

**Clean Water Council  
Budget and Outcomes Committee (BOC) Meeting Agenda  
Friday, September 6, 2024 9:30 a.m. to 12:00 p.m.**

**Hybrid Meeting: In person at 520 Lafayette Road, St. Paul, MN 55155 & on Webex**

*2023 BOC Members: Steve Besser (BOC Chair), Dick Brainerd (BOC Vice-Chair), Gary Burdorf, Steve Christensen, Warren Formo, Brad Gausman, Holly Hatlewick, Annie Knight*

**9:30 Regular Business**

- Introductions
- Approve agenda & most recent minutes
- Chair and Staff update

**9:45 Quick Overview of Federal Matching Requirements**

**10:00 Proposals for Clean Water Fund Recommendations to the Full Council**

- Agreement on a \$307 million budget for FY26-27
- Proposed supplemental budget of up to additional \$30 million from Nov & Feb budget forecasts
- Proposed supplemental budget of up to \$15 million less from Nov & Feb budget forecasts

**10:45 Break**

**11:00 Proposals Continued**

**11:30 Finalize Comments for September 16<sup>th</sup> Council Meeting**

**11:45 Public Comment**

**12:00 Adjourn and Lunch**

**Budget and Outcomes Committee Meeting Summary**  
**Clean Water Council (Council)**  
**August 2, 2024, 9:30 a.m. to 12:00 p.m.**

**Committee Members present:** Steve Besser (Committee Chair), Dick Brainerd (Committee Vice Chair), Gary Burdorf, Steve Christenson, Warren Formo, Brad Gausman, and Holly Hatlewick.

**Members absent:** Annie Knight.

To watch the Webex video recording of this meeting, please go to <https://www.pca.state.mn.us/clean-water-council/policy-ad-hoc-committee>, or contact [Brianna Frisch](#).

**Regular Business**

- Introductions
- Approval of the August 2<sup>nd</sup> agenda and July 12<sup>th</sup> meeting summary, moved by Steve Christenson, seconded by Dick Brainerd. Motion carries.
- Chair and staff update:
  - There is a signed contract with a communications contractor, and it is going well.
  - The Ad Hoc Outreach Group met for the first time. It will report out at the next Council meeting.
  - A return-on-investment study was done by Bonnie Keeler at the University of Minnesota (UMN). It may be something this committee may want to review regarding water quality investments.
  - Some comments from public members have revealed concerns about cuts to watershed-based implementation funding (WBIF). The Council is talking about the rate of growth rather than a cut.

**Review/Discussion on Interagency Coordination Team (ICT) Clean Water Fund Proposal (Webex 00:14:30)**

- In the meeting packet, there is a spreadsheet on the past Clean Water Funds (CWFs) appropriations, along with a reported base budget (\$318,396) and the goal the Council needs to reach (\$307,422). There are two errors: Part A of the geological atlas should be \$200,000 and part B for the UMN would be \$800,000. There is also a letter from the ICT on recommendations for the CWFs. The Council has made recommendations of some reductions, but it was under discussion, and would not be enough to reach the final recommendations number. There is also a summary of public input received by the Council. There are many comments! It is great to get that thoughtful input from the public. The Council will make recommendations in September, and then adjust after the November budget forecast. There is also a framework for comparing FY26-27 CWF budget options, prepared by Steve Christenson. Let's discuss the ICT's recommendations.
- From a strategic perspective, a few issues should be highlighted: reducing funds for easements, increasing investments in WBIF, reducing funds for Voyageurs, and designating funds for Minnesota and Iowa Conservation Corps. We shouldn't spend a lot of time on small changes.

**Questions/Comments/Discussion:**

- Line item 3: AgBMP Loan Program:
  - Warren Formo: On the one hand, this is a very useful program in demand, especially now with high interest rates. However, the activities seen in this program are also found in other programs like soil health. I am okay with a cut, and the program will be underfunded, but continue to exist. I would flag it as a program to invest in if there is more funding.
  - Holly Hatlewick: I would agree with Warren, it is valuable program. I would also defer to the ICT and MDA to make sure it will still function. It is a fantastic program.
  - Gary Burdorf: I agree with the proposal.
  - Margaret Wagner, MDA: Regarding the amount appropriated for this program, the MDA has a documented need for more money in this program. Recipients are on the ground with shovel ready projects. The ICT recognized that it is scalable. We can reduce it but hope to be on a short list for more.
  - Brad Gausman: This program has a lot of public support. It is also available across the entire state. It is good to see these loans used in non-ag areas of the state for septic systems. I would like to learn more.
  - Reduction accepted. Flagged for additional funds if available.

