



LOWER MINNESOTA RIVER WATERSHED DISTRICT

Executive Summary for Action

Lower Minnesota River Watershed District Board of Managers Meeting
Wednesday, February 21, 2018

Agenda Item

Item 5. B. - Metro-Area Watershed Based Funding Pilot Program

Prepared By

Linda Loomis, Administrator

Summary

Managers were informed of the new approach that the Board of Water & Soil Resources (BWSR) is taking with respect to distributing Clean Water Funds within the seven county Metro area at the January meeting. The Pilot Program is in response to the development of One Watershed One Plan and funding implementation plans identified within those plans. In the Metro area Water Management Organizations have been tasked to develop Watershed Management Plans since the enactment, in 1982, of the Metropolitan Surface Water Management Act. Under the Act Watershed Management Organizations are mandatory in the Metropolitan area and are required to develop watershed management plans. For that reason, One Watershed One Plan will not be developed in the Metro area. This Pilot Program is how BWSR intends to provide parity in the Metro area with Clean Water Funds distributed to fund One Watershed One Plans outside the Metro area.

Through this pilot program, which will address project years 2018 and 2019, \$455M will be provided to the Metro area and will be allocated by county. During this time it will be important to document how the pilot program works and provide feedback to BWSR to improve the program moving forward beyond 2019. Each county in the Metro area can determine how funds allocated to the county are to be divided. The Soil & Water Conservation Districts of each county were tasked with convening meetings of local governmental units (LGUs) eligible to receive funding. To receive funding an LGU must have a state approved watershed management plan. In the case of cities, the local water management plan must be approved by the water management organizations with jurisdiction within municipal boundaries.

Since the initial meeting called by BWSR on January 8th, each county has held an initial meeting to determine how money should be allocated. Each LGU is being asked to appoint a representative that will have authority to agree to the funding formula on behalf of the LGU. Once a distribution formula has been set by each county, governing boards will be asked to approve. So far it looks like funds will be allocated in each county as follows:

- Carver - \$749,200 total funds available each year. Carver is planning to allocate funds based 50% on land area within the County and 50% on market value. Under this formula the LMRWD would receive \$25,472. Carver County is planning to meet with again on February 23 with the cities. The LMRWD was asked to provide a list of projects that might be funded under the Pilot Program. We have submitted the East Chaska Creek treatment wetland project. However, staff received notice February 16th that there may be projects included in the CSAH 61/TH 41 Transportation improvement project that could be substituted.
- Dakota - (I was not able to attend the Dakota County meeting) \$1,018,000 total funds available. Dakota is planning to allocate funds based on a base allocation of \$50,000 and then the remaining funds would be divided based 50%

on land area within the County and 50% on market value. Under this formula, the LMRWD would receive \$65,450. Dakota County has asked that each of the LGUs prioritize projects that it would consider under the program.

- Hennepin - \$1,018,000 total funds available. Hennepin County may prove the most difficult to agree upon a funding formula, as there are 12 water management organizations and 47 cities. BWSR recommended that funds allocated to Hennepin County be placed in a competitive pool for the Metro-area. The WMOs have met once to discuss how funds may be allocated and have another meeting scheduled. Hennepin County consists of three major river watersheds; the Mississippi, the Minnesota and the Crow. If Hennepin cannot agree on how to allocate funds, the three WMOs within the Minnesota River Watershed have agreed to work together to improve chances of winning funds competitively. At the meeting several scenarios were proposed to divide the funds amongst the LGUs. The amount the LMRWD would receive ranges from \$25,654 (based 100% on market value) to \$59,970 (based 100% on land area). There was some talk about using an inverse proportion, however I think it is unlikely that those formula would be used.
- Scott - \$749,200 total funds available. Scott County talked about a base amount of \$75,000 to each LGU and then dividing the remaining funds based 50% on land area and 50% on market value. This County discussed using population as part of the allocation formula, but it seems that market value will be used instead. They also discussed using a portion of the money, \$149,000, on a rotating basis for an LGU to be able to anticipate reliable funding for planning purposes. Projects would be prioritized by the group. The SWCD is collecting information from each of the WMOs about possible projects to be funded to help inform a decision. Using 50% land area and 50% market value plus the base allocation the LMRWD would receive \$146,550. Using 50% land area and 50% population plus the base allocation the LMRWD would receive \$121, 383. Staff discussed a possible project with the city of Savage to develop a management plan for the High Value Resource Area surrounding Savage Fen.

There was discussion at each county meeting as to whether or not funds allocated to one county could be used for a project outside the county if that project would provide benefits in the county, such as Minnehaha Creek Watershed District using Hennepin County funds in Carver County, the headwaters of Lake Minnetonka and Minnehaha Creek or the Vermillion River WMO using Dakota County funds in Scott County the headwaters of the Vermillion River. The answer to this question is that it would be up to the representative group from each county to make that decision. This impacts the LMRWD in that we are part of four counties and the allocation to the LMRWD, in some counties, is not very significant, however if the District were able to pool the funds allocated by each county, there would be sufficient funds to complete a project.

There will still be funds available statewide that any Metro area LGU can compete for.

I did indicate at each meeting that the primary goal of the LMRWD is to improve water quality and that the Managers would support allocating money where it would do the most good. I said that the LMRWD Board would like to see funds divided equitably between the Mississippi River's and the Minnesota River's watersheds.

The Pilot Program was discussed at the TAC meeting so that cities could think about projects to work in partnership with the LMRWD. Staff has also discussed how the District might reflect funding allocated in this manner in its CIP in order to make the best use of funds.

Information is attached from BSWR with more details about the program, as well as meeting notes from each of the counties meetings.

Attachments

BWSR 2018 Metro-area Watershed Based Funding Guiding Principals
BWSR 2018 Metro-area Watershed Based Funding Pilot Program Policies
BWSR 2018 Metro-area Watershed Based Funding Pilot Program FAQs
Carver County notes from meeting 1 & 2
Dakota County notes from February 7, 2018 meeting
Hennepin County notes from pre-convene meeting
Scott County notes from meeting

Recommended Action

Motion to appoint a representative to act on behalf of the LMRWD at County meetings.

Guiding Principles

Watershed-based Funding Pilot Program

Vision

BWSR's vision is to move towards more systematic Clean Water Funding for local water management (LWM) authorities on a watershed basis. This funding approach will result in greater efficiency and effectiveness for both LWM authorities and the state and is critical for Minnesota to reach its clean water goals. This funding model could also serve as a future framework for broadening funding to include other state funding sources associated with supporting LWM activities.

Purpose

The purpose of this document is to further outline this vision by providing the guiding principles that will direct and influence future policies and procedures for Clean Water Funds appropriated to the Board of Water and Soil Resources for the purposes of implementing comprehensive watershed management plans. Eligible watersheds are defined as those areas that have watershed management plans developed under the One Watershed, One Plan Program or the Metropolitan Surface Water Management Act.

- **Watershed-based funding will be used to implement activities identified in comprehensive watershed management plans developed under the One Watershed, One Plan program, the Metropolitan Surface Water Management Act, or the Metropolitan Groundwater Management Act.** These plans focus on results and an evidence-based decision-making process. Plans contain implementation timelines, milestones, and cost estimates that address the largest pollution threats and provide the greatest environmental benefits to each watershed.
- **Watershed-based funding must be based upon accountability and performance in achieving measurable progress towards elements of the comprehensive watershed management plan.** Requests for funding must include transparent standards of accountability and performance criteria to objectively evaluate and prioritize funding based on outcomes.
- **Watershed-based funding will be consistent with the Nonpoint Priority Funding Plan (NPPF).** Leadership from State agencies tasked with protection and restoration of Minnesota's water resources came together and agreed on a set of high-level State priorities and criteria to ensure Clean Water Funds are used effectively and efficiently. BWSR must allocate funding according to the priorities and criteria identified in the NPPF when Clean Water Funds are the source of funding.
- **Watershed-based funding envisions a holistic and flexible approach that includes both protection and restoration.** Recognizing that the level of government closest to the ground can best understand resource management needs and implement effective strategies, funding should not be strictly prescribed to a limited number of conservation practices but should allow the flexibility needed by local



water management authorities to address watershed-specific priorities identified in comprehensive watershed management plans consistent with the requirements of the available funding source(s).

- **Watershed-based funding envisions funding requests through a single watershed based work plan.** LWM authorities, as provided in their formal implementation agreement, submit a commitment to collaboratively pursue priority projects and, as identified within the implementation schedule of their approved comprehensive watershed management plans.
- **Watershed-based funding will require a non-state contribution.** A non-state match will be required from LWM authorities in order to have access to this state funding.

FY 2018 Watershed-Based Funding Pilot Program Policy

From the Board of Water and Soil Resources, State of Minnesota

Version: FY2018

Effective Date: 12/20/2017

Approval: Board Resolution #17-96

Policy Statement

The Clean Water Fund was established to implement part of Article XI, Section 15, of the Minnesota Constitution, and Minnesota Statutes §114D with the purpose of protecting, enhancing, and restoring water quality in lakes, rivers, and streams and to protect groundwater and drinking water sources from degradation.

Applicable Clean Water Fund Programs and Grants

- Watershed-based Funding Pilot Program

Reason for the policy

The purpose of this policy is to provide expectations for implementation activities conducted via the Board of Water and Soil Resources (BWSR) Clean Water Fund (CWF) Watershed-based Funding Pilot program as defined by the Clean Water Fund appropriation under Laws of Minnesota 2017, Chapter 91, Article 2, Section 7 (a).

\$4,875,000 the first year and \$4,875,000 the second year are for a pilot program to provide performance-based grants to local government units. The grants may be used to implement projects that protect, enhance, and restore surface water quality in lakes, rivers, and streams; protect groundwater from degradation; and protect drinking water sources. Projects must be identified in a comprehensive watershed plan developed under the One Watershed, One Plan or metropolitan surface water management frameworks or groundwater plans. Grant recipients must identify a non-state match and may use other legacy funds to supplement projects funded under this paragraph.

