2012-2013 Biennial Report to the Minnesota Legislature

Minnesota Board of Water and Soil Resources
520 Lafayette Road North
St. Paul, MN 55155
651-296-3767
www.bwsr.state.mn.us

This page was intentionally left blank.

Letter from the Board Chair

Dear Friends and Colleagues,

Partnership. At the Minnesota Board of Water and Soil Resources, the word is so central to our existence you'll find it in our mission statement. The statutes that govern our agency allow for implementing conservation programs and policies through a unique statewide partnership of federal, state, local and private landowner efforts to protect and restore the waters, wetlands, working lands, soils, forests, prairies and related natural habitats of our state.

Over the course of the biennium, we worked hard to ensure that we made the best use of the resources entrusted to us by the people of the State of Minnesota. Our Clean Water Fund Competitive Grant program leveraged more than $16 million in federal and local dollars, installing more than 900 practices on the ground that keep sediment on the land and nutrients out of the water. Our easement program protected over 18,000 acres of land, benefiting water and wildlife. Working with the USDA Natural Resource Conservation Service, we established the Minnesota Wetland Bank for Agriculture, which served as a national model in the 2014 Farm Bill.

To provide greater transparency and accountability, we launched a new grant reporting system, eLINK, which allows for increased efficiency and effectiveness in tracking results from grant application through final reporting. We continue to offer technical, administrative and financial resources to local governments to make certain they have the capacity and skills to meet both their state obligations and local expectations.

The partnerships we have built with local governments and private landowners are helping to move the needle for our state's soil and water. We're proud to share some of the highlights of those efforts with you, our legislative partners, as we work together to protect and restore Minnesota's natural resources.

Brian Napstad, Chair
Minnesota Board of Water and Soil Resources

Table of Contents

Executive Summary 1
Agency Profile 3
Program and Budget Overview 6
Conservation Easements 9
Wetland Conservation Act 14
Local Projects and Practices 19
Local Water Management 23
Technical Services 26
Disaster Assistance 30
Organizational Effectiveness 32
Other Policy and Administration 37

BWSR is an equal opportunity employer.

Information contained in this report is available in an alternative format upon request.

Pursuant to Minn. Stat. § 3.197, the cost of preparing this report was approximately $3,595.

October 2014

Executive Summary

Over the course of fiscal years 2012-2013, our agency worked hard to ensure we made the best use of the resources entrusted to us by Minnesotans. The partnerships we have built with federal, state and local governments as well as private landowners have helped us work toward meeting Minnesota's natural resource goals. Based on the work we did over the biennium, and as directed by Minnesota State Law, this report contains several recommendations for program or policy changes to improve state and local efforts in water and soil resources management. Those recommendations include:

Recommendations

1) Evaluate how we can manage resources to achieve the full value of the RIM program as a versatile, multi-benefit tool that has the potential to achieve water quality, wildlife habitat, and flood attenuation benefits. Available funding is not adequate to meet goals and landowner interest in the program.

2) Explore methods to ensure state-funded conservation easements have long-term stewardship plans and funding identified for monitoring and enforcement.

3) Explore opportunities to leverage funding from new Federal Farm Bill programs.

4) Pursue additional funding for the Local Government Roads Wetland Replacement Program so that projects can be developed at the pace necessary to meet the State's statutory obligation to provide replacement credits.

5) Work with stakeholders and other state and federal agencies to prioritize and implement recommendations contained in Executive Order 12-04 and the Siting of Wetland Mitigation in NE MN.

6) Determine if there are structural and funding changes in WCA that would make implementation and oversight more effective.

7) Evaluate and remodel the Clean Water Fund competitive grant funding to include a targeted watershed approach that has strong connections to goals in local plans and state strategies.

8) Continue working with partner agencies to achieve the right balance between monitoring and implementation funding that maximizes measurable progress toward our shared goals.

9) After the Nonpoint Priority Funding Plan is completed per legislative requirement, establish an inter-agency task force to prepare guidance in the use of the plan's criteria.

10) Work with local government partners to explore ways to increase the local conservation delivery system's capacity to meet heightened expectations around water quality outcomes.

11) Explore ways to accelerate the adoption of key water quality improvement practices across the state including riparian zone management, soil erosion management, and water storage and treatment.

12) Pursue, in coordination with our local government partners, transition to the new One Watershed, One Plan initiative with the goal of completing plans over a ten-year period.

13) Explore how emerging issues – such as climate change and threats to pollinators – are best incorporated and addressed within our existing wetland and land restoration programs.

14) Promote multipurpose drainage water management in collaboration with the Drainage Work Group and the Interagency Drainage Management Team.

15) Develop guidance related to the newly adopted Disaster Recovery Assistance Program policy.

16) Ensure a stable funding base for the Performance Review and Assistance Program, including restoration of funds from 2010.

17) Pursue ongoing funding for the Apprentice Program, which provides important job training for future conservation professionals.

18) Examine ways for the Organizational Effectiveness Division to help our agency and local government partners operate more effectively.

19) Examine adequacy of General Fund support, and consider increases to ensure BWSR is able to meet all its statutory roles and responsibilities.

Agency Profile

Mission

The mission of the Minnesota Board of Water and Soil Resources (BWSR) is to improve and protect Minnesota's water and soil resources by working in partnership with local organizations and private landowners.

The board is the state's administrative agency for 90 soil and water conservation districts, 46 watershed districts, 23 metropolitan watershed management organizations, and 80 county water managers. It sets a policy agenda designed to enhance service delivery through the use of local government.

Business Model

Our agency has a unique business model that is designed to:

- Operate as an efficient state-level source of technical and financial assistance to a local government delivery system.
- Emphasize implementation of conservation practices and projects that meet state objectives.
- Focus on Minnesota's private lands.

Statewide Outcomes:

We contribute to the statewide outcome of "**a clean, healthy environment with sustainable uses of natural resources**" by providing for targeted resource planning, protecting and restoring important water and habitat resources, and ensuring compliance with environmental laws, rules, and regulations.

We also contribute to the statewide outcome of "**efficient and accountable government services**" by maximizing local and federal partnerships and evaluating the effectiveness of local governments and conservation outcomes.

Strategies

Our mission is implemented through the following core functions:

- To function as the state soil conservation agency.
- To direct private land soil and water conservation programs through the actions of soil and water conservation districts, counties, cities, townships, watershed districts, and water management organizations.
- To link water resource planning with comprehensive land use planning.
- To provide resolution of water policy conflicts and issues.
- To oversee comprehensive local water management.
- To provide the forum (through the board) for local issues, priorities, and opportunities to be incorporated into state public policy.
- To administer the Wetland Conservation Act.
- To coordinate state and federal resources to realize local priorities.

