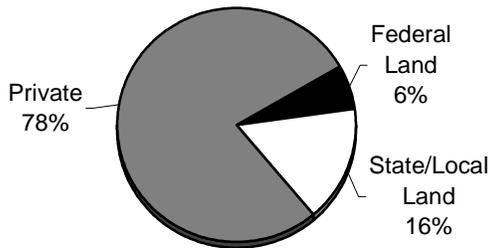


Agency Purpose

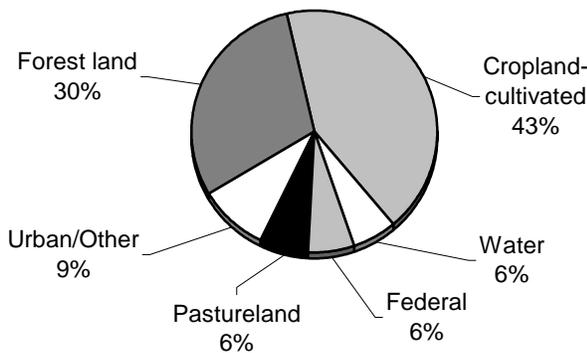
The Board of Water and Soil Resources' (BWSRs) purpose is to protect and enhance the state's irreplaceable soil and water. The board implements the Wetland Conservation Act and comprehensive local water management through local units of government. The agency is the state's administrative agency for 91 soil and water conservation districts, 44 watershed districts, 27 metropolitan watersheds and 80 county water management organizations.

Land Ownership



Because 78% of the state is privately owned, the agency's focus on private lands is critical to the state attaining its goals for clean water, clean air, and abundant fish and wildlife. Managed wisely, these working lands – Minnesota's farms, forests, and urban areas – can benefit air and water quality, preserve and enhance fish and wildlife habitat, prevent loss of wetlands, and preserve open

Variety of Land Uses



spaces.

Agency programs to assist landowners and local government have resulted in less sediment and nutrients entering our lakes, rivers and streams; more fish and wildlife habitat, and the drastic slowing of wetland losses. These outcomes are achieved, in spite of intensification of agriculture, greater demands for forest products and rapid urbanization in many parts of the state.

At A Glance

Local Government Delivery System:

Agency responsibilities are delivered with or implemented by local government to assure local priorities are met and participation in private lands management occurs. These include:

- ◆ 91 Soil and Water Conservation Districts (SWCD's); 450 Elected Supervisors; 359 District Employees
- ◆ 44 Watershed Districts; 220 Managers; 66 Employees
- ◆ 27 Watershed Management Organizations (WMO's); 162 Members
- ◆ 87 Counties
- ◆ 230 Cities
- ◆ 304 Western Community Action Local Government Units (WCA LGU's)

Accomplishments:

- ◆ 178,181 acres of wildlife habitat and wetlands restored through Reinvest in Minnesota (RIM) Reserve
- ◆ 29,588 acres of wetland loss avoided
- ◆ 208 feedlots improved through state cost share grants
- ◆ 1.9 million tons per year of soil erosion prevented
- ◆ 522,000 tons of sediment kept out of lakes, rivers and streams
- ◆ 1,105,000 pounds of phosphorus kept out of lakes, rivers, and streams.

Core Functions

BWSR's mission is implemented through the following core functions:

- ◆ serves as the state soil conservation agency (M.S. 103B.101);
- ◆ directs soil and water conservation programs through the state's SWCD's, counties, cities, townships, Watershed Districts, and Water Management Organizations (M.S. 103C, 103D);
- ◆ ensures linkage of water resource planning with comprehensive land use planning (M.S. 103B);
- ◆ provides resolution of water policy conflicts and issues (M.S. 103A.211, 103A.305, 103A.315, 103A.311);
- ◆ implements all comprehensive local water management acts (M.S. 103B.201, 103B.255, 103B.301);
- ◆ provides a forum (through the board) for local issues and priorities to be incorporated into state public policy (M.S. 103B.101);
- ◆ enforces the state Wetland Conservation Act (M.S. 103G); and
- ◆ coordinates state and federal resources to realize local priorities.

