING BEING SOUGHT

- \$500,000 general appropriation for floodwater retention projects
- \$1,375,000 bonding for Lazarus Creek Floodwater Control Project, Yellow Medicine County (design complete and permits in hand)

FY 2000-01 CONSTRUCTED PROJECTS

- 6 road retentions
- 4 dry dam structures
- 2 wetland restorations, partnering with U.S. Fish & Wildlife Service
- 6 small dam repair/reconstructions

FY 2000-01 PROJECTS DESIGNED

- 2 small dam repair/reconstructions
- 5 dry dam structures
- 10 road retentions

Area II Minnesota River Basin Projects, Inc., a grant-in-aid program administered by BWSR, aims to reduce flooding problems in the Minnesota River basin in Southwestern Minnesota, while also providing water quality and wildlife benefits. The joint powers organization was created in 1978 and consists of the following member counties: Brown, Cottonwood, Lac qui Parle, Lincoln, Lyon, Murray, Pipestone, Redwood, and Yellow Medicine.

Area II focuses its efforts on flood damage reduction projects including traditional dam structures and the downsizing of culverts and bridges to create temporary floodpools which meter out the floodflows. The FY 2000-01 biennium saw Area II's success at constructing

several projects and the design of many more that await construction within the next biennium.

Challenges faced by Area II centers primarily on funding. The annual appropriations provide for office administration of the three staff, design services, and soils investigation/testing, with a small percentage remaining for the construction of projects. Other funding, such as bonding or general appropriations, fill in that gap and make the Area II program as successful as it is. The 1996 bonding appropriation of \$250,000 and 1998 capital budget appropriation of \$500,000 have been spent/encumbered leaving the organization short of project funding entering the 2001 construction season. It is anticipated that funding will be appropriated during the 2001 Legislative session to further the flood damage reduction progress being made. Land-owner interest remains high despite the lower amount of precipitation and rainfall that has occurred in the recent years. It is expected that the installation of floodwater retarding/retention projects will continue, and will possibly increase, due to concerns raised by the continued tiling practices on agricultural grounds in this region of the state. Area II's continued success will depend, in part, on its ability to recognize and integrate water quality in its strategic plan and day-to-day decision-making.

During the biennium, the Area II staff engineer retired and left a vacancy that was difficult to fill due to experience in hydrology and hydraulics required to perform the design duties. In March 2000, Bolton & Menk, Inc. was hired to perform design and construction oversight. This has developed into a positive working relationship; the increased productivity is reflected in the column at the left.

BWSR provides program oversight of the Area II program in the areas of annual and long-range planning, grant administration, and lobbying assistance for project funding. The Area II board of directors, comprised of two county commissioners from each member county, meets monthly with quarterly meetings held at rotating county seats. An annual legislative breakfast in December updates member counties, state agencies, and legislators of Area II's activities and successes.

OUTCOMES

BACKGROUND

As part of its mission to assist local governments to manage and conserve their water and soil resources, the Minnesota Board of Water and Soil Resources funnels state dollars to local government to carry out a variety of natural resource projects and planning functions.

While these funds are used to put projects such as erosion control, water quality improvement practices, and easements on the ground, there is an increasing need to measure the benefits and determine the effectiveness of state spending. Two years of data (1998 and 1999) collected through a new reporting system, administered by BWSR and called the Local Government Annual Reporting System—or LARS for short, gives a picture of the outcomes of the funded projects for pollution reduction in terms of soil saved, sediment reduction, and phosphorus reduction.

Measuring outcomes is an important part of BWSR's enterprise. BWSR began to see more of an emphasis on outcomes during the Carlson administration; Gov. Ventura's Big Plan also places a priority on accountability.

In 1996, BWSR, with the cooperation of the Minnesota Pollution Control Agency, the University of Minnesota, and other agencies, started to develop the computerized reporting system LARS. The system calculates pollution reduction variables according to data that local units of government gather in the field. LARS can do both project reporting and financial reporting.

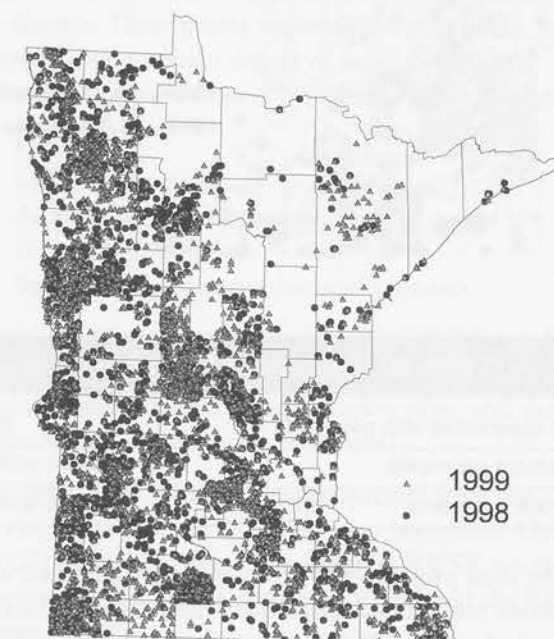
For the first time in the history of the soil and water conservation movement, BWSR is able to estimate statewide the pollution reduction resulting from state-funded conservation programs. LARS calculates the reduction of sediment and phosphorus entering our lakes, rivers, streams, and wetlands. That's important since phosphorus and sediment are considered the two greatest threats to surface water quality in Minnesota.

Experts point out that soil erosion contributes to lower yields and higher fertilizer requirements; sedimentation clogs rivers, lakes, and wetlands; and phosphorus is the primary pollutant associated with eutrophication, where excess nutrients cause the proliferation of algae and aquatic vegetation in bodies of water.

The effort recorded through LARS demonstrates both the magnitude of the number of projects and the tremendous water quality benefit that results from those projects.

LARS SNAPSHOT

1998-99 LAND AND WATER TREATMENT PROJECTS

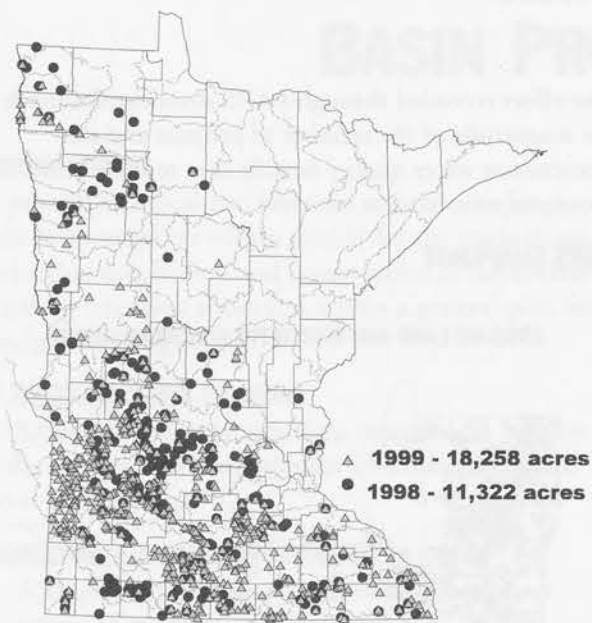


1998-99 Land & Water Treatment Summary

Total projects	5,986
Total cost:	\$26.1 million
State cost	\$10.7 million
Occupier cost	\$8.3 million
Local government unit cost	\$4.2 million
Federal government cost	\$2.6 million
Other cost	\$.3 million

Of those projects, more than 4,000 were analyzed with pollution reduction calculations. The soil loss reduction was calculated at 777,000 tons/year; sediment reduction was 166,000 tons/year; and phosphorus reduction was 438,000 pounds/year.

1998-99 EASEMENTS



1998-99 Easement Summary

Total easements with payments	991
Easement payments	\$30.2 million
Practice payments	\$4.5 million

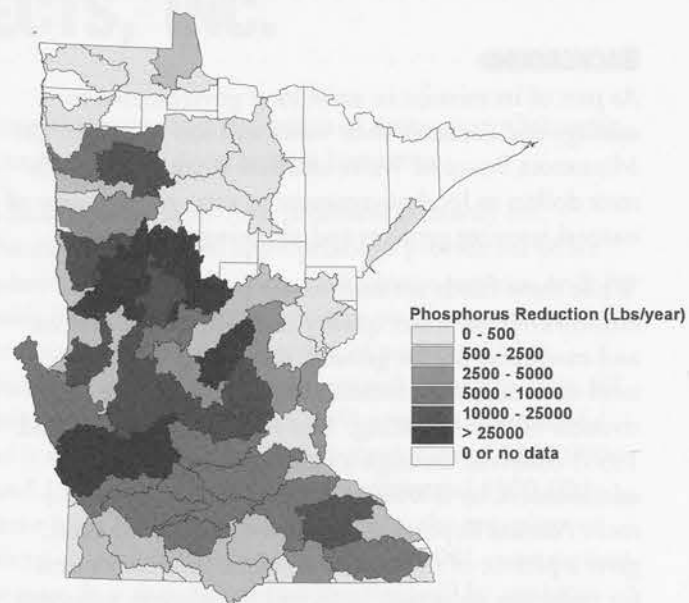
Of the total projects, 445 easements were analyzed with pollution reduction calculations. The soil loss reduction was calculated at 176,000 tons/year; sediment reduction was 61,000 tons/year; and phosphorus reduction was 77,000 pounds/year.