BWSR will use grant agreements for assurance of deliverables and compliance with appropriate statutes, rules and established policies. Willful or negligent disregard of relevant statutes, rules and policies may lead to imposition of financial penalties or future sanctions on the grant recipient.

BWSR's Grants Administration Manual (<http://www.bwsr.state.mn.us/grants/manual/>) provides the primary framework for local management of all state grants administered by BWSR.

Program Requirements

1. Local Governmental Unit Eligibility Criteria

In the seven-county Twin Cities Metropolitan Area, eligible recipients through this policy include local governments (counties, watershed districts, watershed management organizations, soil and water conservation districts, and municipalities¹) having a current state approved and locally adopted: watershed management plan required under §103B.231, county groundwater plan authorized under §103B.255, or soil and water conservation district comprehensive plan under Minnesota statutes §103C.331, Subd. 11 who have partnered within a county boundary to develop a joint work plan. The BWSR reserves the right for the Executive Director to determine if the partnership is sufficient to meet the goals of the pilot program. Disputes to this decision may be brought to the BWSR Central Region Committee.

For areas outside of the seven-county Twin Cities Metropolitan Area, eligible recipients include partnerships of local governments (counties, soil and water conservation districts, watershed management organizations, watershed districts and other local governments) that have a current state approved and locally adopted comprehensive watershed management plan authorized under Minnesota statutes §103B.101, Subd. 14 or §103B.801 and a formal agreement to implement this plan together. Local governments within the partnership that have not adopted the state approved comprehensive watershed management plan cannot directly receive these funds; however, implementation may still occur with these funds in the geographic area of that local government by another entity within the partnership.

All recipients must be in compliance with applicable federal, State, and local laws, policies, ordinances, rules, and regulations. Recipients who have previously received a grant from BWSR must be in compliance with BWSR requirements for grantee website and eLINK reporting before grant execution and payment.

2. Match Requirements

A non-State match equal to at least 10% of the amount of the Watershed-Based Funding received is required. Match can be provided by a landowner, land occupier, private organizations, local government or other non-State sources and can be in the form of cash or the cash value of services or materials contributed to the accomplishment of grant objectives.

3. Eligible Activities

The primary purpose of activities funded through this program is to implement projects that protect, enhance, and restore surface water quality in lakes, rivers, and streams; protect groundwater from degradation; and protect drinking water sources. Eligible activities must be identified in the state approved, locally adopted comprehensive watershed management plan developed under Minnesota statutes §103B.101, Subd. 14 or §103B.801, watershed management plan required under §103B.231, or county groundwater plan authorized under §103B.255 and have a primary benefit towards water quality. Activities must be first submitted through a

¹ Municipalities (cities and townships) in the seven-county metropolitan area are eligible if they have a water plan that has been approved by a watershed district or a watershed management organization as provided under Minn. Stat. 103B.235.

work plan that will be reviewed by BWSR. The work plan must be approved by BWSR prior to funds being distributed.

Eligible activities can consist of structural practices and projects; non-structural practices and measures, program and project support, and grant management and reporting. Technical and engineering assistance necessary to implement these activities are considered essential and are eligible to be included. Activities that result in multiple benefits are strongly encouraged.

- 3.1 **Practice Standards.** All practices must be consistent with the Natural Resource Conservation Service (NRCS) Field Office Technical Guide (FOTG), Minnesota Stormwater Manual, or be professionally accepted engineering or ecological practices. Design standards for all practices must include specifications for operation and maintenance for the effective life of the given practice, including an inspection schedule and procedure.
- 3.2 **Effective Life.** All practices must be designed and maintained for a minimum effective life of ten years for best management practices and 25 years for capital improvement practices. The beginning date for a practice's effective life is the same date final payment is approved and the project is considered complete. Where questions arise under this section, the effective lifespan of structural practices and projects shall be defined by current and acceptable design standards or criteria as defined in Section 3.1.
- 3.3 **Project Assurances.** The grantee must provide assurances that land owners or land occupiers receiving this funding will keep the practice in place for its intended use for the expected lifespan of the practice. Such assurances may include easements, deed recordings, enforceable contracts, performance bonds, letters of credit, and termination or performance penalties. BWSR may allow replacement of a practice or project that does not comply with expected lifespan requirements with a practice or project that provides equivalent water quality benefits. See also the Projects Assurances section of the Grants Administration Manual.
- 3.4 **Operation, Maintenance and Inspections.** Identifying operation and maintenance activities specific to the installed practices is critical to ongoing performance of installed practices as well as to planning and scheduling those activities. An operation and maintenance plan must be prepared by designated technical staff for the life of the practice and be included with the design standards. An inspection schedule, procedure, and assured access to the practice site shall be included as a component of maintaining the effectiveness of the practice.
- 3.5 **Technical and Administrative Expenses.** Clean Water Funds may be used for actual technical and administrative expenses to advance plan implementation. Eligible expenses include the following activities: grant administration, site investigations and assessments, design and cost estimates, construction supervision, and construction inspections. Technical and administrative expenditures must be appropriately documented according to the Grants Administration Manual.
- 3.6 **Grant Management and Reporting.** All grant recipients are required to report on the outcomes, activities, and accomplishments of Clean Water Fund grants. The grant funds may be used for local grant management and reporting that are directly related to and necessary for implementing the project or activity.

3.7 Livestock Waste Management Practices. Funding for application of conservation practice components to improve water quality is limited to: livestock management systems that were constructed before **October 23, 2000**, and livestock operations registered with the Minnesota Pollution Control Agency Database or its equivalent and are not classified as a Concentrated Animal Feeding Operation (CAFO) and have less than 500 animal units (AUs), in accordance with Minnesota Rule Chapter 7020.

BWSR reserves the right to deny, postpone or cancel funding where financial penalties related to livestock waste management violations have been imposed on the operator.

- a. Funded projects must be in compliance with standards in MN Rule Chapter 7020 upon completion.
- b. Eligible practices and project components must meet all applicable local, State, and federal standards and permitting requirements.
- c. Eligible practices are limited to best management practices listed by the MN USDA-NRCS. (www.nrcs.usda.gov/wps/portal/nrcs/detail/mn/programs/financial/eqip/?cid=nrcs142p2_023513)
- d. Feedlot roof structure is an eligible practice with the following payment limitation: The maximum grant for a feedlot roof structure is not to exceed \$100,000. Funding is not eligible for projects already receiving flat rate payment equaling or exceeding this amount from the NRCS or other State grant funds.
- e. Feedlot relocation is an eligible practice, with the following conditions:
 - 1) The existing eligible feedlot must be permanently closed in accordance with local and State requirements,
 - 2) Payment Limitation: The maximum grant for a feedlot relocation is not to exceed \$100,000. Funding is not eligible for projects already receiving flat rate payment equaling or exceeding this amount from the NRCS or other State grant funds.
 - 3) The existing and relocated livestock waste management systems sites are considered one project for grant funding.

3.8 Subsurface Sewage Treatment Systems

- a. Only identified imminent threat to public health systems (ITPHS) are eligible for grants funds, except as provided under b. Project landowners must meet low income thresholds. Low income guidelines from U.S Rural Development are strongly encouraged as the basis for the definition of low income.
- b. Proposed community wastewater treatment systems involving multiple landowners are eligible for funding, but must be listed on the MPCA's Project Priority List (PPL) and have a Community Assessment Report (CAR) or facilities plan [Minn. Rule 7077.0272] developed prior to work plan submittal. For community wastewater system applications that include ITPHS, systems that fail to protect groundwater are also eligible.
- c. In an unsewered area that is connecting into a sewer line to a municipal waste water treatment plant (WWTP), the costs associated with connecting the home to the sewer line is eligible for funding if the criteria in a. and b. above are met.

3.9 Multipurpose Drainage Management. Proposed activities must be conducted adjacent to, on, or within the watershed of a priority Minnesota Statutes Chapter 103E Drainage System(s). Following is a list of eligible conservation practices and activities.

- a. NRCS Conservation Practice Standard (CPS) Code 410 Grade Stabilization Structure: When proposing side inlet structures in combination with a continuous berm along a Chapter 103E drainage ditch, eligibility is limited to the side inlet pipes and construction of an average 3 ft. high (above existing ground) berm.
- b. CPS Code 412 Grassed Waterway
- c. CPS Code 638 Water and Sediment Control Basin
- d. Open tile inlet replacement: Replacement of existing open tile inlets with water quality improvement inlets (e.g. perforated riser, dense pattern tile, or gravel inlet) in accordance with NRCS CPS Code 606 Subsurface Drain, as applicable, to reduce sediment entering a Chapter 103E drainage system via subsurface drainage tile.
- e. Storage and Treatment Wetland Restoration: This activity requires a perpetual flowage and conservation easement to be held by the Chapter 103E drainage system.
- f. A perpetual flowage and conservation easement must be approved by BWSR for entire contiguous storage and treatment wetland restoration(s) on, or within the watershed of, a Chapter 103E drainage system. Total payment rates, including match shall not exceed Reinvest in Minnesota (RIM) rates. The perpetual flowage and conservation easement must include an upland buffer of perennial native vegetation around the wetland area having a minimum width of 30 feet and average width of 50 feet, except where the wetland boundary is adjacent to a road right-of-way or property boundary, as approved by BWSR. The maximum upland buffer to increase multipurpose benefits or square off the easement area is limited to a 1:1 upland to wetland area ratio for each wetland, as approved by BWSR. Payable non-cropland buffer acres are limited to 20% of the total buffer acres. Design and construction components necessary for wetland and upland buffer restoration are eligible.
- g. NRCS Conservation Activity Plan (CAP) 130 Drainage Water Management Plan: The CAP 130 can include controlled subsurface drainage, denitrifying bioreactor, and saturated buffer components. The plan must be developed by a Technical Service Provider (TSP) certified in the NRCS Tech Regulation for CAP 130.
- h. CPS Code 587 Structure for Water Control:
- i. CPS Code 554 Drainage Water Management, Implementation/Operation: A CAP 130 is required. For areas where controlled subsurface drainage structures have been installed to manage water levels, NRCS rates must be applied.
- j. CPS Code 604 Saturated Buffer:
- k. Code 605 Denitrifying Bioreactor:

3.10 Non-Structural Practices and Measures. Non-structural practices and activities that supplement, or exceed current minimum State standards or procedures for protection, enhancement, and restoration of water quality in lakes, rivers, and streams or that protect groundwater from degradation are eligible. Non-structural vegetative practices must follow the Native Vegetation Establishment and Enhancement Guidelines: www.bwsr.state.mn.us/native_vegetation/seeding_guidelines.pdf.