Operations

The board consists of 17 members representing local government entities delivering BWSR services, state agencies and citizens. The board sets a policy agenda designed to enhance service delivery through local units of government. Agency staff is located in eight locations throughout Minnesota. The focus of agency staff is to provide technical and financial assistance to local government in order to plan and implement agency policy on privately owned lands. The agency also works with private landowners to implement conservation on the ground. This provides an opportunity to apply state, federal, local, and private resources to projects that help maintain water quality, prevent soil loss and erosion, ensure planning for land use, and protect wetlands located on privately owned lands. These partnerships in service delivery ensure that the interest of state policy is implemented with local issues and problems in mind.

Budget

Two-year State Budget:

- ◆ \$8.8 million in operating funds
- ◆ \$28 million in pass-through grants
- ◆ \$32.5 million in local government match funds for project implementation

BWSR funding is primarily from the General Fund. The majority of the funds are passed through to local government to administer state policies and programs the agency is responsible for. Outcomes are evaluated to assure conservation policy objectives are attained and that resources are expended to assure program success.

Contact

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Dollars in Thousands

	Current		Forecast Base		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	651	651	651	651	1,302
Forecast Base	651	651	0	0	0
Change		0	(651)	(651)	(1,302)
% Biennial Change from 2004-05					-100%
General					
Current Appropriation	15,432	15,431	15,431	15,431	30,862
Forecast Base	15,432	15,431	15,431	15,431	30,862
Change		0	0	0	0
% Biennial Change from 2004-05					0%
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	651	651	0	0	0
General	14,271	16,673	15,431	15,431	30,862
Statutory Appropriations					
Special Revenue	845	1,030	635	280	915
Federal	14	302	208	0	208
Total	15,781	18,656	16,274	15,711	31,985
<u>Expenditures by Category</u>					
Total Compensation	3,243	4,116	3,724	3,516	7,240
Other Operating Expenses	683	1,821	1,283	937	2,220
Local Assistance	11,855	12,719	11,267	11,258	22,525
Total	15,781	18,656	16,274	15,711	31,985
<u>Expenditures by Program</u>					
Water & Soil Resrcs Bd	12,772	18,656	16,274	15,711	31,985
** Undefined Program **	3,009	0	0	0	0
Total	15,781	18,656	16,274	15,711	31,985
Full-Time Equivalentents (FTE)	42.3	40.3	40.3	40.3	

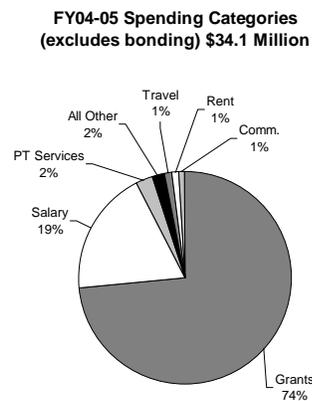
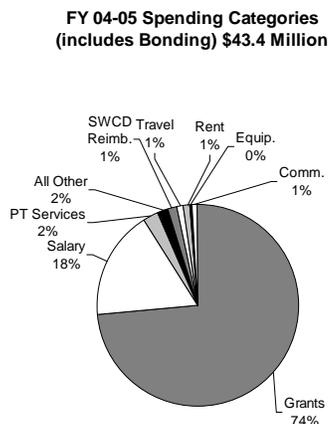
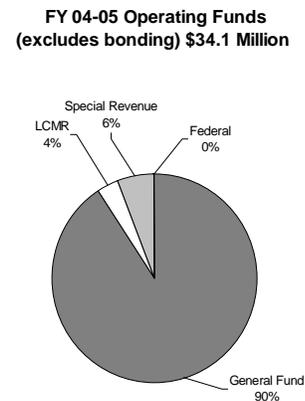
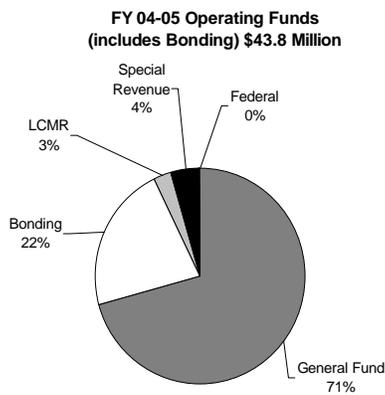
Program Description

