

# Clean Water Council

Advising the Legislature and the Governor on state programs to restore and protect Minnesota's waters.

2012-2013

Council Members:

Marilyn Bernhardson  
Soil and water conservation districts

Pamela Blixt  
Watershed districts

Patrick Flowers  
Business organizations

Warren Formo  
Statewide farm organizations

Keith Hanson, Chair  
Business organizations

John Harren  
City government

Scott Hoes, Vice Chair  
Statewide farm organizations

Frank Jewell  
Rural counties

Bradley Kalk  
Tribal government

Mark Knoff  
City government

Michael McKay  
Environmental organizations

Gene Merriam  
Environmental organizations

Victoria Reinhardt  
Metro-area counties

Todd Renville  
Statewide hunting organizations

Sandy Rummel  
Metropolitan Council

Louis Smith  
Lakes and streams nonprofit organizations

Deborah Swackhamer  
State higher education system

Vacant  
Fishing organizations

Vacant  
Township officials

State Legislators (non-voting)

Rep. Paul Torkelson

Rep. Kent Eken

Senator John C. Pederson

Senator Dan Sparks

Agency Representatives  
(non-voting)

Dave Leuthe  
Department of Natural Resources

Linda Bruemmer  
Department of Health

Matthew Wohlman  
Department of Agriculture

Gaylen Reetz  
Pollution Control Agency

Steve Woods  
Board of Water and Soil Resources

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wq-cwc4-75j

July 17, 2012

## Memorandum

TO: Clean Water Council  
FROM: Budget and Outcomes Committee  
SUBJECT: Preliminary Draft of FY2014-2015 Budget Recommendations

As you know, the Budget and Outcomes Committee (BOC) has been working over the past several months to develop FY2014-2015 budget recommendations for the Council's consideration. The proposed budget that is ultimately approved by the Council is to be submitted as part of the Council's next legislative report, due December 1, 2012.

The BOC's preliminary budget proposal and related documents are attached for the Council's consideration. The first opportunity to discuss this information as a full Council will occur at the Sunday, August 19<sup>th</sup> meeting in Chaska.

In the meantime, the BOC would appreciate receiving input from the organizations that Council members represent and ask that the Council share these documents with them (a more formal 30-day public comment period will occur in September). Two key budget issues are identified on the next page of this memo that the BOC is especially interested in receiving input from Council-member organizations.

If possible, the BOC would like to receive this input from stakeholders by Noon on August 2<sup>nd</sup>, so that the committee can discuss it at the August 3<sup>rd</sup> BOC meeting. The BOC will compile this information and discuss it with the full Council at its August 19<sup>th</sup> meeting. The Council's represented organizations should send their comments to Jeff Risberg, interim Council administrator, at [jeff.risberg@state.mn.us](mailto:jeff.risberg@state.mn.us).

Please find attached:

- 2012 Budget Recommendation Process:** As you will note, the BOC had hoped to send this memo to the full Council on July 1, but organizations will have another opportunity to comment in September.
- Council priorities for FY14-15 funding and statutory requirements:** A description of the Council's budget priorities, funding percentage ranges by category, and legislative requirements.
- BOC Worksheet for proposed FY14-15 budget development:** This shows preliminary recommendations from BOC, state agency proposals, and historical Clean Water Fund spending. The "Notes" column includes double asterisks (\*\*\*) to show the BOC's recommended reductions for consideration, along with single asterisks (\*) on key program areas where feedback is especially appreciated.

Note: Details about any of the FY14-15 proposals from state agencies are available from the agency representatives upon request.

4. **BOC Rationale for Budget Recommendations** – Summary of BOC’s justifications for its preliminary recommendations.
5. **Clean Water Fund-supported staffing (in FTEs) by state agency:** A table showing Clean Water Fund supported staffing over the past two bienniums. State agencies provide monitoring and assessment activities, development of watershed protection and restoration strategies, groundwater and drinking water assistance, implementation activities, as well as technical assistance and administrative oversight for all activities taken by local government units and other partners.

**A couple of key budget issues for your consideration:**

- *What should be the Council's funding priorities in order to meet its budget targets?* The BOC’s draft recommendations are still over its \$185 million budget target. The committee is interested in specific areas where you would recommend additional reductions. Again, please see the “BOC Worksheet” and the “BOC Rationale” documents for more information.
- *How can the Council's budget help build local capacity to more effectively deliver existing programs?* “Local Capacity” is the ability of a local unit of government such as a city or soil and water conservation district to initiate, collaborate, and implement Clean Water Fund projects and practices. The intent of the Clean Water Fund is to accelerate and enhance the implementation of practices that reduce non-point source pollution and build a sustainable infrastructure. Therefore, a delivery system needs to exist within local units of government. This delivery system needs to include services for engineering, technical reporting, maintenance, and landowner engagement and planning at the local level.

