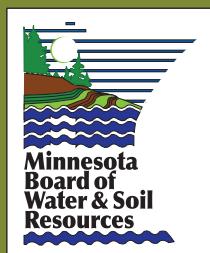


2010-2011 Biennial Report to the Minnesota Legislature



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LETTER FROM THE BOARD CHAIR

Dear Friends and Colleagues,

Ideas for improving coordination among local, state and federal organizations with water management duties have been discussed for many years, and in fiscal years 2010-2011 (FY10-11), the Minnesota Board of Water and Soil Resources was instrumental in turning those ideas into reality. The Board has continually worked to find ways to coordinate programs and optimize resources in ways that achieve the best results and have the results understood by many others. This report highlights those accomplishments.

BWSR managed significant changes in FY10-11. We successfully implemented changes to grant programs through the Clean Water Legacy Act and other legislatively prescribed programs. We continued to collaborate with other agencies, local governments and interest groups to streamline administration and implementation of the Wetland Conservation Act. We developed a more systematic and comprehensive local government fiscal management oversight program. Our efforts to implement \$25 million of Reinvest in Minnesota (RIM) Reserve funds were very successful, and our partnership with the USDA Natural Resources Conservation Service (NRCS) Wetlands Reserve Program leveraged \$40 million in federal funding. This federal partnership, made possible with expertise from local Soil and Water Conservation Districts (SWCDs), has become the premier wetland restoration program in the nation. We have done all of this while retaining a small staff.

The practices on the land are what determine the fate of our waters. With a focus on the privately owned working lands of the state, BWSR is ready, willing and able to make major contributions to protect and improve the water and land resources of Minnesota -- in partnership with local, state, and federal organizations and private landowners.

We are proud to present the 2010-2011 Biennial Report, which highlights some of our main accomplishments for the biennium.

*Brian Napstad, Chairman
Minnesota Board of Water and Soil Resources*



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BWSR is an equal opportunity employer.

Information contained in this report is available in an alternative format upon request.

Pursuant to Minn. Stat. § 3.197, the cost of preparing this report was approximately \$3,000.

October 2012

EXECUTIVE SUMMARY

Fiscal years 2010-2011 (FY10-11) was a time of challenges and opportunities for the Minnesota Board of Water and Soil Resources (BWSR).

The 2009 Legislative Session delivered tumultuous changes to BWSR's budget. In order to address the nearly \$1 billion state general fund deficit, BWSR received substantial budget reductions to grant programs funded out of the state general fund, including 17 percent decrease to Cost Share Grants, five percent decrease to Natural Resources Block Grants, 1.8 percent decrease to Conservation Delivery Grants and 8.8 percent decrease for BWSR administration.

While the agency's general fund dollars were reduced, BWSR gained supplemental funding through passage of the Clean Water, Land and Legacy Amendment, which resulted in more than \$39 million in additional funding for implementation projects through grants to local governments.

Despite all of the budget changes, the agency continued its mission to improve and protect Minnesota's water and soil resources by working in partnership with local organizations and private landowners. BWSR's core functions included

implementing the state's soil and water conservation policy, comprehensive local water management, and the Wetland Conservation Act.

Recommendations

Pursuant to Minn. Stat. 103B.101, the following report includes recommendations for any program or board membership changes necessary to improve state and local efforts in water and soil resources management. Those recommendations include:

1. Additional funding for RIM Reserve to continue achieving multiple benefits for wildlife habitat, water quality, potential bio-energy production and economic benefits.
2. Additional funding for local governments to continue implementing WCA effectively.
3. Additional funding for wetland banking to begin projects that will provide enough replacement credit to meet projected demand.
4. Additional Clean Water Funding for implementation projects, an agency planning process in cooperation with local governments to evaluate funding needs in future fiscal years.
5. Additional funding for state and/or local staffing with the technical expertise to design and supervise construction of conservation projects, which will enable Minnesota to make the most efficient use of local, state and federal dollars, and will allow BWSR to implement Executive Order 11-03.
6. Execution of the Metro Water Planning Rules Advisory Committee's recommendations to develop a results-oriented framework which would consist of periodically updated inventories and goals and frequently updated implementation and capital improvement plan sections.
7. Continuation of the agency's role in implementing specific training geared toward local units of government.
8. Development of an external strategic communications plan that sets measurable objectives and a specific structure for how BWSR will implement external communications work.

ACCOMPLISHMENTS AND ENVIRONMENTAL BENEFITS

BWSR's fundamental purpose is to get more conservation installed on the ground. In FY10-11, local governments and other partners decreased sediment and nutrients entering lakes, rivers, and streams and increased fish and wildlife habitat, while slowing wetland losses. These environmental outcomes have been realized in spite of intensification of agriculture, greater demands for forest products, and rapid urbanization in many parts of the state.

Because 78 percent of the state's land is held in private ownership, BWSR's focus on private lands is critical to attaining the state's goals for clean water, clean air, and abundant fish and wildlife. Managed wisely, these working lands - Minnesota's farms, forests, and urban areas - contribute greatly to the production of environmental goods and benefits including cleaner air and water, fish and wildlife habitat, and preservation of open spaces.

During FY10-11, some highlights of BWSR's accomplishments and environmental benefits include:

Accomplishment		Environmental Benefit
In seven programs, BWSR acquired 543 conservation easements.		<ul style="list-style-type: none">• 28,540 acres of easements were established, reducing soil erosion, phosphorus and nitrogen loading.• Easements improve wildlife habitat and flood attenuation, permanently restore wetlands, adjacent native grassland wildlife habitat complexes and establish permanent riparian buffers.
Through the wetland banking program, more than 2,200 deposits were made to the state's bank.		<ul style="list-style-type: none">• Wetlands provide habitat for thousands of species of aquatic and terrestrial plants and animals, absorb excess nutrients, sediment and other pollutants before they reach rivers, lakes and other water bodies.
Four grant programs from the state's general fund provided 558 grants, totaling \$21,120,273.		<ul style="list-style-type: none">• More than 15,209 tons/year of soil were saved from entering Minnesota waterways.• More than 10,374 tons/year of sediment was reduced from entering Minnesota waterways .• More than 6,054 pounds/year of total phosphorus was reduced from entering Minnesota waterways.
Approximately \$24 million in Clean Water Fund grants were distributed, leveraging another \$37.1 million in local and federal funds.		<ul style="list-style-type: none">• 2,095 acres of native buffers were established, reducing pollution in lakes and rivers.• 141 septic systems replaced, preventing more than 10 million gallons of sewage per year from entering waterways.• 28 abandoned wells have been sealed, eliminating potential sources of groundwater contamination.• 60 feedlots have fixed, eliminating runoff to nearby streams.• More than 100 acres in vulnerable wellhead protection areas have been permanently protected.

BWSR MISSION

“Improve and protect Minnesota’s water and soil resources by working in partnership with local organizations and private landowners.”

Strategic Plan

BWSR’s Strategic Plan was adopted January 23, 2008, and is available on the BWSR website (www.bwsr.state.mn.us/publications/Strategic_Plan.pdf). In FY10-11, the Board’s Public Relations, Outreach and Strategic Planning Committee began the process of preparing a plan update. They surveyed board members to determine emerging issues that needed to be addressed. In April 2011, the committee decided to pursue an update with additions rather than making major revisions or completely rewriting the plan. That process was underway at the end of the biennium.

The BWSR Strategic Plan includes three strategic issues, 1) creating an effective conservation delivery system, 2) delivering conservation programs in ways that maximize their impact on the land and water resource, and 3) making accomplishments known to those who have influence on BWSR’s mission.

Beliefs

- Real-world effectiveness. The mission is focused on water resources and soil conservation. The success of BWSR should be measured by our effectiveness at enhancing both.
- Local planning and implementation. Working at the local level is the approach best positioned to produce lasting success.
- Resource leadership. Effective resource protection requires a strong vision of the resource future we desire and the willingness to challenge organizations to participate. BWSR can be the leader that does it.
- Wise use. Resource protection can effectively take place within a framework that acknowledges the motivations for resource use by landowners.
- Partnerships to deliver programs. Minnesota is a diverse state. Resource protection cannot be accomplished by any one organization or group. Partnerships are not just preferred; they are the only way to be effective.
- Cooperative approach. Aligning the voluntary and regulatory elements of federal, state and local conservation efforts is necessary to assure citizens are well-served by all levels of government.
- Innovation. As water and soil resource challenges evolve, so must our ways of doing business.

Strategic Issues

1. What do we do to create the effective local delivery system and partnerships to accomplish our mission? BWSR's principal delivery system is a statewide set of local government units (LGUs) that are focused on protecting and enhancing the state's water and soil resources. The primary LGUs include counties, soil and water conservation districts (SWCDs), watershed districts (WDs) and metropolitan watershed management organizations (WMOs). BWSR can only accomplish its mission if it has an effective delivery system. Leverage points:
 - a. Lead LGU staff is critical to the success of an organization, and BWSR can potentially influence that selection. There are in excess of 800 board members directing the actions of our primary partners. It is beyond our ability to reach all so our emphasis is in interfacing with the lead staff that is critical to the success of an organization.
 - b. Partnership between LGUs, and between counties and other LGUs. Building a positive LGU/county relationship can pay enormous dividends, both in terms of influence as well as money.
 - c. Accountability/performance mechanisms at BWSR's disposal. Measurement brings accountability to organizations. BWSR has a responsibility, and an opportunity, to use this tool to improve performance.
 - d. Existing sources of revenue. WDs, counties and cities all have statutory authority to raise revenue by a variety of means. LGUs without sufficient revenue streams should look to partner with others who utilize these powers.
2. How do we redevelop and deliver our conservation programs so we maximize their impact on the land? BWSR's principal delivery system is a statewide set of LGUs that are focused on protecting and enhancing the state's water and soil resources. At present, BWSR spends about 75 percent of its General Fund budget on external program activities (LGU grants, technical and administrative support, cost-share, etc.), with the remaining 25 percent devoted to BWSR program, technical, and administrative activities. Some of this funding is distributed on a need basis using formulas that account for population, land area, tax capacity, and quantity of activity. However, BWSR has flexibility in how it distributes a large and growing portion of the funding. Leverage points:
 - a. The method by which BWSR delivers programs (need-based vs. competitive). BWSR has the power to allocate the resources to projects that make the most impact.
 - b. The method by which BWSR monitors performance. BWSR can do more than measure its and its partner's successes.
 - c. The guidelines that determine eligible and priority activities for each program. Focusing resources on priority issues is one method to effect change.

