



Office Memorandum

Date: April 6, 2016

To: Representative Kurt Daudt, Speaker of the House
Senator Tom Bakk, Senate Majority Leader
Representative Paul Thissen, House Minority Leader
Senator David Hann, Senate Minority Leader

From: Commissioner Myron Frans 

Subject: Revision #2 to Governor's 2016 Supplemental Budget – Clean Water Fund

The purpose of this memo is to officially transmit an update to the Governor's 2016 supplemental budget recommendations, originally released on March 15, 2016 and revised on March 30, 2016. The changes submitted today incorporate expenditure changes in the Clean Water fund.

The 2016 February *Budget and Economic Forecast* consolidated fund statement identified a projected deficit of \$960,000 in the Clean Water fund in fiscal year 2017. On April 1, 2016, under the authority in Minnesota Statutes 16A.152, subd. 4 (c), I took administrative action to cancel \$1,000,000 of unencumbered balances to resolve the projected deficit and leave a remaining balance of \$40,000 in fiscal year 2017.

The recommendations conveyed today will reallocate past clean water fund appropriations to support \$2,500,000 to the Department of Agriculture for the Minnesota agricultural water quality certification program and \$1,000,000 to the Pollution Control Agency for the development of watershed restoration and protection strategies and statewide monitoring and assessment.

FY 2016-17 Governor's Revised Clean Water Fund Supplemental Budget Recommendations
(\$ in thousands)

	FY 2016	FY 2017
Fund Balance (April Administrative Actions)	7,635	40
Supplemental Budget Changes		
<i>Spending Reductions</i>	(2,376)	(1,192)
<i>New Spending</i>	-0-	3,500
Remaining Budgetary Balance	\$10,011	\$108

Attached to this memo are detailed descriptions of the changes recommended in the Clean Water fund organized by agency and fiscal year. Bill language is currently being prepared and staff at MMB are available to answer any questions you or your staff may have.

cc: Senator Richard Cohen, Senate Finance Chair
Representative Jim Knoblach, House Ways and Means Chair
Bill Marx, House Chief Fiscal Analyst
Eric Nauman, Senate Chief Fiscal Analyst
Margaret Kelly, Assistant Commissioner

Revisions to Governor's 2016 Supplemental Budget

(Dollars in Thousands)

2016 2017 2018 2019

New Proposals

Agriculture

Minnesota Agricultural Water Quality Certification Program

The Governor recommends funding to maintain statewide implementation of the Minnesota Agricultural Water Quality Certification Program, which increases adoption of on-farm conservation practices to protect water quality through a voluntary approach. This program coordinates existing conservation programs and local partners to recognize and reward producers that manage their farms in a way that protects and enhances water quality. Funds will leverage additional federal dollars.

Clean Water	Expenditure	0	2,500	0	0
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Pollution Control

Watershed Restoration and Protection Strategies (WRAPS) and Statewide Monitoring

The Governor recommends funding to complete Watershed Restoration and Protection Strategies (WRAPS), including grants to local partners, and surface water monitoring and assessment activities. WRAPS are developed with local partners to set strategies for impaired-and unimpaired waters by setting reduction and protection goals, milestones and measures to guide state and local government implementation efforts.

Clean Water	Expenditure	0	1,000	0	0
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Total New Proposals		0	3,500	0	0
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Revisions to Governor's 2016 Supplemental Budget

(Dollars in Thousands)

2016 2017 2018 2019

Reductions

Agriculture

Clean Water Research

The Governor recommends cancelling the remaining balance of the clean water research funding resulting from progress delays in current contracts with principle investigators at the University of Minnesota. The funds are primarily pass through dollars for academic research.

Clean Water	Expenditure	(340)	0	0	0
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Clean Water Research Database

The Governor recommends cancelling the remaining balance of the clean water research database resulting from unanticipated savings in development of the database and user interface and salary savings from a staffing vacancy. The Minnesota Water Research Digital Library (MNWRL) is a searchable inventory of water research relevant to Minnesota, and provides "one-stop" access to all types of water research, including peer-reviewed articles, white papers, and reports.

Clean Water	Expenditure	(60)	0	0	0
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Manure Applicator Program Enhancement

The Governor recommends cancelling the remaining balance of the manure applicator program enhancement, which developed training manuals and resource materials for manure applicators. These funds are remaining after final payment and closeout of the program.

Clean Water	Expenditure	(1)	0	0	0
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Total Agriculture		(401)	0	0	0
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Health

County Well Index

The Governor recommends cancelling the remaining balance to update and enhance the county well index. The county well index database, which is the principal source of well construction information and geologic interpretations used both by public and private sector groups to understand and manage groundwater resources. The project did not require the remaining funds.

