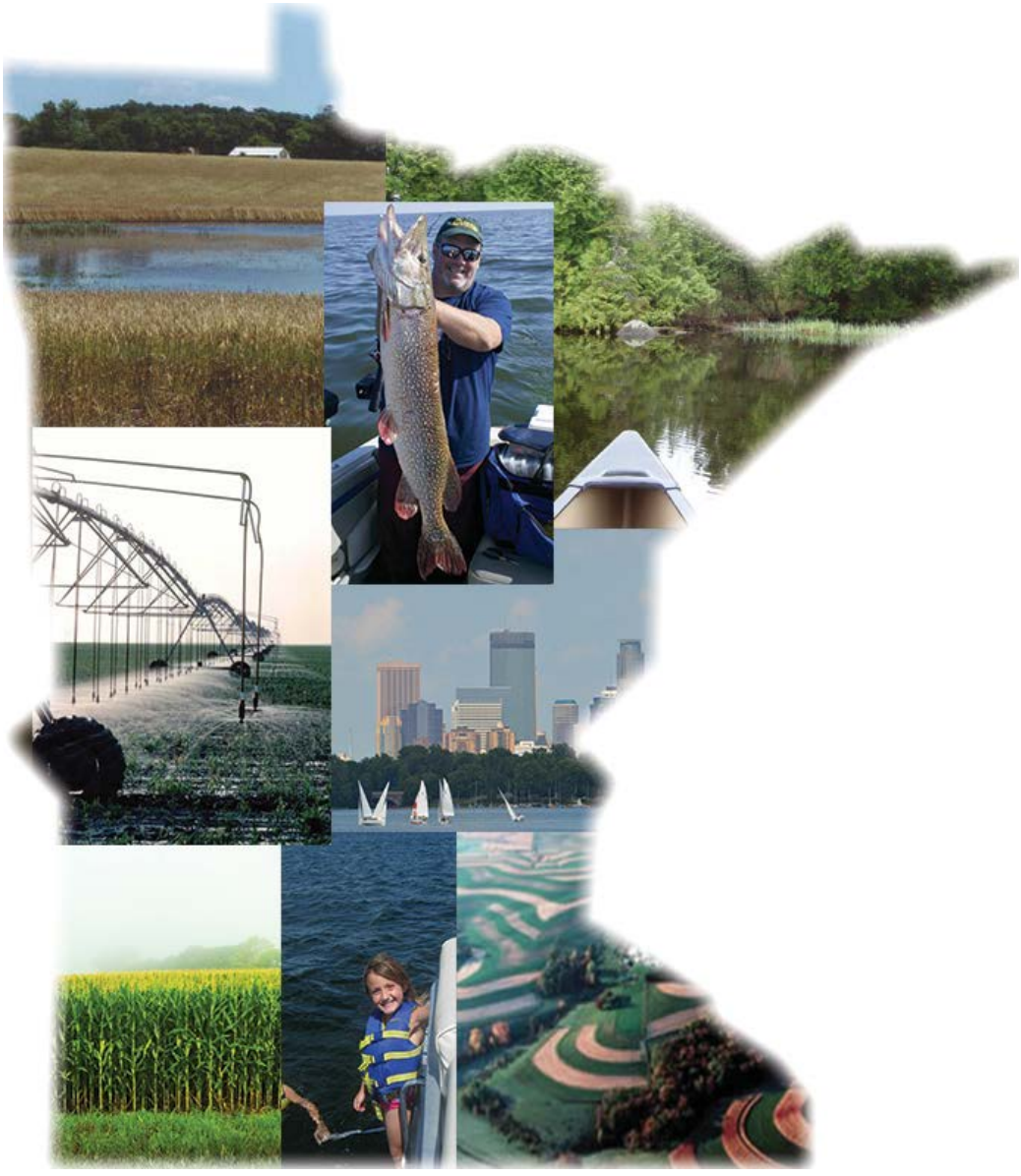
Nonpoint Priority Funding Plan for Clean Water Implementation Funding

Version 1.0 (July 2014 – June 2016)

As required by the 2013 Clean Water Accountability Act

EXECUTIVE SUMMARY



June 25, 2014

CLEAN WATER LAND & LEGACY AMENDMENT

The final version of this draft document is posted on BWSR's Nonpoint Priority Funding Plan web page at www.bwsr.state.mn.us/planning/npfp as of July 1, 2014.