- d. BWSR staff work planning. Time invested in setting strategies and priorities will result in increased efficiencies and effectiveness for the agency and its partners.
3. How do we make our accomplishments and the state's resource conservation needs well known among those having significant influence over our mission? Competition for state and other resources is increasing, while available funding is not keeping pace with demand. BWSR and the partner LGUs are not just in competition for other resource dollars, but also for general fund resources that are used for a broad range of state needs. At the same time, it is a challenge to effectively communicate the "BWSR story" to those that have influence over the organization. Leverage points:
 - a. Performance and its measurement. Telling a story about effectiveness requires the actual measurement and documentation.
 - b. Strong and deep partnerships with LGUs. It is one thing to tell your own story; it is quite another, and even more powerful, to have others tell it. Others will only tell the story if they feel like they are a part of it.
 - c. Strong relationships with those that have a resource conservation mission that complements the BWSR mission. External groups have influence in the process and are potential allies.
4. The BWSR Strategic Plan lists the following next steps, which began in 2007 and have continued through 2010-2011:
 - Determine the outcomes that are desired and the appropriate measures for the success of each. Desired outcomes have to do with effectiveness of LGUs, the change in water quality and soil conservation, and the awareness and support for BWSR. Each can be measured (although some are harder than others). The measures act as a rudder for the entire process. If positive change is evidence, then the strategies are appropriate. If it isn't, BWSR should know about it and that acknowledgement should drive a change in strategy.
 - Assign a staff person or team responsible for implementation. If this is everyone's responsibility, it is no one's responsibility. Accountability and responsibility need to have a face attached to it.
 - Charge the staff with developing action steps, timelines, and securing resources. Each strategy needs more detail. Specific actions need to be identified, resource needs need to be considered, and timelines need development. Measurement requires measurability - this detail will provide that.
 - Charge some person or group with measuring progress and results.
 - Responsibility to oversee the evaluation is critical.
 - Assure that citizen perspectives are considered. Program evaluation and alignment shall include assessment of technical, procedural, and administrative components from a citizen perspective.

BOARD MEMBERSHIP & STAFF

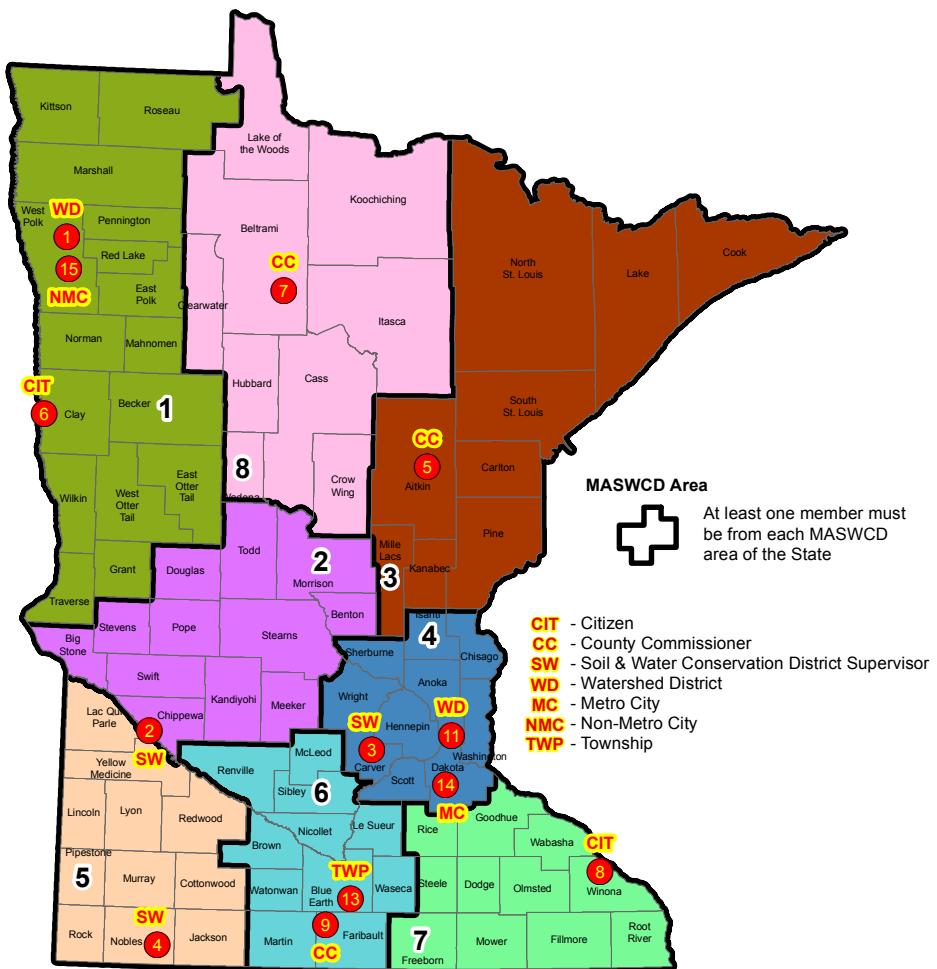
Board Members

ID, Member, Yr. Appt. Ends

- 1, Gene Tiedmann, 2014
- 2, Louise Smallidge, 2012
- 3, Robert Burandt, 2013
- 4, Paul Langseth, 2014
- 5, Brian Napstad, Chair, 2014
- 6, Gerald Van Amburg, 2015
- 7, Quentin Fairbanks, 2015
- 8, John Meyer, 2013
- 9, Tom Loveall, 2013
- 10, Paul Brutlag, Vice Chair, 2012
- 11, LuAnn Tolliver, 2012
- 12, Todd Foster, 2015
- 13, Sandra Hooker, 2012
- 14, Christy Jo Fogarty, 2013
- 15, Keith Mykleseth, 2015

Agency Seats

- 16, Matthew Wohlman, MDA
- 17, Linda Bruemmer, MDH
- 18, Tom Landwehr, DNR
- 19, Faye Sleeper, UME
- 20, Rebecca Flood, MPCA



The structure and authorities of the board is a key element of accomplishing the agency's mission. Each board meeting is a public forum where ideas are exchanged among state and local government representatives and citizens from different areas of the state and decisions are made with full transparency and accountability. The Governor appoints Board members based on geographic diversity and representation of different types of local governments.

The Legislature expanded the board from 17 to 20 members in 2009 to add city and township elected officials. The makeup of the 20-member board is specified in Minnesota Statutes Chapter 103B.101 and consists of three county commissioners; three soil and water conservation district supervisors; three watershed district or watershed management organization representatives; three citizens; one township officer; two elected city officials, one of whom must be from a city located in the metropolitan area; and the Commissioners or their delegates from the following agencies:

- Minnesota Department of Agriculture;
- Minnesota Department of Health;
- Minnesota Department of Natural Resources;

- Minnesota Pollution Control Agency; and
- The Director of the University of Minnesota Extension Services.

Nine BWSR board committees function to gather information, preside over public hearings, make findings and bring recommendations to the board. The committees include:

- Administrative Advisory Committee
- Dispute Resolution Committee
- Grants Program & Policy Committee
- Public Relations, Outreach, and Strategic Planning Committee
- RIM Reserve Management Planning Committee
- Wetland Committee
- Metro Water Planning Committee
- Northern Water Planning Committee
- Southern Water Planning Committee

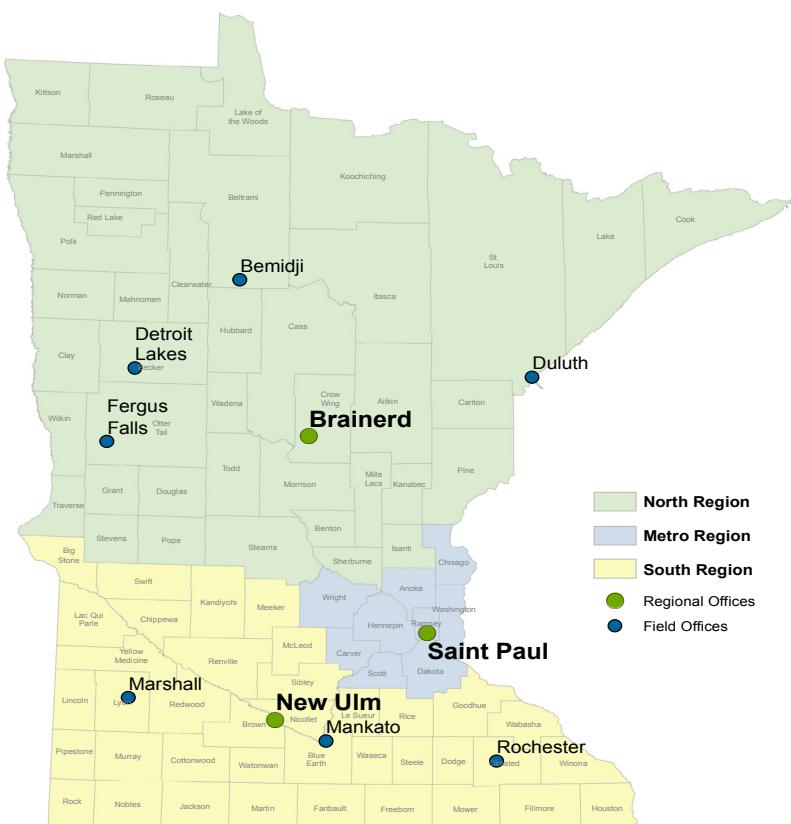
Finally, each year, the board tours a region of the state to see projects that have been implemented. In August 2009, the board toured the southeastern part of the state, including Fillmore, Winona and Houston counties. In August 2010, the board toured the Red River Valley, including Becker, Clay and Wilkin counties.