- a. **In-lake or in-channel treatment.** Best management practices such as rough fish management, lake drawdown and alum treatments that have been identified as an implementation activity in a TMDL study or Watershed Restoration and Protection Strategies document are allowable. A feasibility study must be completed, reviewed and approved by BWSR staff prior to funds being spent on these activities. Eligible costs apply only to initial costs for design and implementation. All subsequent applications and treatments under this subsection are considered to be Operations and Maintenance expenses that are a local responsibility.
- b. **Incentives.** Incentives may be used to encourage landowners to install or adopt land management practices that improve or protect water quality. Incentive payments and enhanced protection measures should be reasonable and justifiable, supported by grant recipient policy, consistent with prevailing local conditions, and must be accomplished using established standards. All incentivized practices or procedures must have a minimum duration of at least 3 years with a goal of long-term landowner adoption. BWSR reserves the right to review and approve incentive payment rates established by grant recipient policy. Any projects proposing incentives for more than 3-years must be reviewed by BWSR staff and approved by the Executive Director prior to work plan approval.
- c. **Project Support.** Eligible activities include community engagement, education and outreach, equipment and other activities, which directly support or supplement the goals and outcomes expected with the implementation of items identified in section 3.0 above. Refer to guidance within the Grants Administration Manual for Capital Equipment Purchases.
- d. **Easements.** Proposed use of easements and payment amounts must be reviewed and approved by BWSR staff prior to expenditure of grant funds to acquire an easement. Total payment rates for perpetual easements, including match shall not exceed Reinvest in Minnesota (RIM) rates.

4. Ineligible Activities

The following activities will not be considered:

- a. Activities that do not have a primary benefit of water quality
- b. Stormwater conveyances that collect and move runoff, but do not provide water quality treatment benefit
- c. Replacement, realignment or creation of trails or roads
- d. Municipal wastewater treatment
- e. Municipal drinking water supply facilities or individual drinking water treatment systems
- f. Routine maintenance activities within the effective life of existing practices or projects
- g. General maintenance and repair of capital equipment
- h. Activities having the primary purpose of water quality monitoring
- i. Livestock Waste Management Practices: Practices and activities that are not listed in the USDA NRCS-EQIP docket or are not included in the USDA NRCS eFOTG
- j. Subsurface Sewage Treatment Systems (SSTS):
 - 1) Small community wastewater treatment systems serving over 10,000 gallons per day with a soil treatment system, and
 - 2) A small community wastewater treatment system that discharges treated sewage effluent directly to surface waters without land treatment.

- k. Drain tile, except for tile outlets required for water and sediment control basins, tile required to make eligible drainage water management practices function, and dense pattern tile to replace open tile inlet(s)
- l. Ditching except if needed for the creation of a storage and treatment wetland restoration
- m. Back-flow preventing flap gates on side inlet structure pipes where a system-wide analysis has not been completed
- n. Bridges
- o. Fee title land acquisition (costs may count towards match)
- p. Contribution to a contingency or reserve fund that extends beyond the grant agreement period
- q. Payment(s) to an equipment replacement fund

5. Technical Expertise

The grantee has the responsibility to ensure that the designated technical staff have the appropriate technical expertise, skills and training for their assigned role(s). See also the Technical Quality Assurances section of the Grants Administration Manual.

5.1 Technical Assistance Provider. Grantees must identify the technical assistance provider(s) for the practice or project and their credentials for providing this assistance. The technical assistance provider(s) must have appropriate credentials for practice investigation, design, and construction. Credentials can include conservation partnership Job Approval Authority (JAA), also known as technical approval authority; applicable professional licensure; reputable vendor with applicable expertise and liability coverage; or other applicable credentials, training, and/or experience.

5.2 BWSR Review. BWSR reserves the right to review the qualifications of all persons providing technical assistance and review the technical project design if a recognized standard is not available.

6. Practice or Project Construction and Sign-off

Local governments receiving these funds shall verify that the practice or project was properly installed and completed according to the plans and specifications, including technically approved modifications, prior to authorization for payment.

7. BWSR Grant Work Plan, Reporting, and Reconciliation Requirements

BWSR staff is authorized to develop grant agreements, requirements and processes for work plans and project outcomes reporting, closeouts, and fiscal reconciliations. All grantees must follow the Grants Administration Manual policy and guidance. BWSR recognizes that as a pilot program activities may be identified after the work plan is approved. Work plan revisions must follow the BWSR Grants Administration Manual procedures for Grant Agreement Amendments and Work Plan Revisions.

In the event there is a violation of the terms of the grant agreement, BWSR will enforce the grant agreement and evaluate appropriate actions, up to and including repayment of grant funds at a rate up to 150% of the grant agreement.

8. Performance

Watershed-based funding will be based upon accountability and performance in achieving measurable progress towards elements of the comprehensive watershed management plan. As a performance-based grant, BWSR reserves the right to modify, suspend, or cancel the grant agreement at any time if work under the grant agreement is found by BWSR to be unsatisfactory. Performance under this program may impact future watershed-based funding allocations.

A future performance measure under consideration for these grants is the amount or percent leveraged funds; therefore, grantees are encouraged to report all funds leveraged above and beyond the required match.

History

This version is the first for this policy

Contact

For Clean Water Programs: Marcey Westrick, Clean Water Coordinator

FY 2018-19 Clean Water Fund Watershed-based Funding Pilot Program: Metropolitan Area Specific Questions Frequently Asked Questions (FAQs)

The Watershed-based funding pilot in the Seven-County Metropolitan Area is being implemented differently than the rest of the state, recognizing that comprehensive watershed management planning has been taking place in this area since 1982. The following questions apply to the Metro Area only.

Q1: Projects identified in Metropolitan Groundwater plans are considered eligible. How will these projects be compared to surface water projects?

A: Prioritization between groundwater and surface water will be decided by the local partnership: funding is intended to be holistic and flexible so priorities and projects for each can be included in the budget request if the partners agree on prioritizing both.

Q2: Are cities and townships within the 7-County Metro Area eligible for this funding, and what if they wish not to participate in the process?

A: Cities and townships with approved local water plans under Minn. Stat. 103B.235 are eligible to receive funds. A city or township may choose not to participate and; therefore, would not be eligible to directly receive watershed-based funding. Cities and townships will be invited to a county-wide convene meeting by a group facilitator. The invitation will include a deadline for responding to the invitation. Lack of response by the deadline will be considered a decision not participate.

Q3: Can cities and townships, or Joint Powers Watershed Management Organizations (JPA WMOs) representing those cities and townships, participate in metro convene meetings?

A: Cities and townships with approved local water plans under Minn. Stat. 103B.235 should be invited to participate; watershed districts, JPA WMOs, counties (with approved groundwater plans), cities, townships and SWCDs are all eligible for these funds and should have an opportunity to participate in the collaborative process.

Q4: Do cities and townships have an unfair advantage in the decision making process if a JPA WMO representing cities is attending meetings as well as city/township representatives themselves?

A: As part of the metro-area pilot, the local governments within a county geographic area are responsible for deciding the decision making structure they will use. Participants are encouraged to select an equitable process.

Q5: What documentation is required by BWSR to demonstrate that a local government is or is not participating in the Watershed-based Funding pilot?

A: The communication or invitation sent by the group facilitator for the convene meetings should include a deadline for responding to the invitation and a statement indicating that no response will be interpreted as declining to participate.

If a local government has decided to participate in the convene meetings, they can accept meeting invitations or provide a written acceptance to the group facilitator stating they wish to participate in the process.

If a local government has decided not to participate in a collaborative process, they can decline invitations to scheduled meetings or provide a written indication to the group facilitator stating they do not wish to participate in the process.

Q6: Who will the invitation to participate be sent to?

A: For cities and townships, the invitation should be sent to the person with responsibility for the local water plan, with the city administrator or township clerk copied. For the watershed districts and JPA WMOs, the invitation should be sent to the organization administrator or the board chair if there is not an administrator. For SWCDs, the invitation should be sent to the district manager.

Q7: What documentation is required by BWSR to demonstrate that a local government is participating in the collaborative process for the Watershed-based Funding pilot?

A: Due to local matching requirement involved, a local government wishing to participate in a collaborative process, should follow their own procedures and policies regarding receiving state grant funding.

This may include a board resolution or motion acknowledging the intent to move forward with identified projects and providing necessary match.

Q8: What documentation is required by BWSR to demonstrate a collaborative partnership amongst multiple local governments within a county geographic area for the Watershed-based Funding pilot?

A: As part of the metro-area pilot, the local governments within a county geographic area need to decide how funds would be allocated amongst the participating partners. If partners will work independently of one another, the local governments that will directly receive funding should have the board's approval per resolution of accepting state funds and providing the necessary matching dollars.

If the partners in the county geographic area will have one fiscal agent responsible for managing and distributing the funds, it may be in the best interest of the partners to have some type of formal agreement. In some cases, existing contracts for services between entities may suffice depending on the terms of the contract. Other options may include Joint Powers Agreements, Memorandums of Agreement (MOA) or Memorandums of Understanding (MOU). Ultimately, it is for the local governments to decide what is necessary.

Q9. Are activities identified in a SWCD Comprehensive Plan or a City Water Plan considered eligible?

A: The policy for this pilot programs requires eligible activities to be identified in the state approved, locally adopted comprehensive watershed management plan developed under Minnesota statutes §103B.101, Subd. 14 or §103B.801, watershed management plan required under §103B.231, or county groundwater plan authorized under §103B.255 and have a primary benefit towards water quality. So, if the activity in the SWCD Comprehensive Plan or City Water Plan is also identified in the plans listed in section 3 of the policy, it is eligible.