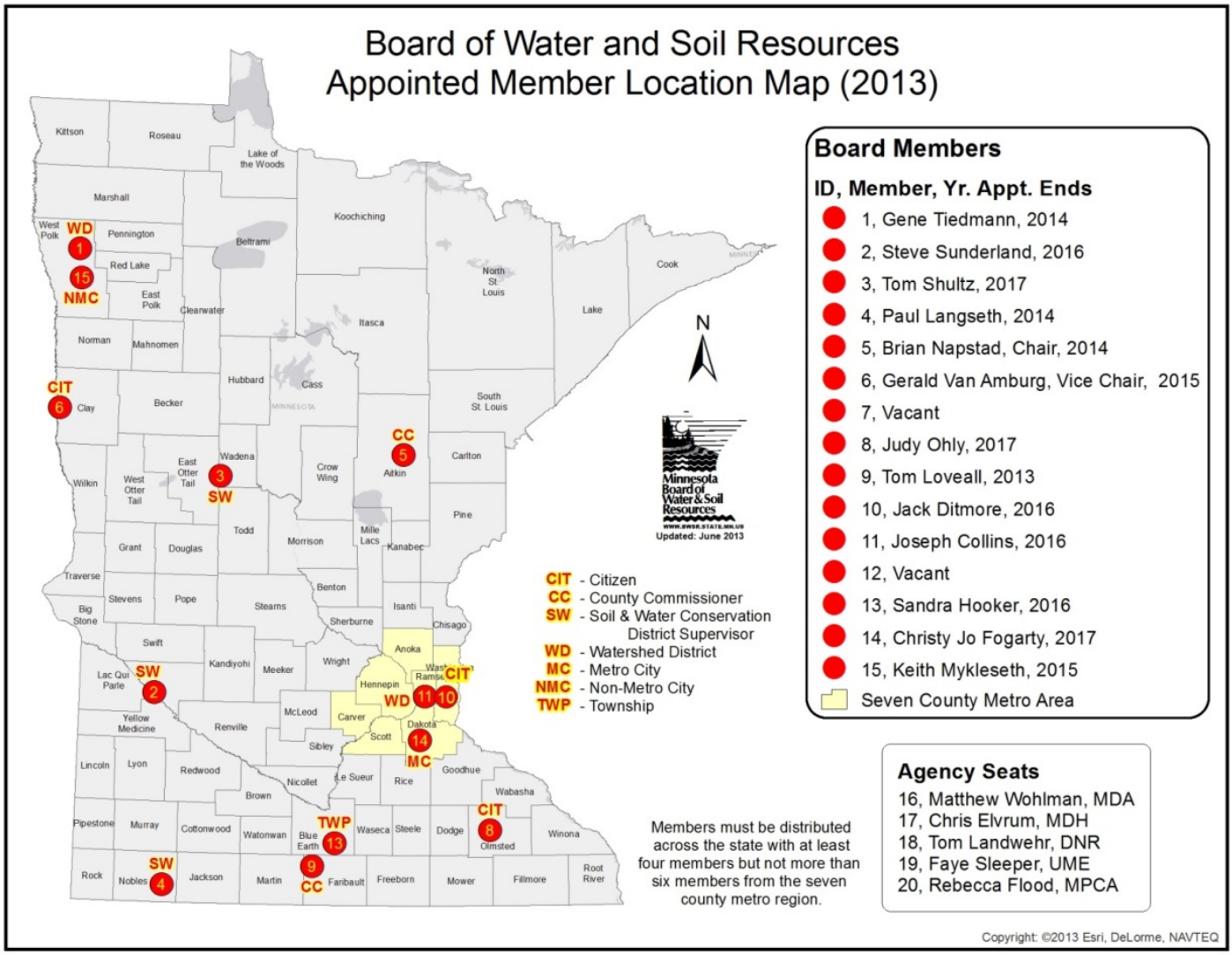
We accomplish our mission through these key strategies:

- Develop programs that address priority state and local resource concerns such as keeping water on the land; maintaining healthy soils; reducing pollutants in ground and surface water; assuring biological diversity; and reducing flood potential.
- Oversee and provide for targeted resource planning and effectiveness evaluation.
- Prioritize on-the-ground conservation projects in the best locations to achieve multiple benefits and measurable improvements to water and habitat resources.

- Ensure compliance with environmental laws, rules, and regulations. Specifically, we are responsible for administering the Wetlands Conservation Act (WCA) and providing oversight to drainage authorities operating under state drainage law.
- Implement agency operations through board and administrative leadership, internal business systems, and operational support. This includes the board and board management, financial and accounting services, legislative and public relations, communications, and human resources.

Board Membership

Our Board consists of 20 members, including local government representatives, state agencies, and citizens, that deliver BWSR programs. The makeup of the board is set by Minnesota statute, and includes three county commissioners; three soil and water conservation district supervisors; three watershed district or watershed management organization representatives; three citizens; one township officer; two elected city officials, one of whom must be from the metro area; and Commissioners or designees from the Minnesota Department of Agriculture, Minnesota Department of Health, Minnesota Department of Natural Resources, Minnesota Pollution Control Agency, and the University of Minnesota Extension Services. Board members, including the board chair, are appointed by the governor to four-year terms.



Board work is divided between ten committees. Those committees are:

- Administrative Advisory Committee
- Audit Committee
- Dispute Resolution Committee
- Grants Program and Policy Committee
- Public Relations, Oversight and Strategic Planning Committee
- RIM Reserve Management Planning Committee
- Wetlands Committee
- Northern Region Committee
- Metro Region Committee
- Southern Region Committee

Members of BWSR's Board tour a project site in southwestern Minnesota, August 2012.

The board sets a policy agenda designed to enhance service delivery through the use of local government.

Staff

At the end of the biennium (June 30, 2013), our 90 staff members were located in nine field offices throughout the state in Bemidji, Brainerd, Duluth, Fergus Falls, Mankato, Marshall, New Ulm, Rochester, and St. Paul (central office and metro field office). Agency staff provides technical, financial and administrative assistance to local governments to plan and implement agency policy and programs on private lands.

BWSR staff are separated into three regions: North, Metro, and South. Office locations are pictured on the map, left.

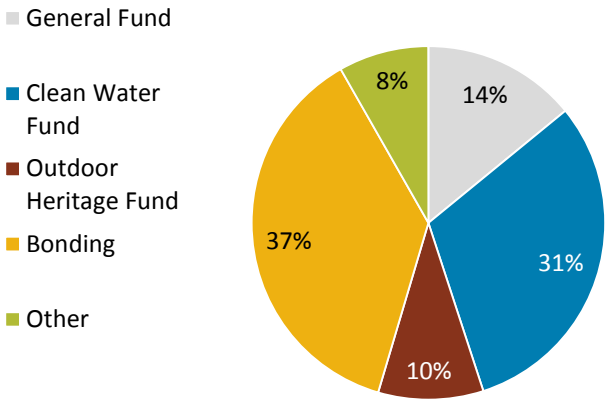
Budget Overview

Our funding is from Legislative appropriations through the biennial budget process. Our appropriations come from four major sources: General Fund, Bonding, Clean Water Fund, and Outdoor Heritage Fund.