The board's membership and public processes provide a means for citizens and local governments to take direct ownership of conservation issues, instead of having a one-size-fits-all approach to conservation.

Staff

BWSR has approximately 80 employees housed in nine offices located throughout Minnesota.

Most of the duties of the board and staff are accomplished by working in partnership with local organizations. BWSR staff provides financial, technical, and administrative assistance to local governments for implementation of the state's soil and water conservation policy, resource protection programs required by the Wetland Conservation Act (WCA), local water management planning, and for implementing conservation projects on privately owned lands.



The main duties of the board and staff include:

- Serving as the state soil conservation agency (M.S. 103B.101),
- Implementing best management practices that reduce nonpoint source pollution, promote native vegetation establishment and control invasive plant species by providing financial, technical and administrative assistance to local government units, and working with private landowners (M.S. 103B, 103C, 103D),
- Evaluating the performance of and, where necessary, providing assistance to each local water management entity (M.S. 103B.102),
- Providing planning assistance to ensure that local water resource planning is linked with comprehensive land use planning and reviewing all local water management plans (M.S. 103B),
- Resolving water policy disputes (M.S. 103A.211, 103A.305, 103A.315, 103A.311),
- Implementing all comprehensive local water management acts (M.S. 103B.201, 103B.255, 103B.301),
- Providing a public forum for citizens and a broad range of interests to make decisions on complex water and soil conservation policies (M.S. 103B.101),
- Protecting wetlands from being drained or filled implementing the Wetland Conservation Act (M.S. 103G),
- Coordinating local, state, and federal resources to achieve the most effective conservation outcomes for the state's investment, and
- Leading the multi-interest Drainage Workshop to ensure wise use of the drainage infrastructure and protection for water and soil and related resources (MS 103B.101).

The board's balanced mix of perspectives and experiences is a critical element of the practical and credible conservation policy and program development that is achieved in Minnesota. No changes to the board membership are recommended.

PROGRAM & BUDGET OVERVIEW

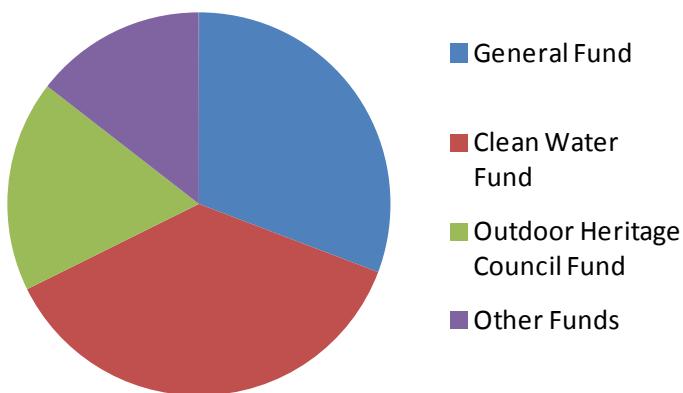
BWSR receives appropriations from the Legislature through the biennial budget process. The General Fund is the state's primary revenue source fund. The Clean Water Fund and Outdoor Heritage Fund are two new fund sources in FY10-11, and are from the Clean Water Land and Legacy Amendment approved by voters in 2008.

BWSR also has statutory authority to receive other funds, such as from other state agencies, the federal government, and other entities. The Other Funds category is made up of interagency transfers, federal funds, and special revenue funds.

*All of the dollar amounts in the tables below are in thousands.

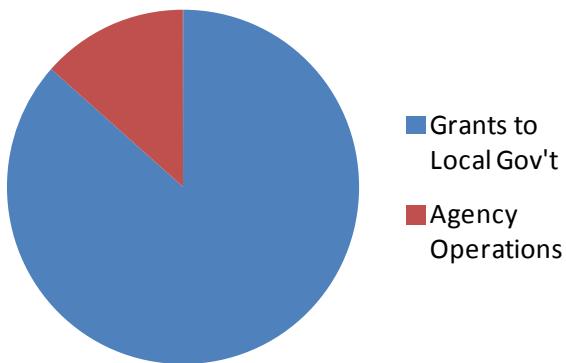
Revenue for 2010-2011 Biennium

General Fund	\$33,961
Clean Water Fund	\$39,324
Outdoor Heritage Fund	\$15,953
Other Funds	\$14,700
Total	\$103,938



Expenditures for 2010-2011 Biennium

Grants to Local Government Units	\$90,352
Agency Operations	\$13,586
Total Estimated Expenditures	\$103,938



"Grants to Local Government Units" is the amount of appropriations and revenue sources that were granted to various local government units (LGUs) to spend on approved programs. The primary recipient LGUs are soil and water conservation districts (SWCD), counties, watershed districts, watershed management organizations, and cities.

The table below breaks out the grants in program types, which correspond to the various programs highlighted elsewhere in this report.

Breakdown of Expenditures: Grants

Natural Resources Block Grants	\$7,800
SWCD General Services Grants	\$7,000
State Conservation Cost-Share Grants	\$4,750
Clean Water Fund Grants	\$36,978
Easements*	\$26,428
Other Grants	\$7,396
Total Grants Expenditure Budget	\$90,352

*Easement purchases made from Outdoor Heritage Funds and U.S. Army Compatible Use Buffer funds.

In the summary expenditure table above, \$13,586 million is identified as Agency Operations cost. These are detailed below by expenditure category.

Breakdown of Expenditures: FY10-11 Agency Operations

Personnel (salaries plus employer-paid benefits)	\$11,902
Occupancy (rent = \$346)	\$384
Information Technology (computer systems)	\$452
Travel (vehicles and mileage)	\$496
Other administrative costs	\$352
Total Agency Operations Budget	\$13,586

Bonding

BWSR also receives funds through bonding appropriations. These appropriations span time frames of four to six fiscal years. FY10-11 bonding appropriations total \$67.3 million, broken down by the following primary programs:

Reinvest in Minnesota (RIM) Reserve	\$49,500
Public Road Replacement Program	\$12,762
Other bonding grants passed through to LGUs	\$5,000
Total	\$67,262

Minnesota's Environment and Natural Resources Trust Fund

BWSR also receives appropriations from the Trust Fund through the Legislative-Citizen Commission on Minnesota Resources (LCCMR). These appropriations generally span two years. Appropriations to BWSR total \$3 million. Projects included: MN Farm Bill Assistance Program, County Digital Soil Survey, Statewide Ecological Ranking of Conservation Reserve Program (CRP) and other Critical Lands and Minnesota Conservation Apprenticeship Program.

PROGRAM & POLICY OVERVIEW

The mission of the Board of Water and Soil Resources is to work in partnership with local organizations and private landowners to protect and improve water and soil resources. Minnesota Statutes authorize BWSR to implement conservation programs and policies via a unique statewide partnership that leverages state, local, and federal efforts to protect and restore the state's waters, wetlands, working lands, soils, woodlots, prairies, and related natural habitats.

BWSR programs primarily are delivered through local governments, and they have resulted in less sediment and nutrients entering lakes, rivers and streams; greater fish, wildlife and native plant habitat; and conservation measures being implemented on public drainage systems. These outcomes are achieved despite more intense agricultural practices, greater demands for forest products and urbanization in many parts of the state.

BWSR's mission is accomplished through the following strategies:

- Develop and implement targeted grant programs that encourage voluntary adoption of land management practices and projects that protect and improve Minnesota's natural environment,
- Assist local government units in the development of comprehensive water and resource planning and implementation programs that target investments in conservation to obtain the greatest ecological benefit,
- Administer the state's Wetland Conservation Act to support the goal of no net loss of wetlands through coordinating the regulatory functions of federal and state agencies, and
- Provide an essential interface between the executive branch agencies and local government units so that water, soil and habitat conservation and protection programs are fully integrated.

Land and water conservation projects

The major focus of BWSR is getting land and water conservation projects on the ground, in the locations that provide the best environmental outcomes. BWSR grants provide funding to local governments to implement programs and to provide cost-share to landowners who install conservation practices on their land to benefit state water and soil resources. Conservation easements are land-use agreements where landowners receive a payment to establish conservation practices such as restored wetlands and prairies in vulnerable resource areas. These BWSR programs address high-priority state and local resources concerns, such as:

- Keeping water on the land
- Maintaining healthy soils
- Reducing pollutants in ground and surface water
- Insuring biological diversity

- Reducing flooding potential
- Maintaining stream integrity

The Clean Water Legacy Act of 2006 provided new one-time funding for projects that accomplish these goals, and additional funding has been appropriated to BWSR through the Clean Water, Land & Legacy Amendment to the constitution, approved by Minnesota voters on November 4, 2008. The Amendment increases the sales and use tax rate by three-eighths of one percent on taxable sales, starting July 1, 2009, continuing through 2034. Those dollars are dedicated to four funds: Outdoor Heritage Fund, Clean Water Fund, Parks and Trails Fund, and Arts and Cultural Heritage Fund. BWSR has received appropriations from the Outdoor Heritage Fund and the Clean Water Fund.