The purpose of this program is to provide the necessary resources for implementation of the state's soil and water conservation policy, comprehensive local water management, and the wetland conservation act. Program resources support agency staff and local government staff implementing conservation and resource protection programs on the ground. The financial and technical support provided through grants and staffing assist local government to deliver on state mandated resource protection objectives.

Budget Activities Included:

- ⇒ BWSR Operations
- ⇒ Grants to Local Governments
- ⇒ Easements

Financing



WATER & SOIL RESOURCES BOARD
 Program: WATER & SOIL RESRCS BD

Program Summary

Dollars in Thousands

	Current		Forecast Base		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	651	651	651	651	1,302
Technical Adjustments					
One-time Appropriations			(651)	(651)	(1,302)
Forecast Base	651	651	0	0	0
General					
Current Appropriation	15,432	15,431	15,431	15,431	30,862
Forecast Base	15,432	15,431	15,431	15,431	30,862
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	651	651	0	0	0
General	14,271	16,673	15,431	15,431	30,862
Statutory Appropriations					
Special Revenue	845	1,030	635	280	915
Federal	14	302	208	0	208
Total	15,781	18,656	16,274	15,711	31,985
<u>Expenditures by Category</u>					
Total Compensation	3,243	4,116	3,724	3,516	7,240
Other Operating Expenses	683	1,821	1,283	937	2,220
Local Assistance	11,855	12,719	11,267	11,258	22,525
Total	15,781	18,656	16,274	15,711	31,985
<u>Expenditures by Activity</u>					
Bwsr Operations	4,671	5,659	4,664	4,453	9,117
Grants To Local Govt	11,109	12,719	11,264	11,258	22,522
Easements	1	278	346	0	346
Total	15,781	18,656	16,274	15,711	31,985
Full-Time Equivalent (FTE)	42.3	40.3	40.3	40.3	

Activity Description

This activity exists to provide technical and administrative resources necessary to assure state soil and water resource management goals and objectives are met. The activity provides agency staff support to local governments for implementation of the state's soil and water conservation policy, resource protection required by the Wetland Conservation Act (WCA), staff support for local water planning, and technical assistance for conservation projects implemented on private land.

Population Served

This activity provides services to local governments for the implementation of soil conservation and water management practices, especially on privately owned lands. Meeting state environmental goals requires working with a broad network of local governments who each possess some of the tools to address particular issues in land and water management. Almost 800 local units of government are empowered to deliver services on behalf of the agency to achieve the state soil and water conservation and protection goals. These entities are clients, as well as agents, in that they receive technical and administrative support from the activity but also serve as the activity's major service provider.

Activity at a Glance**Activity Clientele**

- ◆ Local Units of Government
 - ⇒ 91 SWCD's
 - ⇒ 43 Watershed Districts
 - ⇒ 27 WMO's
 - ⇒ 87 Counties
 - ⇒ 304 WCA Authorities
- ◆ Private landowners throughout the state
- ◆ Other state and federal conservation partners
- ◆ Private conservation organizations

Available Statewide Land Resources

- ◆ 41.7 million acres of private lands including
 - ⇒ 23 million acres of cropland
 - ⇒ 5.3 million acres of private forested land
 - ⇒ 7.4 million acres of wetlands

Services Provided

Following is a description of key services provided by the Board of Water and Soil Resources (BWSR):

Soil and Water Conservation Districts (SWCD) M.S. 103C

- ⇒ Hear petitions and order formation, consolidation and/or division of districts, approve location changes, conduct referenda and order discontinuance of districts as needed.
- ⇒ Approve changes to the nominating process for districts elections, hear petitions and order removal of elected supervisors as necessary.
- ⇒ Establish and enforce penalties for violation of grant programs and/or misconduct of supervisors or SWCD employees.
- ⇒ Approve and administer state grants, and coordinate programs and activities with state and federal agencies.
- ⇒ Develop programs designed to achieve soil and water conservation goals.
- ⇒ Review and approve soil and water conservation improvement projects.