1998-99 LWP Education Projects

1998 total participants	967,000
1999 total participants	948,000

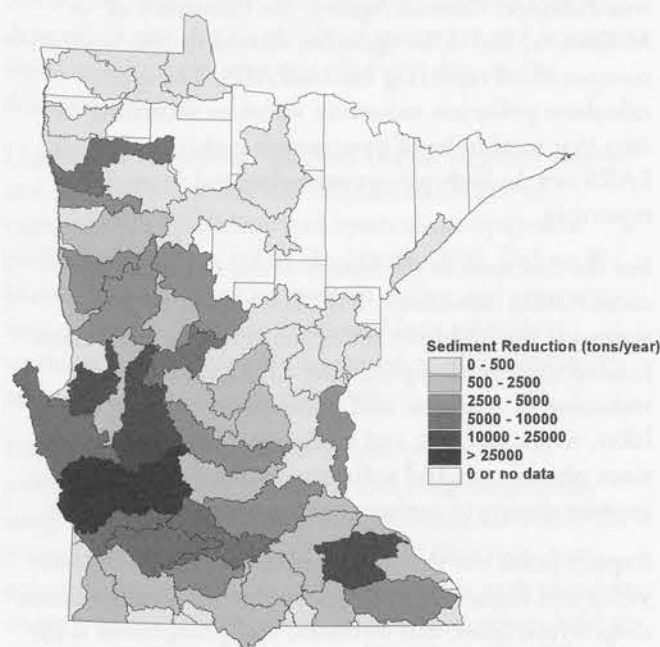
Local governments play a key role in educating citizens on a variety of natural resources issues. Education projects include education fairs, newsletters, training workshops, open houses, and water- and soil-testing days.

1998-99 LAND AND WATER TREATMENT PROJECTS AND EASEMENTS PHOSPHORUS REDUCTION BY MAJOR WATERSHED



This map illustrates one of the benefits of land and water treatment projects and easements put in place in 1998-99 through local units of government. The benefit is the reduction of phosphorus.

1998-99 LAND AND WATER TREATMENT PROJECTS AND EASEMENTS SEDIMENT REDUCTION BY MAJOR WATERSHED



This map illustrates one of the benefits of land and water treatment and easement projects put in place in 1998-99 through local units of government. The benefit is the reduction of sediment.

ONE-TIME & GENERAL SERVICES GRANTS

ONE-TIME GRANTS

Each biennium, BWSR receives a number of one-time grants. Often, these are pilot projects, with further funding dependant on the success of the first endeavor; sometimes they answer immediate and unexpected needs. During FY 2000-01, BWSR received one-time grants totaling about \$3 million for the following:

- \$200,000 for the Red River Basin Board for administrative costs, contracting for inventories, facilitation of discussion on water-policy issues, and preparing and finalizing an international basinwide framework plan for goals in water quality and quantity in a management strategy. This grant requires equivalent funding commitments from North Dakota, South Dakota, and Manitoba. The challenge is to continue funding for the next two years that will meet Minnesota's obligation to the international effort.
- \$2.65 million for SWCDs in the Red River Valley for establishment of an agricultural land set-aside cost-share program for counties in Northwestern Minnesota listed in the 1999 Presidential Disaster Declaration.
- \$110,000 for the University of Minnesota Extension to conduct research on living snow fences. These were pass-through funds from the Department of Public Safety.

- \$42,500 for the University of Minnesota Extension to administer project work teams for the development of next generation watershed district plans. These are pass through funds from the Department of Natural Resources for Red River mediation.

GENERAL SERVICES GRANTS

General Services Grants provide each SWCD with funds for the general administration and operation of the district. These grants are intended to provide districts with a certain degree of funding stability. Following is a partial list of how SWCDs use this grant:

- Payroll
- Office-space rental
- Automobile operating expenses
- Postage and utilities
- Supervisors' compensation and expenses

These annual grants average about \$21,800 for each SWCD. To be eligible, each SWCD must provide an approved annual plan, comprehensive plan, and annual report (including financial statement).

General Services Grants are appropriated from the state's general fund at \$4 million per biennium. Other SWCD service grants administered by BWSR are the Nonpoint Engineering Assistance Grant and the RIM Reserve Grant.

OUTSIDE FUNDING

Just as BWSR develops relationships with local governments, it also strives to create partnerships with state groups and federal agencies to enhance local resource management. BWSR's efforts to leverage outside financial and technical assistance during the FY 2000-01 biennium proved successful once again, bringing in money and commitments of approximately \$50 million.

The bulk of that money is from the federal government through the Conservation Reserve Enhancement Program (CREP). This land set-aside program combines the state Reinvest in Minnesota (RIM) Reserve Program with the federal Conservation Reserve Program (CRP) to remove marginal lands from production. Under CREP, the federal government matches state and local dollars at a ratio of \$2.3 to \$1. The state's investment of \$20 million for CREP for the FY 2001-02 means that more than \$43 million will be leveraged from the federal government. In connection with the program, the Minnesota Department of Natural Resources funded the hiring of CREP technicians in SWCD office. The technicians provide on-site assistance to landowners with land that might be eligible for CREP. Another portion of the DNR funding went to support staffing of a liaison who coordinates DNR's role in CREP.

A similar state/federal partnership leveraged almost \$4 million in federal dollars. The RIM Reserve/Wetland Restoration Program (RIM/WRP) partnership provides funding to restore drained wetlands and then places a federal WRP easement on the land; when the WRP easement expires, the land is placed in a permanent RIM Reserve easement.

Grants from the federal North American Wetland Conservation Act (administered by the North American Wetland Conservation Council, or NAWCC) also contributed significantly to BWSR's outside funding. NAWCC approved \$292,700 during the biennium for BWSR to acquire easements and install practices on certain targeted areas in Minnesota. This brings the total funding NAWCC has awarded to BWSR to approximately \$2.5 million since the act became law in 1991.

BWSR also received \$371,874 in federal Environmental Protection Agency (EPA) grants (called "319" grants

Leveraged Funding & Misc. Grants

Program or Funder	Amount
CREP (USDA)	\$43.8 million
WRP (USDA)	\$4 million
DNR	\$600,000
NAWCA (USFWS)	\$292,700
319 (EPA)	\$371,874
EPA	\$80,000
Ducks Unlimited	\$61,000
FEMA	\$59,355
McKnight Foundation	\$25,500
GLC	\$20,700

in reference to the section of law authorizing the grants) during the biennium. These grants were used for a variety of projects, including:

- a tillage transect project, which aims to establish baseline data and monitor trends in the use of crop residue management, and then use that information to reduce soil erosion in the state;
- funding for a lakeshore engineering technician who works with BWSR's lakeshore engineer and local units of government to educate landowners, design best management practices (BMPs), and provide construction oversight for erosion control and water quality BMPs in Minnesota's portion of the Lake Superior drainage basin;
- the River Friendly Farmer Program, which publicly recognizes farmers near watercourses who adopt and implement conservation practices to protect and improve water quality;
- a grazing lands project, which helped landowners develop and maintain good grazing systems and supplied technological support for local resource managers; and

- expansion of the Local Governmental Unit Annual Reporting System (LARS), which tracks pollutant reductions resulting from conservation practices applied to control erosion and runoff. Efforts are under way to develop a GIS/web-based reporting system that is more user-friendly, has greater utility, and addresses nitrogen.

Ducks Unlimited provided funding of \$61,000 to help support BWSR in two ways. Part of the funding was used to reimburse landowners to help pay for the cost of restoring wetlands. The other part went to support additional staff assistance for easement processing and for engineering assistance.

Other federal dollars from EPA awarded during the biennium came to a total of \$80,000. These grants supported the following projects:

- development and printing of *Wetlands of Minnesota*, in conjunction with the University of Minnesota Extension Service, to be used by local government units, students, and others needing detailed information about all aspects of Minnesota's wetland resources;
- development of a Wetlands of Minnesota website to build on the publication noted above and to provide a portal to other electronic information on Minnesota's wetlands and related topics;
- refinement of the Minnesota Routine Assessment Method for evaluation of wetland functions, which is used by local government units and others when

comparing wetlands for a variety of planning, regulatory, or educational purposes.

BWSR also received \$59,355 from the Federal Emergency Management Agency (FEMA) to fund research conducted by the University of Minnesota Extension to evaluate plant materials for their viability as snow fences for the purposes of snow control and energy conservation.

BWSR, working in cooperation with the Minnesota River Joint Powers Board, received \$25,500 from the McKnight Foundation to fund a half-time watershed coordinator to manage the land application of CREP. This position is housed in Marshall and serves the 37-county watershed with technical and administrative direction for field offices.

Finally, the Great Lakes Commission (GLC) awarded BWSR \$20,700 as part of a multi-agency initiative to develop a geographic information system (GIS) decision-making tool that will help technical panels in the North Shore area evaluate shoreland erosion control sites.