Resource planning and delivery effectiveness

BWSR provides for targeted resource planning and evaluates the effectiveness of conservation efforts in two ways: 1) organizational evaluations of local government units that implement conservation programs and 2) evaluations of environmental outcomes. These goals are accomplished by:

- Providing technical, administrative and financial support to a core network of conservation delivery professionals in more than 240 local governments,
- Assisting and providing guidance to local governments in the development of comprehensive resource management plans that address critical state and local needs and priorities,
- Increasing the skill base of local governments through a comprehensive training program,
- Systematically reviewing the performance of local governments in meeting the goals of their own management plans,
- Evaluating the ecological integrity of restoration evaluations while assuring that conservation easements are maintained in the state's best interest, and
- Maintaining stream integrity.

Resource protection rules and laws

BWSR is responsible for administering the Wetland Conservation Act (WCA) and providing oversight to drainage authorities operating under drainage law (M.S. 103E). Ensuring compliance with environmental laws, rules, and regulations is accomplished by:

- Providing oversight of local WCA implementation through annual reporting and adjudicating or mediating disputes elevated through an appeals process of local government decisions,
- Managing and administering the state wetland bank system,
- Coordinating inter-agency funding to local governments for implementation of the

DNR Shoreland Management Program, PCA Subsurface Sewage Treatment System Program, PCA Feedlot Permit Program, and BWSR Comprehensive Local Water Management Program, and

- Facilitating the Drainage Work Group in developing consensus recommendations of updates to drainage law to be adopted by the Legislature without controversy.

Board administration and agency operations

Goals related to administrative efficiency and effectiveness are accomplished through board and administrative leadership, internal business systems and operational support. Board administration and agency operations include financial and accounting services, legislative and public relations, information technology services, communications and human resources.



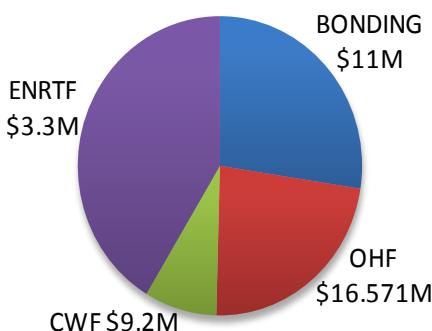
CONSERVATION EASEMENTS

Reinvest in Minnesota (RIM) Reserve increases public and private investment in private lands to improve water quality, create wildlife habitat, and increase flood storage capacity. Voluntary conservation easements with private landowners are administered in partnership with soil and water conservation districts (SWCDs) and focus on restoring drained wetlands and enrolling highly erodible, riparian, and sensitive groundwater lands.

BWSR staff provides the necessary administrative, legal, and engineering duties to be able to secure the conservation easements with landowners and fully restore hydrology and vegetation. Easements are inspected annually by SWCD staff for the first five years then every third year thereafter.

The BWSR received the following appropriations/funds during FY10-11 for acquisition of conservation easements and associated activities.

State Funding Sources FY10 and FY11



	Amount	Source	Activity
FY10	\$500,000	Bonding	RIM Reserve
	\$500,000	Bonding	Disaster Relief (FEMA-1830-DR) NW MN floods
	\$3,250,000	Clean Water Fund	Riparian Buffers
	\$1,000,000	Clean Water Fund	Wellhead Protection Areas
	\$1,500,000	Environment and Natural Resources Trust Fund	Granite Rock Outcrop
	\$618,000	Outdoor Heritage Fund	Little Nokasippi River Wildlife Management Area
	\$9,058,000	Outdoor Heritage Fund	RIM-WRP Partnership
FY11	\$10,000,000	Bonding	Disaster Relief (FEMA-1941-DR) 2010 S. MN floods
	\$3,650,000	Clean Water Fund	Riparian Buffers
	\$1,300,000	Clean Water Fund	Wellhead Protection Areas
	\$1,800,000	Environment and Natural Resources Trust Fund	Granite Rock Outcrop
	6,895,000	Outdoor Heritage Fund	RIM-WRP Partnership

RIM Reserve - Wetlands Reserve Program (WRP) Partnership

RIM-WRP is a local-state-federal partnership that combines the state's Reinvest in Minnesota Reserve conservation easement program with the USDA Wetlands Reserve Program, administered by the USDA Natural Resources Conservation Service (NRCS). Minnesota's SWCDs implement the program at the local level.

The RIM-WRP Partnership received the 2009 Partnership of the Year Award at the 2009 Environmental Initiative Awards ceremony, presented by Minnesota Environmental Initiative and continues to be the premier wetlands conservation partnership in the nation. It has also been used as a model nationally by USDA to encourage other states to increase their own partnership activity. Using a combination of bonding and Outdoor Heritage Fund (OHF) dollars, 155 easements totaling approximately 15,940 acres of wetlands and adjacent prairie grasslands were established. The average wetland to prairie ratio is 1:2.

The RIM-WRP Partnership has enabled Minnesota to leverage \$1.4 federal dollars for every \$1 in state RIM funds.

According to the NRCS, Minnesota continues to be one of the leading states in the nation in dollars allocated and wetland acres set to be restored through the Wetlands Reserve Program (WRP).

Economic benefits are also generated by RIM-WRP. Easement programs that restore wetlands require a broad range of skilled workers in the public and private sectors throughout Minnesota. According to the USDA NRCS, the RIM-WRP partnership in 2010-11 generated the following economic benefits:

- \$47.7M spent in Minnesota
- More than \$61 million in total economic output
- 445 jobs created or maintained

RIM Reserve Flood Recovery Easements



In response to the flooding in the Red River Valley in 2009, using a combination of disaster relief targeted and general RIM bonding dollars, the BWSR acquired five easements in the disaster relief area. These five easements protected 223 acres.

The following year, in response to the floods in southern Minnesota in 2010, BWSR has allocated \$12.8M (\$10M plus an additional \$2.8M in available bond funds to acquire conservation easements in the disaster area. Approximately \$9.56M easements have been funded in the target area. This represents approximately 87 easements and 4,840 acres.

Riparian Buffers

\$6.9M was appropriated from the Clean Water Fund to this activity during FY10-11. Two sign-ups have been held thus far, resulting in 215 easements and 1,691 acres being enrolled. Additional appropriations afforded the opportunity to further these efforts. Future enrollments will combine OHF, CWF and bonding dollars and incorporate habitat and marginal ag land eligibility types. This allows for larger parcels and associated easement payments, both of which are more desirable to the state and the landowner.

Wellhead Protection

\$2.3M was appropriated to this activity during FY10-11. Two sign-ups have been held thus far, resulting in nine easements and 757 acres being enrolled. Eligibility criteria have been modified, which will allow future sign-ups to attract more applications. Additional outreach efforts have been made to ensure increased success for this initiative.

Granite Rock Outcrop

\$3.3M in Environmental Natural Resource Trust Fund (ENRTF) dollars was appropriated to the BWSR in cooperation with the Renville SWCD to acquire perpetual easements of unique granite rock outcrops, located in the Upper Minnesota River Valley. Thirty-one easements totaling 1,309 acres have been acquired.

Little Nokasippi River Wildlife Management Area

\$618K in OHF funds was appropriated to acquire interests in land for wildlife management areas within the boundaries of the Minnesota National Guard Army Guard Compatible Use Buffer (ACUB) program via an agreement with the Department of Natural Resources. Thirteen easements were acquired for 944 acres.

Army Compatible Use Buffer Program (ACUB)

BWSR provides easement acquisition services on a fee-for-service basis to the Army National Guard for their Army Compatible Use Buffer (ACUB) program. Participating landowners voluntarily enroll in an easement and agree to keep the land in a natural state or in agricultural production, but not to subdivide it or convert it to other commercial or residential uses. The project insures that development in nearby Fort Ripley does not encroach on key areas near Camp Ripley. The ACUB easements protect existing fish and wildlife habitat and protect water quality by preventing residential or commercial development, and prevent increased loading of phosphorous, sediment, and other pollutants associated with urbanization.

During the FY10-11 biennium, Camp Ripley was awarded \$3.76M in funding for easement acquisition. This is among the highest award levels in the nation. BWSR receives 7.5 percent (\$282K) of these dollars for its administrative services; half of those dollars are granted to SWCD(s) with ACUB activity for their services. Twenty-eight easements, totaling approximately 2,836 acres were acquired.

Minnesota Farm Bill Assistance Project

\$1M was appropriated from the ENRTF to provide funding for technical staff to assist in the implementation provisions of conservation programs, including the federal farm bill conservation programs. This effort provided 16 full-time equivalents at the field level with a goal to establish or restore 50,000 acres of grassland and wetlands during the two-year period ending June 1, 2011. This goal was exceeded with a total enrollment of 69,081 acres, resulting in \$79M of USDA program payments coming to Minnesota landowners for implementing conservation practices on their land.

Walk-in Access

BWSR is assisting the DNR with the administration of this program via an Inter-Agency Cooperative Agreement. Acting as BWSR's authorized agents, 19 SWCDs have been paid \$4,210 each for a total of \$79,990 for their assistance in marketing and enrolling the program to landowners. First payments to enrolled landowners were made in June 2012.

RIM Services Grants

BWSR is authorized to grant funds for Reinvest in Minnesota Reserve implementation to SWCDs under Minnesota Statutes 103.401, subd. 4. The RIM Services Grant is considered as support to assist BWSR with implementation associated with easement monitoring and conducting spot-checks.

In FY10-11, BWSR issued 157 RIM Services Grants, totaling \$627,007.

Recommendation #1

BWSR recommends additional funding for RIM Reserve to continue achieving multiple benefits for wildlife habitat, water quality, potential bio-energy production, and economic benefits.