Watershed Districts and Watershed Management Organizations (WMOs) M.S. 103B and D

- ⇒ Establish, define boundaries, enlarge or consolidate districts; and appoint initial board of managers for new districts.
- ⇒ Receive and hear appeals of district project orders.
- ⇒ Review annual audits and reports, enforce member eligibility requirements, and assign areas to associated counties for watershed management.
- ⇒ Approve management plans and revisions; review rules and regulations; review and approve engineering reports on proposed projects; and approve plans for establishing storm water utility fees.
- ⇒ Investigate misconduct of district managers as necessary.

WATER & SOIL RESOURCES BOARD

Program: WATER & SOIL RESRCS BD

Activity: BWSR OPERATIONS

Narrative

Counties and Cities M.S. 103B, F and G

- ⇒ Approve land management plans.
- ⇒ Hear and decide appeals of wetland replacement, wetland exemption determinations and municipal contracts with water plans.
- ⇒ Rescind enforcement authority for the Wetland Conservation Act and impose building moratoriums as necessary.
- ⇒ Certify employees' completion of wetland delineation training and certify wetland banking transactions.
- ⇒ Approve comprehensive local water management plans and revisions.
- ⇒ Approve and allocate grant funding to counties; conduct audits and investigate potential grant violations.

Wetland Conservation Act M.S. 103A, B and G

- ⇒ Review projects, resolve disputes, and decide appeals.
- ⇒ Participate on technical evaluation panels.
- ⇒ Support interagency coordination and enforcement.
- ⇒ Evaluate local government unit (LGU) performance.
- ⇒ Administer program rules, banking, forms, manuals, training, and delineator certification.
- ⇒ Develop, review, and approve local wetland plans and ordinances.
- ⇒ Acquire land and develop procedures for the local government wetland road replacement program.

Comprehensive Local Water Management Program M.S. 103

- ⇒ Develop program guidelines for submitting local water management plans, including citizen involvement.
- ⇒ Review and approve plans submitted.
- ⇒ Resolve disputes arising from planning process.
- ⇒ Support local implementation of water management plans.
- ⇒ Support development and adoption of local ordinances to protect and improve water quality or quantity.
- ⇒ Support and provide technical assistance for the installation of practices to protect, conserve or improve water quality or quantity.

RIM RESERVE/PWP/CREP M.S. 103F.506 – 103F.535

- ⇒ Keep certain marginal agricultural land out of crop production to protect soil and water quality and support fish and wildlife habitat.
- ⇒ Acquire conservation easements from landowners to restore wetlands and establish wildlife habitat.