Q9: How does the competitive funding work if multiple counties decide to go to a competitive process?

A: Funding for counties that decide to go to a competitive process will get pooled, and all eligible local governments within those counties will be able to compete for the total pool of funding.

Q10: Do Soil and Water Conservation Districts (SWCD) get the first right of refusal as the group convener?

A: BWSR is acknowledging the Local Government Water Roundtable Policy Paper recommendation that the SWCD, if they so choose, be the organization to convene and facilitate the meetings of local governments within the county. However, the local governments can decide which entity they want to organize the process.

Q11: Does a WD, WMO or city or township whose boundary spans more than one county need to participate in multiple county meetings if they wish to access funds in each area?

A: Yes.

Q12: Does funding from one county only go to projects within that county, or can it be spent outside the county border by a participating partner who boundary spans multiple counties?

A: A situation of this type would have to be reviewed by BWSR staff.

Q13: What is included in the eLINK budget request and work plans?

A: If a Collaborative Work Request is developed within a county geographic area, the written document must contain 1) a description of the partnership and decision-making process used to select projects and programs, 2) the timeframe of the Collaborative PTM Implementation plan (For FY18-19 Funding only or extended beyond that) and 3) implementation actions, responsible party, watershed or groundwater plan reference, timeframe, and costs for activities that will be implemented with the

available Pilot Funds and, if applicable, any activities that have been prioritized by the group beyond available funding. This can be a simple spreadsheet.

The eLINK budget request and work plan would reflect the budget and proposed measurable outcomes of those programs and projects proposed to be being funded with Watershed-based Funding dollars.

Q14. How is the decision made within the county to go collaborative or competitive?

A: The convened group of local governments within each county geographic area needs to come up with a mechanism for making this decision.

Q15. If a simple majority is decided on and the group goes with the collaborative option, can the minority opt out?

A: Yes, but they would be ineligible to be recipients of Watershed-based funds.

Q16. Why isn't the metro funding anticipated to grow over the next 8-10 years like the non-metro funding is anticipated to grow?

A: The metro area is fully planned. It is recognized that the non-metro will need more funding as more 1W1P planning areas become eligible for watershed-based funding. However, amounts will be impacted by appropriations to watershed-based funding and the rate of comprehensive watershed management plan completion across the state.

Q17. How often do we have to get together to make a collaborative work request document?

A: Every two years, per biennium. However, local governments could create a document that extends beyond 2 years if they so choose.

Q16. How should priorities be split within a county when there is more than one major hydrological system?

A: The local governments will have to decide and agree upon priorities within the county. They could go competitive if an agreement can't be reached.

Q17. Could a county go competitive for the first biennium and choose to do a collaborative process two or four years later?

A: Yes, although given that this is a pilot, things could change by that time.

Q18. If a collaborative request includes a project that needs a feasibility study, does that study need to be in the submission?

A: Yes, if the feasibility study is needed prior to implementing the project and watershed-based funding will fund the feasibility study.

Q19. If a WMO or WD has a current plan that is expired, is the local government able to receive funding?

A: No.

Q20. How are the different plans defined as current?

A: Watershed management organizations and metro watershed districts plans are not current if the management plan is more than 10 years beyond the BWSR plan approval date unless the plan states a lesser period of time.

Q21. Can Watershed-based funding pay for staff time?

A: Yes. Eligible activities can consist of structural practices and projects; non-structural practices and measures, program and project support, and grant management and reporting.





SERVING CARVER
COUNTY SINCE 1946

Mission Statement: Providing high quality assistance to the land managers and citizens of Carver County for the protection of land and water resources.

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<http://www.co.carver.mn.us/swcd>

Notes from Carver County watershed based funding pilot program meeting - 1/16/18

Attendees: Paul Moline - Carver County WMO; Claire Bleser - RPBCWD; Linda Loomis - LMRWD; Becky Christopher - MCWD; Mike Wanous - Carver County SWCD; Steve Christopher & Barb Peichel - BWSR

Carver County will be receiving approximately \$749,000 for FY '18 – FY '19 to implement projects and programs in current water management plans. If the group can agree on a “collaborative approach” to using the funds, the money stays designated to Carver County projects. The other option is to put the \$749k into a “competitive pot” of funds along with other metro counties that choose to take that approach (state agencies would then rank & score projects, similar to the current process).

Paul – funds could be split amongst agencies according to geographic area of Carver County:

CCWMO – 85.4%

MCWD – 8.0%

RPBCWD – 3.8%

LMRWD – 1.9%

*Buffalo Cr WD – 0.9%

*BWSR staff – Buffalo Creek is not eligible as they are not metro area surface water management plan and not part of a 1W1P plan.

Pros – allocates more funds to large areas that need more BMP's, even distribution per acre.

Cons – Leaves most WD's with little funding amounts which makes it difficult to implement projects and not worth the hassle of grant agreement processes.

Becky – MCWD has been successful at applying for competitive funding, would prefer to put the money toward the competitive pot of funds. (The rest of the group thought we could work out a collaborative approach – at least for this first biennium of funding; and this is also a “pilot” so things could change in the future.)

There was group discussion on projects that each entity would likely pursue with the funding. Reviewed several projects listed in CIP plans for the 2018 – 2020 timeframe. BWSR staff indicated that in-lake treatments are eligible if they have been identified as an implementation activity in a TMDL or WRAPS document, and that a feasibility study must be completed and reviewed by BWSR staff prior to funds being spent on in-lake treatments. Feasibility studies are also eligible for the funding, if the study is needed to implement.

Discussion of another approach to allocating the \$749k – 50% split by geographic area, 50% split by tax capacity. This approach recognizes that it costs more to complete projects in developed areas vs. rural areas. Paul gave some ballpark figures that each WMO/WD would receive using this approach.

Pros – would allocate close to \$100k each to MCWD & RPBCWD (enough to make it worthwhile developing work plans, grant agreements, reports, etc.)

Cons – LMRWD would receive a smaller amount (around \$25k) Linda indicated she was not aware of any “shovel ready” projects in the LMRWD portion of Carver County and may want to put that funding into projects that eventually drain into her watershed (Carver Creek, East & West Chaska Creek, Bluff Creek).

Discussion on LGU’s and how much input cities should have in this process. Cities have local water management plans that are approved by WMO or WD. Cities are eligible for this funding; however the group consensus was that cities should request funds and CIP projects through the WMO/WD as the WMO/WD asks for their list of projects while developing implementation plans. Also, any city project needs to be identified in a local plan.

BWSR staff – it’s up to the group on how to handle LGU involvement.

Some discussion on “voting process” that was discussed at the 1/8/18 BWSR mtg. There was some confusion on what exactly is needed. BWSR - it’s up to the group to decide what process we want to use.

After much discussion, the group decided that because this pilot program needs to be figured out soon (6/30/18), the 50/50 split described above seems fair and should be explored in more detail at our next meeting. This approach would also allow for more time to explore other options to allocating funds if money is available in the next biennium. Brief discussion that more time would be needed to develop a ranking/scoring/priority approach and that all LGU’s, including cities, could prepare and plan for future projects if this moves beyond a pilot program.

Next meeting date: January 30 – 9:00 a.m. @ RPBCWD office.

Future meeting date – Meet with city reps as part of WMO TAC maybe in February since every city is invited to the WMO TAC anyway. Explain this pilot program, our approach, and request they think about future opportunities for clean-water projects and submit them to WMO/WD for inclusion in water management plan updates.



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Notes from Carver County watershed based funding pilot program meeting - 1/30/18

Attendees: Paul Moline - Carver County WMO; Claire Bleser - RPBCWD; Linda Loomis - LMRWD; Becky Christopher & Anna Brown - MCWD; Mike Wanous - Carver County SWCD; Steve Christopher & Barb Peichel - BWSR

Mike handed out DRAFT notes from the CC watershed based funding meeting that occurred on 1/16/18. Quick review of the notes, an electronic copy will be sent out shortly please respond with errors, corrections or additions.

Funding allocation discussion - Paul handed out a spreadsheet (attached version does not include city/township breakdowns) that identified geographic area for each entity and % of the Carver County total in the left column; the 2017 tax capacity and % in the middle column; and 50/50 split (geographic/tax capacity) in the right hand column. The 50/50 split totals are:

- WMO - \$517,979
- RPBCWD - \$111,870
- LMRWD - \$25,472
- MCWD - \$93,879
- Total - \$749,200

Discussion about the following items:

Long term resource based outcomes – should future funding be allocated based on outcomes and a priority ranking process? How do you rank one water body vs. another?

Implementation projects vs. feasibility studies – most thought it would be a better use of funds to actually get projects in the ground, but for the pilot program it should be a local decision by that entity.

Keeping funds/projects in the County – should not be a problem, LMRWD may have a desire to “pool” funds from multiple counties but still too early to know. Carver County is the headwaters for 6-mile Creek and Riley Creek so keeping funds in the county should not be a problem in those locations.

Carp management – might be better to use funds on long term solutions (ex. barriers or aerators) instead of short term management (seining, removal).

BWSR staff – Grant agreements will be through 12/31/2021, soonest funds will be available is likely around August. Will need grant agreements, signatures, work plans in eLINK.

Project identification by watershed: Draft lists – may add or drop by 6/30 deadline...

RPBCWD –

- Upper Riley Creek stabilization & restoration
- Rice Marsh watershed load control
- Silver Lake watershed load control (watershed in Carver County)
- Wetland restoration and flood mitigation @ 101 & Pioneer Trail

CCWMO –

The 4 applications that were submitted for Clean Water Grant in 2017:

- Grace chain of lakes – implement BMP's identified in Sub-Watershed Analysis
- Lake Waconia BMP's in downtown that are currently untreated
- Bavaria Lake storm water pond retrofits in Victoria
- West Chaska Creek re-meander project
- possibly others if City projects are ready to go and identified in water plan – will be sending out a request for projects to cities (normal annual process for identifying potential projects)

MCWD –

- Turbid-Lundsten Corridor, wetland restoration(s), creek restoration between lakes
- East Auburn watershed load control, the 4 wetland complexes that drain into the lake
- Internal load control on multiple 6-mile lakes, carp management
- Pierson Lake headwaters restoration (potential, private landowner cooperation)
- Wassermann projects, watershed load control and internal loading

LMRWD –

- Corridor management projects
- Spring creek restoration in city of Carver (potential, private landowner cooperation)
- possibly fund projects that drain into the LMRWD?
- Linda will be discussing with LMRWD Board to get more guidance

SWCD –

- Will likely be an active partner on many of the above listed projects
- May look for cost-share or program funds in next biennium – depends on availability of District Capacity funding and other funding sources. Another option would be to incorporate specific project/program requests into water plan updates/minor amendment.