WETLAND CONSERVATION ACT

The Wetland Conservation Act (WCA) was enacted in 1991 to stem the losses of wetlands in Minnesota. Minnesota has more than 10 million acres of wetlands statewide, which is about 50 percent of the wetland acres in the state at the time of European settlement. The law protects wetland resources by requiring individuals to avoid draining or filling wetlands or to replace wetlands if avoiding a wetland impact is impossible.

Minnesota Statute 103A.201 contains the policy statement for WCA; that it is in the public's interest to:

1. Achieve no net loss in the quantity, quality and biological diversity of Minnesota's existing wetlands,
2. Increase the quantity, quality and biological diversity of Minnesota's wetlands by restoring or enhancing diminished or drained wetlands,
3. Avoid direct or indirect impacts from activities that destroy or diminish the quantity, quality and biological diversity of wetlands, and
4. Replace wetland values where avoidance of activity is not feasible and prudent.



From 2006 to 2009, BWSR worked with a broad range of stakeholders to revise Minnesota Rules Chapter 8420. This rulemaking process culminated in the adoption of the current WCA rule on August 10, 2009. In 2011, several changes were made to WCA statutes (Minnesota Statute 103G). The primary changes made to the statute were:

- Establish the Department of Natural Resources as the local government unit for wetland banking projects established solely for replacing wetland impacts under a permit to mine,
- Granted BWSR authority to establish wetland banking fees at a lower rate for single-use banks, and capped the fees that can be charged for wetland banks used for mining,
- Allowed WCA-related notices and project documents to be sent via electronic mail,
- Simplified the replacement wetland siting criteria,
- Removed the mandate for a local appeals process for decisions made by designated local government staff and clarified BWSR appeal procedures, and
- Removed the public ownership eligibility prerequisite for allocating replacement credit for certain wetland preservation projects.

More information on the 2009 permanent WCA Rule, the 2011 statute changes, and other WCA-related information can be found on the Wetlands page of the BWSR website at: www.bwsr.state.mn.us/wetlands.

Wetland Enforcement Actions

Enforcement of WCA is carried out by the Department of Natural Resources (DNR) Water Resources Enforcement Officers and other licensed peace officers. Local government units and soil and water conservation districts (SWCDs) also have important roles in enforcement. When a possible wetland violation is identified, local government staff typically inspects the site and/or review available information to determine whether the activity is a likely violation. For ongoing violations, the DNR enforcement officer will issue a cease and desist order to stop further wetland impacts from occurring.

The DNR Division of Enforcement reported the following information for 2010 and 2011:

Year	Violations	Resolved	Outstanding
2010	124	42	82
2011	80	24	56

After a violation is identified, SWCD staff inspects the site to determine the appropriate course of action and develop a wetland restoration plan. The plan is then incorporated into a wetland restoration order and served to the landowner by the enforcement officer. Landowners who are issued a cease and desist order or restoration order have the opportunity to submit an application for approval to the local government unit and/or appeal the order to BWSR. BWSR staff and DNR enforcement officers are currently working with local government staff to resolve all remaining outstanding cases.

Wetland Banking

Wetland banking provides a source of replacement wetlands - principally from restoring previously drained wetlands - that are used by individuals and road authorities to replace impacted wetlands as required by the Wetland Conservation Act. The federal Clean Water Act and state Wetland Conservation Act generally require wetland impacts to be replaced in advance.

The banking program includes two types of accounts: private and BWSR-held. In a private account, a private entity establishes and maintains the ecological integrity of the replacement site. In a BWSR-held account, the Board establishes and maintains the ecological integrity of the replacement site. BWSR-held accounts are solely used for replacing eligible impacts caused from city, county and township road projects. As required by M.S. 103G.222, Subd. 1(m), the Local Government Roads Wetland Replacement Program transfers responsibility for replacing wetlands from the local road authority to BWSR. The Board administers the banking program, including the tracking of credits and debits to all accounts and monitoring all replacement sites. The goal of this program is to provide high-quality restored wetlands that will continue to provide replacement credits that meet the standards of state and federal wetland regulations.

BWSR has the technical, financial, and project management expertise to complete high quality, cost-effective wetland restoration projects that generate replacement credit for local road authorities. BWSR has capitalized on this expertise by entering into a partnership with MNDOT that benefits both agencies by streamlining wetland replacement for state and local road projects. Summary of 2010-2011 wetland banking activity:

Year	Deposits (credits)	Withdrawals (credits)
2010	804.57	180.4
2011	1773.69	195.2

Wetland Bank Site Monitoring

BWSR inspects wetlands in the Minnesota Wetland Bank to ensure that the wetlands continue to provide wetland functions and values, according to their respective bank plan, and to ensure compliance with recorded easement restrictions and covenants. BWSR staff monitor the ecological integrity of privately held banking sites, and provide technical support during the establishment of BWSR-held accounts, including maintenance and monitoring of BWSR-held accounts after establishment. Tasks include the inspection of monitoring reports submitted by the private account holder; performing site inspections of both private and BWSR-held accounts, especially focusing on the quality of vegetative cover; performing or having performed corrective actions such as invasive species control; providing technical support to other Board staff, local government and private sector personnel; preparation of monitoring reports for BWSR-held bank sites; and collaborating with officials from the U.S. Army Corps of Engineers to ensure that banking sites continue to meet federal standards.

In FY10-11, BWSR staff inspected 75 privately held wetland bank sites to perform long-term monitoring, completed spot checks on eight project-specific wetland replacement sites, and monitored 23 BWSR-sponsored bank sites to establish credits for the Local Government Roads Wetland Replacement Program.

Interagency Coordination with USDA NRCS

Annual contribution agreements have continued with the USDA Natural Resource Conservation Service (NRCS) to continue support of the Wetlands Reserve Program (WRP) monitoring effort in Minnesota. In 2010, BWSR conducted three training sessions focusing on vegetation management issues on conservation easements during the month of March. BWSR had a total of 137 participants from NRCS offices, soil and water conservation districts and other partner employees and contractors. BWSR continued monitoring efforts of WRP easements through remote sensing (high resolution aerial imagery) of 200 easements and field verification checks of 100 easements. BWSR also produced an additional 20 pages for the plant identification guide featuring plants commonly found on restoration sites in Minnesota. In 2011, BWSR completed on-site reviews of 50 WRP easements as assigned by NRCS to determine if each site was progressing as planned to meet program goals.

In September 2011, BWSR entered into an agreement with NRCS to improve coordination and consistency in regards to implementation of WCA and the wetland conservation provisions of the federal farm program (Swampbuster). The agreement includes provisions for consistent wetland determinations, joint review of certain agricultural projects, establishment of an agricultural wetland banking program, and continued work towards improved program coordination.

Targeted changes to the Wetland Conservation Act (WCA) are underway to continue to protect wetlands and to maximize administrative efficiencies between local operations and federal programs. Local governments play a key role in implementation and have been contributing an ever-increasing portion of the funding. Current county levy limits have brought the decreasing portion of state funding to the forefront of local concerns. The lack of adequate funding for implementing this regulation is even more pronounced with the increase in tiling projects on agricultural land.

BWSR-developed wetland credits can also be used to meet Clean Water Act, Section 404 requirements after they are certified by the US Army Corps of Engineers. The Corps previously allowed BWSR a two-year grace period to approve wetland replacement credits for local road projects. Federal policy is changing to eliminate this grace period and require BWSR to operate on a current basis. Failure to provide all credits prior to an impact will increase regulatory compliance costs for the Local Government Roads Wetland Replacement Program. The process of generating new wetland credit takes several years, from identifying a suitable site, planning and developing the project, and monitoring the project by BWSR and the Corps of Engineers to certify the credits.

Recommendation #2

BWSR recommends additional funding for local governments to continue implementing WCA effectively.

Recommendation #3

BWSR recommends additional funding for wetland banking to begin projects that will provide enough replacement credit to meet projected demand.

GRANT PROGRAM CATEGORIES

Conservation Cost Share Program

BWSR provides cost-share grants to SWCDs to help landowners offset the costs of installing conservation practices that protect water quality and control erosion. Landowners are required to match a percentage of the total project cost, using their own funds in combination with other state, federal or local sources. Local SWCD boards set local priorities for projects in conjunction with the state's overall priorities set through BWSR.



A Wellhead Protection Area in Rock County Rural Water adjacent to fields is used for agricultural production.

These dollars leverage non-state dollars, including local and federal dollars. About \$16 million each year from the combined local-state-federal funding sources pays for land and water treatment practices, such as soil erosion control, feedlot, and septic system upgrades. Overviews of selected projects funded through BWSR grants are available on the BWSR website: www.bwsr.state.mn.us/projects.

In FY10-11, BWSR issued 184 cost-share grants, totaling \$2,306,824.

Natural Resources Block Grants

The Natural Resources Block Grant (NRBG) is a composite of base grants available to counties to help them implement programs designed to protect and improve water resources. Individual programs under this grant include:

- Comprehensive Local Water Management
- Wetland Conservation Act (Counties provide \$5,000 or 15 percent, whichever is higher, of this grant to their Soil and Water Conservation District to assist with implementation of WCA)
- Minnesota Department of Natural Resources Shoreland Management Program
- Minnesota Pollution Control Agency Feedlot Permit Program
- Minnesota Pollution Control Agency Individual Subsurface Sewage Treatment Systems Program

Counties are the only eligible applicants for these grants. A county is eligible to receive any or all of these

grant components. In addition, a county is responsible for providing the required match. To be eligible for the NRBG, a county must have a locally adopted and BWSR approved comprehensive local water management plan, and must have submitted an annual report.

In FY10-11, BWSR issued 177 Natural Resources Block Grants, totaling \$12,900,319.

Conservation Delivery Grants

This program provides each district with a portion of the funds needed for general administration and operation. The grants are intended to provide districts a certain degree of funding stability. The state contribution assists in providing resources for staff and operating expenses associated with delivery of all state conservation programs.