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Board of Water and Soil Resources UPDATE

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February 2001

L&WS

River Friendly Farmer Program

The River Friendly Farmer (RFF) Program recognizes farmers for their efforts in keeping Minnesota's water clean. Since the RFF began in 1995, 404 farmers in 36 counties have been recognized. The Minnesota Alliance for Conservation and Resource Management (MACRM) is the statewide sponsor of the program. The Board of Water and Soil Resources is a participating member of MACRM, along with other state and federal agencies, agricultural organizations, and private firms.

The RFF program is based on 13 criteria. The criteria reflect accepted agricultural management practices. Five topic areas, including crop nutrient management, erosion control, weed and pest control, conservation buffers, and environmental regulations are highlighted by the criteria.

Local support is vital to the success of the program. Local sponsors include Soil and Water Conservation Districts, Natural Resource Conservation Service, Minnesota Extension Service, county water planners, Farm Bureau, and Future Farmers of America chapters. Their responsibility is to interview potential RFF recipients and upon determination by the local sponsor that a farmer's management practices meet or exceed the criteria, nominate that farmer to MACRM for approval. Each farmer that is recognized by MACRM as a RFF receives a certificate from the governor, a sign for placement on their property, and the good feeling that comes from knowing that they are doing good things. Many local sponsors also give recognition through news articles, public events, and radio and television spots.

-Submitted by Merle Anderson

New Conference Room

The March 28 board meeting is expected to be held in the new conference room at BWSR. The new

facility is in the basement of the present building, just to the right as you exit the stairway. A large double door provides entry from the atrium.

The new conference room can be partitioned into two or three rooms via operable (folding) doors. The additional space was necessary due to increased staffing from CREP. The present conference room on the second floor will be converted to offices. Recently hired staff members are working in temporary areas until the new offices are completed in early April. At that time, several people will change office locations to help keep staff from the various sections together.

-Submitted by Jim Haertel

SOUTH

The agreement between BWSR, Freeborn County, the City of Albert Lea, and the

Freeborn County Soil and Water Conservation District took effect July 26, 2000. It required the formation of an advisory committee, completion of a planning process and implementation strategy, a study of the lake depth issues for Albert Lea Lake, and establishment of a taxing district for the watershed by July 26, 2001.

Freeborn County has made significant progress in meeting the requirements of the agreement. A work plan for the completion of the planning process was developed and quarterly reports have been filed in a timely manner. The county has appointed an advisory committee of 18 representatives of local government, local organizations, and state agencies and is staffed by a facilitator and secretary. The committee is now meeting on a bi-weekly basis. After organizational issues were settled, the committee began tackling the resource issues that will be addressed in the watershed plan. There is general agreement on most of the resource concerns. However, the issue of lake level management will be the most difficult item to be considered by the committee and will be taken up toward the end of the planning process.

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Generally, the county and the committee are committed to successfully completing the requirements of the agreement. Some local forces are still interested in seeing the process fail. The state board would then have to address the issue of lifting the abeyance for formation of the Shell Rock River Watershed District. If the watershed district were formed, the work completed by the signatories to the agreement would benefit the new watershed district.

-Submitted by Dave Peterson

NORTH

WCA

Dan Eklund and Dan Steward attended a TEP panel in Sartell on Jan. 12 to review a subdivision with widely varying delineations and to run through a spot check of LGU administration of WCA using the BC checklist. The TEP portion of the meeting involved a large subdivision (200 plus homes) with variations in delineated wetlands, varying between 15 and 55 acres. The final wetland acreage could end up making a big impact on this plat.

Dan Steward and Dan Eklund met with eight conservation officers and Stearns County and SWCD staff on Jan. 29 to discuss WCA enforcement issues, as well as the Lake Wobegon Trail project. This project's one-half-acre impact of a degraded wetland has resulted in considerable controversy and is caught up in much bigger issues, such as rerouting the trail due to concerns of adjacent landowners.

Mark Nelson reports that the district court in St. Louis County upheld WCA enforcement action on illegal fill from a highway project in a wetland. The landowner was required to mitigate the impacts. Mark has also completed WCA spot checks in St. Louis County and Hermantown.

Nikolayson Polk County Wetland Banking Site: Dan Eklund, Dale Krystosek, Shelly Hanson (COE), and Bill Best met with East Polk SWCD and county personnel. Proper procedures related to the easement, covenant, and construction of ditch plugs were not followed. Polk County requested that BWSR and COE work with them on a preliminary assessment of the site and the probability of banking any restored credits.

Local Water Planning

The Sauk River Watershed District has begun an intensive effort to receive public input on priorities for their overall plan. The district's effort is one of the first in the state under a BWSR grant agreement to provide \$15,600 for updating the plans.

Other

Mark Nelson reports that on the Lake Superior coastal front a number of plans are being developed, including a basin plan, a coastal nonpoint plan, a coastal enhancement plan, a sewer plan, a Duluth comprehensive plan, a Duluth stormwater plan, a St. Louis County water plan, a Two Harbors and Grand Marais stormwater plan, and a north shore land-use plan.

-Submitted by Ron Shelito

METRO

The most significant activity this month was the continuing development of a workplan for addressing the statute and rule revisions needed to carry the Metropolitan Surface Water Management Act into its third decade. We are nearing completion of the second generation watershed plans and want to have a good jump on reshaping the program during the interstitial. To date, the Metro "509" Task Force of the review agencies (plus MnDOT due to its huge growth influence) have met twice to identify problems and some potential solutions to two big areas of potential improvement: current rules are too process-oriented and are not focused enough on the outcomes the plans are to achieve. The next session, set for March 1, with the group will pull in agency executives and utilize a facilitator to lay the foundation for building the new approach.

Metro staff met *en masse* with Craig Mehl of the Chisago SWCD to brainstorm strategies for integrating their operations with other governmental units and NGOs. Chisago ranks ninth out of nine in the region for annual revenue with \$162,000 in FY 99 (number eight Anoka was nearly double this amount at \$294,000). More telling is the SWCD's ranking with its adjoining, and mostly non-metro, counties. Here Chisago ranks sixth out of seven in total revenue and fifth of seven in dollars per square mile. The county water plan is due in 2002 and could utilize

Board of Water and Soil Resources Update, Page 3

the SWCD to address the growing problems of shoreland degradation, bacteria violations, open space preservation, and manure/pasture management concerns with horse enthusiasts.

WCA training sponsored by the Land and Water section was held in Bloomington with sufficient interest shown to warrant a follow-up session in the North metro prior to the onset of the delineation season. A WCA audit is being conducted by each Board Conservationist prior to the construction season to check how LGUs are doing and to support the short-term training opportunities.

We are eagerly awaiting the tabulation of the Challenge Grant applications. BCs spent a considerable amount of time in January and early February actively pitching and recruiting superior projects ideas. We worked closely with Met Council staff in order to hopefully co-fund successful challenge grant applicants with Council money. Leveraging these additional funds will make a number of projects very attractive to local governments to pursue.

-Submitted by Steve Woods

**Deadline for next
Update: March 21**

BRIEFS

Tom Mings has been hired as a senior wetland specialist in St. Paul. Tom comes to BWSR from the Missouri DOT and also has worked in the private sector, in academic research, and for the federal government. His 20 plus years of experience includes both technical and regulatory wetland responsibilities and conflict resolution. He starts at BWSR on Feb. 28.

Greg Larson now maintains an office at the University of Minnesota's St. Paul campus. He will be on campus Tuesdays, Thursdays, and Wednesday afternoon, with the remainder of the week at the BWSR office.

His campus phone number is (612) 624-3427. He is located at S535 Soils Building (far east end of floor). His e-mail address, greg.larson@bwsr.state.mn.us, will work at both locations.

Press coverage of the Conservation Reserve Enhancement Program (CREP) continues. Several daily newspapers wrote editorials in favor of full funding for the program.

An editorial (Feb. 5) in the *Mankato Free Press* urged legislators to pass major bills, like CREP funding, well enough in advance of the session's end, so they "at least have the opportunity to override any vetoes they believe are unjustified." The editorial noted that funding for the program has broad support in both chambers and in both parties.

The *New Ulm Journal* gave the CREP funding bill a thumbs up in an editorial (Feb. 3). The editorial stated that the programs goals of improved water quality and wildlife habitat are admirable. "The bill seems to have broad support, and we hope it will pass easily through the Legislature this year," the editorial noted.