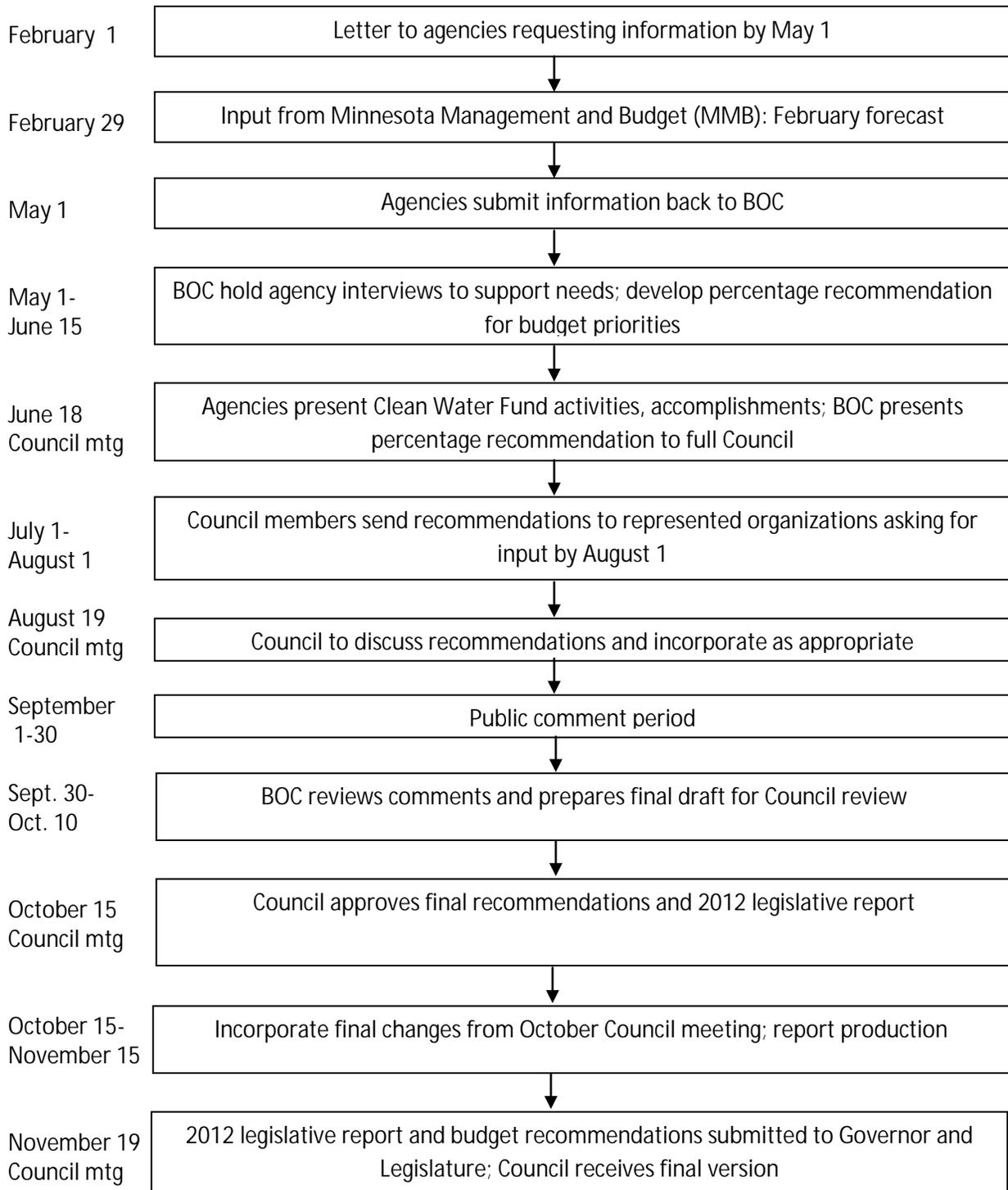
The final FY14-15 budget recommendation will be approved at the Council’s October 15<sup>th</sup> meeting and included in its final legislative report, due December 1<sup>st</sup>.

Again, please ask your organizations to send their input by Noon on August 2<sup>nd</sup> to interim Council administrator, Jeff Risberg, at [jeff.risberg@state.mn.us](mailto:jeff.risberg@state.mn.us); for questions, you can contact him at 651-757-2670.

# Clean Water Council

Advising the Legislature and the Governor on state programs to restore and protect Minnesota's waters.

## 2012 Budget Recommendation Process



## Clean Water Council FY14-15 Funding Priorities (July 2012)

### Background

In November 2008, Minnesotans passed the Clean Water, Land and 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. Thirty-three percent of the sales tax revenue from the Legacy amendment is dedicated for the Clean Water Fund, and may only be spent to protect, enhance, and restore water quality in lakes, rivers, and streams and to protect groundwater from degradation. At least five percent of the Clean Water Fund must be spent to protect drinking water sources. The 2011 Special Session law requires that the Clean Water Council make recommendations to the Governor and Legislature on how Clean Water Fund monies be appropriated.

### Fiscal years 2014-15 Clean Water Council funding priorities

The following are the Clean Water Council's priorities for FY 2014-15, assuming a \$185 million biennial budget:

- Monitoring and assessment: *The Council endorsed the 10-year watershed approach framework to monitor and assess ongoing flow, chemical, and load data at 81 outlets of the watershed and to intensively monitor biological, chemical and physical data at strategic points throughout the watershed on a 10 year cycle. The Council will reassess this priority after the first 10-year cycle is completed in 2017. Until that time, the Council anticipates funding will remain steady. For the 2014-15 biennium, the Council recommends funding these activities in the range of 11-15% of total Clean Water Funds available.*
- Watershed restoration and protection strategies: *On-the-ground activities are essential to a successful 10-year watershed approach. These strategies will target the most serious water quality and groundwater issues. Once all 81 watershed strategies have been written, the Council will reassess this priority. Until that time, the Council anticipates funding will remain steady. For the 2014-15 biennium, the Council recommends funding these activities in the range of 11-14% of total Clean Water Funds available.*
- Groundwater/drinking water protection and implementation: *The Clean Water, Land and Legacy Amendment requires at least five percent of the Clean Water Fund must be spent to protect drinking water sources. The Council supports funding a variety of activities, including groundwater monitoring, implementing best management practices, modeling and aquifer protection activities. Funding for these activities has increased and the Council anticipates that it will continue to increase over time. For the 2014-15 biennium, the Council recommends funding these activities in the range of 7-9% of total Clean Water Funds available.*