In FY10-11, BWSR issued 181 Conservation Delivery Grants, totaling \$3,793,130.

Nonpoint Engineering Assistance

Cost-share and other financial assistance programs help offset landowners' costs of installing conservation practices, but the technical assistance is the key to accomplishing the environmental benefits of installing those practices. "Technical assistance" refers to the scientific and practical knowledge and guidance on how to properly design, engineer, install and maintain conservation practices.

BWSR administers the Nonpoint Engineering Assistance Program (NPEA), which enables eight joint powers groups of SWCDs to share staff with technical expertise, including licensed engineers and engineering technicians. Some conservation practices require greater technical expertise than others, so the joint powers agreements allow each SWCD to have permanent staff that has the expertise necessary for the majority of their projects, and access to an engineer on more complex projects on an as-needed basis. NPEA staff support many state and federal financial assistance programs, including the State Conservation Cost-Share Program, Clean Water Legacy, state Feedlot Water Quality Management Cost-Share, Ag BMP Loan Program, USDA Environmental Quality Incentives Program (EQIP) and the EPA Section 319 Grant Program. BWSR engineering staff provides technical and administrative support for this program.

In FY10-11, BWSR issued 16 Nonpoint Engineering Assistance grants, totaling \$2,120,000.

Dedicated Constitutional Funds



In 2008, Minnesota's voters passed the Clean Water, Land and Legacy Amendment (Legacy Amendment) to the Minnesota Constitution to: protect drinking water sources; to protect, enhance, and restore wetlands, prairies, forests, and fish, game, and wildlife habitat; to preserve arts and cultural heritage; to support parks and trails; and to protect, enhance, and restore lakes, rivers, streams, and groundwater.

The Legacy Amendment increases the state sales tax by three-eighths of one percent beginning on July 1, 2009 and continuing until 2034. The additional sales tax revenue is distributed into four funds as follows: 33 percent to the Clean Water Fund; 33 percent to the Outdoor Heritage Fund; 19.75 percent to the Arts and Cultural Heritage Fund; and 14.25 percent to the Parks and Trails Fund.

Clean Water Fund

The funds directed toward the Clean Water Fund are earmarked to protect, enhance, and restore water quality in lakes, rivers, streams and groundwater with at least five percent of the fund spent to protect drinking water sources.

Working through Minnesota's local governments enables BWSR to be strategic in granting funds to meet locally identified water quality goals within the larger scope of Minnesota's clean water efforts. BWSR has a number of Clean Water Fund grant and easement programs that encourage strategic collaboration and partnerships and utilize a wide range of conservation practices and tools. BWSR's unique mission and structure provides for effective and efficient use of Legacy dollars. BWSR's reporting and tracking requirements ensure measurable and specific results.

The Legislature appropriated \$39.324 million to BWSR from the Clean Water Fund to implement nonpoint source pollution reduction programs.

BWSR distributed approximately \$24 million in FY10-11 through a competitive grant process. BWSR also allocated \$3.69 million for permanent conservation easement projects to establish buffer strips adjacent to public waters and is in the process of allocating \$1.43 million for conservation easements in wellhead protection areas.

Year	Total BWSR Clean Water Fund appropriations	Dollars for competitive grants	Dollars requested by grant applicants	Dollars leveraged
2010	\$18.7 million	\$10.9 million	\$44.1 million (4:1)	\$21.9 million
2011	\$20.7 million	\$13.8 million	\$32.3 million (2:1)	\$15.2 million

In addition, BWSR received direct appropriations for:

- \$400,000 in FY10 and \$600,000 in FY11 for the Anoka Conservation District for the metropolitan landscape restoration program for water quality and improvement projects in the seven-county metro area.
- \$500,000 in FY10 to Hennepin County for riparian restoration and stream bank stabilization in the county's ten primary stream systems.
- \$500,000 in each year of the biennium for the Conservation Corps of Iowa and Minnesota (formerly Minnesota Conservation Corps) for installation of conservation practices benefitting water quality.

Overall Clean Water Fund Accomplishments

- 187 easements will permanently protect more than 1,486 acres of native buffer in 23 counties.
- More than 100 acres in vulnerable wellhead protection areas have been permanently protected.
- 28 abandoned wells have been sealed, eliminating potential sources of groundwater contamination.
- 60 feedlots have fixed, eliminating runoff to nearby streams.
- 2,095 acres of native buffers have been established along waterways, reducing pollution in our lakes and rivers.
- 141 septic systems have been replaced, preventing more than 10 million gallons of sewage per year from entering our waterways.

Recommendation #4

BWSR recommends an increase in Clean Water Funding for implementation projects and that the agency undergoes a planning process in cooperation with local governments to evaluate funding needs in future fiscal years.

Featured Projects

Restoring Upper Porter and Picha Creeks



Project Recharge!



More than thirty miles of stream bank erosion have been documented along Sand Creek and its tributaries. These streams are considered impaired due to high levels of sediment in them. Sand Creek and Picha Creek are also listed as having impaired fish habitat.

This project targeted Upper Porter and Picha Creeks in Scott County in efforts to reduce sediment. As a result of the project, over 3,100 linear feet of Porter and Picha Creeks were reconstructed or repaired. The completed project will prevent an estimated 2,690 tons per year of sediment from entering these water bodies.

The Crow Wing County Soil and Water Conservation District initiated Project Recharge to apply a protection strategy to address declining water quality trends of large lakes within the county. The project focused on restoring native vegetation along shorelines and installing residential raingardens and bioinfiltration basins.

As a result of this project, collectively, more than two tons of sediment, 16 pounds of phosphorus, and six million gallons of annual runoff is prevented from entering Pelican, Serpent, Crosslake, Rush, East and West Fox Lakes.

Outdoor Heritage Fund

Thirty-three percent of the sales tax revenue from the Clean Water, Land and Legacy amendment is distributed to the Outdoor Heritage Fund. Those funds may be spent only to restore, protect, and enhance wetlands, prairies, forest and habitat for fish, game, and wildlife.

BWSR's spending from the Outdoor Heritage Fund was for a proposed set of projects recommended by the Lessard-Sam's Outdoor Heritage Council (LSOHC).

Fiscal Year	Project	Dollar Amount Awarded	Leveraged Dollars
2010	Little Nokasippi River Wildlife Management Area	\$0.843 Million	\$1.3 Million
2010	Re-Invest in Minnesota	\$6.895 Million	\$9.7 Million
2011	Re-Invest in Minnesota	\$13.0 Million	\$20.8 Million

Accomplishments:

- 79 easements totaling more than 11,200 acres have been permanently protected.
- Acquisition of 252 acres to the Little Nokasippi River Wildlife Management Area along with over 1,000 acres of permanent conservation easements buffering the Wildlife Area.

Environmental Trust Fund

Lottery proceeds have been used to build the principal of the Trust Fund. The Minnesota Constitution provides that up to 5.5 percent of the market value of the trust fund can be spent on environmental projects “for the public purpose of protection, conservation, preservation, and enhancement of the state’s air, water, land, fish, wildlife, and other natural resources.”

For FY10-11, the BWSR’s spending from the Environmental Trust Fund was for a proposed set of projects recommended by the Legislative-Citizen Commission of Minnesota Resources (LCCMR).

Fiscal Year	Project	Dollar Amount Awarded
2010	MN Farm Bill Assistance Program	\$1.0 Million
2010	County Digital Soil Survey	\$0.4 Million
2010	Statewide Ecological Ranking of Conservation Reserve Program (CRP) and other Critical Lands	\$0.107 Million
2011	Minnesota Conservation Apprenticeship Program	\$0.368 Million

DISASTER ASSISTANCE

Flood Relief

On September 22-23, 2010, record rains – more than 10 inches in less than 24 hours in some communities – fell on saturated ground, causing flooding across the southern third of the state and affecting 35 counties. A state of emergency was declared in 17 counties and 30 cities. A Presidential Major Disaster was declared on October 13. On October 18, 2010, in Special Session, the Minnesota Legislature appropriated to BWSR \$3M for erosion, sediment, and water quality control cost share and \$10M for Reinvest in Minnesota (RIM) conservation easements.

On October 27, 2010, BWSR began allocating funds in 21 counties for projects to restore, repair, and install conservation practices on privately owned lands, including projects that control feedlot runoff, repair septic systems or reduce soil erosion from cropland or riparian areas.

Featured Project: Kellogg Streambank - 2010

Severe flooding during September 2010 resulted in streambank erosion along the south bank of the Zumbro River just east of Highway 61 in the City of Kellogg. The erosion resulted in a series of slope failures that threatened several homes located on the southern perimeter of the river bank. The project was designated as an eligible Emergency Watershed Protection (EWP) program site by the Natural Resources Conservation Service (NRCS), which provided cost-share funding through designated Minnesota Flood Relief funds.



	State and local investment	Federal leverage
Design / engineering	\$60,000	\$29,000
Construction	\$120,000	\$349,500
Total restoration costs	\$180,000	\$378,500
Total investment		\$558,500

RIM Reserve Flood Recovery Easements

In response to the flooding in the Red River Valley in 2009, using a combination of disaster relief targeted and general RIM bonding dollars, the BWSR acquired five easements in the disaster relief area. These five easements protected 223 acres.

The following year, in response to the floods in southern Minnesota in 2010, BWSR allocated \$12.8M (\$10M plus an additional \$2.8M in available bond funds) to acquire conservation easements in the disaster area. Approximately \$9.56M easements have been funded in the target area, representing approximately 87 easements and 4,840 acres.