- Line item 8: Forever Green Agricultural Institute (UMN):
  - Steve Christenson: I would favor a small cut, which is what the ICT did. We could spend a lot of time on it, but logically, the cut sustains the program and does not devastate it. Additional funding could go here.
  - John Barten: We have discussed that we cannot Best Management Practices (BMP) our way out of water quality issues. This program does what BMPs can't. This is a popular program, and we have supported it.
  - Dick Brainerd: I can support it. We need to think about the future. This fits well with our Council's Strategic Plan. We should flag it to fund it to its full potential if we can.
  - Warren Formo: Early on, CWFs were the founder. It has now had others who fund them too, leveraging funds as well. I hope that would continue. I can agree with the Council but would also be open to a different number. I recommend we agree to this number currently.
  - Steve Besser: I would like to see it left in debate, and to bring it to the full Council for review.
  - Brad Gausman: I would agree to bring this to the full Council for review.
  - Steve Christenson: I think we should accept this number, and flag this for additional investments at a higher level than \$6 million, if funds became available.
  - Item will be brought to the full Council.
- Line item 11: Expand Minnesota Ag Weather Station Network:
  - Steve Besser: The Council previously approved continuing it. Additional funding is needed to finish it.
  - Margaret Wagner, MDA: We need this final amount to finish but it costs less than thought.
  - Accept.
- Line item 12: Agricultural Research Evaluation:
  - Steve Christenson: This is proposed to be zeroed out by the ICT.
  - Margaret Wagner, MDA: We have no request for FY26-27 because we are just starting on the project funded by FY24-25 due to a few delays due to contracting and personnel. We anticipate a future request.
  - Accept.
- Line item 14: Watershed Restoration & Protection Strategies (WRAPS) (includes TMDL development):
  - Steve Christenson: The ICT recommends an increase of \$1.8 million.
  - Glenn Skuta, Minnesota Pollution Control Agency (MPCA): The funding request is to maintain a steady effort. We are down staff already and cut two FTEs. We will need to cut a third FTE and project funding as. Funding was deflated by Covid-19, artificial inflation, and actual inflation.
  - Steve Christenson: This follows the Council's Strategic Plan, so to me this is a must-do.
  - Dick Brainerd: If you are cutting staff already, what does the \$1.8 million increase do? *Answer:* It helps to keep the current staff and not cut anymore FTEs. It helps with funding the projects for LGU contracts.
  - Steve Besser: I am in favor of accepting the increase.
  - Holly Hatlewick: I want to confirm that this informs WBIF, and it is critical to document change.
  - Accept increase.
- Line item 18: Enhanced County Inspections/SSTS Corrective Actions:
  - Steve Christenson: The ICT recommending a cut. I support. It does not devastate this program.
  - Steve Besser: I have mixed emotions. I can see using CWFs. However, it seems like it should be from the general budget instead. I would like to see this picked up by someone other than the Council.
  - Glenn Skuta, MPCA: It is a water quality issue. There are failing septic systems around the state. It is something that has other sources of funding including the Ag BMP loan program, the clean water partnership program, etc. There is never enough money to fund it. It is for individuals and targeted at low-income. It is scalable. To balance the budget, that is where there was a cut.
  - Steve Christenson: I would like to see this flagged for additional funds.
  - Accept. Flag for additional funds if available.
- Line item 19: Chloride Reduction:
  - Steve Besser: I am in favor. The Department of Transportation needs to be brought into the discussion. s
  - Steve Christenson: I would accept, and flag for additional funds given the Impaired Waters List.
  - Brad Gausman: I agree as well. It is important to note the liability insurance part of this training, so the businesses can feel better about the reduction in salt application.
  - Accept. Flag for additional funds if available.

- Line item 20: Clean Water Council:
  - Steve Christenson: I understand this funds Brianna and Paul. There is some additional funding. I am not sure how you tabulated two FTEs. It adds additional funding for external consulting investments, but not a third FTE. *Answer:* Correct. I would be half of a third person if you add it up over two years. There is also also support for a field tour and a communications contractor.
  - Steve Christenson: Employing a full-time communications staff member – a consultant, would be better than an employee. At least as a bridge for a long-term communication and public communication strategy. Therefore, I would now support this item.
  - Accept.
- Line item 21: Voyageurs National Park Water Quality Protection Program:
  - This item had a lot of discussion within the Council. It was marked as a debate. The ICT proposed to zero it out. The MPCA is reluctant to be a conduit to pass this funding through. It is not really the MPCA's money.
  - Steve Christenson: The program does provide water quality benefits for Minnesota. I would recommend cut \$500,000 from the \$2 million program. To zero it out would be a mistake for Minnesota.
  - Steve Besser: This assists people to coordinate treatment, knowing the land is not easy to deal with for managing water quality, and protecting the environment. It supersedes the political overtones.
  - Dick Brainerd: The ICT says to take it out. We are looking to leave it in. *Response from Glenn Skuta (MPCA):* To provide some insight to the ICT, this is not an initiative from the state agency. We do not place non-executive branch initiatives on the spreadsheet.
  - Brad Gausman: I think we should make a small cut to make the math work but keep some money in there. I recall the program presentation, that this was part four of four. We set the table to get the program going, so one more year would help complete the project. I am torn, but it would be good to see it used for the final part of this project. It is a super cool part of our state with an amazing water resource.
  - Steve Besser: We would like to compromise here and fund at \$1.5 million, or \$500,000 less.
  - Accept a cut of \$500,000.
- Line item 29: Non-point Source Restoration and Implementation:
  - Steve Christenson: I would support this additional investment (\$1.3 million increase).
  - Holly Hatlewick: I would support this increase. It impacts our Strategic Plan regarding those priorities.
  - Accept.
- Line item 31: Buffer Map Maintenance:
  - Accept.
- Line item 34: Water Storage:
  - Steve Christenson: The Minnesota Department of Natural Resources (DNR) says they lack the ability to do anything beyond the FY24-25. The ICT supported this cut as well.
  - Accept.
- Line item 35: Culvert Replacement Cost Share:
  - Steve Christenson: This had a proposed increase. The comments from the public were interesting, covering both sides of this issue. The ICT is looking to increase \$1 million.
  - Accept increase.
- Line 36: Grants to Watersheds with Approved Comprehensive Watershed Plans (WBIF):
  - Steve Christenson: This was in debate. The Council could not agree on how much to increase this item. This is hard to estimate how much more will be needed for the additional watersheds coming into this fold. I would support this proposal from the ICT (increase of \$11 million).
  - Warren Formo: Accept.
  - Holly Hatlewick: Accept.
  - Dick Brainerd: Accept.
  - Brad Gausman: Accept. However, we could pull \$1.5 million for Voyageur's National Park.
  - Gary Burdorf: Accept.
  - Steve Christenson: Accepted but jot down that idea for review later.