FYI- Board members

RECEIVED

Environmental Services

FEB 07 2001

Bd. of Water & Soil Resources
St. Paul

January 30, 2001

Ron Harnack
Executive Director
Board of Soil and Water Resources
1 West Water Street, Suite 200
St. Paul, MN 55107

Dear Mr. Harnack:

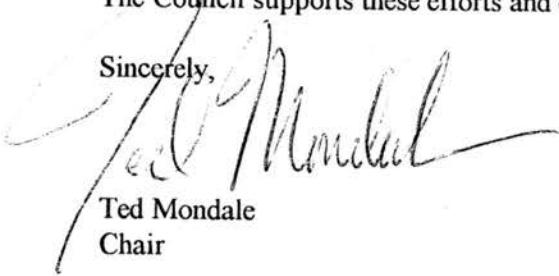
I would like to acknowledge the Council's support of the Governor's legislative bonding request, of \$50.763 million, and general fund appropriation, of \$0.724 million, for the statewide Reinvest In Minnesota (RIM) program. In the Minnesota River basin these funds will be used to match federal Conservation Reserve Enhancement Program (CREP) funds to acquire long term conservation easements to protect the riparian areas along the Minnesota River and its tributaries. These programs help prevent nonpoint pollution from entering the Minnesota River.

The Council has long advocated a mix of point and nonpoint source pollution abatement efforts. In many instances, nonpoint pollution abatement is more cost effective than to require additional costly treatment of point source discharges. In the case of the Minnesota River, both point source cleanup and nonpoint source abatement are necessary to achieve higher water quality standards. A cleaner Minnesota River will also improve the water quality of the Mississippi River both in the metropolitan area and downstream.

With the RIM program, the state is leveraging millions of dollars of federal money to help clean up the Minnesota River. This is a wise investment, both for the future of our waters and for our ratepayers.

The Council supports these efforts and encourages the state to fund this program.

Sincerely,


Ted Mondale
Chair

Cc: Jay Lindgren, Metropolitan Council Regional Administrator
Helen Boyer, Director Metropolitan Council Environmental Services
Kim Isenberg, Director Metropolitan Council Office of Public Affairs
Joe Bagnoli, Governor's Office
Senator Jane Krentz
Senator Len Price
Representative Dennis Ozment
Representative Mark Holsten

Application Form

The River-Friendly Farmer Program

This application form is provided to all producers interested in doing their part to protect and enhance the rivers of Minnesota.

Please fill in the general information about your farming operation. Complete the information, where applicable, asked for under the thirteen program criteria.

Applications are due to the local county sponsoring office by **February 1.**

Name _____

County _____

Address _____

City _____ State _____ Zip code _____

Crops in Rotation

Number of Acres

_____	_____
_____	_____
_____	_____
_____	_____

Livestock Program

Number:

Dairy _____	_____
Beef _____	_____
Hogs _____	_____
Poultry _____	_____
Other _____	_____

Signature of Farmer _____

Signature of Sponsor _____

(Extension, NRCS, SWCD, etc.)

The River-Friendly Farmer Program

Sponsor:

- Minnesota Alliance for Conservation and Resource Management*

Participating Organizations:

- University of Minnesota Extension Service
- Minnesota Pollution Control Agency
- Agrilience
- USDA Natural Resources Conservation Service
- Minnesota Department of Agriculture
- Pioneer Hi-Bred International, Inc.
- Minnesota Association of Soil and Water Conservation Districts
- Minnesota Farm Bureau Federation
- Minnesota Board of Water and Soil Resources
- Minnesota Agri-Growth Council
- Minnesota Department of Natural Resources
- McKnight Foundation
- Institute for Agriculture & Trade Policy
- Rivers Council of Minnesota

* The Minnesota Alliance for Conservation and Resource Management is a collaborative of government agencies, agricultural organizations and private firms whose purpose is to increase adoption of farmland management practices that protect soil and water resources through public and private partnerships.

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



The

River-Friendly Farmer Program



**Giving public recognition
to farmers
who are doing their part
to protect and enhance
rivers and watersheds
in Minnesota**

Program Goals

- To publicize and promote farming practices that benefit rivers and watersheds while maintaining farm productivity
- To inform the public about farmer contributions to the cleanup of rivers, lakes and streams

How it Works

- To accomplish these goals, the Minnesota Alliance for Conservation and Resource Management (MACRM) sponsors a farmer recognition program. Any farmer in Minnesota who satisfies the 13 criteria listed on the next page may be designated as a River-Friendly Farmer. This designation will be accomplished by public recognition through a variety of methods, such as the awarding of a certificate at a public event and receiving a sign for placement on the farmer's property, and other publicity such as a listing in the local or regional newspaper.

How to Participate

- To nominate a deserving farmer or to apply yourself, complete and return the application and checklist to your county Extension office, NRCS, SWCD, or other sponsor by **February 1**. For additional details on how to get involved contact:

Tim Wagar, University of Minnesota Extension Service, 507-280-2866;
email: wagar001@umn.edu
or

Robin Zucollo, Natural Resources Conservation Service, 651-602-7866;
email: robin.zucollo@mn.usda.gov

Program Criteria Checklist

Farmers who satisfy all of the following criteria applicable to their operations while maintaining the productivity of their farm, may be designated River-Friendly Farmers. The following criteria are consistent with the practices and principles of CORE 4.



Conservation Technology Information Center

Yes	No
-----	----

Crop Nutrient Management

- | | | |
|--------------------------|--------------------------|--|
| ☐ | ☐ | 1. Do you apply nitrogen and phosphorus fertilizer according to rates and methods suggested by the University of Minnesota? |
| ☐ | ☐ | 2. Do you regularly soil test your fields and use expected yield to determine fertilizer recommendations? |
| ☐ | ☐ | 3. Has manure been tested and applied at rates that do not result in excess available nitrogen or excessive increases in soil test phosphorus? |
| ☐ | ☐ | 4. Do you inject, promptly incorporate, or otherwise manage manure applications to minimize risks to water and air quality? |
| ☐ | ☐ | 5. Do you have adequate manure storage that prevents potential runoff or leakage and allows timely application of manure to fields? |

Erosion Control

- | | | |
|--------------------------|--------------------------|---|
| ☐ | ☐ | 6. Do you maintain a rotational average of 30% crop residue cover after planting on all your fields or have other equivalent conservation practices in place? |
| ☐ | ☐ | 7. Do you have a Soil Conservation Plan in place for all highly erodible land? |

Weed and Pest Control

- | | | |
|--------------------------|--------------------------|---|
| ☐ | ☐ | 8. Do you apply pesticides according to label recommendations for rates, set back distances, and personal and environmental safety precautions? |
| ☐ | ☐ | 9. Do you integrate pest management practices that minimize the impact of pesticides (e.g., select pesticides of low toxicity, use banded application, row cultivation, crop rotation, etc.)? |
| ☐ | ☐ | 10. Are pesticides and pesticide containers properly handled, stored, and disposed of to prevent water pollution? |

Conservation Buffers

- | | | |
|--------------------------|--------------------------|--|
| ☐ | ☐ | 11. Are potential sites for gullies protected and stabilized with appropriate conservation techniques? |
| ☐ | ☐ | 12. Are drainage ditches, wetlands, streams and other water bodies adequately protected with conservation buffers (e.g., filter strips, grassed waterways, field borders, etc.)? |

Environmental Regulations

- | | | |
|--------------------------|--------------------------|---|
| ☐ | ☐ | 13. Are farming practices in compliance with applicable regulations related to water quality (e.g., feedlot registration and rules; pesticide applicator certification; etc)? |
|--------------------------|--------------------------|---|

March 2001

**BOARD OF WATER AND SOIL RESOURCES
ONE WEST WATER STREET
"NEW CONFERENCE ROOM, LOWER LEVEL"
ST. PAUL, MINNESOTA 55107
March 28, 2001**

AGENDA

9:00 a.m. Call Meeting to Order

Introductions of New Board Members

- ☐ JoAnn Coover
- ☐ Karen Harder
- ☐ Victory Ormsby

Adopt Agenda

Reports

- Chair – Lee Coe
- Executive Director – Ron Harnack
- Dispute Resolution Committee – Jim Haertel
- Wetlands Committee – Darrell Bruggman
- Cost-Share/Soil Conservation Committee – Dwain Otte
- Education and Public Relations Committee – Paul Krabbenhoft
- Financial Oversight Committee – Ginny Imholte
- Administrative Advisory Committee – Lee Coe

Agency Reports

- Department of Agriculture
- Department of Health
- Department of Natural Resources
- Minnesota Extension Service
- Pollution Control Agency

Consent Agenda

1. Wilkin County Request for Comprehensive Local Water Plan Extension – DECISION

Old Business

1. Legislative Update – Ron Harnack – INFORMATION
2. 2001 SWCD CREP Technician Grants – Kevin Lines – DECISION

New Business

1. Update on Blue Ribbon Electronic Commerce Committee (BREC) and LINNET – Doug Thomas and Tim Ogg – INFORMATION

Advisory Comments

- Minnesota Association of Townships (MAT)
- Minnesota Association of Conservation District Employees (MACDE)
- Minnesota Association of Soil and Water Conservation Districts (MASWCD)
- Minnesota Association of Watershed Districts (MAWD)
- Natural Resources Conservation Service (NRCS)

Upcoming Meetings

- Next BWSR Meeting, April 25, 2001
- 2001 Local Water Planners Conference, June 27-28, Jackpot Junction, Morton

Adjourn



One West Water Street
Suite 200
St. Paul, MN 55107
(651) 296-3767
Fax (651) 297-5615

Field Offices

Northern Region:

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

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

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

Southern Region:

261 Highway 15 S.
New Ulm, MN 56073-8915
(507) 359-6074
Fax (507) 359-6018

40--16th Street SE
Suite A
Rochester, MN 55904
(507) 285-7458
Fax (507) 280-2875

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

Metro Region:

One West Water Street
Suite 250
St. Paul, MN 55107
(651) 282-9969
Fax (651) 297-5615

An equal opportunity employer

Printed on recycled paper

DATE: March 19, 2001

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

FROM: Ronald D. Harnack, Executive Director

SUBJECT: March 28th BWSR Meeting

The Board of Water and Soil Resources (BWSR) will meet on Wednesday, March 28, 2001, beginning at 9:00 a.m. The meeting will be held in BWSR's new conference room, located in the lower level at One West Water Street, St. Paul. The following information pertains to the agenda items:

Consent Agenda

1. Wilkin County Request for Comprehensive Local Water Plan Extension: See attached. DECISION

Old Business

1. Legislative Update - INFORMATION
2. 2001 SWD CREP Technician Grants – In 1999 and 2000, BWSR funded 14 SWCD CREP technicians to implement CREP. Available funds have been \$425,000/year. In 2001, we are requesting continued funding of these positions in SWCDs. The only change in funding levels is that BWSR would fund West Ottertail at \$28,000 up \$4,000 from last year to bring them inline with the rest of the full-time funded staff. We would also reduce the amount going to the four-county group of Stevens, Douglas, Traverse and Grant from \$8,600 to \$5,000 due to funds left from previous years' grants. See attached table for county grant amounts. DECISION

New Business

1. Update on Blue Ribbon Electronic Commerce Committee (BREC) and LINNET – INFORMATION

If you have any questions, please feel free to give me a call. I look forward to seeing you on March 28!

**BOARD OF WATER AND SOIL RESOURCES
ONE WEST WATER STREET
"NEW CONFERENCE ROOM, LOWER LEVEL"
ST. PAUL, MINNESOTA 55107
March 28, 2001**

AGENDA

9:00 a.m. Call Meeting to Order

Introductions of New Board Members

Adopt Agenda

Reports

- Chair – Lee Coe
- Executive Director – Ron Harnack
- Dispute Resolution Committee – Jim Haertel
- Wetlands Committee – Darrell Bruggman
- Cost-Share/Soil Conservation Committee – Dwain Otte
- Education and Public Relations Committee – Paul Krabbenhoft
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- Department of Agriculture
- Department of Health
- Department of Natural Resources
- Minnesota Extension Service
- Pollution Control Agency

Consent Agenda

1. Wilkin County Request for Comprehensive Local Water Plan Extension – DECISION

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- Natural Resources Conservation Service (NRCS)

Upcoming Meetings

- Next BWSR Meeting, April 25, 2001
- 2001 Local Water Planners Conference, June 27-28, Jackpot Junction, Morton

Adjourn

CONSENT AGENDA

1. Wilkin County Request for
Comprehensive Local Water Plan
Extension
DECISION

WILKIN COUNTY COMPREHENSIVE LOCAL WATER PLAN (FOR BOARD ACTION)

Wilkin County has an approved and locally adopted Comprehensive Local Water Plan (CLWP). The effective date (end date) of this CLWP is May 31, 2001.

The 1995 amendments to the Comprehensive Local Water Management Act, M.S. 103B.301, gives the Board of Water and Soil Resources authority to grant extensions to counties for the purpose of extending the ending date of their water plans. These extensions must be requested in writing and cannot be for more than two years.

At their December 15, 1999, board meeting, the BWSR approved a local water planning document which addressed BWSR expectations, internal actions, and multi-planning strategies. Multi-planning strategies address granting justifiable CLWP extensions to counties where other planning efforts (water or watershed level) are currently underway. These other efforts require the input of the water planner and associated technical advisors in the county. Completion of other water planning efforts would benefit the CLWP update.

Wilkin County is an active player in the Ottertail River Watershed planning effort and the Bois de Sioux Watershed District Overall Plan updating effort currently underway, as part of the Red River Basin Flood Damage Reduction Agreement

Board Conservationist Pete Waller recommends approval of Wilkin County's extension request to June 30, 2002.

8 - 2001

RESOLUTION REQUESTING EXTENSION
OF
COUNTY COMPREHENSIVE WATER PLAN

WHEREAS, 1995 amendments to the comprehensive Local Water Planning Act, M.S. 103B.301 gave the Minnesota Board of Water and Soil Resources (BWSR) authority to extend the ending date of local water plans for a period not to exceed 2 years; and

WHEREAS, Wilkin County has a current state approved and locally adopted Comprehensive Local Water Plan with an end date of May 31, 2001; and

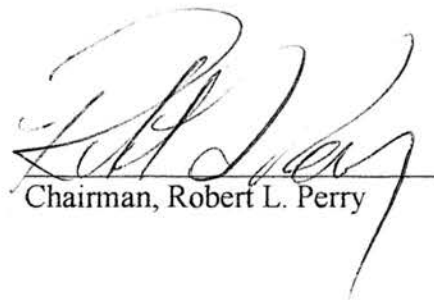
WHEREAS, Wilkin County is an active participant in other planning efforts currently underway in the Otter Tail River Watershed Project that will result in information that will benefit the county during its Comprehensive Local Water Plan update efforts; and

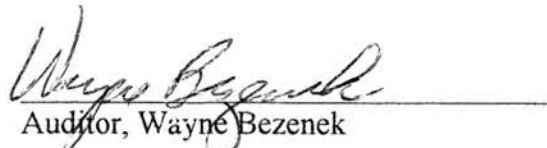
WHEREAS, Information obtained through the Otter Tail River Watershed planning efforts will benefit Wilkin County's Comprehensive Local Water Planning efforts and would not allow a complete Comprehensive Local Water Plan update prior to May 31, 2001.

NOW THEREFORE BE IT RESOLVED, that Wilkin County requests BWSR for an extension of their existing Comprehensive Local Water Plan until June 30, 2002.

BE IT FURTHER RESOLVED, Wilkin County will insure continued public participation in the form of Water Plan Task Force and Public Information meetings and no projects will be ordered or commenced under M.S. 103Bsubd. 3 or 4 during the extension period.

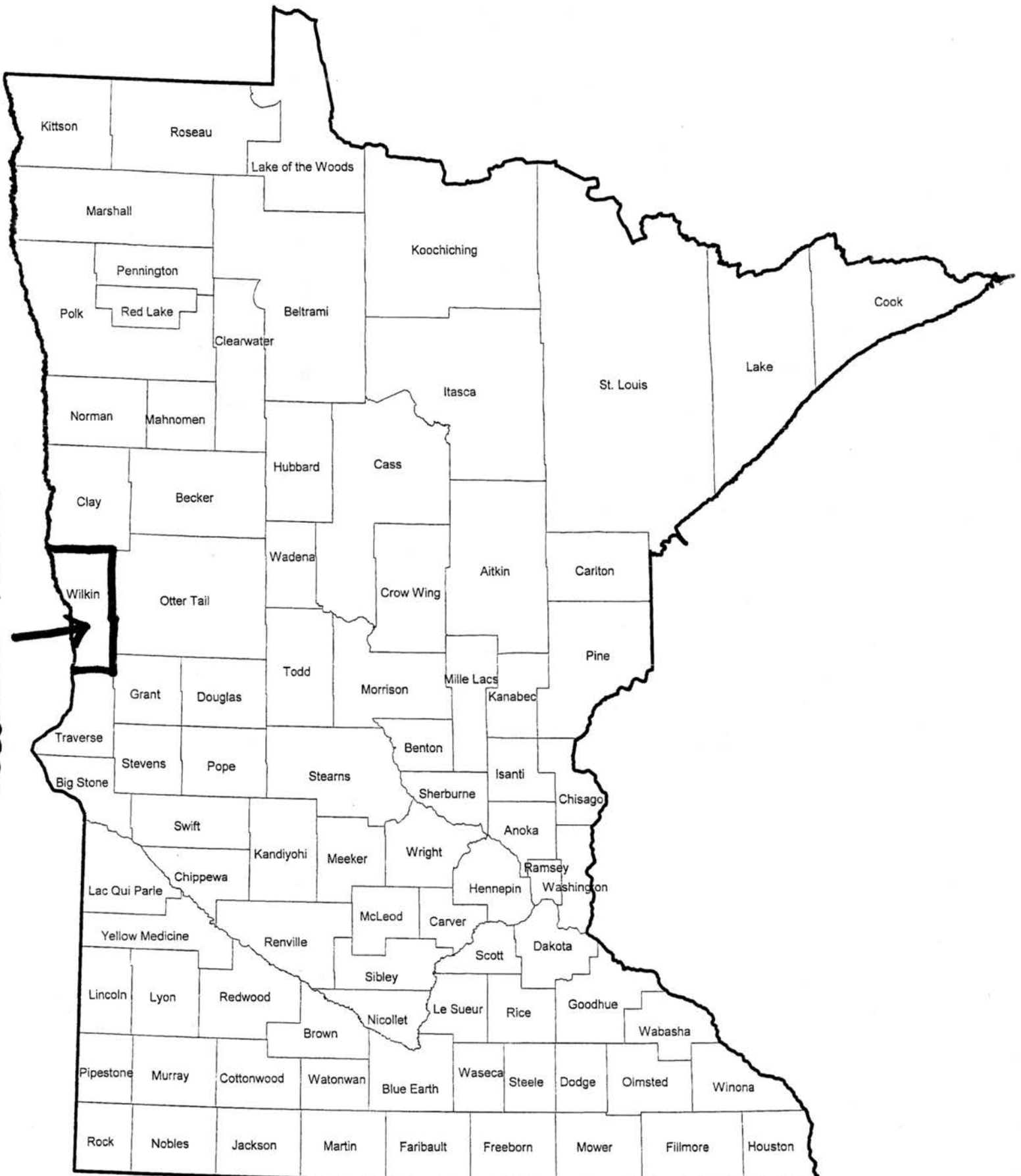
Approved this 13th day of February 2001.