Historical Perspective

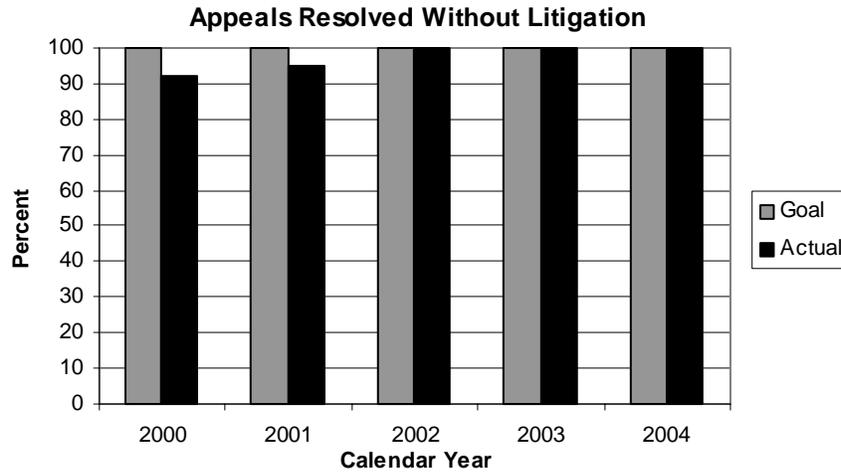
The agency was created in 1987 as a result of the merger of the Water Planning Board, the Southern Minnesota Rivers Basin Council and the Minnesota Soil and Water Conservation Board. The history of the agency dates back to the 1930s in some form. BWSR is different from other agencies because of its board of local officials, citizens, and state agencies. This forum is unique in its ability to bring diverse interests together to achieve mutual goals and coordinate activities. The board also provides a means for local government to have input into the administrative branch of government regarding soil and water resource issues.

The Reinvest in Minnesota (RIM) program enacted in 1986 added the ability to use conservation easements as another tool in the protection of water quality. Soil loss, sediment control, phosphorus reduction, and creation of fish and wildlife habitat are some of the demonstrated benefits of conservation easements.

In 1991 the activity added a major regulatory function with the passage of the Wetland Conservation Act. The goal of the act is no net loss of wetlands in this state. The protection is intended to ensure both quality and quantity of Minnesota wetlands. Activity efforts focus on restoring wetlands that have been drained or filled for agriculture or wetlands that are disturbed for urban development and transportation projects.

Key Measures

The amount of wetland preserved in Minnesota will be a key measure for this activity. The method for tracking and calculating this measure is currently being developed. The measurement should demonstrate progress toward the state goal of no net wetland loss. Other measures of performance will focus on ensuring that local governments have the capacity to plan and manage soil and water resources. Activity performance can be measured by the effectiveness of local delivery systems, the key to local program implementation.



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WATER & SOIL RESOURCES BOARD

Program: WATER & SOIL RESRCS BD

Activity: BWSR OPERATIONS

Budget Activity Summary

Dollars in Thousands

	Current		Forecast Base		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	429	429	0	0	0
General	3,922	4,598	4,273	4,273	8,546
Statutory Appropriations					
Special Revenue	306	330	183	180	363
Federal	14	302	208	0	208
Total	4,671	5,659	4,664	4,453	9,117
<u>Expenditures by Category</u>					
Total Compensation	3,243	4,116	3,724	3,516	7,240
Other Operating Expenses	1,426	1,543	937	937	1,874
Local Assistance	2	0	3	0	3
Total	4,671	5,659	4,664	4,453	9,117
Full-Time Equivalents (FTE)	42.3	40.3	40.3	40.3	

Activity Description

Grant programs provide funding to local units of government to deliver soil and water conservation services to their local communities. The funding is used for local program administration and implementation of conservation projects. The goal is to maximize the financial and human resources (state, local, and federal) available to deliver the goals and objectives for clean water, clean air, and abundant fish and wildlife habitat.

Population Served

The activity issues grants to a core delivery network of 200 organizations. Grant funds are used to implement local water management programs and to cost-share with private landowners who install conservation practices on their land to benefit state water and soil resources.

Services Provided

Local units of government and landowners use these financial incentives primarily to implement conservation practices. The majority of these funds leverage federal and landowner dollars as part of a required local match. Funding is also provided for limited planning and regulatory activities. These dollars help local governments manage the quantity and quality of their water and provide need funds to construct projects that improve water resources.

Funding for wetland regulatory activities allows local governments to protect wetland resources in their communities. The funding and regulatory authority they receive through Board of Water and Soil Resources (BWSR) programs allows them to identify and protect wetlands from development.

Finally, funding is provided to support the administrative operations of soil and water conservation districts. Counties provide the majority of funding for these operations. The state contribution assists in providing resources for staff and operating expenses associated with Soil and Water Conservation Districts (SWCD) delivery of state programs.

