

Clean Water Council
Budget and Outcomes Committee (BOC) Meeting Agenda
Friday, November 1, 2024 9:30 a.m. to 12:00 p.m.

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

2024 BOC Members: Steve Besser (BOC Chair), Dick Brainerd (BOC Vice-Chair), 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 Key Themes for FY26-27 CWF Recommendations Report for Your Review (SEEKING FEEDBACK)

- Paul Gardner

10:00 Refining Priorities for Contingency Plans Based on November Forecast (SEEKING FEEDBACK)

10:30 BREAK

10:45 Continuous Improvement for the CWF Recommendations Process (SEEKING FEEDBACK)

- Review of public comments on the CWF recommendations that involve the BOC's purview
- How can the recommendations process be improved?
- What topics do you want to do a deep dive on in the coming months?

11:45 Public Comment

12:00 Adjourn and Lunch

Budget and Outcomes Committee Meeting Summary
Clean Water Council (Council)
September 6, 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, Holly Hatlewick, and Annie Knight.

No members absent.

Others present: Jeff Anderson (Voyageurs Project), Paul Gardner (CWC), Brianna Frisch (MPCA), Frieda VanQualen (MDH), Margaret Wagner (MDA), Judy Sventek (Met Council), Glenn Skuta (MPCA), Sheila Vanney (MASWCD), Barbara Weisman (DNR), Angelica Anderson (Nature Conservancy), Tannie Eshenaur (MDH), Molly Jansen (Red River Watershed Management Board), Annie Felix-Gerth (BWSR), Brad Jordahl Redlin (MDA), Sharon Doucette (BWSR), Myra Kunas (MDH), Trevor Russell (Friends of the Mississippi River), Alex Trunnell (MN Corn Growers)

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 September 6th meeting agenda and August 2nd meeting summary, moved by Holly Hatlewick, seconded by Dick Brainerd. Motion carries.
- Chair and Staff Update:
 - Paul is working on a story map about the Clean Water Funds (CWFs) and how they are used for the public.
 - The ad hoc outreach group has been talking about the public response regarding policy related items.
 - Paul will meet with the Interagency Coordination Team (ICT) and Tribal Liaisons soon.

Quick Overview of Federal Matching Requirements (Webex 00:10:15)

- There was some confusion on how federal matching could affect CWFs. Paul has a handout. Every federal grant requirement is different. In general:
 - 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, like the requirement in the Legacy Amendment.
 - Minnesota is not receiving any current federal funds that are contingent on receiving proposed and unappropriated future CWFs in FY26-27, but future federal funds under a multi-year grant agreement may be threatened if a state match is not maintained.
 - Each federal grant award has its own conditions for a minimum match.
 - Sometimes we just need CWFs for the capacity to seek out and manage federal funds. The Great Lakes Restoration Initiative (GLRI) is an example.

Questions/Comments:

- Tannie Eshenaur, Minnesota Department of Health (MDH): Another perspective on this, is programs that do not have access to federal matching dollars. There is nothing about private wells in federal matching dollars, and the MDH has pushed for it at the federal level. There has been some language changes to programs that already exist, but they are very small pots of money. The Environmental Protection Agency (EPA) did that in the middle of the workplan, so no funds were available to use for private wells. There is a small \$100,000 grant from the Center for Disease Control (CDC) which is for data and will go away next year.
- Dick Brainerd: Regarding Conservation Reserve Enhancement Program (CREP) and federal funding, is there a length those funds are used for? Is there a minimum or maximum? *Answer:* It depends on the program. For CREP, I think it is ten years.

Proposals for Clean Water Fund Recommendations to the Full Council (Webex 00:23:30)

- Agreement on a \$307 million budget for FY26-27.
- Proposed supplemental budget: Up to additional \$30 million from November and February budget forecasts or up to \$15 million less from November and February budget forecasts.

Discussion:

- Steve Besser: I recommend adding \$2 million to the Forever Green Initiative and \$1.5 million for Voyageurs. Once I was learned that all the agencies agreed on their proposals at the ICT, including wetland easements, I was ok with a cut to the ICT's proposed reductions to wetland easements.
 - Holly Hatlewick: My thoughts are similar. As a representative of the Soil and Water Conservation Districts (SWCDs) I want to share what the SWCDs are doing with this money. A lot of it aligns with the ICT recommendations. We have been working with watershed-based implementation funding (WBIF) as "boots on the ground." These can be structural, non-structural, science-based, and improve water quality with measurable benefits. Regarding soil health, the Board of Water and Soil Resources (BWSR) has leveraged five to one. That means a lot more money into SWCDs, watershed districts, local government units for people to build trust with landowners. It aligns with One Watershed One Plan.
 - John Barten: Where should the funding for Voyageurs and FGI funds be shifted from?
 - *Answer from Steve Besser:* That is what needs to be discussed. If there is no agreement, then we won't move them. I thought we identified a few items that could be pulled at the last meeting.
 - *John Barten:* I agree and want to share that there is much support for the National Parks. I think it will be difficult to get a funding bill through without some contribution to those funds. In fairness, it has improved water quality at Voyageurs significantly.
 - Steve Christenson: We could look over the list of seven items that were discrepancies from the BOC and ICT. For FGI, I would support putting \$2 million back into those funds (for total of \$6 million). I've changed my position on it. Due to the sustainable aviation fuel (SAF), we are looking at massive uses of agricultural products for the SAF in the next five to ten years. Big changes could occur that could positively impact winter camelina and water quality. There is value in investing in the research. I also support sticking with the \$1.5 million for Voyageurs. I think we should add the \$400,000 back to accelerated implementation, and I have a suggestion of where those funds should come from. I support the WBIF funds, so I would say no change on it for me. For the critical shoreland easements, I think it is one of the most important things – to protect the upper Mississippi River. I think we should put \$2 million back into those funds. For wetland easements, I support reducing it to \$0. There would still be \$5 million of wetland easement per the ICT recommendation (via returned grant money from BWSR). Stormwater Research program should have the \$400,000 back. That would come to a \$6.3 million gap. Therefore, six of the seven items should be restored.
 - Holly Hatlewick: I would like to hear from the ICT members in the room to understand these changes.
 - Brad Gausman: At our last meeting, we got the impression that the ICT was not in agreement on easements. Now we hear that they are. Now we are looking at making a few slightly different recommendations, primarily FGI and Voyageurs. Will we be cutting those easement programs by \$10 million? *Answer from Steve Besser:* Yes, they are scalable. We can accept or change the ICT proposals.
 - Brad Gausman: How are we using the term scalable? *Answer from Justin Hanson:* Some easement programs are more scalable than others. Restoration easements close to zero, so they are less scalable. Demand is being met, but there are not many funds leftover. We want to spend the funds in a timely manner.
 - Warren Formo: Does the ICT approach the funding shifts in the same way? *Answer from Glenn Skuta, Minnesota Pollution Control Agency (MPCA):* The ICT is only looking at the \$307 as the number.
 - Annie Knight: Does demand for critical shoreland easements meet the needs and funding? *Answer from Sharon Doucette, BWSR:* If easements need to take a cut, it is easier to reduce critical shoreland easements in FY26-27 because we received a lot in the supplemental FY25 budget. We really need the money in the wetland easement funding because we are almost out from the last biennium.
 - Paul Gardner: If items are removed that are not on your list here, do you want them to be added to the contingency list if there is more funding available? *Answer:* Yes.
 - Warren Formo: If we use the \$307 spreadsheet, I will move that we use the ICT recommendations. Seconded by Gary Burdorf.
- Discussion:*
- Steve Christenson: I am reluctant to give up the critical shoreline and wetlands easements. We should look at the FGI, Voyageurs, and the Stormwater Research program. I would also favor the accelerated implementation. I would vote no. We should deal with these items, rather than the Legislature.
 - Dick Brainerd: I agree with Steve Christenson. What is the purpose of the motion?
 - Warren Formo: We should put the ICT recommendations on the table, and then we can amend them as long as everything balances. We can't add more funding to something without reducing something else.