We also have statutory authority to receive funds from other state agencies, the federal government and others. The **Other** funds category includes such interagency transfers, federal funds, and special revenue funds.

Revenue for FY12-FY13 Biennium	
General Fund	$25,124,000
Clean Water Fund	$55,068,000
Outdoor Heritage Fund	$17,140,000
Bonding*	$66,300,000
Other	$14,700,000
Total	**$178,332,000**

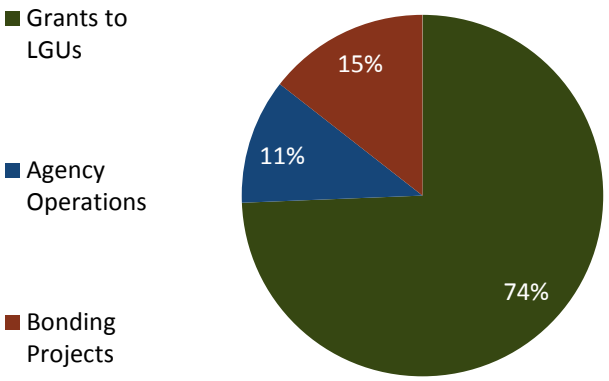
*This is the Bonding appropriated during the biennium. Our agency's Bonding expenditures span individual time frames of 4 to 6 fiscal years



Revenue, 2012-2013 Biennium

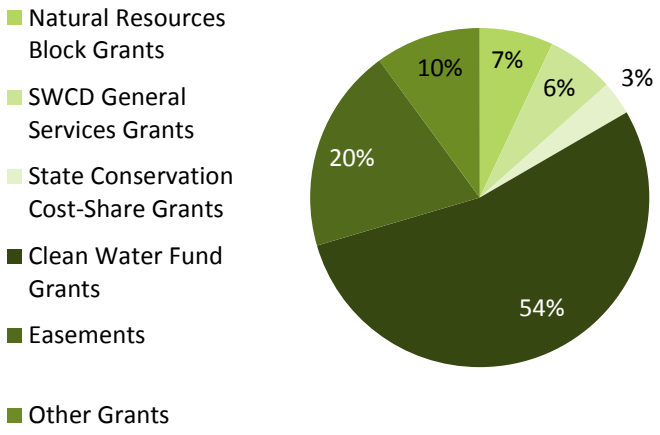
Expenditures for FY12-FY13 Biennium	
Grants to local governments	$97,384,000
Capital Bonding projects*	$18,990,000
Agency Operations	$14,648,000
Total	**$131,022,000**

*The difference in revenue vs. expenditures is the $47 million in Bonding appropriations not yet spent in the biennium.



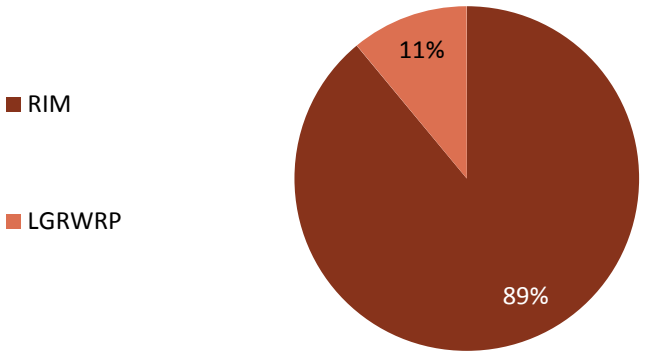
Expenditures, 2012-2013 Biennium

Breakdown of Expenditures: Grants	
Natural Resources Block Grants	$6,846,000
SWCD General Services Grants	$6,232,000
State Conservation Cost-Share Grants	$3,120,000
Clean Water Fund Grants	$52,398,000
Easements	$18,990,000
Other Grants	$9,798,000
Total	**$97,384,000**



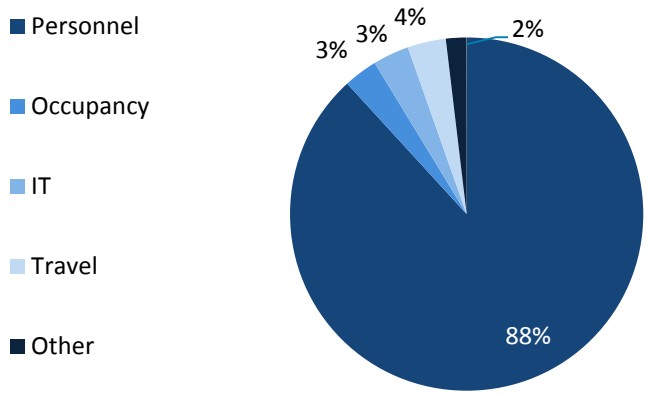
Breakdown of Expenditures: Grants

Breakdown of Expenditures: Capital Bonding Projects	
Reinvest in Minnesota Program (RIM)	$16,900,00
Local Government Road Wetland Replacement Program (LGRWRP)	$2,090,000
Total	**$18,990,000**



Breakdown of Expenditures: Capital Bonding Projects

Breakdown of Expenditures: Agency Operations	
Personnel	$12,920,000
Occupancy (Rent)	$454,000
Information Technology (IT)	$483,000
Travel	$513,000
Other Administrative Costs	$278,000
Total	**$14,648,000**



Breakdown of Expenditures: Agency Operations

Other Funding Sources

Minnesota's Environment and Natural Resources Trust Fund
Funding for these projects was provided by the Minnesota Environment and Natural Resources Trust Fund as recommended by the Legislative-Citizen Commission on Minnesota Resources (LCCMR). These appropriations span two years (generally). Appropriations for the FY12-13 biennium totaled $2.7 million and funded the projects in the table below.

ENRTF Projects, FY12-FY13 Biennium	
Recovery of At-Risk Native Prairie Species	$147,000
Assessing Public Drainage Benefits	$150,000
Minnesota Conservation Apprentice Academy	$200,000
NE MN White Cedar Plant Community Restoration	$250,000
Measuring Conservation Practice Outcomes	$340,000
Reinvest in Minnesota Wetlands Reserve Acquisition & Restoration	$1,645,000
Total	**$2,732,000**

Conservation Easements

The Reinvest in Minnesota (RIM) Reserve Program is a critical component of the state's goals to protect and improve water quality, protect and enhance wildlife habitat, and reduce flooding. Its focus is restoring drained wetlands, protecting important riparian and groundwater areas, and establishing native vegetation.

We acquire, on behalf of the state, conservation easements to permanently protect, restore, and manage resources while private ownership of the land continues. Today, RIM is the largest non-federal private lands permanent protection program in the country.

Conservation Easements FY12-FY13 Funding Sources	
Outdoor Heritage Fund	$32,729,000
Clean Water Fund	$15,600,000
Bonding	$21,114,000
Environmental and Natural Resources Trust Fund	$1,645,000
Total	**$71,088,000**

Anchored in the work of local soil and water conservation districts, the program uses an effective system of local delivery and key partnerships, tied to both state and local priorities. It is unique in funding, leveraging local, state, and federal resources such as the Outdoor Heritage Fund, Clean Water Fund, Conservation Reserve Program, and Wetlands Reserve Program.