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- Restoration and protection implementation: *The Council endorsed the 10-year watershed approach framework to include implementation activities and agrees with the public's desire to see successful on-the-ground activities. The Council recognizes there are vast needs for non point source protection, restoration and preservation activities, and sees a need for point source activities to improve infrastructure to meet wastewater and stormwater treatment requirements for preventing and restoring impaired waters. The Council recognizes Clean Water Fund dollars provide opportunities to leverage funding from other local and federal entities and anticipates that funding for on-the-ground implementation activities to target water quality issues will increase over time. For the 2014-15 biennium, the Council recommends funding these activities in the range of 57 – 60% of total Clean Water Funds available.*
- Education and civic engagement: *To have a successful education and civic engagement program, a framework must be established to actively engage local organizations, and strengthen rather than duplicate or displace local watershed and land use planning. Even though the Council's recommendation to include funding for these activities was not included in the FY12-13 biennial appropriation, the Council will continue to endorse education and civic engagement activities. These efforts focus on stakeholders whose behavior can have the most significant impact on improving water quality. The Council anticipates funding for these activities will increase over time. For the 2014-15 biennium, the Council recommends funding these activities up to 1-5% of total Clean Water Funds available.*
- Applied research and tool development: *The Council recommended funds in the FY 12-13 biennium to develop tools and applied research that will better target critical areas ensuring implementation efforts are effective. The Council anticipates funding for these activities will remain steady over time. For the 2014-15 biennium, the Council recommends funding these activities in the range of 6-8% of total Clean Water Funds available.*

## Funding guidance from MS 114D

### 114D.30 CLEAN WATER COUNCIL. (Clean Water Legacy Act)

#### Subd. 6. Recommendations on appropriation of funds.

(a) The Clean Water Council shall recommend to the governor and the legislature the manner in which money from the clean water fund should be appropriated for the purposes stated in article XI, section 15, of the Minnesota Constitution and section [114D.50](#).

(b) The council's recommendations must:

(1) be to protect, enhance, and restore water quality in lakes, rivers, and streams and to protect groundwater from degradation and ensure that at least five percent of the clean water fund is spent only to protect drinking water sources;

(2) be consistent with the purposes, policies, goals, and priorities in this chapter; and

(3) allocate adequate support and resources to identify degraded groundwater and impaired waters, develop TMDL's, implement restoration of groundwater and impaired waters, and provide assistance and incentives to prevent groundwater and surface waters from becoming degraded or

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impaired and improve the quality of surface waters which are listed as impaired but have no approved TMDL.

(c) The council must recommend methods of ensuring that awards of grants, loans, or other funds from the clean water fund specify the outcomes to be achieved as a result of the funding and specify standards to hold the recipient accountable for achieving the desired outcomes. Expenditures from the fund must be appropriated by law.

## 114D.50: Clean Water Fund

Subdivision 1. **Establishment.** The clean water fund is established in the Minnesota Constitution, article XI, section 15. All money earned by the fund must be credited to the fund.

Subd. 2. **Sustainable drinking water account.** The sustainable drinking water account is established as an account in the clean water fund.

Subd. 3. **Purpose.**

(a) The clean water fund may be spent only to protect, enhance, and restore water quality in lakes, rivers, and streams, to protect groundwater from degradation, and to protect drinking water sources by:

(1) providing grants, loans, and technical assistance to public agencies and others testing waters, identifying impaired waters, developing total maximum daily loads, implementing restoration plans for impaired waters, and evaluating the effectiveness of restoration;

(2) supporting measures to prevent surface waters from becoming impaired and to improve the quality of waters that are listed as impaired, but do not have an approved total maximum daily load addressing the impairment;

(3) providing grants and loans for wastewater and storm water treatment projects through the Public Facilities Authority;

(4) supporting measures to prevent the degradation of groundwater in accordance with the groundwater degradation prevention goal under section [103H.001](#); and

(5) providing funds to state agencies to carry out their responsibilities, including enhanced compliance and enforcement.

(b) Funds from the clean water fund must supplement traditional sources of funding for these purposes and may not be used as a substitute.

BOC worksheet for proposed FY14-15 budget development

PRELIMINARY DRAFT 7-16-12

Agency	Clean Water Fund Activity	Approp. FY10-11	Approp. FY12-13	Agency Proposals FY14-15	% Funding Range recommendations for categories	BOC Proposals FY14-15	NOTES * Activities where feedback is especially requested ** BOC recommended reductions for consideration
MPCA	<p><b>Continue monitoring &amp; assessment efforts to meet the 10-year cycle:</b> Statewide monitoring and assessment work is on track to meet the 10-year schedule, at a rate of about 10 percent of the watersheds each year. By the end of 2012, intensive watershed monitoring will be completed in 52 percent of the state's watersheds and 62 percent in 2013. Intensive watershed monitoring includes biological, chemical, and habitat monitoring at an average of about sixty sites per watershed to assess the water conditions. Assessments determine what waters are impaired and serve as a basis for further analysis of watershed problems and watershed planning efforts. The program goal of assessing data for each monitored watershed within one year of completion of intensive watershed monitoring is being met.</p>	\$15.000M	\$14.800M	\$ 15,000,000		\$ 15,000,000	
MPCA	Red River Watch Program	\$0.346M	\$0.200M	\$ -		\$ -	
MPCA	St. Croix Watershed Monitoring	\$0.500M	--	\$ -		\$ -	
MPCA	Wastewater Treatment Monitoring – EDCs	\$0.896M	--	\$ -		\$ -	
MPCA	Wild Rice study	--	\$1.500M	\$ -		\$ -	
MDA	<p><b>Monitoring for Pesticides in Surface Water and Groundwater:</b> Ongoing monitoring using clean water funded state-of-the-art laboratory instruments which provides increased capability and greater capacity.</p>	\$0.675M	\$0.700M	\$ 700,000		\$ 700,000	
MDA	Root River Demonstration Project: Field evaluation of agricultural best management practices at multiple scales using a nested watershed approach.	\$0.395M	--	\$ -		\$ -	
DNR	Water quality assessment	\$3.7M		\$ -		\$ -	
DNR	<p><b>Continuation and expansion of stream flow monitoring:</b> MPCA uses DNR's stream flow information to calculate pollution loads for TMDL studies and pollution reduction plans, and to calibrate watershed models. This data is crucial for developing Watershed Restoration and Protection Strategies.</p>		\$3.65M	\$ 4,250,000		\$ 4,250,000	
DNR	<p><b>Lake IBI assessment:</b> DNR and MPCA scientists are working together to develop an Index of Biotic Integrity which requires data on aquatic plant and fish communities (especially nearshore nongame fish) across the state. This information will allow for a more holistic assessment of lake health, similar to the approach MPCA is now using for streams.</p>		\$2.3M	\$ 2,900,000		\$ 2,900,000	*
DNR	Fish Mercury assessment		\$0.260M	\$ 270,000		\$ 270,000	
	<b>Monitoring and assessment total</b>	<b>\$21.512M</b>	<b>\$23.410M</b>	<b>\$ 23,120,000</b>	<b>\$20.35M-\$27.75M</b>	<b>\$ 23,120,000</b>	