- Brad Gausman: It is important to have a separate wish list. In the suggested reductions, does it include the \$12 million for soil health. Can it be reduced to support Voyageurs and FGI?
- Holly Hatlewick: I hesitate to stray from the ICT recommendations to avoid unfunded mandates.
- Steve Besser: I agree. However, I make a friendly amendment to hold FGI at \$6 million, and \$1.5 for Voyageurs. Let's hear from ICT folks where the funding would come from.
- Steve Christenson: Based on the last month's meeting, I would say it should be \$3.9 (meaning \$2 million for FGI, \$1.5 for Voyageurs, and \$400,000 for stormwater research). I would cut \$2 million cut from soil health, \$900,000 from conservation assistance (#10), and \$1 million from buffer implementation (#40). The public commented on the very high buffer compliance rate. The programs cut would be first in line to receive increases if additional funding is available.
 - Warren Formo: If that is a friendly amendment, I would accept it.
 - Gary Burdorf: As the second, I would also accept the amendment.
 - Comments from state agencies:
 - *Justin Hanson, BWSR*: Some programs are more scalable than others. We have reached almost 100 percent compliance with buffers. However, this funding supports ongoing SWCD capacity to avoid sliding backwards. It is difficult to scale back. *Comment from Holly Hatlewick*: That has been cut often in the past. In our county, we must request local funds for inspections.
 - *Brad Gausman*: The Minnesota Environmental Partnership public comment mentions a fee to cover the enforcement cost? Who would enforce? *Answer*: We have not had to use administrative the penalty orders because buffer implementation technical support helps landowners get in compliance. We do not have a large pot of funding because it has been supported at the local level. The county has enforcement through planning and zoning, and the SWCD does help. Fees would go to SWCDs, so there needs to be some stable funding.
- Steve Besser: Friendly amendment; we would accept the \$307 largely untouched. We would spend the \$3.9 million (\$2 million to FGI, \$400,000 on Stormwater Research, and \$1.5 to Voyageurs), and this would be funded with cuts of \$2 million from Enhancing Soil Health (#50) and \$1.9 from WBIF (36). The WBIF is huge, so it would be a small cut from that program. First to be cut, and first to be restored.

Discussion:

- *Holly Hatlewick*: We may be shorting ourselves with our Strategic Plan by reducing WBIF. *Answer from Steve Besser*: I don't think it would be impacting.
- *Warren Formo*: I think that is reasonable. We also do not know the final budget, but the range is close. The discussion is good to help us prioritize. I would accept it as a friendly amendment as well.
- *Justin Hanson, BWSR*: I appreciate that this would be funding first if more funding was available. I will remind everyone that our \$90 million request allows us to bring on the last of 60 watershed planning units. When we ran the numbers, the \$90 million is the minimum to succeed. It is used for leveraging.
- *Dick Brainerd*: That is a good way to move forward.
- *Holly Hatlewick*: Let's go with the ICT's \$307 million, and then put FGI and Voyageurs in line for additional funding if the November forecast has extra funds. Otherwise, let's sharpen our pencils.
- *Glenn Skuta, MPCA*: ICT produced a budget, knowing that the Council may have different ideas. Not speaking on behalf of the ICT, you could spread reductions by pulling from programs that you have already identified as possible reductions. It spreads the pain out. Deeper cuts may slow the pace. Some programs can be slowed down, versus cutting staff impacting the work, because it is hard to restart that back up. The CWFs are not the only source of implementation funding, but there are scarce dollars available for non-implementation funding.
- *Brad Gausman*: Could we take some funds out of the MN Agricultural Water Quality Certification Program (MAWQCP)? This would be in conjunction with WBIF and soil health cuts to get to the \$3.9 million. *Answer*: Cutting funds would jeopardize federal matching funds that go straight to producers.
- *Final motion: Warren Formo withdraws his motion (Webex 01:40:30). He re-issues a motion: to adopt the ICT recommendations, with an increase to FGI (#8) by \$2 million, Voyageurs (#21) by \$1.5 million, and Stormwater Research by \$400,000 by cutting \$1.9 million from WBIF (#36) and \$2 million from Enhancing Soil Health program (#50). If more funding is available, it will be directed to these cut funds first. Seconded by Dick Brainerd. Motion moves to a vote, with seven yays and one nay. Motion carries.*

Finalize Comments for September 16th Council Meeting (*Webex 01:42:00*)

- On September 16th the Council will adopt its initial recommendations. Until the November forecast (which will likely be in the first few days of December), the BOC would have time to adjust. The December meeting would be the final vote on the recommendations. By planning a contingency now, the BOC has time to identify additions or cuts all in one final meeting. Having that list ready will also help after the February forecast.
- Dick Brainerd: We just reached our decision on the final recommendations at this time. Therefore, how much time do we want to spend looking at this being less than \$307 million? *Response from Paul Gardner:* You have a decent list of items the BOC has expressed interest in. If you are looking at a surplus contingency plan, you have \$19.4 million on the wish list, and could choose to scale up program(s). There are also the post-forecast extra funds (\$428,832). There are also unallocated BWSR competitive grant funds that legislation could recirculate. Do you want to identify priority extra spending in addition to the WBIF and soil health backfill?
 - Steve Besser: Let's look at what the ICT reduced before getting to \$307 million.
 - Warren Formo: We could create a tier one and tier two order. However, I think the way Steve Besser summarized it would be the best way to bring back to the Council. The emphasis needs to be on the way we got to the \$307 million agreement. We need to help them understand the length of discussion that went into that and lay down how we view the future decisions in the way you stated.
 - Margaret Wagner, Minnesota Department of Agriculture (MDA): The ICT went through a similar process, thinking about the additional funds and where it would go, struggling between the \$337 and \$307. The reductions made to the MAWQCP were significant. The ICT had trouble agreeing on it. They know it is scalable, but there is a hope that it could have reinvestment if more funding was made available.
 - Steve Christenson: I made a spreadsheet that were flagged for additional funding. The first item on the list was the MAWQCP, followed by the other items. Therefore, my list would be for WBIF and Enhancing Soil Health, and then a list of secondary items from our flagged items spreadsheet. It adds up to about \$337 million, if funds were available.
 - John Barten: I would recommend we have that put together so when it goes to the full Council it is concise. If there is additional funding, we can move down that list and adjust as we see fit.