It's also an economic driver. Easement programs that restore wetlands and grasslands require a broad range of skilled workers in the public and private sectors throughout Minnesota. Based on a report from the Natural Resources Conservation Service (NRCS), for every $100,000 in RIM funding, $160,000 is leveraged in federal funds, $128,000 is generated in total economic output, and one new job is created or maintained.

Program/Policy Changes

During the 2013 session, the Legislature passed a law change that affects the way in which conservation easement lands are valued for property tax purposes. Specifically this change prohibits a reduction of property value based on a conservation easement unless the easement falls into one or more of the following categories:

1. Easements covering riparian buffers along lakes, rivers, and streams that are used for water quantity or quality control.
2. Easements in a county that has adopted, by referendum, a program to protect farmland and natural areas since 1999.
3. Easements entered into prior to May 23, 2013.

This change may cause confusion with landowners and become a disincentive to enroll in the RIM program; therefore, we will monitor implementation of this new law for any effects on the ability to secure permanent conservation easements.

A RIM sign notes a conservation easement boundary.

Working for Minnesota

Studies show that increased land retirement results in increased environmental benefits, from reductions in soil erosion to phosphorus and nitrogen loading. There's also greater biological diversity in these areas. Buffers are a key strategy for nitrogen reduction, confirmed by a MPCA study that shows the two most effective treatments for that goal are putting riparian land that is currently in corn into grass and putting perennials in those areas where corn grows only marginally.

Our biennial accomplishments include:

- Securing 474 easements through six different programs, protecting over 18,500 acres across the state of Minnesota.
- Protecting 7,196 acres adjacent to rivers, lakes, streams and ditches through 348 riparian buffer easements. A majority of these acres are currently in USDA CRP contracts that will expire, so these acres will provide permanent water quality protection and wildlife habitat benefits.
- Helping protect 856 acres of natural, undeveloped shoreland around our state's important wild rice lakes. This benefits the state by permanently protecting these acres, preserving water quality and wildlife habitat.

The easement program helps protect wild rice lakes.

Program Components

The primary components of our Conservation Easements program are:

- Riparian Buffers
- RIM Reserve – Wetland Reserve Program (WRP) Partnership
- RIM Reserve Flood Recovery
- Wellhead Protection
- Army Compatible Use Buffer (ACUB) Program
- RIM Shallow Lakes Shoreland Protection, Wild Rice Lakes
- Minnesota Farm Bill Assistance Partnership
- Walk-in Access

Program Reports

Riparian Buffers

Our riparian buffer initiative has been our largest, most successful easement program over the last two fiscal years. This program is part of a strategic approach to prevent pollutants from entering our lakes and streams. Demand for the program continues to exceed available funding. Over the course of the biennium, the number of acres we received applications for was almost double the amount we could fund.

Easement Program	Number of Easements	Acres Protected
Riparian Buffers	348	7,200
RIM-WRP Partnership	95	8,772
RIM Reserve Flood Recovery	4	350
Wellhead Protection	9	836
Army Compatible Use Buffer Program	2	490
RIM Shallow Lakes Shoreland Protection	16	856
Total	**474**	**18,504**

RIM Reserve – Wetlands Reserve Program (WRP) Partnership

The RIM-WRP Partnership is a local-state-federal partnership that combines the state's RIM Reserve conservation easement program with the USDA Wetlands Reserve Program, administered by the USDA Natural Resources Conservation Service (NRCS). Minnesota's soil and water conservation districts implement the program locally. This initiative places a perpetual RIM easement on top of a 30-year WRP easement to restore wetlands and adjacent uplands. These easements provide important waterfowl and upland

wildlife habitat, help protect water quality by filtering runoff from adjacent farm lands, and provide for water treatment and storage.

RIM Reserve Flood Recovery Easements

The Legislature appropriated $1.5 million in flood relief June 2012 for RIM Reserve easements in response to historic rains and flooding in June 2012. We worked through our local government partners to sign up landowners and funded four easements in Meeker County.

Wellhead Protection

Legislative appropriations for RIM easements in community wellhead protection areas totaled $3.6 million. These areas are highly susceptible to possible pollution by infiltration of surface waters through the overlying soil profiles and into the underlying wellhead aquifer. We have worked closely with the MN Department of Health and the MN Rural Waters Association to target our RIM easement acquisitions in areas where vulnerability of drinking water is classified as high or very high to maximize the ability to protect vulnerable drinking supplies in rural Minnesota. Funding for nine easements protected 836 acres over the biennium.

Army Compatible Use Buffer (ACUB) Program- Little Nokassippi Wildlife Area

We provide easement acquisition service in the Little Nokassippi River Wildlife area on a fee-for-service basis to the Army National Guard for their Army Compatible Use Buffer (ACUB) Program area in Camp Ripley. Participating landowners in the project area keep the land in an undeveloped, non-residential state, which avoids future interference with troop training activities at Camp Ripley. Two easements were funded during the biennium, protecting 490 acres.

An aerial view of the Little Nokassippi.

RIM Shallow Lakes Shoreland Protection, Wild Rice Lakes

This subprogram focuses on protection of shoreland habitat on wild rice lakes in the northern forested region of Minnesota. We worked with Ducks Unlimited (DU) and the MN DNR to acquire land on wild rice lakes in Aitkin, Carlton, Cass, Crow Wing, Hubbard, and Itasca counties. 19 projects on 18 wild rice lakes are protecting 10 miles of wild rice shoreland.

Minnesota Farm Bill Assistance Partnership

Helping landowners understand and make the best choice of available options for establishing conservation practices and wildlife habitat on private land is the primary objective of Minnesota's Farm Bill Assistance Partnership. $1.47 million in funding over the biennium provided staffing of 18.75 FTEs, conservation delivery staff who work directly with these landowners. NRCS provided a direct contribution agreement to Pheasants Forever to support an additional six Farm Bill biologists. We serve as the fiscal agent for funding, which is leveraged from multiple sources. As a result of these combined efforts, 54,261 acres of grassland and wetland habitat projects were implemented on private lands, primarily through USDA CRP and RIM Reserve.

Blue Earth County Farm Bill Biologist Jeff Potts, right, meets with a landowner to discuss conservation practices.