- Justin Hanson, Board of Water and Soil Resources (BWSR): This is going to be a decrease for the watersheds. They have all their implementation work right now, with more watersheds coming online. There are six more in the process, with three just approved in the planning process.
- Accept, but subject to further review.
- Line item 37: Surface and Drinking Water Protection/Restoration Grants (Projects and Practices):
  - Steve Christenson: Both the Council and ICT propose cuts to free up funding for WBIF. The discussion is how much. The ICT proposed \$11 million and the CWC \$5 million. How does \$11 million in cuts affect drinking water programs? *Answer from Justin Hanson, BWSR:* We have discussed making sure we have sufficient funds to cover those programs.
  - John Barten: It is about \$3.5 million. The drinking water level of funding does not decrease at all, and if we got that commitment, it would be more palatable. *Comment from Tannie Eshenaur, (MDH):* This is funding for drinking water if WBIF does not have it. It provides flexibility.
  - Steve Christenson: This is preliminary. I propose we accept but recommend that BWSR submit 50 percent towards drinking water programs. *Comment from Justin Hanson, BWSR:* This should be “up to” because if we don’t get submission for drinking water projects, we want to be able to utilize that funding.
  - Paul Gardner: I want to note something with this item. This line item shares that half a million goes towards conservation. BWSR took that out as a separate item, and it is now line item 52 (Minnesota and Iowa Conservation Corps). Is this the logical home for that \$1.3 million in competitive funding? *Answer from Justin Hanson, BWSR:* I don’t know if it is my place to say that, but based on the discussion we’ve had, this was a part of those recommendations.
  - Dick Brainerd: I suggest we flag this for additional funding if any funds become available.
  - John Barten: You may also want to re-title these programs.
  - Accept, but contingent upon BWSR allocating up to fifty percent to drinking water programs. Flag for additional funds if they become available (it would be the logical place for \$1.3 million pending).
- Line item 38: Accelerated Implementation.
  - Steve Christenson: The ICT is proposing a cut of \$2.3 million from the original \$11 million.
    - *Comment from Justin Hanson, BWSR:* We can cut some of the accelerated implementation, but we must have \$9.14 million, to service cuts to local governments. This includes work on technical training program and work with our outcomes tracking on E-link (including the PTMapp). We said we would reject that cut, and we can cut some, but need at least the \$9.14 million minimum.
    - *Response:* So, you are disagreeing with the ICT cut? This would be a cut of \$1.86 million.
    - *Answer:* Yes. We really need that \$9.14 million minimum.
    - Holly Hatlewick: They are directly impacted by that, to get staff up to date and trained. If that is the base minimum, I would accept it. Perhaps, flag it for additional funds.
  - Accept, at \$9.14 million. There will be a need to find the additional funds elsewhere.
- Line 41: Working Lands Floodplain Easements (formerly Riparian Buffer-Permanent Conservation Easements):
  - Steve Christenson: This is a deeper cut to easements at \$17 million and runs against our Strategic Plan. However, it could be that there is still a lot of funding in the pipeline that has not been spent, so this will not impact the program in the short term. Is that it?
  - Justin Hanson, BWSR: We can talk about them together (line items 41, 46, and 49). We can sustain a cut for a biennium. We can live through it. The biggest issue will be the Wetland Restoration Easements. We are getting low on that balance. Additionally, there is a commitment and tie to federal funding for leverage. We need to continue to work with our partners there as well. It is the hardest one to negotiate. We want to grow the other easement categories like the targeted wellhead program.
- Line item 46: Critical Shoreland Protection-Permanent Conservation Easements
  - John Barten: I would be concerned about zeroing this program out, but perhaps adjusting them.
- Line item 49: Wetland Restoration Easements
  - Holly Hatlewick: I would reiterate the return on investment with the Wetland Restoration Easements program and the impact of a cut on leverage. We should maintain the others knowing there is work in the pipeline. If there is more cutting needed, we could revisit.

- Regarding the BWSR easements, the ICT is recommending line item 41 cut to \$2 million, line item 46 cut to \$1 million, and line item 49 at \$5 million.
  - Steve Christenson: I support the principle of freeing up money to invest in WBIF and support some trimming of the easement programs. However, I feel like the ICT has gone too far. We want to maximize what we can get out of the leveraged funding from the federal government.
  - Justin Hanson, BWSR: If you are looking to move easement funding around, you could look at taking some of the Targeted Wellhead program (line item 42). It needs a little bit of work.
  - Steve Christenson: I am in favor of ICT's recommendation for line item 41 with the cuts but would like a compromise with the line item 46.
  - Warren Formo: We should not rush these decisions. There is opportunity for the federal match.
  - Holly Hatlewick: Other states cannot achieve the level we can because we have the CWFs.
  - Accept 41 cuts ICT recommends, compromise at \$3 million with line item 46 (knowing it should be adjusted the next budget cycle) and reject the cut with 49 (but to be determined). Continue the discussion with these items, including the full Council input. BWSR will take this back and have further recommendations in response. This is a back-and-forth process.
- Line item 52: (New BWSR Item) Conservation Corps of Iowa and Minnesota
  - Justin Hanson, BWSR: Legislation told us to support this program. This is not a BWSR program but does need to come through the projects and practices program. That is always something that has been built into the appropriation language. It is a young adult program (typically 18 to 25 years old) used to standup local conservation projects. Some of the DNR burning crews are also supported by this work.
  - Brad Gausman: Is this the state side of AmeriCorps? *Answer:* Yes. It is a national volunteer program. They are paid a minimum stipend. They recruit them, and AmeriCorps funds them in a way that helps pay off student loans. *Response:* It came out of another program, and now it feel awkward to me to be addressing it separately. Especially, with other cuts we are being asked to make. Also, it is awkward having Iowa on this sheet. We want to be within our scope, but there are other programs out there that do similar conservation work we could also be supporting.
  - Holly Hatlewick: This line item has been around and supported for decades, and only this year was it pulled out as a new item. This is a niche for that unique project that we cannot contract out, so it really fits for that work. Additionally, we are attracting future conservationists to Minnesota.
  - Steve Besser: It is a shuffle. I am in favor of keeping it.
  - Accept, with modifications (remove "Iowa" from title).
- Line item 56: Groundwater Restoration & Protection Easements
  - Tannie Eshenaur, MDH: Part of the increase is to help us better assemble reports on well sealing and groundwater documentation, to help begin rehabbing the county well index, and assist in GRAPS reports. This increase is overdue. It is a part of building out the groundwater capacity in our local partners.
  - Accept.
- Line item 62: County Geologic Atlas Part A
  - Paul Gardner: This would receive a proposed cut from \$1 million to \$800,000.
  - Accept.
- Line item 63: Stormwater Research & Tech Transfer Program
  - Steve Christenson: This would be a proposed cut from \$3 million to \$1.6 million. The one-time supplemental funding boosted it, and now it is a reduction.
  - Jeff Peterson: There are parts that are scalable (new technologies) and non-scalable (extension outreach, training on new technologies). A cut would slow but not stop the pace of research.
  - John Barten: It is a small program, but we are getting big benefits out of it.
  - Steve Besser: What would the Council think of going back to \$2 million.
  - Line item set back at \$2 million, and flag it for an increase if possible.
- Line item 66: Small Community Wastewater Treatment Program
  - Paul Gardner: Public Facilities Authority (PFA) isn't here, but this program has some funding left over.
  - Accept.