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MPCA	<p><b>TMDL development: Fund TMDL projects and staff:</b> Beginning in 2008, the MPCA launched a new “watershed approach” to systematically and comprehensively conduct the state’s water-quality monitoring, and restoration and protection planning needs on a 10-year cycle (10 percent of the state’s 81 major watersheds per year). As the assessment process is completed in each watershed, TMDLs will be developed for impaired waters and protection strategies for unimpaired waters. These projects are called Watershed Restoration and Protection Strategies (WRAPs), and will set the reduction goals, milestones and measures to guide state and local government in their implementation efforts. Anticipated WRAP strategies will be underway in 45 of 81 watersheds by FY13. MPCA’s work includes technical assistance to local government, review and preliminary approval of TMDLs and overall WRAPs , contract management, stressor identification, coordination with EPA and other state and federal agencies.</p>	\$18.000M	\$18.800M	\$ 18,800,000		\$ 18,800,000	*
DNR	<p><b>TMDL development and implementation:</b> Regional Technical Assistance and Statewide Coordination for Clean Water. Work with interagency teams to provide expertise data, analysis, and support for MPCA’s major watershed studies. Provide information about stream flows, water levels, climatology, fisheries, habitats, rare species, watershed boundaries, and more, which is used in planning watershed assessments, identifying pollution types and sources, and developing watershed protection and restoration strategies that provide clean water and other ecological benefits. DNR’s expertise in geomorphology adds tremendous value to MPCA’s watershed models and identification of restoration and protection strategies. A statewide coordinator works with DNR and external partners to ensure funds are spent in the most effective and efficient manner to meet the state’s clean water goals.</p>	\$2.100M	\$3.460M	\$ 3,935,000		\$ 3,935,000	*
<b>Watershed restoration / protection strategies total</b>		<b>\$20.100M</b>	<b>\$22.260M</b>	<b>\$ 22,735,000</b>	<b>\$20.35M-\$25.9M</b>	<b>\$ 22,735,000</b>	
MPCA	<p><b>Groundwater assessment:</b> Continue to enhance ambient network, modeling to support TMDL stressor ID, continued effort to look for CECs in subset of monitoring wells.</p>	\$2.250M	\$2.250M	\$ 2,250,000		\$ 2,250,000	*
MPCA	Groundwater protection: (\$4M reapprop. to DNR)	\$--	--	\$ -		\$ -	
MPCA	EQB I94 study (transfer)	--	\$0.450M	\$ -		\$ -	

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MPCA	<b>Enhanced county inspections / SSTS corrective actions:</b> In state fiscal years 2014-15, the MPCA will continue to provide \$1,500 per year/per county for SSTS funding, and requests that the Clean Water Fund supplement the County SSTS program implementation at \$2.5 million per year, in addition to funding two MPCA SSTS staff positions.	--	\$1.570M	\$ 5,400,000		\$ 5,400,000	*
MDA	<b>Nitrates in Groundwater:</b> Actions to protect and restore groundwater from nitrates. Promote and evaluate regional and crop-specific nutrient Best Management Practices. Work directly with local communities dealing with identified nitrate problems. Facilitate planning by community public water suppliers, local farmers and fertilizer dealers. Design and implement low cost private well monitoring networks to evaluate nitrate trends in high risk areas and regionally	\$1.125M	\$1.700M	\$ 4,000,000		\$ 1,700,000	**
MDA	<b>Irrigation Water Quality Protection:</b> Nitrogen contributions to groundwater under Irrigated agriculture can be significant in some parts of Minnesota. Funding will provide a regional irrigation water quality specialist via a contract with U of M extension. This position will develop irrigation water quality BMPs and provide supporting education and guidance.	--	--	\$ 220,000		\$ 220,000	
DNR	Drinking water planning and protection activities.	\$1.125M		\$ -		\$ -	
DNR	<b>Water supply planning, aquifer protection and monitoring activities:</b> DNR is working with an interagency team and local communities to define, prioritize, and establish groundwater management areas in Minnesota. Groundwater management areas will have increased data collection and monitoring that allow the state and local communities to understand water supplies, uses, limitations, and threats to natural resources.		\$3.000M	\$ 5,600,000		\$ 3,000,000	**
DNR	Metropolitan groundwater monitoring and protection.	\$4.000M	\$1.000M	\$ -		\$ -	
DNR	<b>Water appropriation electronic permitting development:</b> An electronic permitting system will increase efficiency of tracking water appropriations and substantially reduce workload for staff that currently process individual "paper" permits. The system will screen permit applications, automatically issue permits as appropriate, and send permits that require additional review to hydrologists for processing.		\$0.900M	\$ 200,000		\$ -	**
BWSR	<b>Permanent conservation easements: wellhead protection:</b> Permanent Conservation Easements on wellhead protection areas under MS 103F.515 Subd. 2, paragraph (d). Must be in drinking water supply management areas designated as high or very high by the Commissioner of Health.		\$2.6M	\$ 3,600,000		\$ 3,600,000	