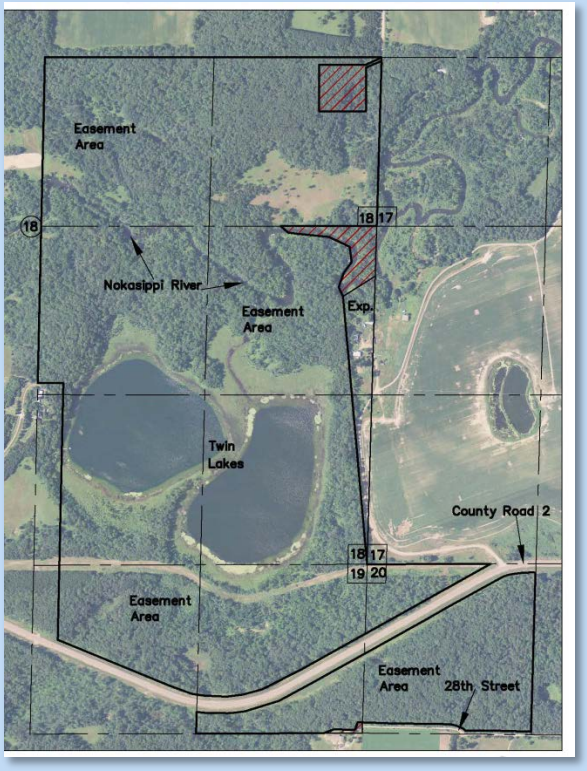
Walk-in Access

This pilot program works to increase public hunting access to private lands. Working with the DNR, our agency targeted 21 of Minnesota's southwestern counties, resulting in 14,000 acres of available land during hunting season. The three-year pilot received almost $1,006,000 in funding, which covered landowner payments, conservation district program delivery costs and our contract management, GIS and general program support costs. DNR will assume all program responsibility for new contracts with landowners moving forward.

Featured Project

Wrapping around the perimeter of Camp Ripley, the Army Compatible Use Buffer (ACUB) Program leverages federal and state funding to keep land around the base in an undeveloped state. This helps the National Guard avoid future interference with troop training activities, and it's also of great benefit to Minnesota, as environmentally important land is permanently protected through easements.

In 2012 the Lessard-Sams Outdoor Heritage Council recommended Phase 2 of our ACUB partnership to protect the Mississippi Corridor Habitat. The funding allowed us to secure an easement that represents the largest single owner parcel within the Little Nokassippi watershed. Rich with waters, hills and forests that are highly desirable for residential development, these 450 acres now provide lasting wildlife habitat and water quality benefits.



Above, the size and scope of the easement area is pictured. Left, an aerial photo of the parcel.

Recommendations

Recommendation #1:

Evaluate how we can manage resources to achieve the full value of the RIM program as a versatile, multi-benefit tool that has the potential to achieve water quality, wildlife habitat, and flood attenuation benefits. Available funding is not adequate to meet goals and landowner interest in the program.

Recommendation #2:

Explore methods to ensure state-funded conservation easements have long-term stewardship plans and funding identified for monitoring and enforcement.

Recommendation #3:

Explore opportunities to leverage funding from new Federal Farm Bill programs.

Wetland Conservation Act

The Wetland Conservation Act (WCA) was enacted in 1991 to help stem the loss of wetlands in Minnesota. Our role is to implement the law to protect wetland resources, because it is in the public's interest to:

1. Achieve no net loss of Minnesota's existing wetlands;
2. Increase the quantity, quality, and biological diversity of Minnesota's wetlands by restoring or enhancing diminished or drained wetlands;
3. Avoid direct or indirect impacts from activities that destroy or diminish wetlands; and
4. Replace wetland values where avoidance of activity is not feasible and prudent.

The Wetland Conservation Act regulatory program plays a key role in meeting these public policy objectives.

Program/Policy Changes

In 2012 several changes were made to program statutes (MN Stat. § 103G). The primary changes were:

- Modified the agricultural exemption, tying the Federal Farm Program exemption to a Memorandum of Understanding between BWSR and the USDA Natural Resources Conservation Service. This will simplify the process for agricultural wetland bank participants, exempting them from an additional WCA application.
- Added clarification that BWSR has the authority to establish and operate an in-lieu-fee wetland replacement program for certain locations and types of projects. This opens the door to new options under the federal mitigation rule and may change the way we handle mitigation in the future.

The Wetland Conservation Act helps stem wetland loss in the state.

Two major policy initiatives during the biennium included: 1) Developing a stakeholder process and report in response to the Governor's Executive Order 12-04: *Supporting and Strengthening Implementation of the State's Wetland Policy*, and 2) Coordinating an interagency process that resulted in recommendations on the siting of wetland mitigation for impacts in Northeast Minnesota.

More information on the 2012 statute changes, the Governor's Executive Order and the NE Mitigation Siting Team can be found at: http://www.bwsr.state.mn.us/wetlands/index.html.

Working for Minnesota

Our biennial accomplishments include:

- Depositing 1,200 wetland credits in our state's wetland banking system and using another 1,450 credits, offsetting impacted wetlands.
- Providing wetland mitigation for agricultural producers in the federal farm program, a new initiative which benefits the state by generating 400 agricultural wetland credits. The initiative used 250 credits to offset wetland impacts from agricultural projects.
- Monitoring and inspecting 46 privately-held wetland banks and 11 BWSR-sponsored road mitigation bank sites to direct management efforts for successful restoration and credit allocation.

Program Components

The primary components of the Wetland Conservation Act program are:

- Local Government Unit Implementation
- Wetland Banking and Long-term Bank Site Monitoring
  - Minnesota Wetland Bank
  - Minnesota Wetland Bank for Agriculture
  - Local Government Roads Wetland Replacement Program
  - Long-term Monitoring of Wetland Bank Sites
- BWSR Oversight and Appeals
- BWSR Program Administration and Coordination
  - Governor's Executive Order 12-04
  - Siting of Wetland Mitigation in Northeast Minnesota

Program Reports

Local Government Unit Implementation

There are more than 380 local governments units (LGUs) implementing the Wetland Conservation Act in Minnesota. In 2012-13 these local governments reported approximately 39,000 landowner contacts where they provided WCA compliance and wetland-related technical assistance. They also reviewed and processed approximately 3,600 applications for activities in wetlands.

Wetland Banking

The Minnesota Wetland Bank

Wetland banking provides a source of replacement wetlands - principally from restoring previously drained wetlands - that are used by individuals and road authorities to replace impacted wetlands as required by the Wetland Conservation Act (WCA). The program has a goal of facilitating wetland mitigation to offset public values that are lost due to unavoidable wetland impacts. Using a private-market system of buying and selling credits, wetland banking provides an effective mechanism to replace lost wetland functions, which in turn allows necessary land uses and land use changes to occur.

Watonwan County's Krohn Wetland Bank.

Minnesota's wetland banking system is one of the largest and most active in the country. There are over 350 wetland bank accounts in the system with a current balance of over 3,400 credits, making Minnesota the state with the largest number of wetland banks. In 2012-13 approximately 1,200 credits were deposited into the system and another 1,450 were used to offset impacted wetlands.

In 2013 our agency signed a Memorandum of Understanding (MOU) with the U.S. Army Corps of Engineers (who administers the federal wetland banking program) to provide increased coordination and consistency between the state and federal programs. Significant progress has been made toward authorizing wetland banks under both programs as many banks previously-approved by the state are now receiving federal authorization as well. Wetland banking forms, guidance and processes were also revamped and streamlined in the biennium to provide better service to program users by speeding up review and processing times.