BWSR plans to keep an up to date FAQ's website as many of the metro counties have a lot of questions about this process. BWSR staff also reminded the group that there will still be a competitive Clean Water Grant cycle in 2018, may include AIG funds. Application period should be similar to last year.

Next meeting will be a communication of all this material to the city LGU's in Carver County. Paul will schedule a date to coincide with CCWMO TAC meeting – February 23 in the morning. General meeting outline:

- Intro, 1W1P and metro area watershed based funding – BWSR

- Carver County allocation and summary of funding split recommendation – Mike
- Review potential (likely) projects to be funded – each WD, WMO
- Importance of cities to submit clean water project ideas for inclusion in water plan updates – Paul
- Questions?

Everyone should try to get project summary/outline along with a map of each project to Mike prior to Feb. 14 for inclusion in power point presentation slides.

Should the Guiding Principles and Pilot Program Policy be sent out to city reps prior to the Feb.23 meeting?

Group does not plan to meet in person prior to 2/23, could conference call if needed.

DRAFT

	WATERSHED ACRES			2017 tax capacity				50/50		
CCWMO	205,333	86.18%	\$645,630	\$	69,151,459	52.1%	\$390,329	\$517,979	CCWMO	
BUFFALO CREEK	0	0.00%	\$0	\$	-	0.0%	\$0	\$0	BUFFALO CREEK	
RILEY PURG BLUFF CR	9,065	3.80%	\$28,503	\$	34,588,562	26.1%	\$195,237	\$111,870	RILEY PURG BLUFF CREEK	
LOWER MN RIVER	4,622	1.94%	\$14,533	\$	6,450,710	4.9%	\$36,411	\$25,472	LOWER MN RIVER	
MINNEHAHA CREEK	19,252	8.08%	\$60,534	\$	22,539,184	17.0%	\$127,223	\$93,879	MINNEHAHA CREEK	
Total	238,272		\$749,200	\$	132,729,915		\$749,200	\$749,200	Total	

Dakota 1W1P Collaborative

Planning Work Group Meeting

February 7, 2018

Attendees:

Mark Zabel (Vermillion River Watershed JPO)
Brad Becker (Dakota County)
Jane Byron (City of Apple Valley)
Curt Coudron (Dakota SWCD)
Joe Barten (Lower Miss. River WMO/Dakota SWCD)
Daryl Jacobson (Black Dog WMO/City of Burnsville)
Eric Macbeth (City of Eagan)

Mary Peterson (BWSR)
Barb Peichel (BWSR)
Darin Rezac (City of West St. Paul)
Ashley Gallagher (E-IGHWMO/NCRWMO/Dakota SWCD)
Brian Watson (Dakota SWCD)
Ryan Ruzek (City of Mendota Heights)
Mac Cafferty (City of Lakeville)

Handouts/Presentation:

Agenda

BWSR adopted FY2018 Watershed-Based Funding Pilot Program Policy (12/20/17)

BWSR Guiding Principles for Watershed-Based Funding Pilot Program

BWSR FY2018-19 CWF Watershed-Based Funding Pilot Program FAQ

BWSR FY2018-19 CWF Watershed-Based Funding Pilot Program Metropolitan FAQ (2/5/18)

Power Point - Watershed Based Funding (Pilot Program) Dakota County PWG, by Dakota County SWCD (2/7/18)

Notes:

Introductions

Everyone introduced themselves. The SWCD thanked the WMOs for providing time on their agenda's over the past few months to introduce them to this new State program and supporting the SWCD in convening the initial meetings.

Overview of One Watershed, One Plan (1W1P)

A brief overview was provided on the statewide program, members of the local government roundtable, the identified major watershed planning boundaries throughout Minnesota and status of current comprehensive water management plans. Information was provided on history of water planning within the 7-County Metro area and the number of different water management authorities at the local level. There was recognition that the process of 1W1P is different in the 7-County Metro area. A graphic showing current watershed management organization within Dakota County was shown.

Watershed Based Funding Policy (Pilot Program)

The BWSR Board adopted policy in December (see handout). Legislative appropriation was \$9.75M and the policy provides \$5.59M to the 7-County Metro area based on geographical boundaries and \$3.11M to watershed planning areas whom have completed, or nearly completed, comprehensive water management plans. A table was provided showing funding allocations per County geographical area within the 7-County Metro, as well as watershed planning units in greater Minnesota, and the formulas used to determine funding allocations. The Dakota County geographical area was allocated \$1,018,000 per BWSR policy.

It was explained that each 7-County Metro geographical area has two choices under BWSR Policy:

1. By June 30, 2018, create a Collaborative PTM Implementation Plan and submit budget request and work plan to BWSR
2. Opt out of the collaborative approach and individually decide whether to submit competitive grant applications – this pool would include all funds from those 7-County Metro geographical areas that opt out.

Information was provided that eligible recipients of grant funds under the collaborative approach would be all six of the watershed management organizations/watershed districts, the SWCD, and cities and township. Dakota County is currently not eligible to receive funding as they do not have a State approved groundwater plan.

An example list of both eligible and ineligible activities per BWSR Policy was provided. It was mentioned that the primary purpose of these funds is to implement projects that protect, enhance and restore surface water quality and protect groundwater for degradation or protect drinking water. BWSR staff indicated that funds will need to be consistent with the Nonpoint Priority Funding Plan (NPPF).

Other adopted BWSR policy items were reviewed including non-state match requirements will be 10% and not 25% under previous competitive grant awards, a feasibility study will need to be conducted and approved by BWSR staff prior to expending funds for in-lake or in-channel projects, easements are allowed but grant expenditure need to be reviewed and approved by BWSR and incentive payments longer than 3 years will need BWSR approval. BWSR staff provided clarification that the 10% match would still apply if the Dakota County geographical area choose to take the competitive option rather than the collaborative option.

SWCD staff requested discussion on whether the Planning Work Group (PWG) felt the collaborative option was supported or whether the competitive route was preferred. There was general consensus to move forward with the collaborative option but some meeting attendees wanted to hear more information prior to supporting any of the two options.

Potential Funding Distribution Options under a Collaborative Plan:

Discussion occurred on what entities should be considered as potential grant fund recipients under a Collaborative Plan. The concept of having each of the six WMOs/WDs and the SWCD was identified. This list did not include Dakota County since they do not have a State approved groundwater plan. However, they could be added to the list in the future. There were comments that individual cities and townships were not included as grant recipients. Discussion continued. The potential of adding several more grant recipients within Dakota County by including individual cities and townships would be difficult to manage and determine allocations under the pilot program. The thought was that each WMO/WD would coordinate with their member communities to seek activities for developing the Collaborative Plan on a watershed bases.

The concept of how do we allocate funds to each grant recipient was discussed and some general options provided. A formula bases system that provides a base amount of \$50,000 to each of the WMO/WD's and \$100,000 to the SWCD, and then the remaining amount of \$618,000 being divided among the six WMO/WDs based on 50% total land area and 50% property value was further explored. Under this example, approximate allocations would be:

Black Dog WMO	\$113,890
Eagan-Inver Grove Heights WMO	\$124,169
Lower Mississippi River WMO	\$133,430
Lower Minnesota River WD	\$ 65,450
Vermillion River Watershed JPO	\$343,550
Cannon River WMO	\$136,520
Dakota County SWCD	\$100,000

There was general staff support for the funding formula identified. Discussion occurred on whether funding allocated to an entity identified could be used outside of the Dakota County geographical area but still within the watershed. BWSR staff indicated that sharing funds outside of the County boundary for major watershed improvements would be the choice of the Dakota collaborative not BWSR. A secondary question was asked if the watershed based funding for the Metro area would need to be identified for use with a Metro County or could funds go to non-metro areas if still within the major watershed. BWSR to provide guidance.

Identifying Process for Selecting Activities

A review of Collaborative Plan requirements occurred. BWSR is currently evaluating how this new Watershed Based Funding Program would be added into eLINK and how a collaborative work plan should be entered into their reporting system. In order for BWSR to approve a Dakota Collaborative PTM Implementation Plan, a description of partnerships and decision making process used, time frame for implementing activities identified, identification of implementation actions, identifying responsible party and budget, and showing activity proposed is referenced to State approved watershed plan would be required.

It was discussed that each WMO/WD should begin the coordination process with their member communities and among their own Boards and prioritize a list of activities. The Dakota SWCD should coordinate with respective WMO/WDs to coordinate proposed activities they would develop. All entities should submit a prioritized list of activities to the SWCD by April 15, 2018.

SWCD indicated they are willing to continue leading the PWG meetings and compiling the information through the Pilot Program. This was supported by meeting attendees. SWCD would compile information a draft a Dakota PTM Implementation Plan per BWSR guidance by May 1, 2018. Each WMO/WD/SWCD Board would then have approximately 45 days to obtain Board approval of Collaborative Plan. Discussion followed on the dates and timeline for submitting to BWSR. No changes were recommended in the end. The SWCD to develop a spreadsheet that each WMO/WD/SWCD can use for identifying a list of activities. This spreadsheet will need to be coordinated with BWSR to determine eLINK requirements so data entry becomes more efficient.

Considerable discussion followed on what Plans need to be referenced. BWSR clarified that all activities identified within the Collaborative Plan must be referenced back to a WMO or WD plan. City Water Plans alone, even though approved by the WM/WD, is not an acceptable reference for prioritizing activities.