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MC	<p><b>Twin Cities metro water supply plan implementation:</b> Metropolitan Council's responsibility for implementing the Twin Cities Metropolitan Area Master Water Supply Plan ensures that local water supply development is coordinated and aligned with both regional and local growth and land use policies to achieve a sustainable water supply. In 2015/2016, all 186 communities in the seven-county metropolitan area will begin updating their local water supply and comprehensive plans. Water supplies in these communities support over half of Minnesota's population. Providing tools and information early in the planning process ensures a more coordinated and regionally sustainable approach to meeting half of the state's municipal water demand. Implementation of the Twin Cities Metropolitan Area Master Water Supply Plan will result in multiple projects that support protection, better management, and sustainable development of the region's water supplies. Project results will help guide land-use decisions and resource-monitoring strategies, prioritize management activities, and avoid adverse water resource impacts from projected land use changes.</p>	\$0.800M	\$1.000M	\$ 1,400,000		\$ 800,000	**
MC	<p><b>Regional groundwater recharge areas – identification and classification:</b> The project will identify and rank regional recharge areas to protect and enhance the drinking water supply in the metropolitan area. This project will demonstrate how water supply planning can be aligned with regional development planning. Project results will be used to help: 1. Guide land use decisions, resource monitoring strategies, and to prioritize management activities that support the sustainable development and operation of our region's water supply systems. 2. Inform community plan development by providing local recharge area information, potential locations for artificial recharge and protection priorities to support local water supply management.</p>			\$ 166,000		\$ 166,000	
MDH	<p><b>Contaminants of emerging concern program:</b> With tens of thousands of chemicals in use and guidance available for only a few hundred, it is important that the CEC program is sustained over the long-term. The program will continue to develop guidance for contaminants (which supports the work of other state agencies who monitor for these contaminants) to protect human health, advance the science of risk assessment through contracted research programs, and provide outreach and education materials to the public.</p>	\$1.335M	\$2.040M	\$ 2,500,000		\$ 1,000,000	**

BOC worksheet for proposed FY14-15 budget development

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MDH	<p><b>Source water protection:</b> MDH has set a goal to have wellhead protection plans approved for all 935 community water suppliers that use groundwater by 2020, providing CWF funding continues. The Source Water Protection Grant Program which supports the efforts by public water suppliers to protect sources of public drinking water will likely continue throughout the extent of the Clean Water Land and Legacy Amendment.</p>	\$2.415M	\$2.830M	\$ 3,500,000		\$ 3,500,000	
MDH	<p><b>County Well Index enhancement:</b> The County Well Index (CWI) is the principle statewide database of well construction and related information that is used by the public and private sectors to understand and manage Minnesota's groundwater resources. There has never been long-term funding available to maintain or update the CWI even though it is used extensively by a wide range of stakeholders (realtors, well contractors, counties, home owners, etc.). Among the improvements to CWI, this initiative will 1) link well data housed at other state agencies so it is available to users; 2) eliminate a backlog of 70,000 well records; 3) update and edit another 430,000 records to eliminate errors and reflect understanding of subsurface hydrogeological conditions; and 4) define CWI capabilities needed by internal and external users for well construction, subsurface geological and well water-quality data.</p>	--	\$0.668M	\$ 1,000,000		\$ 1,000,000	
MDH	<p><b>Well Sealing Cost Share:</b> There will be an ongoing need to fund well sealing into the foreseeable future. There are between 250,000 and 500,000 unused unsealed wells. Approximately 6000 wells are sealed per year. Funding from the Clean Water Fund supplements other efforts to properly seal these wells which protects public health and groundwater.</p>	--	\$0.500M	\$ 1,000,000		\$ 1,000,000	
MDH	<p><b>Private Well Water Supply Protection</b></p>			\$ 1,000,000		\$ -	**

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MDH	<p><b>Lake Superior Beach Monitoring:</b> This program was funded through EPA last year. At this time there is no funding in the proposed EPA budget for the next year. If funds become available through EPA, no funds would be required from the Clean Water Fund. All 80 beaches will be initially characterized as to extent of recreational use, past monitoring results, potential risks and other factors. Based on this evaluation, 40 beaches will be selected and placed into two categories with different monitoring frequencies; once per week or twice per week. Changes in conditions may cause a beach to change categories. Monitoring results will be used to inform the public, find the sources of bacterial contamination and address polluted runoff from improper waste disposal.</p>			\$ 250,000		\$ -	**
<b>Groundwater / drinking water total</b>		<b>\$13.050M</b>	<b>\$17.908M</b>	<b>\$ 32,086,000</b>	<b>\$12.95M-\$16.65M</b>	<b>\$ 23,636,000</b>	
MPCA	<p><b>Great Lakes restoration project:</b> Great Lakes restoration projects in agreement with the U.S. Army Corps of Engineers, conducting sediment assessments. Requires at least a 65:35 non-state local match for every CWF dollar.</p>	\$0.950M	\$1.500M	\$ 1,500,000		\$ 1,500,000	
MPCA	Wastewater Beneficial Reuse Grant	\$4.669M	--	\$ -		\$ -	
MPCA	<p><b>Clean Water Partnership:</b> Provides grants to protect and improve the basins and watersheds of Minnesota; provides financial and technical assistance to study water bodies with non-point source pollution problems, develop action plans to address the problems, and plan implementation to fix the problems.</p>	\$2.500M	\$2.000M	\$ 2,000,000		\$ 2,000,000	* Maintain funding level but coordinate with BWSR protection / restoration grants process or move program to BWSR
MDA	<p><b>AgBMP Loan Program:</b> Provides low interest loans throughout the state to farmers and rural landowners to help finance practices, structures and other improvements that reduce or eliminate water pollution. This loan program is administered by local governments, has very low transaction cost, and as loans are repaid, the repayments are used to fund additional projects.</p>	\$4.500M	\$9.000M	\$ 3,000,000		\$ 3,000,000	