Chairman, Robert L. Perry


Auditor, Wayne Bezenek

Minnesota Counties

located here



Minnesota Board of Water and Soil Resources
One West Water Street
Suite 200
St. Paul, Minnesota 55107

In the Matter of Extending the Comprehensive Local Water Plan
for **Wilkin** County (1995 Minnesota Session Law, Chapter 184,
Section 24 authorizing BWSR to grant extensions).

Whereas, Wilkin County has a state approved Comprehensive Local Water Plan that is effective until May 31, 2001 pursuant to Minnesota Statute 1990, Section 103B.301, and

Whereas, the Wilkin County Board of Commissioners requested an extension of the Comprehensive Local Water Plan to the Board of Water and Soil Resources on February 21, 2001, pursuant to Minnesota Session Law 1995, Chapter 184, Section 24, and

Whereas, the Board of Water and Soil Resources has authorization to grant extensions pursuant to Minnesota Session Law 1995, Chapter 184, Section 24.

Now Therefore, the Board of Water and Soil Resources hereby makes the following Findings of Fact, Conclusions and Order:

FINDINGS OF FACT

1. On February 21, 2001 the Board of Water and Soil Resources received a resolution from Wilkin County requesting an extension of their Comprehensive Local Water Plan.
2. On March 8, 2001, the Board of Water and Soil Resources staff reviewed and recommended approval of the extension request by Wilkin County.

CONCLUSIONS

1. All relevant requirements of law and rule have been fulfilled. The Board of Water and Soil Resources has proper jurisdiction in the matter of extending the Comprehensive Local Water Plan of Wilkin County pursuant to Minnesota Session Law 1995, Chapter 184, Section 24.

ORDER

The Board of Water and Soil Resources hereby approves the extension of the Wilkin County Comprehensive Local Water Plan until June 30, 2001. Dated at St. Paul, Minnesota, this 28th day of March, 2001.

MINNESOTA BOARD OF WATER AND SOIL RESOURCES

BY: Leland Coe, Chairperson

OLD BUSINESS

1. 2001 SWCD CREP Technician
Grants
DECISION

**YEAR THREE STAFFING GRANT AGREEMENTS
WITH SWCD'S FOR CREP IMPLEMENTATION
MARCH 2001**

<u>SWCD</u>	<u>GRANT (\$)</u>	<u># of Staff</u>
Chippewa	30,615	1
Yellow Medicine	29,067	1
Lac Qui Parle	28,545	1
Lincoln	28,545	1
Swift	28,722	1
Redwood	32,000	1
Lyon	32,000	1
Cottonwood ¹	28,000	1
Renville	33,599	1
Waseca, LeSueur, Blue Earth ²	56,930	2
Martin	28,465	1
Watonwan	28,465	1
West Ottertail	28,000	1
Douglas, Grant, Traverse, Stevens ³	<u>5,000</u>	See footnote ⁴
TOTAL	417,953	14.0

¹Position will also work in Jackson and Murray Counties.

²The fiscal agent (grant recipient) is LeSueur SWCD.

³The fiscal agent is Stevens SWCD.

⁴The grant is for contract easement promotion and processing.

FOR YOUR INFORMATION

(March 28, 2001)

- ❑ Board Member Listing
- ❑ BWSR "Update"
- ❑ Memo from Greg Larson regarding Appeal of a WCA Exemption Decision by the Rice Creek Watershed District –Anoka County Ditch No. 53-62
- ❑ Wetland Conservation Act Appeal, BWSR File No. 01-1
- ❑ Memo from Ron Harnack regarding Policy Clarification Regarding Engineering and Other Technical Assistance for Wetland Banking and Replacement

MINNESOTA BOARD OF WATER AND SOIL RESOURCES
ONE WEST WATER STREET
SUITE 200
ST. PAUL, MINNESOTA 55107
Phone: 651-296-3767
Fax: 651-297-5615

<u>Name and Address of Appointed Members</u>	<u>Appt. Designation</u>	<u>Term Expires</u>	<u>Telephone/Fax</u>
Leland Coe, Chair , RR 1, Box 80A Tenstrike, 56683	Citizen	01-06-03	218-243-2597
Karen Harder , 4601 Emerson Ave. S. Minneapolis, 55409-2339 ktharder@efg.com	Citizen	01-03-05	612-824-4136
Char Kahler , 1966 50 th St. Fairmont, 56031 chark@kaco.net	Citizen	01-05-04	507-238-2244 507-235-9619 Fax
Paul Krabbenhoft , 1119 - 25th Avenue South Moorhead, 56560 pkrabbenhoft@yahoo.com	SWCD	01-01-02	218-233-0313 Home 701-281-3033 Office 701-277-1570 Fax
Victor Ormsby , R.R. 3, Box 163 Winona, 55987-9515	SWCD	01-03-05	507-454-7676
Dwain Otte , 606 Zanmiller Drive West Northfield, 55057	SWCD	01-05-04	507-645-4370 507-645-2246 Fax
Jerome Deal , 1501 Second Ave., So. Wheaton, 56296	Watershed	01-01-02	320-563-8377 320-563-4987 Fax
Jack Frost , 2324 Maple Lane Maplewood, 55109 jfrost@uswest.net	Watershed	01-05-04	651-602-1078 651-602-1130 Fax
Ginny L. Imholte , 720 So. Shore Drive Box 663, Detroit Lakes, 56501 imholte@lakesnet.net	Watershed	01-06-03	218-847-4433 Office 218-847-4236 Home 218-847-5059 Fax
Darrell Bruggman , 45898 State Hwy. 65 McGregor, 55760	Co. Commr.	01-06-03	218-426-3330 218-927-7374 Fax
JoAnn Coover , 3791 - 180 th Ave., N. Minneota, 56264 djcoover@mvtvwireless.com	Co. Commr.	01-03-05	320-669-7173 Home/Fax 507-537-9354 Office
Clair Nelson , P.O. Box 472 Finland, 55603	Co. Commr.	01-01-02	218-353-7385 Home 218-834-8320 Office 218-834-8360 Fax

State Agency Members:

Wayne Edgerton
Department of Natural Resources
500 Lafayette Road
St. Paul, MN 55155
Phone: 651-296-2549
Fax: 651-296-4799

Jim Anderson
U of M/Dept. of Soil, Water & Climate
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Ander0452@umn.edu

Dan Wilson
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Well Management Section
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Phone: 651-215-0812
Fax: 651-215-0978
daniel.Wilson@health.state.mn.us

Rod Massey
Pollution Control Agency
520 Lafayette Road
St. Paul, MN 55155
Phone: 651-296-7202
Fax: 651-296-7923
Rod.massey@pca.state.mn.us

Sharon Clark, Deputy Commissioner
Department of Agriculture
90 West Plato Blvd.
St. Paul, MN 55107
Phone: 651-297-1551
Fax: 651-297-5522

H:\BOARDMEM.doc(March 15, 2001)



Board of Water and Soil Resources UPDATE

A publication of the Minnesota Board of Water and Soil Resources

March 2001

SOUTH

CREP Rally Day at the Capitol was attended by 200 CREP supporters on March

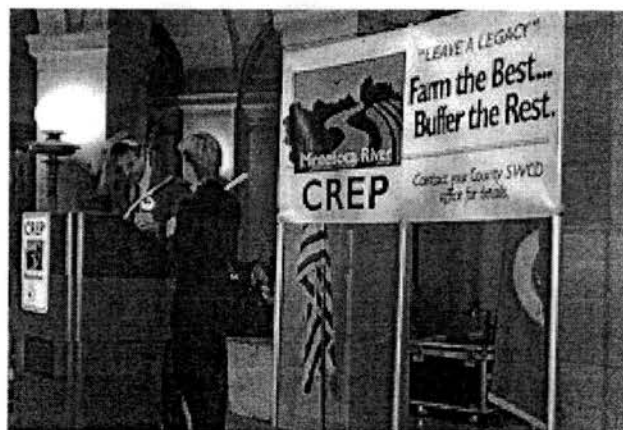
8. The message of the day was that while full funding is getting a lot of support, legislators need to be reminded of the importance of CREP and the necessity for full funding.