No Public Comments Provided (*Webex 01:57:30*)

Adjournment (*Webex 01:58:27*)

Clean Water Council

Key Highlights of FY26-27 Clean Water Fund Recommendations for Emphasis in Biennial Report [feedback welcome]

1. **Increased Support for Private Well Users:** Beginning in southeastern Minnesota, the Minnesota Department of Health (MDH) will provide free well testing for all private well users over ten years, continue building a private well inventory, and educate residents on their options for mitigation if needed.
2. **Recommendations for a More Comprehensive Approach to Protecting Public and Private Wells:** In addition to existing Clean Water Fund programs, the Council requests additional funding from the Legislature for more frequent feedlot inspections, more compatible land use, technical and financial assistance, and additional funding for private well mitigation that cannot be paid for with the Clean Water Fund.
3. **Recommendations for Drainage:** The Council supports identifying more opportunities for multi-purpose drainage management that add water quality benefits to the existing drainage improvement process. Modest technical and financial assistance can reduce peak flows compared to standard drainage improvement.
4. **Continued Progress in Meeting Land Protection and Restoration in Key Areas:** The Clean Water Fund supports easements that protect and restore shoreline in the Mississippi River basin. These easements protect drinking water quality downstream and maintain healthy surface waters.
5. **Completion of Comprehensive Plans and Increased Funding to Science- and Watershed-Based Projects:** In FY26-27, all 60 watershed planning units representing all 80 major watersheds in Minnesota will have an approved comprehensive watershed management plan under the One Watershed One Plan program. These units will all receive block grants using the Watershed-Based Implementation Funding (WBIF) program.
6. **Boosting Support for the Lake Superior Basin:** The Council is making support for local partners in the Lake Superior Basin part of its base recommendations. These soil and water conservation districts (SWCDs) will have the capacity to apply for and manage additional federal funds that support the Great Lakes.
7. **Increased Funding for Soil Health and Continuous Living Cover (CLC):** Assisting farmers with introduction of new best practices like cover crops will help water quality in the years to come. The Council's support for the Forever Green Initiative will prepare Minnesota for a future with income-producing crops with multiple benefits like sustainable aviation fuel.

Clean Water Council Budget & Outcomes Committee
 Budget Worksheet on Clean Water Fund FY26-27
 1-Nov-24

		Proposed Increase
8	Forever Green Initiative	\$ 2,000,000
21	Voyageurs	\$ 1,500,000
63	Stormwater Research	\$ 400,000
		\$ 3,900,000

backfill

If more money available...		
50	WBIF	1,900,000
50	Enhancing Soil Health	2,000,000
	Add \$10M from ICT cuts from \$317M to \$307M	\$ 10,000,000
38	Accelerated Implementation	\$ 400,000
46	Critical Shoreland easements	\$ 4,000,000
49	Wetland easements	\$ 5,000,000
41	Working Lands Easements	\$ 3,000,000
48	Watershed Partners Legacy	\$ 1,000,000
63	stormwater research	\$ 600,000
3	AgBMP Loans	\$ 5,500,000
18	SSTS	\$ 1,000,000
19	Chloride Reduction	\$ 1,000,000
		\$ 35,400,000
	10% contingency	\$ 30,700,000
	Left to allocate	\$ (4,700,000)
6	MAWQCP monitoring	

priority

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duplicate

Proposed Reduction			
\$ 1,900,000	36	Watershed Based Implementation Funding	
\$ 2,000,000	50	Enhancing Soil Health	
\$ 3,900,000			

Post-forecast extra funds (not in \$307 million figure; will go back to CWF)			
\$ 406,725		BWSR funds back to CWF	
\$ 22,107		MDH water reuse funds expired	
\$ 428,832			
Requires appropriation language to recirculate (not in \$307 million figure)			
\$ 1,324,003		returned BWSR grant money (could go to projects and practices #37?)	

10% contingency is \$30.7M
 5% contingency is \$15.35M