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MDA	<b>Technical Assistance:</b> Provide technical assistance on impaired waters issues in agricultural landscapes. Ensure that current and accurate technical information on agricultural practices is provided to farmers and other end users and to promote the adoption of BMPs. BMP implementation and effectiveness will be examined, tools will be developed to target conservation practices to critical areas of the landscape and more precise information on non-point contributions to impaired waters will be obtained. Pilot projects and demonstration sites will be implemented that empirically validate and demonstrate cropping BMPs and recommended drainage practices. Includes funding to support the new MN Agricultural Water Quality Certification Program.	\$2.265M	\$1.550M	\$ 7,500,000		\$ 2,000,000	**
DNR	Nonpoint source restoration and protection activities	\$0.500M		\$ -		\$ -	
DNR	Mississippi River Critical Area	\$0.500M	--	\$ -		\$ -	
BWSR	<b>Surface and drinking water protection / restoration grants:</b> Grant and incentive funding for clean surface and source water best management practices and projects provided through grants and contract with local units of government.	\$39.324M	\$27.5M	\$ 36,000,000		\$ 36,000,000	
BWSR	<b>Targeted local resource protection and enhancement grants:</b> Enhance local government efforts to develop and implement water resource protection and management measures that go beyond state minimum standards for wetlands, shorelands, stormwater, sewage treatment, etc. and undertake related projects to restore impaired waters and protect high quality resources (of this amount, \$3M is for county SSTS implementation).		\$6.0M	\$ 7,000,000		\$ 7,000,000	
BWSR	<b>Measures, results and accountability:</b> Conservation quality assurance by providing oversight, assessment, assistance and reporting of local government performance and results.		\$1.8M	\$ 1,800,000		\$ 1,800,000	
BWSR	<b>Conservation drainage management and assistance:</b> For conservation drainage program in consultation with the Drainage Work Group to improve surface water management by providing grants for pilot projects to retrofit existing drainage management systems with water quality improvement and retention practices.		\$2.0M	\$ 3,400,000		\$ 3,400,000	
BWSR	<b>Permanent conservation easements: riparian buffers:</b> Purchase and restore permanent conservation easements on riparian lands adjacent to public waters, except wetlands. Establish buffers of native vegetation that must be at least 50 feet where possible and no more than 100 feet.		\$12.0M	\$ 16,000,000		\$ 16,000,000	

BOC worksheet for proposed FY14-15 budget development

PRELIMINARY DRAFT 7-16-12

Agency	Clean Water Fund Activity	Approp. FY10-11	Approp. FY12-13	Agency Proposals FY14-15	% Funding Range recommendations for categories	BOC Proposals FY14-15	NOTES * Activities where feedback is especially requested ** BOC recommended reductions for consideration
BWSR	<b>Technical evaluation:</b> Statutory mandate to annually evaluate a sample of up to 10 habitat restoration projects, beginning July 1, 2011. BWSR and DNR have been collaborating on implementing state statute (Laws of MN 2011, First Special Session, Ch. 6) that requires restoration evaluations to be conducted on habitat restoration projects completed with funds from the Clean Water Fund, Outdoor Heritage Fund and Parks and Trails Fund.		\$168K	\$ 168,000		\$ 168,000	
BWSR	<b>Community Partners Clean Water Program:</b> Increasing citizen participation in implementing water quality projects and programs to increase long term sustainability of water resources. The efforts and resources of active and engaged community groups, such as lake associations, non-profits, and conservation groups, will be supported. This effort will be delivered through local collaboration using a new 'small grants partners' program.		\$3.00M	\$ 5,000,000		\$ 5,000,000	
<b>Nonpoint source implementation total</b>		<b>\$54.708M</b>	<b>\$69.118M</b>	<b>\$ 83,368,000</b>	<b>Total implementation range (PS and NPS): \$105.45M - \$111M</b>	<b>\$ 77,868,000</b>	
MPCA	Incorporate civic engagement into new and current Clean Water Fund watershed projects.	\$0.250M	--				
MDA	<b>Manure Applicator Education:</b> Funding to develop training manuals, for resource materials and for a contract specialist educator for training two levels of manure applicators (senior applicators and field hands). Manure application can be a significant source of nutrient losses and current efforts are not adequate.	--	--	\$ 410,000		\$ 200,000	** Move to nonpoint source implementation category
<b>Education and civic engagement total</b>		<b>\$0.250M</b>	<b>--</b>	<b>\$ 410,000</b>	<b>\$1.85M-\$9.25M</b>	<b>\$ 200,000</b>	Eliminate category and embed civic engagement into existing projects
MPCA	Coal tar stormwater research BMP	\$0.500M	--	\$ -		\$ -	
MPCA	<b>TMDL research and database development:</b> Incrementally connect data management systems, and eventually develop a Watershed Portal that will interface with existing systems to provide staff with a central location for reporting, analysis, and data management of the watershed data.	\$0.500M	\$2.300M	\$ 2,300,000		\$ 2,300,000	*