Ninety-five local, state, and federal staff attended CREP training meeting March 1. Issues discussed were administrative and technical items, legislation, and future funding. Counties shared their valuable experiences during their reports. Through this interaction we all learned what is and is not working in marketing and implementing CREP.

CREP implementation continues to accelerate. We have nearly tripled our efforts from last summer. Local staff have done a great job reaching out to landowners and getting folks in the door. Numerous counties report good success by having their county commissioners sign a support letter for CREP program and sending the letters to landowners.

At the end of February we had approximately \$4.4 million left in the BWSR CREP fund. Counties have identified 7,087 acres as completed applications to be sent into BWSR in the next couple of weeks. This has a cost of \$4.6 million — so much for the money we have! As for the next couple of months, counties expect another 5,471 acres to come in at a cost of \$3.5 million. These last acres will have to start coming out of any new money we get.

I hope that's good news. This should bring our CREP total acres up to 45,500 and show a real



CREP Rally 2001

(Above) Judy Erickson of the CREP Coalition gives House Speaker Steve Sviggum a CREP cap. (Left) Ron Harnack discusses strategy with Steve Hansen of the Minnesota River Joint Powers Board.



acceleration in CREP interest in the last month. I would expect things to slow once spring fieldwork starts.

We continue to get more partners to help in implementing CREP. The U.S. Fish & Wildlife Service has stepped up and will be providing six staff for technical assistance on CREP in key areas across the basin.

-Submitted by Jeff Nielsen

METRO

It was a month of SWCD interaction for the region.

Several members of the staff participated in the Dakota SWCD's one-day session to examine their strategic plans. There was more material to cover than one day could fully address, but a lot of progress was made in measuring how far they have come from past plans and in charting some new emphases for the future.

The SWCD Area IV meeting was held on March 5 in Wright County and attended by several staff. The actions from the February board meeting related to the grant programs and NPEA funding were well received. This is a pretty impressive roster of districts and much opposition was not expected. Dwain Otte and Tim Gieseke (Carver County) were also present to augment the discussion with what they saw transpire at the February meeting.

A number of requests for interpretation of supervisor powers and alternative methods for selecting supervisors have been originating in Hennepin County. We expect there to be a continued interest in the subjects as the *Star Tribune* has decided to closely follow the Hennepin Conservation District's efforts to function with its new personnel.

Dakota Soil and Water Conservation District chaired a very successful Low Impact Development (LID) workshop in mid-March. Ron Struss attended and reports that the conference covered the technical and administrative aspects of implementing LID, cluster development, smart growth, and other topics. According to Ron, LID strives to have developed landscapes mimic natural hydrological conditions to the greatest extent possible. Receiving lakes and streams should be "blind" to the fact that development had occurred. Ron also reports that the conference was well organized and well attended.

Phil Belfiori will facilitate a session with the Brown's Creek Watershed District and the city of Stillwater. The session is intended to explore ways the two organizations can work together and move forward more effectively.

We suspect the Land and Water Section will mention the successful conclusion of the Hugo lawsuit.... Rice Creek Watershed District is one of the region's better watershed districts and implementers of the Wetland Conservation Act.

-Submitted by Steve Woods

NORTH

Wetlands

Wetland staff and BCs have just completed an intensive round of wetland training. The training was offered in two phases. Phase I consisted of general purpose rules and administrative training for anyone who does WCA. These sessions were well attended by LGUs, DNR staff, BWSR staff, consultants and others. This year we followed up the administrative training with smaller group discussion sessions by BC area. These follow-up sessions were aimed at local government staff. Sessions were well attended and successful at clarifying some of the issues that were nagging at our local government staff. Jim Lemmerman, Dale Krystosek, and Dan Eklund did the bulk of the training statewide.

Mark Nelson reports that Highway 53 is slated to be reconstructed between Virginia and Cook. A new alignment is probable and the road is planned for four lanes. Each of the proposed routing options will need at least 200 acres of wetland mitigation. Could be a big rush on the wetland bank!

Water Planning

Dan Steward reports that Morrison County is proposing to update their county comprehensive plan and their water plan at the same time. Morrison County is seeking additional funding from BWSR to complete this coordinated task. In return, Morrison County will give BWRS feedback on how the county comprehensive planning and water planning can be coordinated and streamlined. This information could prove valuable to the many other counties preparing to begin their third generation water plans.

Ron Shelito, Keith Grow, and Dan Steward met with MPCA regional staff to discuss basin planning activities. The focus was on the Upper Mississippi Basin Plan currently under way. We made a pitch for use of existing local water plans wherever possible.

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in development of the overall basin plan. We all agreed that continued agency cooperation throughout the process is critical.

-Submitted by Ron Shelito

L&WS

Hugo lawsuit dismissed

The city of Hugo's lawsuit to stop perceived flooding on Judicial Ditch 2 was dismissed by Washington County District Court Judge Stephen Muehlberg on Tuesday, March 20.

The Rice Creek Watershed District, along with the DNR and BWSR, were defendants in the lawsuit. The lawsuit was brought by the city and landowners who had property that allegedly flooded along Judicial Ditch 2 in Hugo, despite formal and informal attempts to mediate this matter on the part of the defendants.

In his ruling, Judge Muehlberg stated that the plaintiffs failed to exhaust their administrative options for repairing the ditch and failed to meet "their burden of showing that exhaustion of administrative remedies would be futile."

The suit was described as "not ripe for adjudication," and the judge said that the city and landowners need to petition the Rice Creek Watershed District for partial or complete repair of the ditch. The ruling also provided an award of the defendants' costs and disbursement, which does not include attorney fees.



The Livestock Watering Systems training module has been completed. Training was provided in the southeast area of the state, with training scheduled for the northwest and west central areas in late March, and the southwest area in early April. South central and east central Minnesota will receive the training in late April. Northeast Minnesota will receive training in late June. The first round of training is directed at NRCS and SWCD employees, with extension educators invited to attend. Additional workshops after these are completed will be tailored to provide information to farmers.

-Submitted by Howard Moechnig

ETS

It's the training season for many conservation technical assistance providers. Justin

Jeffery, training and design engineer, provided Feedlot Evaluation Model (FLEval) training to 34 SWCD, county, NRCS, and MPCA staff in late February. This month, he's providing Construction Inspection training to about 25 SWCD and NRCS staff, including concrete testing procedures. The annual partnership Training Needs Inventory identified these as high priority state level training needs.

As the CREP wetland restoration project numbers continue to increase, so too are we building BWSR capacity to assist with site investigation, design, and construction. Current BWSR engineering staff focused on CREP include: Tom Wenzel, design engineer, and Jeff Hedtke, Jim Luniewski, Kevin Zytkovitz, and Jeremy Larson, engineering technicians. Plans for additional engineering staffing (including contracting) are moving forward in anticipation of additional program funding. Site investigation and surveys are the number one priority to support program applications. Winter has been a time to work hard to develop wetland restoration designs. Wetland restoration training is planned for the summer to increase the technical assistance capability of SWCD staff and other partners. Coordination is ongoing to involve several USFWS staff in providing technical assistance for wetland restorations, as well.

The 1,500- to 2,000-acre Grass Lake restoration project in Freeborn County is moving forward with primarily RIM/WRP partnership funding. Karen Bonde, engineering technician, and Tom are working with NRCS, SWCD, and other partners to develop restoration plans involving numerous landowners. BWSR and NRCS staff completed surveys late last fall. Karen developed several excellent maps that were used at a partnership meeting on March 22 to finalize design concepts and easement acquisition needs. The team expects to begin moving dirt this coming summer.

Tom recently participated in a workshop about fish management on wetland restorations adjacent to rivers, streams, and drainage systems. The workshop

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was sponsored by the Minnesota Waterfowl Association, DNR, and USFWS. Of particular concern is minimizing negative impacts of carp and flathead minnows.

Last year, a Great Lakes Commission grant to BWSR enabled the development of a Geographic Information System (GIS) database for the North Shore of Lake Superior to help prioritize erosion control projects. Gene Clark, lakeshore engineer, recently established a contract with Community GIS, Inc. to further develop the prioritization capability of this GIS database, using EPA 319 grant funds. This is a great tool for problem area identification and prioritization that we believe has potential for more enhancement.

Feedlots are a hot topic at the legislature again this year. Al Kean, chief engineer, has been working with Ron Harnack, MPCA, MDA, and MASWCD to provide good information about cost-share, loans, and engineering assistance needs for feedlot pollution abatement, as well as regulatory delivery. This includes the important roles and accomplishments of SWCDs and counties at the local level for integration of technical, financial, and regulatory assistance to livestock producers.

BRIEFS

Governor Jesse Ventura announced the appointment of Victor Ormsby, Karen

Harder, and JoAnn Coover to the Board of Water and Soil Resources. Additionally, Leland Coe has been named chair of the board.

Ormsby, of Winona, is a soil and water conservation district supervisor. He is a member of the Bluff Country Co-op fundraising committee, Winona County feedlot study committee, and the sustainable energy for economic development coalition. He will serve a four-year term that will expire Jan. 3, 2005.