- In summary, for the items the subcommittee would like to see additional funds at (21, 38, 46, 49, and 63) there would be a total of \$9.3 million more needed. There are some post-forecasted extra funds (\$406,725 from BWSR back to CWFs) and the MDH water reuse funds that expired (\$22,107). This goes back into the CWFs. Additionally, BWSR grant money can be placed back into CWFs circulation (\$1,324,003). There are also programs the subcommittee suggested should be reduced (10, 36, 42, and 45).

**Continued Review and Discussion** (*Webex 02:51:00*)

- Rationale for contingency planning after November and February forecasts. What would the Council like to see? The last cycle was at \$10 million, which seemed large at the time, but turned out to be close. There are five items the subcommittee would like to see additional funds in, so you may want to start there. Additionally, depending on who you talk to, the WBIF is in both increase and decrease categories. You could do some cuts now or create a wish list.
  - Steve Besser: It may be good to take what we have now back to the Council. For feedback. We don't have to be exact today, but soon. Open to discussion.
  - Warren Formo: I like your idea of bringing these final items to the full Council. At this time in the meeting, we have lost three members, and they brought really good information to the table.
  - John Barten: We have members' suggestions for reductions. This gives us an idea of where we can take some reductions. I would also reduce Enhancing Soil Health.
  - Warren Formo: Is there another soil health related area because there is some federal leverage funding for that program? There can be more discussion on this topic. *Response from Margaret Wagner, MDA:* This deserves more time to go over (Climate Pollution Reduction Grant (CPRG) Award).
- What additional investments should be considered over time?
  - If more money becomes available, the AgBMP (3), MAWQCP monitoring (6), SSTs (18), and Chloride Reductions (19) are items to review.

**Finalize Comments for August 19<sup>th</sup> Council Meeting and ICT** (*Webex 03:20:45*)

- The Council is creating a list up to \$30.7 million or ten percent as a contingency plan. They are also looking at a list of cuts up to \$15.35 million or five percent.
- The spreadsheets will be brought to the Council for review, looking for additional feedback from members.

**Public Comment [Full Council on 8/19 will have most of the meeting time for this also]** (*Webex 03:18:30*)

- Trevor Russell (Friends of the Mississippi River): We will be sending a letter as well. I want to emphasize that we cannot BMP our way to clean water. While BMPs are an essential pillar of achieving clean water goals, they are necessary, but not sufficient. If we want to get to clean water, we are going to have to invest in new economically viable continuous living cover cropping systems. The UMN Forever Green Initiative are leading the nation, and likely the world, meeting enterprise and developing exactly those systems. We would like to see the Council keep the \$6 million dollars in the recommendations (the current level of funding) for Forever Green Initiative and consider prioritizing them for additional funds after the November or February budget forecasts.

**Adjournment** (*Webex 03:23:14*)

## Federal Matching Interactions with the Clean Water Fund

### Clean Water Council

#### Budget and Outcomes Committee

6 September 2024

The following includes some general points informed by discussion with agency staff.

- Federal matching funds to support activities also supported by the CWF have different requirements based on the program and funding source. Generally the federal government wants their money to supplement and not supplant state funding, similar to the requirement in the Legacy Amendment.
- Minnesota is not receiving any current federal funds that are contingent on receiving as yet unappropriated future CWFs in FY26-27, but future funds under a multi-year grant agreement may be threatened if a state match is not maintained.

For example, Minnesota's Conservation Reserve Enhancement Program (CREP) agreement and federal funding is 100% contingent on our ability to leverage state funding. We can't access funding unless this match is appropriated.

EPA's Climate Pollution Reduction Grant (CPRG) requires maintaining the program baseline committed in the application for the five-year award. The federal funds are exclusively for emission reductions above that baseline (supplementing and not supplanting). Future state budget cycles will determine if we maintain/forgo the remaining federal funds. There has been no indication that federal authorities would claw-back funds or enact financial penalties if the state reduces or eliminates a match in future years.

Our success in landing future federal matching funds usually hinges on the state's reliability in maintaining a constant effort in existing programs.

- Each federal grant award has its own conditions for a minimum match.

Some federal matching funds come to us in some ratio and some do not. For example, federal CREP funds come to us at \$2 for every \$1 in appropriated state funds. The federal Regional Conservation Partnership Program (RCPP) program requires a match but doesn't require a specific ratio; our CWFs make a strong case for federal support in our proposal. The U.S. EPA's CPRG requires a minimum baseline of state support.

- Sometimes we just need CWFs for the capacity to seek out and manage federal funds.