Historical Perspective

The state has provided funding to SWCD's to assist with the expenses of their operations, to perform maintenance inspections on Reinvest in Minnesota (RIM) easements and to provide local engineering services for state and federal cost share projects.

Cost share funding is provided to construct water quality and erosion control treatment practices. There are a wide variety of practices that can be implemented depending upon the specific nature or condition of the resource or the objective to be achieved by implementing the practice. The activity funds are always matched with landowner contributions and frequently matched with local and federal contributions. There has been an increase in funding for feedlot cost share as the state has identified a 10-year plan to solve the problem of polluting

Activity at a Glance

Reporting for Calendar Year 2001

Land and Water Treatment Projects

- ◆ 3,763 projects statewide
- ◆ \$19,020,000 in total costs
- ◆ \$3,430,000 in Board of Water and Soil Resources (BWSR) expenditures
- ◆ \$1,383,000 invested by the Minnesota Pollution Control Agency (MPCA)
- ◆ \$1,955,000 contributed by other state agencies
- ◆ \$867,000 in MPCA State Loans
- ◆ \$2,442,000 in Minnesota Department of Agriculture (MDA) State Loans
- ◆ \$4,900,000 in landowner expenses
- ◆ \$1,527,000 invested by local units of government
- ◆ \$2,165,000 in federal grants
- ◆ \$351,000 in other expenditures
- ◆ 349,000 tons per year in soil preserved
- ◆ 59,400 tons of sediment reduced per year
- ◆ 131,000 pounds of phosphorus reduced annually.

Local Water Planning Projects

- ◆ 606 education projects
- ◆ 43 planning projects
- ◆ 81 inventories
- ◆ 293 monitoring projects

Feedlot Water Quality Management Cost Share Projects

- ◆ 28 projects
- ◆ 2,574 pounds of phosphorus reduced annually.

WATER & SOIL RESOURCES BOARD

Program: WATER & SOIL RESRCS BD

Activity: GRANTS TO LOCAL GOVT

Narrative

feedlots in the state. Cost share funding is a major component of that plan and is provided to producers to assist them in their compliance with rules and regulations for feedlots.

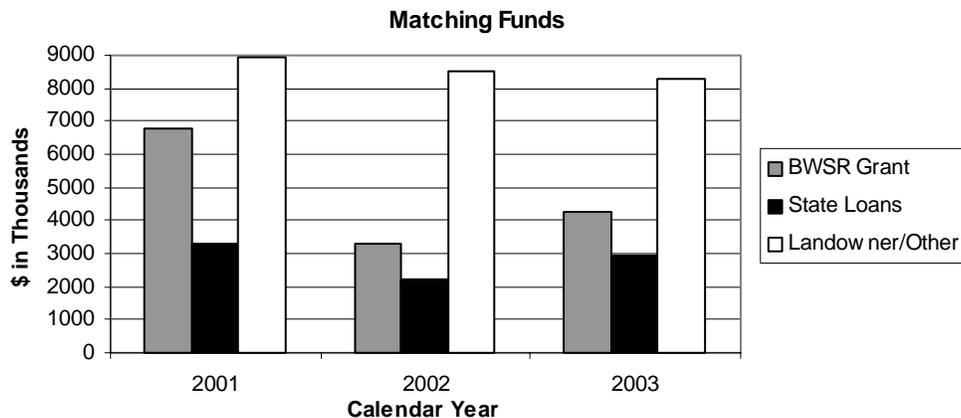
The natural resources block grant provides funding for program administration at the local level for water planning, shore land management, and enforcement of the Wetland Conservation Act. Competitive funding for high priority local water planning projects was provided in the past through a challenge grant program that was eliminated in the 2003 budget reductions.

Key Measures

As a key measure, the percent of land eroding at less than sustainable soil erosion limits from water and wind will demonstrate the effectiveness of grant funded projects on maintaining soil on land where it belongs. The Natural Resources Inventory, done every five years, will provide source data to determine performance.