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Executive Summary

In 2013 the Minnesota Legislature passed the Clean Water Accountability Act, an initiative that aimed to increase accountability for the public funds used to clean up our water. The Act places into law the MN Pollution Control Agency (MPCA)'s Watershed Restoration and Protection Strategy and requires the MN Board of Water and Soil Resources (BWSR) to prepare a Nonpoint Priority Funding Plan.

The Nonpoint Priority Funding Plan (NPFP) is a criteria-based process to prioritize Clean Water Fund investments. It provides state agencies with a coordinated, transparent and adaptive method to ensure that Clean Water Fund implementation allocations are targeted to cost-effective actions with measurable water quality results. The process may also help agencies identify gaps in programming to accelerate progress toward meeting water management goals.

Specifically, Version 1.0 of the NPFP sets forth:

- High-level state priorities for investing Clean Water Fund nonpoint implementation funding.
- High-level keys to implementation.
- Criteria for evaluating proposed activities for purposes of prioritizing nonpoint funding.
- Estimated costs for implementing nonpoint activities.

The NPFP also is meant to be adaptive. Future versions will benefit from advancements in the development of Watershed Restoration and Protection Strategies (WRAPS), watershed-based local water plans, and other water resource data. To facilitate this adaptation, BWSR will convene a task force to collaborate on communications, data and information gathering, and evaluating the plan.

High-Level State Priorities

State agencies have identified the following three high-level state priorities for investing Clean Water Fund nonpoint implementation money in FY 2016-2017, based on the principles of asset preservation and risk-opportunity assessment.

- Restore those impaired waters that are closest to meeting state water quality standards.
- Protect those high-quality unimpaired waters at greatest risk of becoming impaired.
- Restore and protect water resources for public use and public health, including drinking water.

Keys to Implementation

The successful achievement of clean water goals relies on a number of key actions in addition to strategic allocation of funding. A brief summary of these keys to implementation is below.

- **Accelerate Watershed-Scale Implementation**

  Implementation will be most effective when Clean Water Fund money for the highest-priority actions follows local government adoption of watershed-based local water plans. Accelerating the consolidation of WRAPS and Groundwater Restoration and Protection Strategies (GRAPS) into watershed-based local water plans that contain project implementation schedules will improve the ability to estimate needs and costs.

- **Prioritize and Target at the Watershed Scale**

  The key to developing watershed-based project implementation schedules and estimated costs is to first prioritize surface and groundwater strategies at the watershed scale and then target practices within subwatersheds or similar-scale units, using the best available science. A systematic, well-documented approach to prioritizing and targeting is also a key to transparency.

- **Measure Results at the Watershed Scale**

  Similar to prioritizing and targeting, measuring results is best achieved at the watershed scale. Watershed-based local water plans capable of producing measurable results are essential to adaptive management and accountability to the public.

  Also, mechanisms are needed to track the outcomes of voluntary actions. For the vast majority of lands that contribute to nonpoint

source pollution, we rely on voluntary actions by private land owners and managers to keep water pollution in check. Effectively measuring the outcomes of voluntary actions against established benchmarks is essential for supporting innovative nonregulatory approaches to nonpoint implementation.

- **Utilize Science-Based Information**

  A key to developing prioritized implementation schedules for projects with targeted actions, and measuring results of these actions, is to incorporate the wealth of science-based information, summarized in WRAPS, other technical reports and practice effectiveness research into local water planning and project development processes.