The issue isn't always the match, it's just the needed capacity that no one else will pay for. The Great Lakes Restoration Initiative (GLRI) is an example. By supporting the St. Louis River Area of Concern with staff funding at the MPCA, the project had people who could seek out state capital investment funding, Outdoor Heritage Funds, and EPA GLRI funds. Similarly, the CWFs for Lake Superior Basin SWCDs in FY24-25 are supporting capacity for local governments to manage projects beyond their usual workload.



## HIGHLIGHTED PROGRAMS

The CWF is often the initial seed funding or is otherwise a partial source of funding for large and complex projects. The State has documented that every dollar from the CWF leverages another \$1.09 from other funding sources. Some other sources such as landowner contributions are not always documented, so the leverage is likely even higher.

Other funding sources leveraged by the CWF—either to assist a project or as direct payment to landowners—include the following:

### **Administered by the Natural Resources Conservation Service (NRCS), U.S. Department of Agriculture**

- Environmental Quality Incentives Program (EQIP)
- Conservation Stewardship Program (CSP)
- Regional Conservation Partnership Program (RCPP)

- Agricultural Conservation Easement Program (ACEP)
- Healthy Forests Reserve Program (HFRP)
- Conservation Innovation Grants (CIG)

### **Administered by the Farm Service Agency, U.S. Department of Agriculture**

- Conservation Reserve Enhancement Program (CREP)

### **Administered by the U.S. Environmental Protection Agency**

- Federal Clean Water Act Section 319 Grants
- Great Lakes Restoration Initiative/ Area of Concern (AOC)

### **Administered by the U.S. Fish and Wildlife Service**

- Fishers and farmers partnership grants

### **State funding sources**

- General obligation bonds
- Environment and natural resources trust fund
- Outdoor heritage fund

### **Local funding sources**

- Watershed districts
- Water management organizations
- Soil and water conservation districts
- Counties, municipalities, and townships
- Landowners and property owners
  - Our current estimate of leverage funds does not include landowner contributions. Most support for landowners, such as agricultural BMPs, require initial investment by the individual.



## Clean Water Fund Appropriations

as of 8/8/2024

leg order	#	Agency	Program Title	ICT FY26-27 recs	Change vs FY24- 25	FY24-25 supple- mental 5/24	FY24-25 appropriat ion 5/23	FY22-23	FY20-21	FY18-19	FY16-17	FY14-15	FY12-13	FY10-11
1	4	MDA	Monitoring for Pesticides in Surface Water and Groundwater	740	40	-	700	700	700	700	700	700	700	675
2	15	MDA	Nitrate in Groundwater	6,200	(800)	1,000	6,000	5,170	5,170	4,171	5,171	5,000	1,700	1,125
3	34	MDA	AgBMP Loan Program	4,000	(9,000)	3,402	9,598	150	150	150	150	400	9,000	4,500
4	32	MDA	Technical Assistance	3,200	200		3,000	3,000	3,000	2,250	2,250	3,000	1,550	2,665
5	56	MDA	MN Water Research Digital Library [aka Research Inventory Database]	100	20		80	80	100	100	100	250	350	-
6	33	MDA	MN Agricultural Water Quality Certification Program	7,000	-		7,000	6,000	6,000	5,000	5,000	3,000	-	-
7	17	MDA	Irrigation Water Quality Protection	310	10		300	270	300	220	220	220		
8	81	MDA	Forever Green Agricultural Initiative (U of MN)	4,000	(2,000)		6,000	4,000	4,300	1,500	1,000	-	-	-
9	307	MDA	Pesticide Testing in Private Wells	1,000	-		1,000	870	2,000	2,000	-	-	-	-
10	NEW	MDA	Conservation Equipment Assistance	3,500	-		3,500	-	-	-	-	-	-	-
11	NEW	MDA	Expand MN Ag Weather Station Network	2,500	(500)		3,000	-	-	-	-	-	-	-
12	56	MDA	Agricultural Research/Evaluation	-	(1,500)		1,500	-	-	1,325	1,575	2,100	2,100	-
13	10	MPCA	River and Lake Monitoring and Assessment	18,900	474	326	18,100	14,832	16,300	16,550	16,700	15,200	15,000	15,000
14	9	MPCA	Watershed Restoration & Protection Strategies (includes TMDL development)	14,500	1,800		12,700	13,451	15,100	19,000	20,200	18,800	18,800	18,000
15	11	MPCA	Groundwater Monitoring and Assessment	2,000	-		2,000	1,900	2,364	2,363	2,364	2,250	2,250	2,250
16		MPCA	St. Louis River AOC	-	(1,500)		1,500							
17	37	MPCA	NPDES wastewater/stormwater point-source implementation (combined from 2 previous programs)	3,200	200		3,000	2,200	2,200	2,250	2,350	1,800	-	-
18	43	MPCA	Enhanced County inspections/SSTS corrective actions	7,081	(1,969)	1,950	7,100	5,824	6,750	6,870	7,245	6,900	-	-
19	38	MPCA	Chloride Reduction	1,300	(1,000)	1,000	1,300	520	500	-	-	-	-	-
20	62	MPCA	Clean Water Council	922	247		675	600	220	100	100	73	-	-
21	92A	MPCA	National Park Water Quality Protection Program	-	(2,000)		2,000	1,400	1,550	2,000	-	3,500	-	-
22	NEW	MPCA	Nitrate Sensors	-	(2,000)	2,000	-	-	-	-	-	-	-	-
23		MPCA	River Watch for Friends of the MN Valley	-	(50)	50	-							
24	5	DNR	Stream Flow Monitoring Program	5,650	550		5,100	4,000	4,000	3,900	4,000	4,000	3,700	1,500
25	6	DNR	Lake Index of Biological Integrity	3,050	150		2,900	2,000	2,500	2,500	2,600	2,600	2,300	1,320
26	6	DNR	Fish Contamination Assessment	1,100	100	90	910	350	270	270	270	270	270	270
27	10	DNR	Watershed Restoration and Protection Strategies-DNR Portion	5,000	700		4,300	3,800	3,800	3,772	3,880	3,700	3,500	2,100