Establishment of the Minnesota Wetland Bank for Agriculture

In 2012-13 we partnered with the Natural Resource Conservation Service (NRCS) on a new initiative to provide wetland mitigation for agricultural producers in the federal farm program. This new program provides a better way to connect agricultural production benefits and ecological benefits by offsetting mitigation needs on similar types of land. This initiative resulted in the establishment of agricultural wetland banks as a user-specific subset

within the wetland banking system. Substantial outreach occurred during the development of the initiative, including ten technical training sessions for NRCS and local government staff, over 35 presentations to agricultural stakeholder groups, and numerous agency meetings to coordinate the establishment and use of the Ag Bank. Site evaluations and functional assessments were conducted on over 80 potential sites. This initiative has exceeded expectations with over 400 agricultural wetland credits generated and deposited into the banking system and over 250 credits used to offset wetland impacts resulting from agricultural projects.

The Local Government Roads Wetland Replacement Program
A unique subset of the banking program is the local government road wetland replacement program. The program was developed in 1996 to meet the statutory obligations that transfer responsibility for replacing wetlands from the local road authority to our agency under certain circumstances. We have effectively leveraged bond funds and a partnership with MNDOT to provide high quality wetland mitigation to replace impacts from local road projects. However, significant increases in mitigation needs for this program have rapidly depleted credits, and program funding has not kept pace with demand.

The Local Government Roads Wetland Replacement Program provides for restoration of wetlands like this one in Wright County.

Long-term Monitoring of Wetland Bank Sites
We inspect wetlands in the Minnesota Wetland Bank to ensure that they continue to provide wetland functions and values according to their respective bank plan, and to ensure compliance with recorded easement restrictions and covenants. Our staff monitor the ecological integrity of privately held banking sites, and provide technical support during the establishment of BWSR-held accounts, including maintenance and monitoring of BWSR-held accounts after establishment.

In 2012-13 our staff inspected 46 privately held wetland bank sites to perform long-term monitoring and monitored 11 BWSR-sponsored road mitigation bank sites to direct adaptive management efforts for successful restoration and credit allocation. In addition, three final delineations were completed on BWSR-developed road banks, guidance was developed for the inspection of construction components on wetland restorations, and improved follow-up communication mechanisms were developed to better connect with landowners.

BWSR Oversight and Appeals
Enforcement of WCA is provided for primarily by the Department of Natural Resources (DNR) Water Resources Enforcement Officers and other licensed peace officers. Local government units and soil and water conservation districts also have important roles in enforcement. Our agency is responsible for the administrative appeals process. There are two main categories of appeals: 1) appeals of LGU decisions and 2) appeals of replacement or restoration orders.

Applicants and certain other parties may appeal local government decisions regarding replacement plans, public road project notices, banking plans, exemptions, no-loss, and wetland boundary or type. In addition, a landowner or responsible party may appeal the terms and conditions of a replacement and restoration order. Appeals must be filed with our agency within the specified time period.

An individual aggrieved by a BWSR decision on an appeal may request judicial review through the State Court of Appeals (MN Statute 14.63 to 14.69). While the numbers of submitted appeals are often relatively low, they are significant due to the inordinate amount of local and State staff time and board member involvement required to process each appeal. The table at right summarizes the appeals submitted to our agency in 2012 and 2013.

Year	Appeals of Restoration Orders	Appeals of LGU Decisions	Total Appeals to BWSR
2012	10	9	19
2013	5	4	9

BWSR Program Administration and Coordination
Our agency is responsible for promulgating the WCA Rules (MN Rule Chapter 8420), providing oversight and assistance to local governments, and ensuring overall program effectiveness in accordance with State statute. To meet these responsibilities, we continually work to improve interagency coordination, to evaluate program implementation, and to establish new programs or procedures as necessary to address changing needs or advances in science. In addition to the new WCA-related initiatives discussed elsewhere in this report, below are two high profile examples of BWSR-led initiatives from 2012 and 2013.

Governor's Executive Order 12-04
On May 3, 2012, Governor Mark Dayton issued Executive Order 12-04, *Supporting and Strengthening Implementation of the State's Wetland Policy*. The Order directed BWSR, in cooperation with the Minnesota Department of Natural Resources, Department of Transportation, Pollution Control Agency, and Department of Agriculture, along with the invited participation of stakeholders, to assess and evaluate several current wetland-related policies and develop recommendations regarding how to maintain no-net-loss of wetland as a state goal under the Wetland Conservation Act and further advance the long-term protection and enhancement of Minnesota's wetland resources. In response to the Order, we performed extensive agency and stakeholder outreach, which included meetings with State and federal agencies, regional interests, and individual stakeholder groups/sectors. Information on the process, comments received, and the resulting report to the Governor is available on our website at: http://www.bwsr.state.mn.us/wetlands/executive_order_12-04/

Siting of Wetland Mitigation in Northeast Minnesota
Much of the southern and western agricultural regions of Minnesota have lost over 90% of their original wetlands. In northeast Minnesota (NE), however, where wetlands comprise from 30%-80% of county land, nearly 80% of pre-settlement wetlands are still intact. This abundance of wetlands, combined with other factors such as large amounts of public land, creates problems for

Featured Project: Establishment of the Minnesota Wetland Bank for Agriculture

In January 2009, BWSR and the USDA's Natural Resources Conservation Service (NRCS) in Minnesota entered into an interagency memorandum of understanding to better coordinate implementation of WCA and the "Swampbuster" provisions of the federal farm program. Through this agreement, which further enables our agencies to coordinate efforts, we established a wetland bank for agriculture (Ag Bank). Our agency spent 2012 and 2013 developing all aspects of the Agricultural Wetland Banking Program.

In two short years, Minnesota has not only developed the criteria and procedures for the Ag Bank, but has a fully functioning program with restored wetland credits available and transactions occurring between landowners and bank account holders. During the biennium, we approved nine agricultural wetland bank sites with 472 acres of wetland credit. Over 250 acres of wetland credit have been withdrawn from the bank for agricultural projects.

The current federal farm bill includes provisions for the promotion and establishment of agricultural wetland banking programs, and Minnesota stands out nationally as *the* state with the most advanced and most successful program. National and State resource agencies, conservation groups, and agricultural interests are now looking to Minnesota as the model for establishing similar agricultural wetland banking programs across the country.

This Ag Bank site in Clay County was one of the first enrolled in the new program.

state and federal wetland regulatory programs which allow for unavoidable wetland impacts when they are replaced with other wetland areas of the same or greater public value.

While replacing wetlands within the same watershed is preferable, fewer drained or degraded wetlands in NE watersheds mean fewer opportunities to restore wetlands to compensate for the impacts. As a result, much of the wetland mitigation is leaving the area altogether, and most recent wetland mitigation projects have neither contributed to supporting the integrity of the impacted NE watershed, nor are they located in an area where wetland restoration is a high priority either on a watershed, drainage basin, or statewide basis.