- **Build Local Capacity**

  The work of nonpoint implementation rests on the shoulders of local governments. As WRAPS proliferate and local water planning begins shifting to a watershed-based framework, success is dependent on highly capable local government staff to develop, prioritize and target projects at the local level.

  Timely investments in the local conservation delivery system are also key to helping local water management authorities use Clean Water Fund money to leverage other sources of nonpoint implementation funding, such as the federal Farm Bill conservation programs.

- **Maximize Existing Laws and Regulations**

  Customary approaches to nonpoint pollution implementation include regulation as well as financial incentives and education. A key to developing effective watershed restoration and protection strategies is to maximize the effectiveness of existing laws and regulations. A number of laws, rules and permits exist for specific types of nonpoint sources, such as drainage, shoreland, buffers, soil loss, municipal stormwater systems, subsurface sewage treatment systems, feedlots, new water supply wells and pesticide use. In addition, an evaluation of these existing laws, rules and permits may be needed to be more effective at accomplishing water quality goals.

- **Support Innovative Nonregulatory Approaches**

  One of several keys to leveraging Clean Water Fund implementation money is to support the development of market-driven and reward-driven approaches. Examples include point-nonpoint water quality trading; public water suppliers working with farmers in wellhead protection areas with elevated nitrate levels to accelerate implementation of nutrient management practices; and the Minnesota Agricultural Water Quality Certification Program. Investments in nonpoint implementation activities such as technical assistance, outreach and education can help catalyze these types of innovative nonregulatory approaches.

- **Integrate Hydrologic Management Systems into Watershed Plans**

  Much of Minnesota's natural hydrology has been altered for agricultural, forestry, urban/suburban and industrial development. Increased runoff volumes and rates – due to drainage, removal of perennial vegetation, surface water alterations and the addition of impervious surfaces – contribute significantly to water quality problems. Storing water on the land can help address runoff to surface waters in both urban and rural situations and is a necessary foundation to successfully address nonpoint source pollution. Wetland restoration and other practices that increase infiltration help control volume and enhance groundwater recharge. Additionally, drainage water management can help manage and treat runoff especially as old drainage systems are replaced by new stormsewer and subsurface tile drainage systems. Integrating hydrology management systems into watershed-based action plans will assure greater attention is given to downstream impacts and benefits.

Criteria for Evaluating Proposed Activities

State agencies will use nine NPFP criteria to evaluate proposed program or project activities:

- *Aligned with State Priorities:* Alignment of proposed activities with state priorities.
- *Locally Prioritized and Targeted:* Effective prioritization and targeting of proposed activities at the watershed scale.

- *Measurable Effects:* Capability of the proposed activities to produce measurable results at the watershed scale.
- *Multiple Benefits:* Secondary water quality or other environmental benefits of the proposed activities.
- *Longevity:* Expected lifespan of the proposed activities with proper maintenance or, for annual management practices, assurance that practices will be maintained for a specified period of time.
- *Capacity:* Readiness and ability of local water management authorities and partners to execute the proposed activities.
- *Leverage:* All non-Clean Water Fund dollars contributed for every dollar of Clean Water Fund money. Non-Clean Water Fund dollars include non-state dollars as well as state dollars from sources other than the Clean Water Fund.
- *Cost-Effectiveness:* Cost per unit of pollutant load reduced or prevented as compared against specific water quality goals – Clean Water Fund cost and total project cost.
- *Landowner Financial Need:* Increased financial assistance for low-income landowners.

Estimated Costs

The NPFP is required to estimate nonpoint implementation costs. The best available method of assessing local government water management resource needs and estimated costs at this time is the Biennial Budget Request (BBR). The BBR is a process BWSR uses to collect data voluntarily submitted by local governments about projects that are identified in local water plans as high priorities and that are shovel-ready for the upcoming biennium. For the FY 2016-2017 biennium, the BBR estimates a cost of $235.2 million ($117.6 million per year) to implement nonpoint activities eligible for funding through Clean Water Fund appropriations to BWSR and other state agencies.


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