Clean Water	Expenditure	(100)	0	0	0
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Total Health		(100)	0	0	0
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Revisions to Governor's 2016 Supplemental Budget

(Dollars in Thousands)

2016 2017 2018 2019

Natural Resources

Groundwater Management Areas

The Governor recommends reallocating the remaining balance of the groundwater management area in fiscal year 2017. These funds were used to established three pilot groundwater management areas to ensure that groundwater use is sustainable. Less than anticipated was needed to establish the pilot areas.

Clean Water	Expenditure	0	(1,192)	0	0
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Total Natural Resources		0	(1,192)	0	0
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Pollution Control

Total Maximum Daily Load Development

The Governor recommends cancelling the remaining balance from prior year appropriations for the development of total maximum daily load implementation plans for waters listed on the United States Environmental Protection Agency approved impaired waters list. These funds are remaining after final payment and closeout of contracts. Cancelled funds include \$139,000 from Laws 2011, First Special Session and \$77,000 from Laws 2013.

Clean Water	Expenditure	(216)	0	0	0
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Water Quality Assessment

The Governor recommends cancelling the remaining balance from prior year appropriations for water quality monitoring and assessments. These funds are remaining after final payment and closeout of contracts. Cancelled funds include \$15,000 from Laws 2011, First Special Session and \$78,000 from Laws 2013.

Clean Water	Expenditure	(93)	0	0	0
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Groundwater Protection and Assessment

The Governor recommends cancelling the remaining balance from prior year appropriations for groundwater protection, which supports county implementation of the subsurface sewage treatment systems (SSTS), and the network of groundwater monitoring wells for assessments. These funds are remaining after final payment and closeout of contracts. Cancelled funds include \$4,000 from Laws 2011, First Special Session and \$17,000 from Laws 2013.

Clean Water	Expenditure	(21)	0	0	0
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Revisions to Governor's 2016 Supplemental Budget

(Dollars in Thousands)

	2016	2017	2018	2019
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Total Maximum Daily Load Research and Database Enhancement

The Governor recommends cancelling the remaining balance-from a prior year appropriation for the development of total maximum daily load (TMDL) research and database enhancement. Cancelled funds of \$19,000 from Laws 2011, First Special Session, are remaining after final payment and closeout of contracts. An additional cancellation of \$145,000 is from Laws 2015, First Special Session, was previously allocated for TMDL research and will be redirected to higher priorities.

Clean Water	Expenditure	(164)	0	0	0
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Watershed Data Reporting Portal

The Governor recommends cancelling the remaining balance of a prior year appropriation for the development of a watershed data reporting portal, which enables citizens to access water data from multiple agencies. These funds are remaining after final payment and closeout of the contract with MN.IT Services.

Clean Water	Expenditure	(64)	0	0	0
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Total Pollution Control		(558)	0	0	0
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Water and Soil Resources, Board of

Nonpoint Source Restoration and Protection Activities

The Governor recommends cancelling the remaining balance of the financial assistance grants, which are grants to local units of government for projects such as protection and restoration of surface water and drinking water and protection, enhancement, and restoration of water quality. Cancelled funds include \$251,000 from Laws 2011, First Special Session from returned grant awards and \$72,000 from Laws 2013 that is not needed in the current year.

Clean Water	Expenditure	(323)	0	0	0
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Revisions to Governor's 2016 Supplemental Budget

(Dollars in Thousands)

	2016	2017	2018	2019
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Accelerated Implementation Program Grants

The Governor recommends cancelling the remaining \$125,000 balance of the targeted local resource protection and enhancement grants from Laws 2011, First Special Session resulting from returned grant awards and reallocating \$500,000 from Laws 2015, First Special Session which is unable to be spent in FY16. These grants enhance local government efforts to develop and implement water resource protection and management measures and undertake related projects to restore impaired waters and protect high quality resources.

Clean Water	Expenditure	(625)	0	0	0
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Evaluation and Oversight of Local Grants

The Governor recommends cancelling the remaining balance of funding for state oversight, evaluation, and measurement of the value of conservation program implementation by local governments. These funds from Laws 2011, First Special Session are unable to be utilized prior to the end of the appropriation availability.

Clean Water	Expenditure	(303)	0	0	0
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Community Partner Grants

The Governor recommends cancelling the remaining balance of the community partner grants. These funds are granted to local units of government for structural or vegetative management practices that reduce storm water runoff and for installation of water retention practices, such as rain gardens and other vegetative infiltration basins and sediment control. Cancelled funds are from returned grant funds and include \$45,000 from Laws 2011, First Special Session and \$21,000 from Laws 2013.

Clean Water	Expenditure	(66)	0	0	0
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Total Water and Soil Resources, Board of	(1,317)	0	0	0
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Total Reductions	(2,376)	(1,192)	0	0
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Net Clean Water Fund Impact	(2,376)	2,308	0	0
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