Discussion occurred on who should be the grant recipient. The question came up as to what if every entity is not able to use their allocation and flexibility for making changes are needed to an approved work plan that is under multiple BWSR grant agreements. It was asked if the SWCD would be interested in being the fiscal agent for the full FY18 allocation and then distribute funds to each of the WMOs/WDs. Each WMO/WD and the SWCD to discuss more on what would be preferred option from a grant and work plan management perspective.

Watershed Based Funding Beyond FY18-19

It was mentioned and emphasized that this is a pilot program. The PWG should share their thoughts with BWSR staff moving forward as to how this new Watershed Based funding program can be best implemented within the 7-County Metro area.

It was mentioned that beyond the pilot program and under a more consistent policy and funding era, a formal agreement of some sort may be necessary; this is a requirement for watershed planning areas outside of the 7-County metro. It was also mentioned that funding levels to the 7-County metro area are likely to stay similar in the future as added legislative funds to this program will need to go to watershed planning areas outside of the 7-County metro as comprehensive water management plans are completed statewide.

There was also general discussion on the value of a collaborative approach long term that could identify activities 3-5 years out and allow cities WMO/WDs and SWCDs to better plan ahead with a stable and reliable funding source. There was brief discussion on how this effort could be tied into the Biennial Budget Request (BBR) for WMOs/WDs and SWCDs. BWSR staff indicated that the FY20-21 BBR information will be coming out spring/summer.

Review of Discussion

There was consensus to pursue the Collaborative Plan approach and that the grant entities and funding formula identified was a fair approach.

Next Steps/To Do Items

- Each WMO/WD/SWCD should add the Watershed Based Funding discussion on their upcoming agendas and determine Board support for 1.) The collaborative plan approach, 2.) Funding allocation formula and grant recipients identified.
- WMOs/WD to begin communication with their Member communities to identify activities; list due to SWCD by April 15, 2018
- BWSR staff to verify if allocations provided to each identified recipient can be spent outside of the 7-County metro area for management activities within major watershed planning areas.
- SWCD to develop spreadsheet template, in coordination with BWSRs eLINK needs, for WMO/WD/SWCD to use for submitting list of prioritize activities.
- SWCD to begin communication with WMO/WDs to identify activities, list due by April 15, 2018.
- A draft Dakota Collaborative PTM Implementation Plan to be prepared by SWCD for PWG review by May 1, 2018.
- The Dakota Collaboration PTM Implementation Plan to be formally adopted by WMOs/WD/SWCD by June 30, 2018.
- Continue discussions on whether 1 BWSR grant agreement to a fiscal agent or 7 BWSR grant agreements to each entity is best.
- Next PWG meeting to be determined based on how things go moving forward.

Watershed-based Funding Pilot Project
Hennepin County Pre-Convene Meeting 1
Location: Riley Purgatory Bluff Creek Watershed District

Present:

Mississippi WMO – Doug Snyder and Stephanie Johnson
Shingle Creek and West Mississippi Watershed Management Commissions – Diance Spector (Wenck)
Elm Creek and Pioneer-Sarah Creek Water Management Commissions – Amy Jununen (JASS)
Lower Minnesota River Watershed District – Linda Loomis
Minnehaha Creek Watershed District – Becky Christopher
Riley Purgatory Bluff Creek Watershed District – Claire Bleser
Bassett Creek Watershed Management Commission – Laura Jester
BWSR – Steve Christopher and Brad Wozney
Hennepin County – Karen Galles

Background:

BWSR is piloting a watershed-based funding program that has allocated \$1,018,000 to Hennepin County for FY18/19. Eligible entities have been tasked with deciding on and describing a collaborative approach to spend that money by June 30, 2018. If eligible entities cannot agree or choose not to attempt a collaborative approach, the money will revert to a metro-wide competitive pool of funds. Eligible entities in Hennepin County include watershed districts, watershed management organizations, and cities. This “pre-convene” meeting of BWSR, the county’s 11 watershed entities, and the County was intended to gauge interest among watersheds in pursuing a collaborative approach and to discuss strategies for engaging the county’s 35 eligible cities.

Presentation:

Karen Galles from Hennepin County presented slides (attached) to provide context to the conversation and including the basics of 3 strawman ideas for a collaborative approach. Three strawman ideas included:

1. Running a Hennepin County competitive process
2. Distributing funds based on some formula (e.g. area, taxable market value, combination of those two)
3. Prioritizing projects based on major river basins (Crow, Mississippi, Minnesota)

Individual Watershed Impressions:

Each watershed organization took a turn updating others on their initial thoughts about attempting a collaborative approach. In general, all watershed organizations were willing to consider a collaborative approach – ranging from cautious to cautiously optimistic. There was also general consensus on the need for keeping it simple and being mindful of time commitment that would be required to decide upon and define a collaborative approach by June. Some other key points raised about things to consider if we pursue a collaborative approach included:

- We could consider prioritizing project sponsored by LGU partners in an effort get them to defer to watersheds in the collaborative process, thereby creating a manageable number of collaborators
- We could consider requiring (internally) a 25% match in order to stretch the money further.
- We could identify a specific need or type of resource (e.g. impaired waters) that we will collaborate to accomplish or target.

- We should be aware that needs in different parts of the county are different and it may not make sense to rank priorities against each other countywide.
- Thinking about what we can do better together and/or those things that are priorities for *us* but haven't been priorities for BWSR is an exciting thing – a collaborative approach is an opportunity for us to focus on those things.
- Any collaborative approach might be more about timing and predictability of funding – how do we plan/schedule projects far enough in advance that all partners can know when “their” project will be coming up for funding and plan for that?

Discussion & Next Steps:

- Going competitive metro-wide was the least favored option.
- A lengthy discussion of how eligible Cities could opt out of participating resulted in a great deal of uncertainty related to the practicality of accomplishing a collaborative approach before June. Some around the table believe that the cities have a legal right to challenge this process and unless we seek and achieve City Board action to opt out of participation we will be at risk of being legally challenged. **Steve Christopher was going to provide clarity on this question.**
- Most around the table felt that if we needed Board action from cities to opt out of the process, then metro-wide competitive may be the only feasible option.
- After we receive clarity on this questions from BWSR these entities will meet again to discuss next steps.
- In general, path forward identified was
 - Get clarity on question related to eligible Cities.
 - Meet again with a focus on more clearly defining 2-3 Collaborative approaches that could be presented to the broader group of eligible entities (including Cities)
 - Karen will develop a more accurate estimate of a funding formula based on 50% land area and 50% taxable market value.
 - We will further discuss what collaboration within major river basins could look like.
 - Meanwhile, watersheds should be communicating with Cities (probably through TAC meetings) to help them understand the funding program and “marketing” an approach where cities work through watersheds as their representative.
 - Once we have settled on 2-3 options that this group likes, convene a meeting with all eligible entities and present those options as a limited number of choices to the broader group and attempt to get buy-in for the approach.
 - Based on the outcome of that meeting, document collaborative approach and governance system, or pursue simpler path
- Regardless of our success in pursuing a collaborative approach this time around, the consensus among the group was that we should continue meeting (every other month?) to work toward an operating collaborative approach for future funding rounds.



Watershed-based Funding Pilot

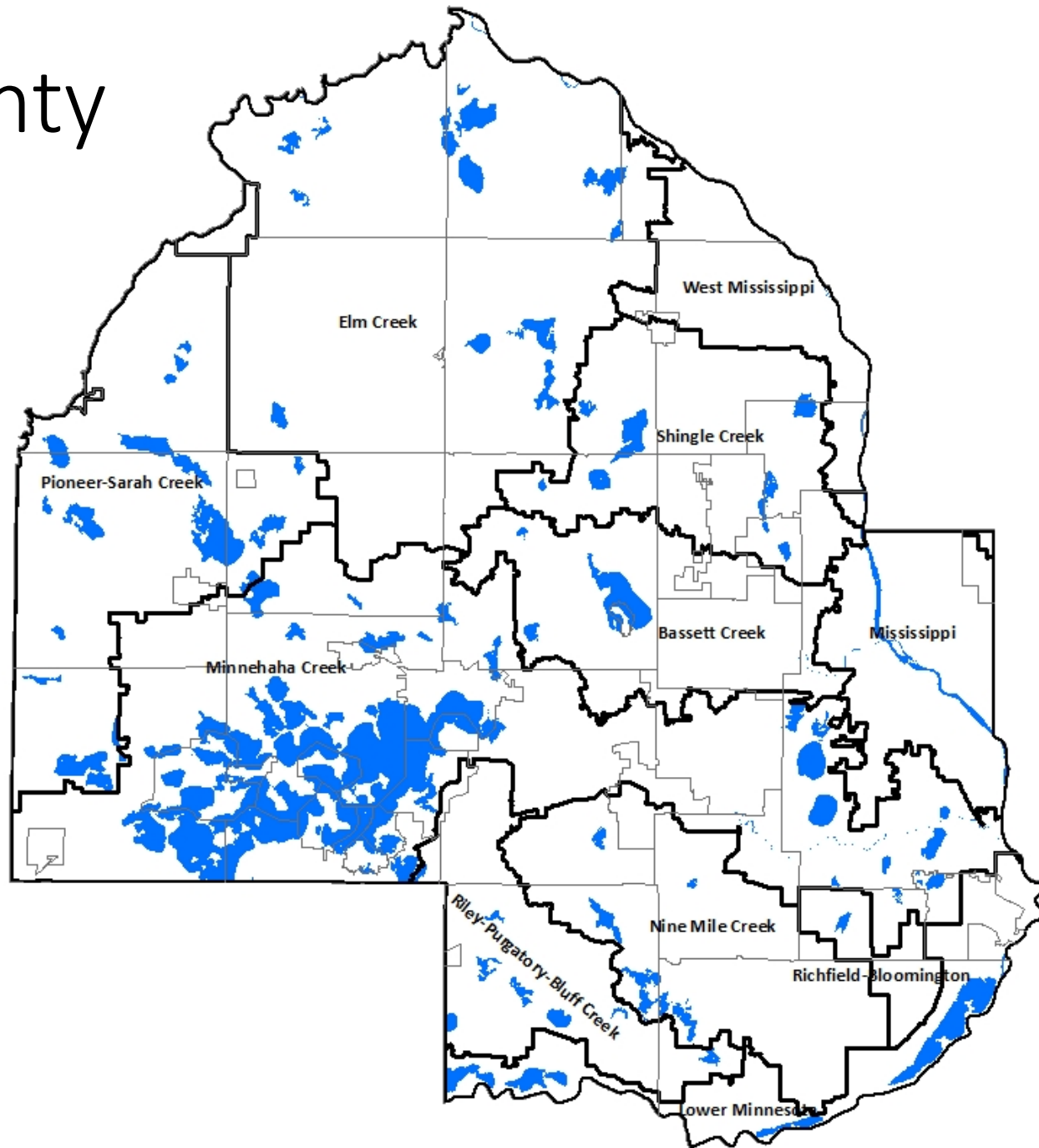
Hennepin County *Pre-Initial Meeting*

January 23, 2018

Proposed Agenda

- BWSR's Vision for "Fund the Plan" (maybe?)
- Some strawman concepts for a Hennepin County collaborative approach
- Discussion – beginning with a round of initial impressions/organizational positions
- Approach to Initial Meeting
- Next Steps

Hennepin County Watersheds



Considerations

- What can we do better together?
- What is the point of reference for countywide collaboration?
- Can/should we consider parity among our organizations?
- What does the timeline allow?
- What is the role of other eligible entities (cities)?