Recommendation #5

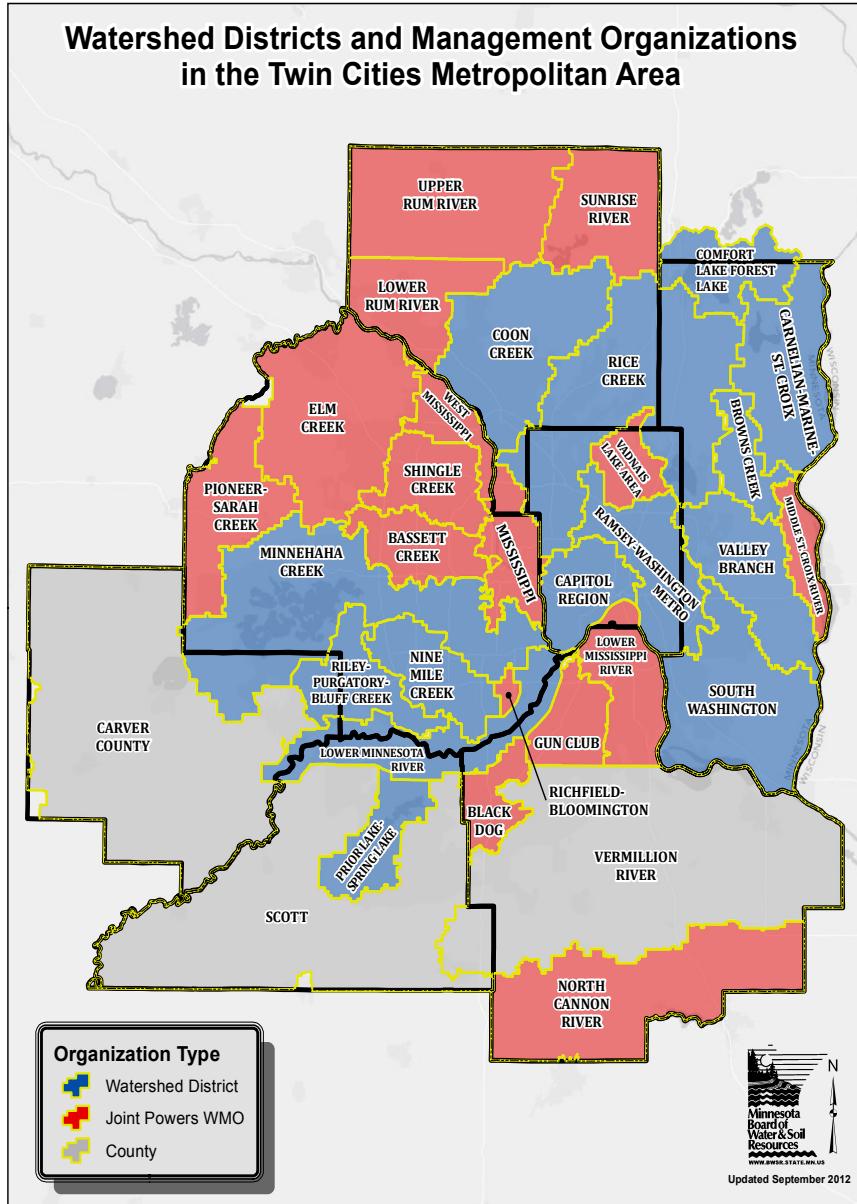
BWSR recommends additional funding for state and/or local staffing with the technical expertise to design and supervise construction of conservation projects, which will enable Minnesota to make the most efficient use of local, state, and federal dollars, and will allow BWSR to implement Executive Order 11-03.

LOCAL CONSERVATION DELIVERY

Metro Area

All local units of government in the seven-county metropolitan area have been involved in the preparation and implementation of surface water management plans since passage of the Metropolitan Surface Water Management Act in 1982. Watershed management organizations (WMO), including watershed districts (WD) and some metropolitan counties, must have watershed management plans that are reviewed and approved by BWSR. The plan preparation, review and approval process is guided by Minnesota Rules Chapter 8410.

The Metro Water Planning Rules Advisory Committee convened several times during FY10-11 to discuss possible changes to the Metropolitan Area Watershed Management Rule, Chapter 8410. The committee's goal was to build on BWSR's experience implementing the Metropolitan Water Management program by moving away from an overly prescriptive, one-size-fits-all approach to a more result-oriented framework. In essence, future watershed plans would consist of periodically updated inventories and goals, and frequently updated implementation and capital improvement plan sections.



Committee members are Karen Chandler, Barr Engineering; Eric Evenson, Minnehaha Creek Watershed District; Jim Haertel, BWSR, Dale Homuth, MN Department of Natural Resources; Anna Kerr, MN Pollution Control Agency; Barb Peichel, MN Pollution Control Agency; Charles LeFevere, Kennedy & Graven; Matt Moore, South Washington Watershed District; Paul Nelson, Scott County; Randy Neprash, League of Minnesota Cities Stormwater Coalition; Art Persons, MN Department of Health; Judy Sventek, Metropolitan Council; and Brian Watson, Dakota Soil and Water Conservation District.

The committee recommended changes in four categories: 1) Plan Content, 2) Plan Development Process,

3) Intergovernmental Coordination and 4) Organization Capacity. Some of the recommended changes will require changes to Minnesota Statutes 103B.201-103B.255.

The following is a brief summary, by category, of the Committee's recommended changes, and those that would require changes in statutes are noted. BWSR will work with the Legislature to develop specific proposals that would result in a more efficient and effective planning process:

1. Plan content - "Building efficiency toward implementation." Rule change recommendations:
 - "Revolving" plans around priority issues, provides rational for funding
 - More dynamic administrative and capital implementation programs
 - Periodically updated inventories and goals (ten year plans)
 - Frequently updated implementation and capital improvement plan sections
 - Remaining issues: specific format for incorporating TMDL/303d
2. Plan development process - "Upfront involvement to prioritize." Rule change recommendations:
 - Eliminate obstacles for pursuing local preferences
 - Early announcement of "priority issues" through intensive citizen and agency involvement
 - Better annual reporting to evaluate if implementation achieves local goals
 - More attractive amendment and review procedures
 - Remaining issues: Streamlining and shortening the plan review process (statute change completed 2009 session)
3. Intergovernmental coordination - "Connection with local land use and state regulations." Rule change recommendations:
 - Better link between local comprehensive land use plans and metro water management plans
 - Procedures if local preferences conflict with state standards
 - Remaining issues: Improving groundwater/surface water interactions (statute change)
4. Organization capacity - "Accountability for a consistent level of implementation metro-wide." Rule change recommendations:
 - Increase self-evaluation through development of report card
 - Develop guidelines for determination of non-implementation
 - Allow for alternative reporting methods such as "eLINK"
 - Remaining issues: No issues identified

A revised rule was drafted by BWSR staff that the Rules Advisory Committee will review and discuss. In addition to the new streamlined rule and resultant plans, the committee will continue to explore how the watershed management plans could substitute for other required plans and programs, such as the stormwater pollution prevention program.

Recommendation #6

BWSR supports the Metro Water Planning Rules Advisory Committee's recommendations to develop a results-oriented framework which would consist of periodically updated inventories and goals, and frequently updated implementation and capital improvement plan sections.

Comprehensive Local Water Management

BWSR reviews and approves Comprehensive Local Water Management Plans for counties in Greater Minnesota. These local plans focus on priority concerns, defined goals and objectives, and measurable outcomes. Minnesota's counties, with their planning and land-use authorities, are uniquely positioned to link many land-use decisions with local goals for surface and groundwater protection and management.

BWSR field staff oversees the development and implementation of these plans to assure that local water plans are prepared and coordinated with existing local and state efforts and that plans are implemented effectively. Competitive grants that are awarded by BWSR and other agencies usually require a locally adopted, state-approved plan to assure that the dollars are spent on high-priority projects and that those priorities were developed through an open process. In FY10-11, BWSR staff reviewed and board members approved 22 county water plan updates and reviewed and approved 15 amendments to implementation schedules in active water plans.

BWSR staff duties include mentoring local government staff toward improving their ability to engage stakeholders, to incorporate measurable outcomes in their plans, to implement high-priority projects, and to measure and evaluate their effectiveness in accomplishing those outcomes that are stated in their plans.

To assist counties in carrying out priority projects and programs in their plans, BWSR provides financial assistance to them through the Natural Resources Block Grant. With the adoption of the Clean Water Land and Legacy Amendment in 2008, county water plans are now playing an even more integral role in prioritizing projects for Clean Water funding. Counties are able to apply for Clean Water funding through BWSR to achieve the goals of their plan.

Performance Review and Assistance Program

The Performance Review and Assistance Program (PRAP) is based on a legislative mandate for closer oversight of BWSR's local government delivery system. PRAP focuses on the long range water management plans of Minnesota's watershed districts, soil and water conservation districts, counties and metro-area watershed management organizations to systematically measure progress and accomplishments. BWSR uses a set of performance standards designed to objectively survey the LGU's operational effectiveness. These methods are used at different levels of review by BWSR staff--a program coordinator and existing field staff--to meet the legislative mandates for both an overall assessment of LGU performance and in-depth evaluations of plan implementation (see sidebar).

PRAP also includes an assistance component that targets training, services, and consultants to address specific performance-related needs that are revealed through all levels of review.

Finally, PRAP reports address both the performance review results and highlight the positive accomplishments of the LGUs, including awards and recognition by statewide associations and government. As required by statute, BWSR submitted two program reports (February 2010 and 2011) to the legislature describing program accomplishments and outlining future direction.

During the biennium, BWSR completed 15 Level II performance reviews and started seven new reviews. A Level III review and specialized assistance was provided to one LGU.