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MPCA	<p><b>Interagency water database and portal development:</b> The Watershed Data Integration Project (WDIP) continues to improve the accessibility to a breadth of water-related data from multiple MPCA water programs. WDIP will continue for the next 2 biennia (state fiscal years 2014-17), at a cost of \$2 million/biennium (plus inflationary increases). After state fiscal year 2017, WDIP will cease to operate as a stand-alone IT project, and will become incorporated into the overall MPCA IT budget for on-going maintenance.</p> <p>An interagency team has begun developing a watershed data portal concept. The portal would allow a user to access data from multiple agencies from one webpage, versus having to search multiple agencies' websites. The project scope has been preliminarily narrowed to the ~30 highest priority data sources, but is still a very large undertaking. The creation of the portal is estimated at this time to be about \$17 million over ten years. The initial request for state fiscal years 2014-15 would be \$3 million of that total.</p>			\$ 3,000,000		\$ -	**
MPCA	FY11 Legislative Priority: Nitrate-Nitrogen rule	\$0.600M	--	\$ -		\$ -	
MPCA	<p><b>Application of Water Standards:</b> Proposed new effort to identify and pilot options for implementing standards, not to develop new standards. The proposed new funding would allow the MPCA to work with regulated parties to identify new or more efficient ways of meeting standards at wastewater treatment facilities (municipal and industrial). Examples include: 1) Newly proposed, or soon-to-be-proposed standard (for example the anticipated standard for nonylphenol ethoxylates) or the standard development and rulemaking effort is already underway. The requested funding requested would be used to work with permittees to identify the best treatment or pollution prevention options. 2) Existing standard that is being newly applied to regulated facilities as a result of new data. Examples include chloride and sulfate, which are being identified as pollutants of concern for significantly more permitted facilities.</p>			\$ 1,500,000		\$ -	**

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MPCA	<p><b>Stormwater research and guidance:</b> Minimal Impact Design Standards (MIDS) Project - The MPCA's MIDS Project received clean water funding in FY10-11 and FY12-13. Through the MIDS Project the MPCA is creating a package of stormwater runoff performance goals, credits, easy-to-use calculator and ordinance goals for better stormwater quality and reduced runoff volumes by mimicking natural hydrology. To date, the MPCA developed a new development performance goal (treat the first 1.1 inches of runoff from impervious surfaces), beta calculator and foundational science for crediting best management practices (BMPs) for Minnesota conditions. The MPCA expects to complete the MIDS Project by the end of FY 2013.</p>	\$0.145M	\$0.800M	\$ 550,000		\$ 550,000	
MDA	<p><b>Academic Research/Evaluation:</b> Projects focus on supporting the development of agricultural BMPs and quantifying agricultural contributions to impaired waters with a focus on gaining a better understanding of the processes that underlie these contributions. BMPs will be developed and evaluated to protect and restore water resources while maintaining productivity.</p>	--	\$2.100M	\$ 2,100,000		\$ 2,100,000	
MDA	<p><b>Research Inventory Database:</b> Funding to develop, populate and promote a database that contains existing water-related research. This user-friendly, searchable database will provide researchers, water planners, and the public with fast access to a centralized inventory of all types of research related to water in, or relevant to, Minnesota. Currently, many research findings are scattered across websites, reports, journals and other media and are not readily accessible to most people.</p>	--	\$0.350M	\$ 250,000		\$ 250,000	
DNR	<p><b>Shoreland stewardship, Biomonitoring database:</b> Provide expertise to help local communities restore and manage landscapes for clean water and long-term ecosystem health. Provide support with targeting conservation efforts, designing and implementing projects, and building community capacity to manage for healthy watersheds. Begin building a multi-agency database to support storage and sharing of biological monitoring data that parallels the existing multi-agency database for water flow and water quality data. The biomonitoring database will be accessible through the watershed data portal currently being developed by MPCA.</p>	--	\$3.450M	\$ 3,919,000		\$ 3,450,000	**
DNR	High resolution elevation data	\$5.600M	\$2.700M	\$ -		\$ -	
DNR	<p><b>County geologic atlases:</b> Work with the Minnesota Geological Survey to complete or update County Geologic Atlases that provide critical groundwater and geology information to local governments.</p>	\$1.000M	--	\$ 850,000		\$ 850,000	

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<b>Applied research and tool development total</b>		<b>\$9.755M</b>	<b>\$11.700M</b>	<b>\$ 14,469,000</b>	<b>\$11.1M-\$14.8M</b>	<b>\$ 9,500,000</b>	
MPCA	<b>NPDES wastewater/stormwater TMDL implementation:</b> Staffing costs for implementation efforts.		\$1.600M	\$ 2,000,000		\$ 2,000,000	
PFA	<b>TMDL grants (WWTP and stormwater):</b> Provides 50% grants up to \$3 million to help municipalities implement wastewater and stormwater projects to comply with wasteload reductions required by TMDL implementation plans.	\$21.650M	\$22.370M	\$ 28,000,000		\$ 28,000,000	
PFA	Phosphorus reduction grants	\$8.550M	\$8.550M	\$ -		\$ -	
PFA	<b>Small Community Wastewater Treatment Program:</b> Provides loans and grants to assist small communities to replace non-complying septic systems with new individual and cluster subsurface sewage treatment systems (SSTS) that will be publicly owned and operated. Technical assistance grants up to \$40,000 to contract with consultants and licensed SSTS professionals for feasibility studies and technical assistance. Construction financing up to \$500,000 per year through 1% loans, with 50% grants if below average MHI.	\$2.500M	\$2.500M	\$ 4,500,000		\$ 4,500,000	
<b>Point source implementation total</b>		<b>\$32.700M</b>	<b>\$35.020M</b>	<b>\$ 34,500,000</b>	<b>Total implementation range (PS and NPS): \$105.45M-\$111M</b>	<b>\$ 34,500,000</b>	
MPCA	<b>Clean Water Council budget</b>	-	-	\$ -		\$ 350,000	Continued administration by MPCA; line item added to increase transparency
<b>Total</b>		<b>\$151.200M</b>	<b>\$179.429M</b>	<b>\$ 210,688,000</b>	<b>FY14-15 Target: \$185,000,000</b>	<b>\$ 191,559,000</b>	