## Clean Water Fund Appropriations

as of 8/8/2024

28	18	DNR	Aquifer Monitoring for Water Supply Planning	4,700	700		4,000	3,700	4,150	2,750	2,750	2,750	3,000	1,100
29	34	DNR	Non-point Source Restoration and Implementation	4,500	1,300		3,200	2,500	2,000	1,900	2,000	2,000	2,400	500
30	57	DNR	Tool Development and Evaluation [Formerly Applied Research and Tools]	1,400	100		1,300	1,065	1,400	1,350	1,350	1,350	790	550
31	76	DNR	Buffer Map Maintenance	-	(50)		50	50	200	200	650	-	-	-
32	59	DNR	County Geologic Atlas Part B	200	-		200	-	300	250	500	1,200	-	1,000
33	NEW	DNR	Freshwater Mussel Restoration	700	100		600	-	-	-	-	-	-	-
34	NEW	DNR	Water Storage	-	(1,000)		1,000	-	-	-	-	-	-	-
35	NEW	DNR	Culvert Replacement Cost Share	3,000	1,000		2,000	-	-	-	-	-	-	-
36	17	BWSR	Grants to Watersheds with Approved Comprehensive Watershed Plans (Watershed-based Implementation Funding)	90,000	11,000		79,000	43,564	26,966	9,750	-	-	-	-
37	26	BWSR	Surface and Drinking Water Protection/Restoration Grants: (Projects and Practices)	6,000	(11,000)		17,000	22,266	32,000	19,500	20,380	21,400	29,100	6,000
38	18	BWSR	Accelerated Implementation	8,700	(2,300)		11,000	9,682	8,000	7,600	12,000	8,000	6,600	-
39	23	BWSR	Measures, Results and Accountability	2,500	-		2,500	2,500	2,000	1,900	1,900	1,900	2,100	590
40	24	BWSR	Buffer Law Implementation	4,000	-		4,000	3,872	5,000	5,000	5,000	-	-	-
41	25	BWSR	Working Lands Floodplain Easements [formerly Riparian Buffer-Permanent Conservation Easements]	2,000	(6,434)	3,434	5,000	3,872	9,500	9,750	9,750	13,000	12,000	6,900
42	37	BWSR	Targeted Wellhead/Drinking Water Source Protection	5,000	(1,000)	1,000	5,000	5,000	4,000	3,500	3,500	2,600	3,600	2,300
43	43	BWSR	Technical Evaluation [restoration evaluation]	200	-		200	84	168	168	168	168	168	-
44	16	BWSR	Watershed Management Transition (One Watershed, One Plan)	1,000	(2,500)		3,500	5,808	4,000	3,990	4,200	900	-	-
45	19	BWSR	Conservation Drainage Management and Assistance	2,000	-		2,000	1,700	1,700	1,500	1,500	-	-	-
46	21	BWSR	Critical Shoreland Protection-Permanent Conservation Easements	1,000	(6,000)	4,000	3,000	2,468	2,550	2,000	2,000	-	-	-
47	80	BWSR	Tillage, Cover Crop and Erosion Evaluation	850	-		850	723	850	850	1,000			
48	27	BWSR	Watershed Partners Legacy (WPL) Grants	1,000	(2,000)	2,000	1,000	1,000	-	-	1,500	3,000	3,000	-
49	NEW	BWSR	Wetland Restoration Easements	5,000	(5,000)		10,000	5,660	-	-	-	-	-	-
50	28	BWSR	Enhancing Soil Health and Landowner Adoption of Cover Crops for Drinking Water & Groundwater Protection	12,000	(77)		12,077	4,200	-	-	-	-	-	-
51	NEW	BWSR	Great Lakes Restoration LAMP	1,000	-	1,000	-	-	-	-	-	-	-	-
52	NEW	BWSR	MN & IA Conservation Corps	1,500	1,500									
53	23	MDH	Contaminants of Emerging Concern	11,850	1,366	384	10,100	2,400	3,400	2,200	2,200	2,300	2,040	1,300
54	9	MDH	Private Well Initiative	6,000	3,000		3,000	-	1,500	800	650	650	-	-
55	24	MDH	Source Water Protection	7,790	290		7,500	7,884	5,494	5,470	3,800	3,230	2,830	2,400

## Clean Water Fund Appropriations

as of 8/8/2024

56	74	MDH	Groundwater Restoration and Protection Strategies	3,500	2,000		1,500	1,126	1,100	400	250	300	-	-
57	40	MDH	Future of Drinking Water (formerly Drinking Water Protection)	500	-		500	500	500	300	-	-	-	-
58	NEW	MDH	Recreational Water Portal	600	-		600	-	-	-	-	-	-	-
59	new	MDH	Nitrate response in SE Minnesota**	-	(2,790)	2,790	-	-	-	-	-	-	-	-
60	42	MC	Metropolitan Area Water Sustainability Support Program	2,750	500		2,250	1,838	2,000	1,900	1,950	2,000	1,000	800
61	35	MC	Water Demand Reduction- Efficiency - Grant Program	1,500	-		1,500	1,250	750	-	500	-	-	-
62	61	UMN	County Geologic Atlas Part A	800	(200)		1,000	900	500	250	-	1,230	-	305
63	82B	UMN	Stormwater Research and Technology Transfer Program	1,600	(1,400)	1,000	2,000	1,500	1,500	1,500	550	-	-	-
64	63	LCC	Legislative Coordinating Commission Website	7	1		6	8	9	15	-	30	13	25
65	7	PFA	Point Source Implementation Grant (PSIG) Program	16,500	-		16,500	15,936	18,000	15,750	18,000	18,000	30,920	30,200
66	41	PFA	Small Community Wastewater Treatment Program	100	(100)		200	200	250	250	500	4,000	2,500	2,500
				\$ 307,000		\$ 25,426	\$ 318,396							