The BWSR website provides access to reports and additional program information: www.bwsr.state.mn.us/PRAP/reporting/index.php

Levels of PRAP Review

Level I: Annual tabulation of required reports and plan updates for all 244 PRAP LGUs statewide

Level II: Routine, interactive performance review with 6-8 selected LGUs per year measuring performance standards compliance and plan implementation.

Levels III and IV: As needed or requested in-depth review and assistance for LGUs facing challenges in program delivery, operational performance, or plan implementation. One such review was conducted during the biennium.

TECHNICAL SERVICES

BWSR's technical services section includes staff with engineering, conservation drainage, soils, groundwater hydrology and vegetation expertise. These key functions of the agency provide technical assistance, project management, expert consultation and technical review and training support to local units of government, other agencies, conservation partners, consultants and contractors.

The following provides a brief summary of the functions and accomplishments for these areas of expertise during FY10-11.

Engineering

BWSR's engineering section supported wetland restorations through surveying, planning, designing, and constructing a variety of wetland restoration projects across the state. The projects varied in scope from relatively simple restorations on small conservation easements to the restoration of large, shallow drained lakebeds and other complex wetland mitigation sites.

The design of these projects required extensive on-site topographic surveys and geotechnical investigations. Comprehensive watershed analysis and hydrologic modeling was performed, along with the development of project reports and engineering construction plans, which staff presented to county and watershed district drainage authorities, and other permitting entities when local permits and approvals were needed to implement them.

BWSR engineering staff provided consultation and review of reports and construction plans for projects to ensure they were in accordance with program standards and requirements. Further, staff assisted in developing and maintaining numerous technical guidance documents and design standards in support of agency programs, and provided training and presentations to local government units, other agencies, conservation partners, consultants, and contractors at various forums. During FY10-11, specific program training events included the BWSR Academy, Minnesota Wetlands Conference, and other engineering and conservation partnership meetings and workshops.

Drainage Management

BWSR's key functions and roles in FY10-11 included management of the Clean Water Fund Conservation Drainage Management Program, coordination and facilitation of drainage stakeholders, advisory review of water district engineer's reports, technical consultation to interagency committees, public drainage authorities and local government technical assistance providers, as well as dissemination of information and education materials to a broad range of stakeholders.

In FY10, the Conservation Drainage Management Program was established to provide cost-share through local government units for conservation drainage practices on public and private agricultural drainage systems that protect and improve water quality. The appropriation in FY10-11 was \$600,000, which funded a total of eight conservation drainage grants with multiple practices. BWSR provided technical and administrative management for this program.

BWSR facilitated the Drainage Work Group in accordance with 103B.101, Subd. 13 and during FY10, the group recommended state cost-share funding for public drainage records modernization. The Legislature appropriated funding for this purpose in FY11 (\$100,000), which assisted 5 drainage authorities to modernize their Chapter 103E drainage system records.

In FY10-11, BWSR staff conducted 20-25 advisory reviews of watershed district engineer reports on projects such as agricultural drainage, flood damage reduction impoundments, stream stabilization and wetland restoration.

BWSR provided expert conservation engineering expertise for a number of interagency committees during the biennium, including but not limited to the Clean Water Fund Research Advisory Committee, Red River Basin Technical and Scientific Advisory Committee, and the Erosion and Stormwater Management Advisory Committee. Finally, BWSR engineering staff provided conservation drainage management information and education presentations to various stakeholder groups at various forums, including Drainage Work Group meetings, Minnesota Association of Watershed Districts Annual Drainage Seminars, several conservation drainage workshops and field days, UMN Water Resources Conference, Minnesota Association of Soil and Water Conservation Districts Annual Conference, and other events.

Soils

BWSR staff provided soils expertise to effectively implement agency programs that protect Minnesota's soil resources, including on-call technical assistance and consultation to field staff and local governments for wetland conservation and soil erosion reduction, training and education, facilitating technical partnerships and soil survey information dissemination.

In the fall of 2009, BWSR hosted seven training sessions with the purpose of educating SWCDs and other LGUs on the proper use of RUSLE2, a common tool used for estimating reductions in soil erosion and sedimentation in agricultural systems. Further training was provided by BWSR staff on NRCS's wind erosion model, WEPS, at the 2010 BWSR Academy.

In FY10-11, BWSR funded research at the University of Minnesota to characterize mechanisms and to quantify soil erosion. The goal of this research is to develop a LIDAR-integrated model that quickly quantifies soil erosion and soil organic carbon movement across agricultural landscapes. During the biennium, BWSR continued developing estimators of pollution reduction.

Finally, BWSR continued work on the Soil Survey Project, which aims to complete a statewide digital soil survey in partnership with the USDA Natural Resources Conservation Service and counties. Through ENTRF funding, together with federal and local cost-share, more than 750,000 acres of soils were mapped in the 2010-2011 biennium, including St. Louis, Cook, Lake, Koochiching, Crow Wing and parts of Pine counties.

Native vegetation/landscape ecology

In FY10-11, BWSR's key functions and roles in native vegetation and landscape ecology included program support, on-call technical assistance and consultation, promotion of native vegetation innovation and research, training, education and outreach, facilitating technical partnerships and coordination of BWSR vegetation grant programs.

These activities were implemented to provide technical leadership related to native vegetation establishment and management, landscape ecology, and conservation/restoration methods, as well as to effectively implement and manage BWSR projects, to guide BWSR partnerships, and to promote the advancement of conservation and restoration practices.

BWSR staff developed wetland banking vegetation restoration plans for the Local Road Wetland Replacement Program, provided technical support to local government units and the public related to vegetation and landscape ecology issues, collaborated with researchers regarding native vegetation establishment and management to improve field practices, developed numerous technical outreach materials related to vegetation establishment and management, and provided numerous presentations. Staff also coordinated the Cooperative Weed Management Area and Native Buffer Cost-Share programs.

Groundwater and wetland hydrology

In FY10-11, BWSR provided hydrology expertise, assistance, and coordination to various efforts in the areas of wetland conservation, local water management, soil and water conservation, and other areas of natural resource management at the state and local levels.

The biennium saw a markedly increased emphasis on support of wetland restoration activities, especially in the hydrologic monitoring of “road bank” wetland restoration sites. Work included design of hydrologic monitoring plans, including seven sites that were instrumented for intensive hydrologic monitoring to measure the success of wetland restoration, and continuation of monitoring on four existing sites. This work is necessary for state and federal certification of local road wetland bank credits.

In FY10-11 there was also an increase in attention to other wetland bank plans and projects, involving the review and evaluation of wetland bank plans, assistance to develop wetland hydrologic monitoring and evaluation of hydrologic monitoring data collected by partners.

TRAINING

With Clean Water, Land and Legacy Amendment funding for conservation and water quality practices currently estimated at \$150 million/year for 25 years, BWSR recognizes the increased opportunity for program delivery and the need to ensure programs are implemented with quality efficiencies that are connected to on-the-ground results.

BWSR believes in the value of connecting learning to performance. In the community of soil and water conservation, well-trained assistance for local delivery of conservation programs and practices is crucial to ensure that dollars spent have impacts on water and soil resources - ultimately connecting us to the outcomes within watersheds.

In the fall of 2009, BWSR hired a training coordinator to provide coordination, support and administration of BWSR's training work. In 2010, BWSR conducted a training needs assessment of our local government partners and BWSR staff and began implementing the training strategy:

- Training Needs Assessment: www.bwsr.state.mn.us/training/2010_Training_needs_assmnt_final_report.pdf
- Training Strategy: www.bwsr.state.mn.us/training/2010_Training_Strategy_final.pdf

In FY10-11, training highlights included increasing communications on training opportunities designed for local government staff, ramping-up BWSR Academy performance and tracking, and starting online training (webinar) development and delivery for Clean Water Fund and Easement programs. Training numbers:

FY10	FY10 (partial only)	2009 Academy Sessions	Total
Number of Sessions	36	33	69
Number of Participants	860	260	1120
Staff Hours	1020	NA	1020
Learning Hours (# of training hours x # of participants)	3785	NA	3785

FY11	FY11	2010 Academy Sessions	Total
Number of Sessions	47	34	81
Number of Participants	1190	280	1470
Staff Hours	981	NA	981
Learning Hours (# of training hours x # of participants)	7323	NA	7323

BWSR Academy

BWSR Academy Goal: To provide high quality training for local government staff that maintains and improves the delivery of conservation work and meets the shared expectations of BWSR and local resource management boards.

One local government participant commented on the Academy, "Great ideas that I can incorporate immediately. Helpful info on what everyone can use. I liked having a tool that I can take back."



Looking forward to the future

A small group discusses issues at BWSR Academy.

In FY12-13, BWSR training staff will:

- Find staff synergies to deliver training, communications and project management.
- Continue BWSR's role in implementing specific training events, such as the BWSR Academy and WCA/WDCP programs, gathering relevant evaluation data on learning objectives/outcomes and level of effort (staff hours).
- Determine BWSR's niche in priority training areas, such as: conservation marketing, personnel management, fund-seeking, grant writing, outcomes and measures, planning and pollution estimators.
- Increase effectiveness of learning strategies and trainer roles into all BWSR delivered trainings through program design support and coaching.
- Benchmark/inventory technical skills and need to help build technical training partnership with NRCS and others.

Recommendation #7

BWSR recommends continuing the agency's role in implementing specific training geared toward local units of government.

COMMUNICATIONS

Government agencies are constantly being scrutinized by the public, media and legislature to provide information and transparency about activities, and to show results. Though the bulk of BWSR's communications has been primarily to its local government partners, the agency does not currently operate with a formal external strategic communications plan. Due to this gap, determining communication priorities is sometimes challenging because clear direction has not been established and the best tools and mode of communication may be missed.

Recommendation #8

BWSR recommends the agency develop an external strategic communications plan that sets measurable objectives and a specific structure for how BWSR will implement external communications work.

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