Tons of sediment/pounds of phosphorous prevented from degrading state surface waters.

	Calendar Year Reporting					
	1999 Actual	2000 Actual	2001 Actual	2002 Actual	2003 Actual	2004 Estimated
Phosphorus Reduction (pounds per year)	172	226	131	142	139	140
Soil Loss Reduction (tons per year)	488	283	349	311	342	350
Sediment Reduction (tons per year)	108	81	59	72	69	70



Conservation partnerships developed to provide one-to-one match for state project dollars.

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WATER & SOIL RESOURCES BOARD

Program: WATER & SOIL RESRCS BD

Activity: GRANTS TO LOCAL GOVT

Budget Activity Summary

Dollars in Thousands

	Current		Forecast Base		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	222	222	0	0	0
General	7,340	12,075	11,158	11,158	22,316
Statutory Appropriations					
Special Revenue	538	422	106	100	206
Total	8,100	12,719	11,264	11,258	22,522
<u>Expenditures by Category</u>					
Other Operating Expenses	(744)	0	0	0	0
Local Assistance	8,844	12,719	11,264	11,258	22,522
Total	8,100	12,719	11,264	11,258	22,522

Activity Description

The Reinvest in Minnesota Reserve (RIM Reserve) program establishes the activity's ability to take conservation easements on private lands. Keeping marginal agricultural land out of production protects soil and water quality and fish and wildlife habitat. The conservation easement is one of the many resource management tools provided to local government to work with landowners for managing and protecting our state's working lands. Easements provide public benefits without removing lands from local tax rolls or having the state incur the costs and liabilities of ownership.

Population Served

Services of the activity are provided to local governments who serve as a sales force for the state. Their effectiveness is manifested in landowner demand that is historically double the supply of easement money.

Services Provided

The activity provides financial incentives to landowners in exchange for a conservation easement that defines future land use options. In exchange for compensation for the easement, the landowner agrees to take the land permanently out of crop production or pasture. The land is then restored to a natural state, using native grasses and wetland restoration techniques. The benefits derived are improvements to water quality, reduction in soil loss and sediment and habitat creation. Resources of this activity are often matched up with federal US. Department of Agriculture (USDA) programs like Conservation Reserve Program (CRP), Wetland Replacement Program (WRP) to maximize benefits and leverage federal resources.

Historical Perspective

In 1986 The Reinvest in Minnesota Act was passed and a RIM reserve program was created to keep certain marginal agricultural land out of crop production or from being pastured to protect water quality and increase fish and wildlife habitat. In the 1996 Federal Farm Bill, a conservation reserve enhancement program (CREP) was authorized. The Minnesota River CREP was one of the first state efforts to be approved in the nation and has resulted in over 100,000 acres of easements acquired over the last four years and added to the agency's easement inventory.