FY24-25 base budget	318,396
plus supplemental FY24-25 that has tails (in red above)	4,590
minus completed St. Louis River AOC (in blue above)	(1,500)
FY24-25 base budget (revised)	321,486
MMB revenue estimate for FY26-27	307,422
Difference between FY24-25 revised base and FY26-27 estimate	14,064

4.4%

\* in 1st column = order of programs in appropriations bills

\*\* SE MN Nitrate Response to be combined in FY26-27 with Private Well Initiative

Clean Water Council  
Budget and Outcomes Committee

<b>What additional funds would be preferred over \$307 million limit as of 8/2/2024?</b>						
	<b>Amount</b>	<b>Status</b>	<b>Post-forecast extra funds (not in \$307 million figure; will be done in legislation)</b>			
8 Forever Green Initiative		in debate	\$ 406,725		BWSR funds back to CWF	
21 Voyageurs	\$ 1,500,000		\$ 22,107		MDH water reuse funds expired	
38 Accelerated Implementation	\$ 400,000		<b>\$ 428,832</b>			
36 Watershed Based Impl Funding		in debate				
46 Critical Shoreland easements	\$ 2,000,000		<b>Requires appropriation language to recirculate (won't be in \$307 million figure)</b>			
49 Wetland easements	\$ 5,000,000		<b>\$ 1,324,003</b>		returned BWSR grant money (could go to projects and practices #37?)	
63 Stormwater Research	\$ 400,000					
	<b>\$ 9,300,000</b>		<b>Member suggestions for reductions (spitballing)</b>			<b><u>ICT recs</u></b>
				10	Conservation Equipment Assistance	\$ 3,500,000
<b><u>If more money available...</u></b>				36	Watershed Based Impl Funding	\$ 90,000,000
3 AgBMP Loans				42	Targeted Wellhead/Drinking Water easements	\$ 5,000,000
6 MAWQCP <u>monitoring</u>				45	Conservation Drainage Management	\$ 2,000,000
18 SSTS				50	Enhancing Soil Health and Landowner Adoption of Cover Crops	\$ 12,000,000
19 Chloride Reduction						
List up to \$30.7M or 10% as contingency plan						
List up to \$15.35M cut or 5%						

## **FY26-27 Clean Water Fund Budget Options – September 6, 2024 BOC Meeting**

**Prepared by Steve Christenson**

To foster discussion of budget options, this document summarizes options for developing Clean Water Fund budget recommendations that address two scenarios:

- **High** - a potential **\$337M** budget for FY26-27 in the event that revenue forecasts exceed current forecasts by 10% (i.e., **\$30M** over current revenue forecasts)
- **Low** – a potential **\$307M** budget for FY26-27 in line with current revenue forecasts provided by MMB (i.e., approximately **\$15M** below the \$318.396M of appropriations for the FY24-25 biennium).

The following chart begins with options for increased investments if funds become available. This chart is based on programs slated for reductions to address a \$307M budget, as many of these programs would be likely candidates for restored funding. This chart also takes into account public comments and feedback received over the course of June-September about programs that are perceived by stakeholders as yielding valuable potential clean water outcomes. The second chart focuses on a few programs that could be reduced by an additional ~\$9M to achieve a \$307M budget proposal, after incorporating BOC's August 2 feedback on ICT's Proposal.

### **Chart #1 – Options if Additional Funds are Available:**

<b>Item #</b>	<b>Title</b>	<b>July 15 CWC Proposed Cut or Increase</b>	<b>July 24 ICT Proposed Cut or Increase</b>	<b>ICT FY26-27 Recommendation</b>	<b>August 2 BOC Feedback on ICT Proposal</b>	<b>Potential Increase If \$337M Were Available</b>
3	AgBMP Loan Program	-\$3M from \$9.5M base (+\$3.4M supplemental appropriation)	-\$9M from \$12.9M total base (\$9.5M base + \$3.4M supplemental appropriation)	\$4M	Accept – flag for additional investment if available	+\$5.5M

6	MN Ag Water Quality Certification Program	Public comments: Develop monitoring program to measure and verify effectiveness of MN AWQCP certified acres		\$7M	~	TBD
8	Forever Green	In debate	-\$2M from \$6M base	\$4M	In debate – flag for additional investment if available.	+\$6M
10	Conservation Equipment Assistance	~	~	\$3.5M	Do recent US EPA climate pollution reduction grants warrant reconsideration of appropriate CWF funding levels?	
11	Expand MN Ag Weather Station Network	Reject cut	-\$0.5M from \$3M base	\$2.5M	Accept	
12	Agricultural Research/Evaluation	~	-\$1.5M from \$1.5M base	0	Accept	
14	Watershed Restoration & Protection Strategies (includes TMDL development)	~	+\$1.8M from \$12.7M base	\$14.5M	Accept	
16	St. Louis River AOC	-\$1.5M from \$1.5M base	Project is done	0	Accept	
18	Enhanced county Inspections/SSTS Corrective Actions	~	-\$1.9M from \$9.05M total base (\$7.1 base + \$1.95	\$7.081M	Accept - flag for additional investment if available	+\$1M

			supplemental appropriation)			
19	Chloride Reduction	~	-\$1M from \$2.3M total base (\$1.3M base + \$1M supplemental appropriation)	\$1.3M	Accept - flag for additional investment if available	+\$1M
20	Clean Water Council	+\$0.175M (per year) to support Strat Plan Vision #4: All Minnesotans value water and take actions to sustain and protect it, per Minn. Stat. 114D.35, subd. 3: "The Clean Water Council must develop strategies for informing, educating, and encouraging the participation of citizens, stakeholders, and others regarding this chapter."	+\$0.247M from \$0.675M base to fund equivalent of 2 FTEs and consulting support for communications	\$922K	Accept	