## **Rationale for Budget and Outcomes Committee's (BOC) preliminary FY14-15 budget recommendations**

### **Overall BOC rationale for budget recommendation:**

1. Reductions made to meet BOC funding range recommendations for each spending category. The overall budget target was \$185 million, while agency proposals totaled over \$210 million.
2. Priority was to continue to meet the needs of the state's watershed approach, but direct more funding toward implementation activities and to boost local capacity.
3. In addition to the reduction recommendations, the BOC requested that stakeholders provide feedback on other specific activities:
  - a. Lake IBI assessment - DNR
  - b. TMDL development - MPCA
  - c. TMDL development and implementation – DNR
  - d. Groundwater assessment – MPCA
  - e. Enhanced county inspections/SSTS corrective actions – MPCA
  - f. Clean Water Partnership program – MPCA (consider change in timing and/or shift to BWSR)
  - g. Watershed Data and Integration Project – MPCA

### **Groundwater and Drinking Water activities (agency proposals \$16-\$20 million over funding range recommendation)**

1. **MDA – Protect/restore groundwater from nitrates.**
  - Agency FY14-15 proposal: \$4 million
  - BOC recommendation: Maintain FY12-13 levels at \$1.7 million.
  - Rationale: Proposed activities for increase not compelling, given other priorities.
2. **DNR – Water supply planning, aquifer protection and monitoring**
  - Agency FY14-15 proposal: \$5.6 million
  - BOC recommendation: Maintain FY12-13 levels at \$3.0 million.
  - Rationale: Need for increase not compelling, given other competing priorities.
3. **DNR – Water appropriation electronic permitting development**
  - Agency FY14-15 proposal: \$200,000
  - BOC recommendation: \$0
  - Rationale: Agency should fulfill responsibilities with existing resources.
4. **Met Council – Twin Cities metro water supply plan implementation**
  - Agency FY14-15 proposal: \$1.4 million
  - BOC recommendation: Rollback to FY10-11 funding levels - \$800,000
  - Rationale: Need for increase not compelling, given other competing priorities. Emphasis of activity seemed more planning-related than implementation.

5. **MDH – Contaminants of Emerging Concern**
  - Agency FY14-15 proposal: \$2.5 million
  - BOC recommendation: Reduce to \$1 million.
  - Rationale: Do not believe this is an important priority for the state given other competing needs. Continued funding at \$1 million is for essential activities that could be potentially supplemented from other funding sources.
  
6. **MDH – Private well water supply protection**
  - Agency FY14-15 proposal: \$1.0 million
  - BOC recommendation: \$0
  - Rationale: Need for new budget item was not sufficiently compelling, given other competing priorities.
  
7. **MDH – Lake Superior beach monitoring**
  - Agency FY14-15 proposal: \$250,000
  - BOC recommendation: \$0
  - Rationale: Need for new budget item was not compelling, given other competing priorities.

**Nonpoint source implementation**

8. **MDA – Technical assistance/research**
  - Agency FY14-15 proposal: \$7.5 million
  - BOC recommendation: \$2.0 million
  - Rationale: Recommended decrease largely due to the BOC's position that Ag certification program should be supported from other federal and state funds.
  
9. **MDA – Manure applicator education**
  - Agency FY14-15 proposal: \$410,000
  - BOC recommendation: \$200,000
  - Rationale: Need was generally demonstrated, but critical activities should be prioritized by agency at lower funding level.

**Applied research and tool development**

10. **MPCA – Interagency water database and portal development**
  - Agency FY14-15 proposal: \$3 million
  - BOC recommendation: \$0
  - Rationale: Need for new budget item was not compelling, given other competing priorities. Consider alternative funding sources, such as LCCMR.
  
11. **MPCA – Application of water standards**
  - Agency FY14-15 proposal: \$1.5 million
  - BOC recommendation: \$0
  - Rationale: Need for new budget item was not compelling, given other competing priorities. Consider alternative funding sources, including private sources such as

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industry research groups like Water Environment Research Foundation and the Electric Power Research Institute.

**12. DNR – Shoreland stewardship, biomonitoring database**

- Agency FY14-15 proposal: \$3.919 million
- BOC recommendation: Continue at FY12-13 levels or \$3.45 million
- Rationale: Need for increase not compelling, given other competing priorities

FTE Agency	MPCA		MDA				DNR			MDH				BWSR		
	Year	FY10/11	FY12/13	FY10	FY11	FY12	FY13	FY10	FY11	FY12/13	FY10	FY11	FY12	FY13	FY10/11	FY12/13
Monitoring and Assessment		37.15	39.80	-	2.25	2.25	2.25	6.90	24.40	31.70						
Watershed restoration/ protection strategies		41.50	36.85					5.70	6.90	15.80						
Groundwater/ drinking water		3.00	4.50	0.20	3.30	4.50	4.50	2.60	5.20	18.20	4.10	11.66	13.63	16.50		
Nonpoint source implementation		1.00	1.00	1.00	3.95	5.20	5.85	0.90	1.70	-				8.60	15.35	
Education and civic engagement		0.80	-													
Applied research and tool development		2.20	6.13	-	-	0.40	2.00	3.40	3.30	11.70						
Point source implementation		-	7.00													
<b>Total</b>		85.65	95.28	1.20	9.50	12.35	14.60	19.50	41.50	77.40	4.10	11.66	13.63	16.50	8.60	15.35