Strawman #1 – Pass-through grant program

- Use existing Hennepin County grant programs as mechanism

Strawman #2 – By proxy (e.g. area, tax base)

By Area			
	Area	Relative Proportion	Allocation
Lower Minnesota WD	40	.06	\$59,970
Minnehaha Creek WD	181	.27	\$271,366
Nine Mile Creek WD	50	.07	\$74,963
Riley Purgatory Bluff Creek WD	50	.07	\$74,963
Bassett Creek WMO	40	.06	\$59,970
Elm Creek WMO	131	.19	\$196,403
Mississippi WMO	40	.06	\$59,970
Pioneer Sarah Creek WMO	71	.10	\$106,447
Richfield-Bloomington WMO	8	.01	\$11,994
Shingle Creek WMO	44	.06	\$65,967
West Mississippi WMO	24	.04	\$35,982

Strawman #2 – By proxy

By Tax Base (Simple & Inverse)					
	Market Value	Simple Proportion	Simple Allocation	Inverse Proportion	Inverse Allocation
Lower Minnesota WD	\$3.646 M	.03	\$25,654	.17	\$171,332
Minnehaha Creek WD	\$44.609 M	.31	\$313,905	.01	\$14,002
Nine Mile Creek WD	\$18.306 M	.13	\$128,814	.03	\$34,122
Riley Purgatory Bluff Creek WD	\$10.143 M	.07	\$71,377	.06	\$61,580
Bassett Creek WMO	\$12.463 M	.09	\$87,698	.05	\$50,120
Elm Creek WMO	\$11.467 M	.08	\$80,690	.05	\$54,473
Mississippi WMO	\$26.064 M	.18	\$183,409	.02	\$23,965
Pioneer Sarah Creek WMO	\$1.432 M	.01	\$10,075	.43	\$436,257
Richfield-Bloomington WMO	*	*	*	*	*
Shingle Creek WMO	\$11.161 M	.08	\$78,539	.05	\$55,965
West Mississippi WMO	\$5.377 M	.04	\$37,833	.11	\$116,179

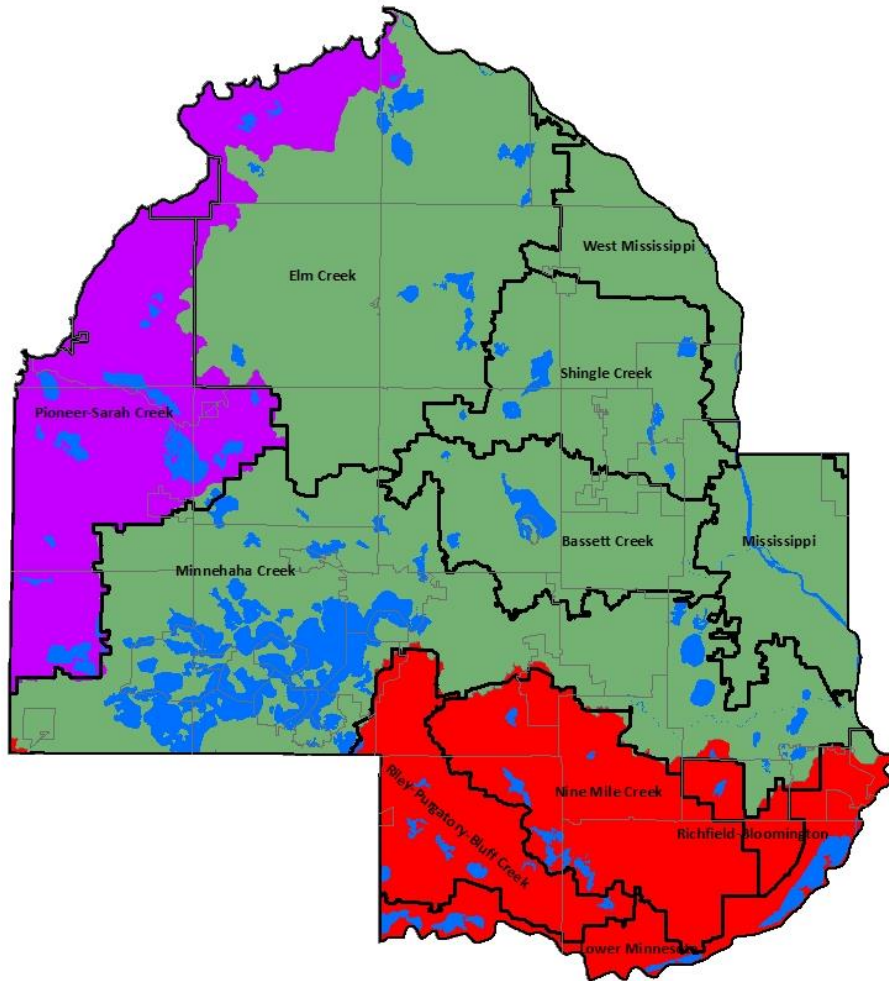
Strawman #2 – By proxy

BY Area & Tax Base (50/50, Simple & Inverse)		
	Simple Allocation (50/50)	Inverse Allocation (50/50)
Lower Minnesota WD	\$42,812	\$115,651
Minnehaha Creek WD	\$292,635	\$142,684
Nine Mile Creek WD	\$101,888	\$54,542
Riley Purgatory Bluff Creek WD	\$73,170	\$68,272
Bassett Creek WMO	\$73,834	\$55,045
Elm Creek WMO	\$138,547	\$125,438
Mississippi WMO	\$121,690	\$41,967
Pioneer Sarah Creek WMO	\$58,261	\$271,352
Richfield-Bloomington WMO	*	*
Shingle Creek WMO	\$72,253	\$60,966
West Mississippi WMO	\$36,908	\$76,080

Strawman #2 – By proxy

All Scenarios					
	By Area	By Tax Base (simple)	By Tax Base (inverse)	50/50 Simple	50/50 Inverse
Lower Minnesota WD	\$59,970	\$25,654	\$171,332	\$42,812	\$115,651
Minnehaha Creek WD	\$271,366	\$313,905	\$14,002	\$292,635	\$142,684
Nine Mile Creek WD	\$74,963	\$128,814	\$34,122	\$101,888	\$54,542
Riley Purgatory Bluff Creek WD	\$74,963	\$71,377	\$61,580	\$73,170	\$68,272
Bassett Creek WMO	\$59,970	\$87,698	\$50,120	\$73,834	\$55,045
Elm Creek WMO	\$196,403	\$80,690	\$54,473	\$138,547	\$125,438
Mississippi WMO	\$59,970	\$183,409	\$23,965	\$121,690	\$41,967
Pioneer Sarah Creek WMO	\$106,447	\$10,075	\$436,257	\$58,261	\$271,352
Richfield-Bloomington WMO	\$11,994	*	*	*	*
Shingle Creek WMO	\$65,967	\$78,539	\$55,965	\$72,253	\$60,966
West Mississippi WMO	\$35,982	\$37,833	\$116,179	\$36,908	\$76,080

Strawman 3 – Major basins



- Score and rank existing projects using a common framework
- Fund top project(s)

Other Ideas?

- Discussion – beginning with a round of initial impressions & organizational positions
- Initial meeting strategy & approach
- Next Steps



Watershed Based Funding Pilot Program
Scott County PRE-CONVENE Meeting
DRAFT Meeting Notes

Meeting Date: January 24, 2018
Time: 1:00 to 3:00 PM
Location: Scott County Government Center, RM GC102
Convener: Troy Kuphal, Scott SWCD

Attendance:

<u>Name</u>	<u>Representing</u>
Melissa Bokman	VRWJPO
Paul Nelson	Scott County/WMO
Linda Loomis	LMRWD
Barb Peichel	BWSR
Mark Zabel	VRWJPO
Diane Lynch	PLSLWD
Mary Peterson	BWSR
Troy Kuphal	Scott SWCD

- 1) Welcome/Introductions
 - a) Skipped – everyone knew each other
- 2) Agenda item additions, deletions, and approval
 - a) No changes
- 3) Review basic program elements/details
 - a) Available funding: Confirmed it is \$~~749,200~~ ~~749,000~~ for entire county
 - b) Eligible entities
 - i) LGU's with state-approved water plans;
 - ii) Cities with watershed-approved water plans;
 - iii) An eligible LGU can direct their funds to support activities outside their jurisdiction (e.g. the upper Sand Creek watershed in Rice and Le Sueur counties, SMSC trust lands) as long as the activity is in their own plan. [See FAQs - a situation of this type would have to be reviewed by BWSR staff.](#)
 - iv) An SWCD can receive funds provided the activity is eligible and identified in a state-approved water plan. [See FAQs for more detail.](#)
 - v) There was question as to whether New Prague could be a voting member because they are outside the metro and are not required to have an 8410 plan. They have developed a water plan voluntarily, however, and it was approved by the WMO.