Victor Ormsby



Karen Harder

Harder, of Minneapolis, is a volunteer at the Sierra Club of Minneapolis and an associate at the Environmental Financial Group, Inc. She is the second vice-president of the Mountain Prairie Girl Scout Council and chairman of the water task force. She will serve a four-year term that will expire Jan. 3, 2005.



JoAnn Coover

Coover, of Minneota, is the county commissioner for the fourth district in Yellow Medicine County. She serves on the executive board for the Minnesota River Joint Powers and on the advisory board for the Yellow Medicine Watershed District. She will serve a four-year term that will expire Jan. 3, 2005.

Coe, of Tenstrike, has been a board member since 1997. He originally served as a member representing the county commission group and later became a citizen-at-large member. He has a long list of leadership positions, including a member of the Beltrami County board of commissioners, chairperson of the Beltrami County comprehensive local water planning advisory committee, co-chair of the Beltrami County solid waste advisory committee, and co-chair of the Beltrami County labor management committee. His terms expires Jan. 6, 2003.

**Deadline for next
Update: April 18**



*Board
Packet*

MEMO

March 16, 2001

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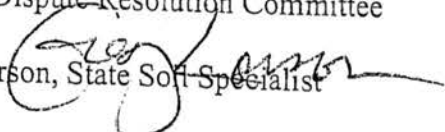
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TO: Paul Haik, Krebsbach & Haik, LTD
A.W. Clapp III
Kate Drewry, Rice Creek Watershed District
Bill Sotkowski, Office of Attorney General
Doug Norris, DNR Division of Ecological Services
BWSR Dispute Resolution Committee

FROM: Greg Larson, State Soil Specialist 

RE: Appeal of a WCA Exemption decision by the Rice Creek
Watershed District - Anoka County Ditch No. 53-62

A petition of appeal dated February 20, 2001 was filed with the Board of Water and Soil Resources (BWSR) relating to decisions of the Rice Creek Watershed District concerning an exemption to the Wetland Conservation Act (WCA). This petition of appeal was filed with the BWSR in accordance with Minn. Rules Chapter 8420.0250. The appeal was effective upon BWSR's receipt of evidence that the petition of appeal was mailed to the local government unit (Rice Creek Watershed District). The affidavit of mailing was received on February 20, 2001. On March 8, 2001 the Dispute Resolution Committee (DRC) made a decision to grant the petition and hear the appeal.

As decided by the DRC on March 8, 2001, the appeal will be incorporated into the current proceedings before the DRC. Discussion and argument relative to this appeal are to be addressed in the briefs for phase 2 of the appeal currently before the Dispute Resolution Committee.

C: Ron Harnack, BWSR Executive Director
Steve Woods, BWSR Metro Region Supervisor
Dennis Larson, MnDOT Water Resources Engineer
David Phillips, Office of the Attorney General

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In Re: Wetland Conservation Act Appeal,

Field Offices

Messrs. Hentges, Preiner and Trost,

Northern Region:

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Duluth, MN 55802
(218) 723-4752
Fax (218) 723-4794

Appellants

3217 Bemidji Avenue N.
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Fax (218) 755-4201

Rice Creek Watershed District;
ABC League of Women Voters, St. Paul
Audubon Society, and the Izaak Walton
League, Minnesota Division,

217 S. 7th Street
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Respondents

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ORDER

BWSR File No. 01-1

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Messrs. Hentges, Preiner and Trost appealed a November 22, 2000 decision of the Rice Creek Watershed District ("District") concerning exemptions to the Wetland Conservation Act and Anoka County Ditch 53/62. Appellants also raised objections to a December 21, 2000 decision of the District. At a pre-hearing conference for the aforementioned appeal on January 25, 2001, the parties agreed to bifurcate the proceedings, with each phase to be separately briefed. Phase 1 determined jurisdictional issues and issues of standing, in this instance meaning parties to the appeal. On February 20, 2001, appellants appealed a February 14, 2001 decision of the District.

On March 8, 2001, the Dispute Resolution Committee ("DRC") of the Board of Water and Soil Resources met concerning phase 1. They considered the record, briefs and the staff advisory report. DRC members Leland Coe (Chair), Clair Nelson, Jerome Deal and Dwain Otte were in attendance. Paul R. Haik, Krebsbach and Haik, LTD., 701 Fourth Avenue South, Suite 500, Minneapolis, Minnesota 55415-1631 appeared on behalf of the appellants. Michelle J. Ulrich, 1561 Lincoln Avenue, St. Paul, Minnesota 55105 and Harold Sheff, Smith, Gendler, Shiell, Sheff & Ford, 601 Second Avenue, S.,

3350 U.S. Bank Place, Minneapolis, Minnesota 55402 appeared on behalf of the District.

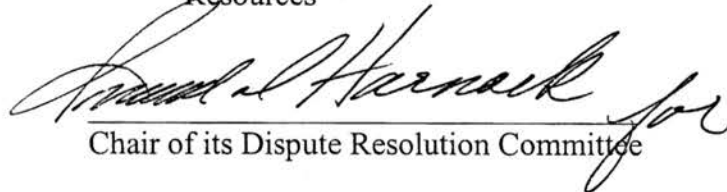
There were no formal oral arguments. Based on the aforementioned information, and after discussion and consideration of motions by the members, the DRC makes the following:

ORDER

1. Parties to the appeal also include the ABC League of Women Voters, St. Paul Audubon Society, and the Izaak Walton League, Minnesota Division and may also involve participation by MnDOT.
2. Issues are limited to the Wetland Conservation Act, specifically, the applicability of two WCA exemptions ("Drainage Exemption" and Federal Approvals Exemption") to one culvert under I-35W.
3. Issues raised by appellants concerning a December 21, 2000 decision of the District are moot and are not included in this proceeding.
4. The November 22, 2000 and February 14, 2001 decisions of the District should be combined into the briefs for phase 2 of this proceeding. Any additional items of record for the February 14, 2001 decision should be prepared by the District and made available to the parties as soon as possible.
5. Briefs should address the aforementioned issues and proceed according the schedule agreed to by the parties at the January 25, 2001 pre-hearing conference.

Dated: March 15, 2001

Minnesota Board of Water and Soil
Resources


Chair of its Dispute Resolution Committee



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March 13, 2001

To: Nonpoint Engineering Assistance Program Joint Powers Board Chairs
Soil and Water Conservation District Board Chairs
Nonpoint Engineering Assistance Program Engineers
Soil and Water Conservation District Managers
BWSR Engineering Section

From: *[Signature]* Ron Harnack, Executive Director

Re: Policy Clarification Regarding Engineering and Other Technical Assistance for Wetland Banking and Replacement

A number of questions and concerns have arisen about what is and isn't appropriate in regard to engineering and other technical assistance provided for wetland banking and replacement projects. The purpose of this memo is to provide clarification about applicable state rules and policies for programs administered by the BWSR.

The BWSR administers the Minnesota Wetland Bank as one role in administering the Wetland Conservation Act (WCA). This primarily involves approval and tracking of deposits and withdrawals from the bank. Both private landowners and government agencies establish, sell and buy wetland credits via this bank.

The BWSR also administers the state funded, local government road replacement program for the purpose of mitigating unavoidable wetland impacts of local government road upgrades. To accomplish this, the BWSR establishes its own accounts in the wetland bank by either by the purchase of credits from private accounts or by the development of our own wetland bank sites.

WCA rules prohibit the use of "financial assistance from public conservation programs" in the development of all wetland replacement projects, including Minnesota Wetland Bank sites (Mn Rules Chapter 8420.0530, D., (9)). Public and private wetland banking or replacement projects **are not public conservation program practices**, because these projects replace wetlands lost due to regulated development activities within the state.

Consequently, the following policies apply to engineering and other technical assistance for wetland banking and replacement projects:

1) The BWSR, SWCDs and NPEA program JPBs must not use conservation program funds, directly or indirectly, to provide engineering or other technical assistance for wetland replacement or banking projects. This provision does not apply to assistance to local governments and others for non-banking aspects of the WCA program (e.g. providing technical assistance for enforcement or technical panel evaluation analysis).

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Board Packet

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March 2, 2001

2) The BWSR, SWCDs and NPEA program JPBs may provide engineering and other technical assistance for wetland replacement or banking projects, including local government road replacement projects, if reimbursed with non-conservation program funds.

3) NPEA program JPBs must report any funds received as reimbursement for engineering assistance on public wetland replacement or banking projects in accordance with NPEA program financial reporting requirements.

Questions about these clarifications of rules and policies can be directed to Bruce Sandstrom, Wetland Banking Administrator, at 651-297-4958 or bruce.sandstrom@bwsr.state.mn.us or Al Kean, Chief Engineer at 651-297-2907 al.kean@bwsr.state.mn.us.

Keep up the good work of wetland restoration and protection!

cc: **Senior Management Team**
Board Conservationists
Sid Cornelius, NRCS
LeAnn Buck, Executive Director, MASWCD
Wayne Zellmer, BWSR Grant Coordinator

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