In 2012 the Interagency Northeast Mitigation Siting Team (Team), made up of staff from BWSR, DNR, MPCA, US Army Corps of Engineers, and Environmental Protection Agency, was formed to take a coordinated approach to solving problems related to mitigation for wetland impacts in northeast Minnesota. After a substantial amount of work and interagency coordination, including opportunities for stakeholder input, the Team accomplished the seemingly insurmountable goal of achieving general consensus on recommendations to address many of the issues in northeast Minnesota, as well as the state as a whole. The Team's report, including the consensus recommendations, is posted on our website at:
http://www.bwsr.state.mn.us/wetlands/Siting_of_Wetland_Mitigation_in_%20NE_MN_3-7-14.pdf

Recommendations

Recommendation #4:

Pursue additional funding for the Local Government Roads Wetland Replacement Program so that projects can be developed at the pace necessary to meet the State's statutory obligation to provide replacement credits.

Recommendation #5:

Work with stakeholders and other state and federal agencies to prioritize and implement recommendations contained in Executive Order 12-04 and the Siting of Wetland Mitigation in NE MN. Specific recommendations can be found in the Executive Order here: http://www.bwsr.state.mn.us/wetlands/executive_order_12-04/EO12-04%20BWSR%20Final%20Report%20December%2014%202012.pdf and the Siting report here: http://www.bwsr.state.mn.us/wetlands/Siting_of_Wetland_Mitigation_in_%20NE_MN_3-7-14.pdf.

Recommendation #6:

Determine if there are structural and funding changes in WCA that would make implementation and oversight more effective.

Local Projects and Practices

Local delivery of conservation practices is central to our work. Agency programs to assist landowners and local government have resulted in less sediment and nutrients entering our lakes, rivers, and streams; healthier fish and wildlife habitat; and the drastic slowing of wetland losses. These have been realized in spite of intensification of agriculture, greater demands for forest products, and rapid urbanization in many parts of the state. Local Projects and Practices highlights the work that is achieved through those partnerships in two of our major programs: Clean Water Fund Competitive Grants and Natural Resources Block Grants.

A resident installs a rain garden as part of a local conservation project.

Working for Minnesota

Biennial accomplishments for our Clean Water Funds include:

- Leveraging approximately $16 million in local and federal dollars. This increased the amount of on-the-ground implementation projects, helping accelerate work to restore and protect Minnesota's waters.
- Installing more than 900 best management practices.
- Implementing practices responsible for keeping an estimated 12,000 tons of sediment and 10,000 pounds of phosphorus from entering our waterways.

Program Components

The primary components of the Local Projects and Practices are:

- Clean Water Fund Competitive Grants
- Natural Resources Block Grants
- SWCD Programs and Operations Grants
- Conservation Cost Share

Program	Number of Grants FY12-FY13	Total Funding FY12-FY13
Clean Water Fund Competitive Grants	266	$36,724,000
Natural Resources Block Grants		
- Comp. Local Water Management	174	$2,278,000
- Wetland Conservation Act	174	$3,813,000
- Shoreland Management	170	$755,000
- County Feedlot Permit*	110	$3,386,000
- SSTS*	220	$4,255,000
SWCD Programs and Operations		
- Conservation Delivery	180	$3,529,000
- Easement Delivery	156	$582,000
- Nonpoint Engineering Assistance	16	$2,120,000
Conservation Cost Share	179	$3,103,000
Total	**1645****	**$60,545,000**

**Includes dollars transferred from MPCA for some of these programs.*
*** Grants are packaged into a grant agreement to support greater government efficiency.*

Program Reports

Clean Water Fund Competitive Grants

The goal of our Clean Water Fund (CWF) competitive grants program is to help meet statewide water quality goals through the prevention and reduction of non-point source pollution. These awards include public and private projects, and involve Minnesotans who voluntarily engage in these activities.

The Competitive Grants program works through Minnesota's local governments to fund projects that are prioritized and targeted to the most critical source areas, allowing us to be strategic in granting funds that meet local water quality goals within the larger scope of Minnesota's clean water efforts. To receive BWSR Clean Water Funds, a project must meet one of the purposes specified in the Clean Water, Land and Legacy Amendment:

- protect, enhance, or restore water quality in lakes, rivers, and streams; and/or
- protect groundwater and drinking water sources from degradation.

Natural Resources Block Grants

We recognize that meeting Minnesota's land and water conservation goals relies on local governments having the capacity and skills to fulfill both state obligations and local expectations. The Natural Resources Block Grant programs provide state funding to ensure counties have the financial means to effectively implement state programs such as local water planning and the Wetland Conservation Act. This program is an umbrella under which five grants reside that help offset the costs to counties of the following state natural resource programs:

A conservation district staffer provides technical assistance during project installation.

- Comprehensive Local Water Management
- Wetland Conservation Act
- Shoreland Management
- County Feedlot Permit
- Subsurface Sewage Treatment Systems *(Clean Water Funds)*

Counties must have a BWSR-approved and locally adopted Comprehensive Local Water Management Plan to be eligible. Bundling these grants into one grant agreement has allowed for a more efficient delivery mechanism between BWSR and counties.

SWCD Programs and Operations Grants

These grant programs provide funding to soil and water conservation districts (SWCDs) for specific local natural resource needs.

- Conservation Delivery - These grants provide SWCDs with funds for the general administration and operation of the district.
- Easement Delivery – These grants provide a per-easement payment to offset the cost for easement inspections.
- Nonpoint Engineering Assistance – These grants support technical assistance and expertise to landowners, helping install 1,442 conservation practices over the biennium to protect and improve our state's water quality.

SWCDs must provide our agency with annual plans and annual reports to be eligible to receive these grants.

Workers installing an outlet for a water and sediment control basin.

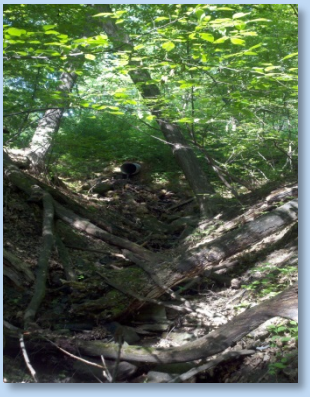
Conservation Cost-Share

These grants help conservation districts provide funding for a variety of on-the-ground projects that address state conservation objectives. Specifically, these projects address:

- Keeping water on the land: restoring natural hydrology and reducing runoff is achieved by restoring wetlands, installing raingardens, constructing stormwater treatment ponds, and implementing conservation drainage practices.
- Maintaining healthy soils: healthy soils are supported through conservation tillage and erosion control projects.
- Reducing pollutants in surface and ground water: reducing pollution in sensitive ecological areas is accomplished by upgrading feedlots and subsurface sewage treatment systems, and sealing abandoned wells.
- Ensuring biological diversity: protection of native plants and animals and their habitats is accomplished through the installation of permanent buffers of native vegetation and cooperative weed management programs that address invasive species management.
- Maintaining stream integrity: healthy stream hydrology and abundant fish populations are achieved through streambank and shore stabilization.