ACTION

- **Troy will send out a request for watershed representatives to identify:**
 - **Which LGU's within their jurisdiction have approved water plans;**
 - **Which LGU's with approved water plans have identified activities that are eligible for funding in their plans; and**
 - **LGU contact information**
- **BWSR will investigate whether New Prague can be a voting member**

- c) Match Requirements:
 - i) Confirmed it is 10%

Watershed Based Funding Pilot Program
Scott County PRE-CONVENE Meeting
DRAFT Meeting Notes

- ii) How match is met and documented will depend on how the Collaborative PTM Plan is structured and entered into elink.
 - d) Deliverables to BWSR:
 - i) Confirmed the following:
 - (1) Due by March 1 (soft deadline): Description of convener, partnership makeup, decision making process, and time frame of the Collaborative PTM Implementation Plan
 - (2) Due by June 30: Collaborative PTM Implementation Plan identifying activities, responsible parties, budget, and watershed or groundwater plan references. BWSR will be coming out with more guidance soon.
 - ii) ~~BWSR will be providing a template~~
 - e) Other: N/A
- 4) Brainstorm
- a) Convener
 - i) The partnership agreed by consensus to have SWCD be the convener
 - ii) Troy agreed to serve as an impartial convener and noted the SWCD has no intention to vie for funding
 - iii) Troy expressed concern over cost. He offered to donate SWCD services for the benefit of the partnership, but if the effort began consuming more time than seemed reasonable, he would let the partnership know and request financial support. The partnership agreed by consensus.
 - b) Partners (other than watershed orgs)
 - i) To be determined (see above)
 - c) Voting/decision making process (who/how)
 - i) The partnership agreed by consensus that each Partnership representative must have authority to act on their respective LGU's behalf. It was agreed that the process would break down and get delayed well beyond BWSR's established timeframe if any representative had to seek approval by their respective board before they could make a decision.
 - ii) The Partnership agreed by consensus that they would aim to reach agreement on decisions through a consensus-building process. Majority vote would be used as a last resort. Each eligible partner would have one vote.
 - d) Funding distribution
 - i) The Partnership agreed by consensus to work together through the Collaborative PTM (CPTM) Plan process vs competitive grant process.
 - ii) The Partnership also agreed by consensus to distribute funds according to the following (see Mark's email for changes):
 - (1) BASE ALLOCATION (\$600,000)
 - (a) \$300,000 split equally among 4 watersheds (\$75,000 each)
 - (b) \$150,000 split proportionally based on population
 - (c) \$150,000 split proportionally based on either population or total assessed value
 - (2) SPECIAL PROJECTS ALLOCATION (\$149,000)
 - (a) The thought on this allocation would be earmarked for one or more priority project(s) as determined by the Partnership.

ACTION

Watershed Based Funding Pilot Program
Scott County PRE-CONVENE Meeting
DRAFT Meeting Notes

- **SWCD will prepare two funding distribution scenarios based on the above formula, one based using population and the other using assessed values.**
 - **Each partner will bring ideas to the next meeting about how the Special Projects Allocation process could be structured and operated.**
- e) Project/program selection process
- i) The partnership agreed by consensus that, for BASE funding, each watershed organization would work with their respective LGU's to identify and submit activities to include in the Collaborative PTM Plan. **Non-watershed LGU's cannot submit activities separately for BASE funding, but may submit activities for Special Project funding.** [PB(1)]
- f) PTM plan prep and submittal
- i) Partners will provide their list of projects (w/supporting details and information) and the SWCD will compile and submit the PTM plan following format and protocol as dictated by BWSR
- g) E-link Work Plan and Reporting
- i) This is to be determined; will depend on how projects in the CPTM Plan are packaged and entered into eLink, as well as partner preferences.
- h) Other
- i) N/A
- 5) Identify items of consensus
- a) Consensus was reached for each item as described above
- 6) Future meetings
- a) Partners agreed by consensus to meet again in about a month (mid-February)
- 7) Next steps
- a) See **ACTION** items, **in bold** and **highlighted** above)
- 8) Adjourn



LOWER MINNESOTA RIVER WATERSHED DISTRICT

Executive Summary for Action

Lower Minnesota River Watershed District Board of Managers Meeting
Wednesday, February 21, 2018

Agenda Item

Item 6. B. - Metro-Area Watershed Based Funding Pilot Program

Prepared By

Linda Loomis, Administrator

Summary

Managers were informed of the new approach that the Board of Water & Soil Resources (BWSR) is taking with respect to distributing Clean Water Funds within the seven county Metro area at the January meeting. The Pilot Program is in response to the development of One Watershed One Plan and funding implementation plans identified within those plans. In the Metro area Water Management Organizations have been tasked to develop Watershed Management Plans since the enactment, in 1982, of the Metropolitan Surface Water Management Act. Under the Act Watershed Management Organizations are mandatory in the Metropolitan area and are required to develop watershed management plans. For that reason, One Watershed One Plan will not be developed in the Metro area. This Pilot Program is how BWSR intends to provide parity in the Metro area with Clean Water Funds distributed to fund One Watershed One Plans outside the Metro area.

Through this pilot program, which will address project years 2018 and 2019, \$455M will be provided to the Metro area and will be allocated by county. During this time it will be important to document how the pilot program works and provide feedback to BWSR to improve the program moving forward beyond 2019. Each county in the Metro area can determine how funds allocated to the county are to be divided. The Soil & Water Conservation Districts of each county were tasked with convening meetings of local governmental units (LGUs) eligible to receive funding. To receive funding an LGU must have a state approved watershed management plan. In the case of cities, the local water management plan must be approved by the water management organizations with jurisdiction within municipal boundaries.

Since the initial meeting called by BWSR on January 8th, each county has held an initial meeting to determine how money should be allocated. Each LGU is being asked to appoint a representative that will have authority to agree to the funding formula on behalf of the LGU. Once a distribution formula has been set by each county, governing boards will be asked to approve. So far it looks like funds will be allocated in each county as follows:

- Carver - \$749,200 total funds available each year. Carver is planning to allocate funds based 50% on land area within the County and 50% on market value. Under this formula the LMRWD would receive \$25,472. Carver County is planning to meet with again on February 23 with the cities. The LMRWD was asked to provide a list of projects that might be funded under the Pilot Program. We have submitted the East Chaska Creek treatment wetland project. However, staff received notice February 16th that there may be projects included in the CSAH 61/TH 41 Transportation improvement project that could be substituted.
- Dakota - (I was not able to attend the Dakota County meeting) \$1,018,000 total funds available. Dakota is planning to allocate funds based on a base allocation of \$50,000 and then the remaining funds would be divided based 50%

on land area within the County and 50% on market value. Under this formula, the LMRWD would receive \$65,450. Dakota County has asked that each of the LGUs prioritize projects that it would consider under the program.

- Hennepin - \$1,018,000 total funds available. Hennepin County may prove the most difficult to agree upon a funding formula, as there are 12 water management organizations and 47 cities. BWSR recommended that funds allocated to Hennepin County be placed in a competitive pool for the Metro-area. The WMOs have met once to discuss how funds may be allocated and have another meeting scheduled. Hennepin County consists of three major river watersheds; the Mississippi, the Minnesota and the Crow. If Hennepin cannot agree on how to allocate funds, the three WMOs within the Minnesota River Watershed have agreed to work together to improve chances of winning funds competitively. At the meeting several scenarios were proposed to divide the funds amongst the LGUs. The amount the LMRWD would receive ranges from \$25,654 (based 100% on market value) to \$59,970 (based 100% on land area). There was some talk about using an inverse proportion, however I think it is unlikely that those formula would be used.
- Scott - \$749,200 total funds available. Scott County talked about a base amount of \$75,000 to each LGU and then dividing the remaining funds based 50% on land area and 50% on market value. This County discussed using population as part of the allocation formula, but it seems that market value will be used instead. They also discussed using a portion of the money, \$149,000, on a rotating basis for an LGU to be able to anticipate reliable funding for planning purposes. Projects would be prioritized by the group. The SWCD is collecting information from each of the WMOs about possible projects to be funded to help inform a decision. Using 50% land area and 50% market value plus the base allocation the LMRWD would receive \$146,550. Using 50% land area and 50% population plus the base allocation the LMRWD would receive \$121, 383. Staff discussed a possible project with the city of Savage to develop a management plan for the High Value Resource Area surrounding Savage Fen.

There was discussion at each county meeting as to whether or not funds allocated to one county could be used for a project outside the county if that project would provide benefits in the county, such as Minnehaha Creek Watershed District using Hennepin County funds in Carver County, the headwaters of Lake Minnetonka and Minnehaha Creek or the Vermillion River WMO using Dakota County funds in Scott County the headwaters of the Vermillion River. The answer to this question is that it would be up to the representative group from each county to make that decision. This impacts the LMRWD in that we are part of four counties and the allocation to the LMRWD, in some counties, is not very significant, however if the District were able to pool the funds allocated by each county, there would be sufficient funds to complete a project.

There will still be funds available statewide that any Metro area LGU can compete for.

I did indicate at each meeting that the primary goal of the LMRWD is to improve water quality and that the Managers would support allocating money where it would do the most good. I said that the LMRWD Board would like to see funds divided equitably between the Mississippi River's and the Minnesota River's watersheds.

The Pilot Program was discussed at the TAC meeting so that cities could think about projects to work in partnership with the LMRWD. Staff has also discussed how the District might reflect funding allocated in this manner in its CIP in order to make the best use of funds.

Information is attached from BSWR with more details about the program, as well as meeting notes from each of the counties meetings.

Attachments

BWSR 2018 Metro-area Watershed Based Funding Guiding Principals
BWSR 2018 Metro-area Watershed Based Funding Pilot Program Policies
BWSR 2018 Metro-area Watershed Based Funding Pilot Program FAQs
Carver County notes from meeting 1 & 2
Dakota County notes from February 7, 2018 meeting
Hennepin County notes from pre-convene meeting
Scott County notes from meeting

Recommended Action

Motion to appoint a representative to act on behalf of the LMRWD at County meetings.