21	Voyageurs National Park Water Quality Protection Program	In debate	-\$2M from \$2M base	0	Compromise: Support \$0.5M cut for a \$1.5M net recommendation	
29	Non-point Source Restoration & Implementation	Reject cut	+\$1.3M from \$3.2M base	\$4.5M	Accept	
31	Buffer Map Maintenance	~	-\$50K from \$50K base	0	Accept	
34	Water Storage	-\$1.0M from \$1M base	-\$1.0M from \$1M base	0	Accept	
35	Culvert Replacement Cost Share	Reject cut	+\$1M from \$2M base	\$3M	Accept	
36	Grants to Watersheds with Approved Comprehensive Watershed Plans (Watershed based Implementation Funding)	In debate	+\$11M from \$79M base	\$90M	Accept: Possible compromise up or down depending on available funds. Flag for additional investment if available	TBD
37	Surface & Drinking Water Protection/Restoration Grants (Projects & Practices)	-\$5M from \$17M base	-\$11M from \$17M base. Note: \$1.5M shifted to line item 52.	\$6M	Accept, with recommendation that BWSR allocate up to 50% of funds to drinking water programs. Flag for additional investment if available.	TBD
38	Accelerated Implementation	Reject cut	-\$2.3M from \$11M base	\$8.7M	Compromise: Support \$1.9M cut	

					for a \$9.1M net investment	
41	Working Lands Floodplain <b>Easements</b> (formerly Riparian Buffer-Permanent Conservation Easements)	~	-\$6.3M from \$8.343M total base (\$5M base + \$3.434 supplemental appropriation)	\$2M	Accept	+\$3M for a \$5M total
44	Watershed Management Transition (1W1P)	-\$1.5M from \$3.5M base	-\$2.5M from \$3.5M base	\$1M	Accept	
45	Conservation Drainage Management & Assistance	~	No change	\$2M	Do recent US EPA climate pollution reduction grants warrant reconsideration of appropriate CWF funding levels?	
46	Critical Shoreland Protection-Permanent Conservation <b>Easements</b>	~	-\$6M from \$7M total base (\$3M base + \$4M supplemental appropriation)	\$1M	Compromise: Support \$4M cut for a \$3M net investment	+\$4M for a \$7M total
48	Watershed Partners Legacy (WPL) Grants	Public comments: Provides creative local and equitable solutions for underserved communities		\$1M		+\$1M
49	Wetland Restoration <b>Easements</b>	-\$5M from \$10M base	-\$5M from \$10M base	\$5M	TBD	+\$5M for a \$10M total
50	Enhancing Soil Health	~	-\$0.077	\$12M	TBD: Do recent US EPA climate pollution reduction	

					grants warrant reconsideration of appropriate CWF funding levels?	
52 - New BWSR Item	MN Conservation Corps	~	+\$1.5M	\$1.5M	Accept - Funding previously woven into appropriations in line item 37 (reduced by \$1.5M accordingly)	
56	Groundwater Restoration & Protection Strategies	~	+\$2M from \$1.5M base	\$3.5M	Accept	
62	County Geologic Atlas Part A	Reject cut: Could ENRTF adjust multi-year funding practices to better fund this program?	-\$0.2M from \$1M base	\$0.8M	Accept	
63	Stormwater Research & Tech Transfer Program	~	-\$1.4M from \$3M total base (\$2M base +\$1M supplemental appropriation)	\$1.6M	Reject. Support retention of \$2M base and flag for additional investment if available	+\$1M
66	Small Community Wastewater Treatment Program	~	-\$0.1M from \$0.2M base	\$100K	Accept	
	Unspent appropriations for:	\$348,506 - Support return				

	BWSR Conservation Partners (\$86K), Perf Based Watershed (\$85K), SWCD Capacity (\$154K), MDH Water Reuse (\$22K); additional \$406,725 in unspent BWSR funds	of these unspent or cancelled funds to CWF + additional \$406,725 from unspent BWSR funds				
	Mercury in fish	Largest cause of existing impaired waters across Minnesota. High priority from public comments. MN invested \$1B+ to reduce mercury emissions to air, with little impact on fish. What could be done to break the mercury cycle in MN lakes?				TBD
	Agricultural tile policy and assessment	Drainage tile expansion has implications for nitrate discharges to MN and MS river basins, aquifer recharge, and stream degradation. What could be done to mitigate drainage tile impacts?				TBD
					<b>TOTALS:</b>	+\$27.5M + TBD Amounts

**Chart #2: Options to Reduce \$9M from BOC's August 2 feedback on ICT's Proposal to Achieve \$307M Proposal:**

Item #	Title	July 15 CWC Proposed Cut or Increase	July 24 ICT Proposed Cut or Increase	ICT FY26-27 Recommendation	August 2 BOC Feedback on ICT Proposal	Potential Cuts to Close \$9M Budget Gap
21	Voyageurs National Park Water Quality Protection Program	In debate. <b>Public comment:</b> Bonding or PFA Small Community Wastewater Treatment Program (#66) may be better funding sources.	-\$2M from \$2M base	0	Compromise: Support \$0.5M cut for a \$1.5M net recommendation	TBD
40	Buffer Law Implementation	<b>Public comment:</b> With 99% compliance rate, consider redirecting a portion of this funding		\$4M	~	TBD
49	Wetland Restoration Easements	-\$5M from \$10M base	-\$5M from \$10M base	\$5M	TBD	Cut \$5M for \$5M net recommendation
50	Enhancing Soil Health	~	-\$0.077	\$12M	TBD: Do recent US EPA climate pollution reduction grants warrant reconsideration of appropriate CWF funding levels?	Cut \$4M for \$8M net recommendation