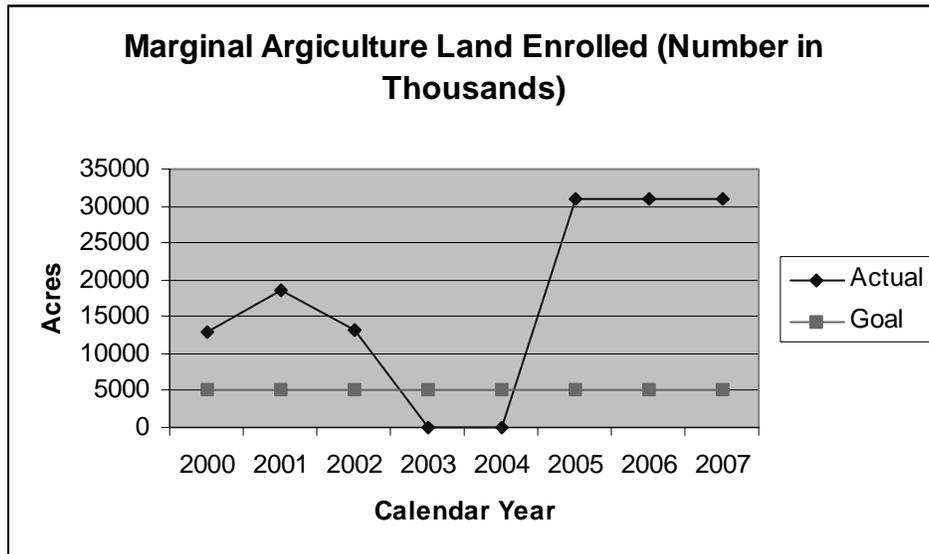
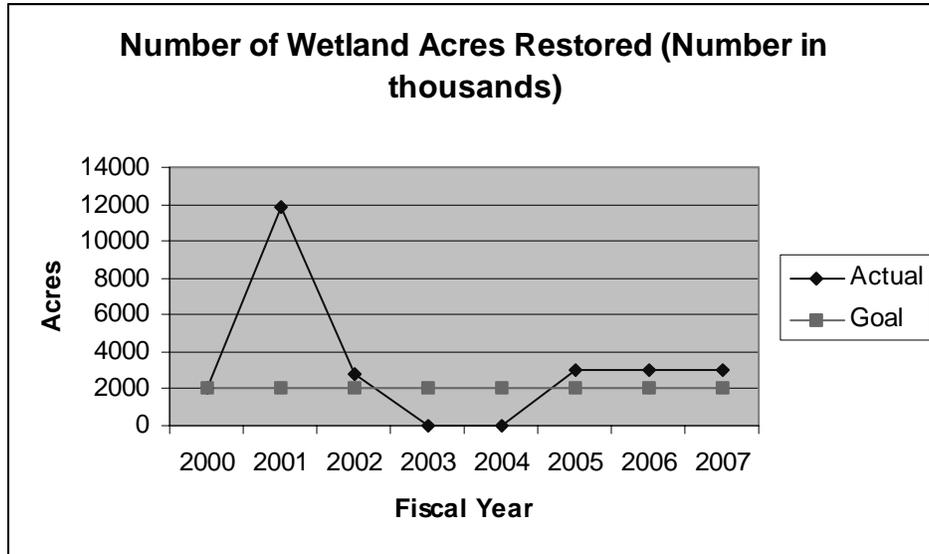
In 2004, Governor Pawlenty submitted Minnesota's second CREP (CREP II) application to USDA that would secure an additional 120,000 acres to be targeted in three watersheds in Minnesota. This will require the state legislation to appropriate \$50.7 million in bonding funds that will leverage \$200 million in CRP funds for Minnesota.

Activity at a Glance

Land and Water Treatment Projects

- ◆ 4,785 easements (1986-2004)
- ◆ Number of acres enrolled in easement programs
 - ⇒ RIM 58,293
 - ⇒ RIM/CREP 100,403
 - ⇒ RIM/WRP 6,686
 - ⇒ PWP 11,506
- ◆ Acres by land type enrolled:
 - ⇒ Marginal Cropland 14,309
 - ⇒ Riparian 68,889
 - ⇒ Sensitive Groundwater 1,175
 - ⇒ Wetlands Restored 80,305
 - ⇒ Other 14,519
- ◆ 9.6 tons per acre per year soil loss reduction
- ◆ 4.7 tons per acre per year sediment reduction
- ◆ 5.8 pounds per acre per year phosphorus reduction
- ◆ State dollars invested in easements \$147,386,000
- ◆ Federal dollars matched for easements \$173,403,000

Key Measures



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WATER & SOIL RESOURCES BOARD

Program: WATER & SOIL RESRCS BD

Activity: EASEMENTS

Budget Activity Summary

Dollars in Thousands

	Current		Forecast Base		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Special Revenue	1	278	346	0	346
Total	1	278	346	0	346
<u>Expenditures by Category</u>					
Other Operating Expenses	1	278	346	0	346
Total	1	278	346	0	346