Featured Project: Stubbs Bay Ravine Stabilization

Clean Water Fund Grant: $164,346; leveraged funds: $31,086



Left: Before project, eroding bank slopes. Right: After project, bank slope is stabilized.

High amounts of phosphorus in Stubbs Bay on Lake Minnetonka have impaired the water body, creating nuisance algae blooms that limit its recreational use. A 500-foot long ravine that had eroded to a depth of 15 feet and was discharging a significant amount of sediment and phosphorus into the lake was targeted for a stabilization project. A series of cascades, riffles and pools were installed to step the flows down this steep ravine and control flow velocities. Native shrub plantings and seeding of deep rooting native vegetation helped provide further stabilization. The project reduced phosphorus loading to Lake Minnetonka by 31 pounds per year, which equates to 27 percent of the 152 pound per year goal set by the Minnehaha Creek Watershed District for the City of Orono.

Featured Project: Benton County Phosphorus Reduction on Little Rock Lake

Clean Water Fund Grant: $163,639; leveraged funds: $40,514

Little Rock Lake is an important recreational resource in Benton County. The lake also has a problem with excessive nutrients, which has generated some severe water quality problems. Because of the significance of the lake to the region, making tangible improvements in water quality is a high priority in local water management plans. Through coordinated efforts on behalf of local governments and partners from both the public and private sectors, conservation practices are being installed that will help reduce phosphorus in the watershed by 1,205 pounds per year, meeting 11 percent of the lake's overall reduction goal.

Toxins released by blue green algae blooms in the lake have been the highest ever measured by the Minnesota Department of Health.

Recommendations

Recommendation #7:

Evaluate and remodel the Clean Water Fund competitive grant funding to include a targeted watershed approach that has strong connections to goals in local plans and state strategies.

Recommendation #8:

Continue working with partner agencies to achieve the right balance between monitoring and implementation funding that maximizes measurable progress toward our shared goals.

Recommendation #9:

After the Nonpoint Priority Funding Plan is completed per legislative requirement, establish an inter-agency task force to prepare guidance in the use of the plan's criteria.

Local Water Management

The goal of Local Water Management is to develop and maintain local capacity to protect and enhance Minnesota's water and soil resources. We do this by ensuring adequate technical resources and capacity are in place to implement protection and restoration projects at the local level and by providing adequate training, oversight, and accountability. This includes the capacity to develop and implement local water management plans. We have oversight responsibilities to ensure that local water plans are prepared and coordinated with existing local and state efforts and that plans are implemented effectively. These local plans focus on priority concerns, defined goals and objectives, and measurable outcomes.

Program/Policy Changes

One Watershed, One Plan

Major work began on development of a new program entitled "One Watershed, One Plan" (1W1P). The One Watershed, One Plan vision is to align local planning and implementation with state strategies into plans built largely around the state's major watersheds.

Minnesota has a long history of water management by local government. One Watershed, One Plan is rooted in this history and in work initiated by the Local Government Water Roundtable (Association of Minnesota Counties, Minnesota Association of Watershed Districts, and Minnesota Association of Soil and Water Conservation Districts) in 2011. Roundtable members recommended that the local governments charged with water management responsibility should organize and develop focused implementation plans on a watershed scale.

The recommendation was followed by legislation in 2012 that permits BWSR to adopt methods to allow comprehensive plans, local water management plans, or watershed management plans to serve as substitutes for one another or to be replaced with one comprehensive watershed management plan. In the spring of 2013 BWSR adopted a set of guiding principles and framework which initiated the development of the One Watershed, One Plan program. We anticipate the transition will occur over a ten-year period.

Rule Revision

Rules governing Metropolitan Watershed Management Plans, Minn. Rules Chapter 8410 are being revised. The intent of the rule change is to build on our agency's experience implementing the Metropolitan Water Management program, moving away from an overly prescriptive, one-size-fits-all approach to a more results-oriented framework. If the rules are revised, future watershed plans would consist of periodically updated inventories and goals and frequently updated implementation and capital improvement plan sections.

Featured Project: Local Water Management Plans Guiding the Way

Counties, with their planning and land-use authorities, are uniquely positioned to link land-use decisions with local water management goals. Chisago County is home to the Chisago Chain of Lakes, over 6,000 acres of water, miles of shoreline to explore; a destination for outdoor enthusiasts to fish, boat and swim. Phosphorus pollution is an issue in the region, with its annual telltale algal blooms that affect both plant and animal life. The Chisago County Local Water Management Plan (2010-2023) specifies a 20% reduction in phosphorus by 2020. Since 2011 six CWF grants have been awarded to accelerate work in the area by inventorying and identifying critical areas, installing over 60 conservation practices to bring them to five percent achievement of their goal.

Chisago County's Local Water Management Plan helps identify water quality goals.

Working for Minnesota

Our biennial accomplishments include:

- Development of the One Watershed, One Plan initiative, which will result in better management of water resources through watershed-based water management plans.
- Adoption of orders for approval of revisions and/or amendments to 96 local water management plans.
- Reduction in the number of overdue water plans from 22 to 7.

Program Components

- Water Management Planning and Implementation
- Conservation Delivery Grants
- Pass Through Grant Management

Program Reports

Water Management Planning and Implementation

Protecting and restoring Minnesota's water resources relies on the knowledge, authorities, partnerships, commitment and resources of state and local governments. Working with local governments on their water management plans ensures the water resources of the state will be effectively managed. During this biennium, our staff and Board approved the following:

- Greater Minnesota – 26 plan amendments and/or revisions
- Metro Area – 14 plan amendments

Conservation Delivery Grants

These grants represent a long-standing partnership between state, local and federal governments to provide base-level resources for operating expenses associated with the local delivery of state conservation programs by providing each soil and water conservation district with a certain degree of funding stability. During this biennium, 180 grants were issued, totaling $3.6 million dollars. Funding for this area declined between 2002 and 2012, causing concerns about maintaining adequate local capacity to address soil and water resource issues.

Pass-Through Grant Management

This area includes pass-through funding for local water entities, including the Minnesota River Board, Area II and the Red River Basin Commission. During this biennium, the following grants were issued:

Grant Recipient	FY12-FY13
Area II	$240,000
Red River Basin Commission	$200,000
Minnesota River Joint Powers Board	$42,000
Minnesota Conservation Corps	$500,000*

*CWF dollars

Recommendations

Recommendation #10:

Work with local government partners to explore ways to increase the local conservation delivery system's capacity to meet heightened expectations around water quality outcomes.

Recommendation #11:

Explore ways to accelerate the adoption of key water quality improvement practices across the state including riparian zone management, soil erosion management, and water storage and treatment.

Recommendation #12:

Pursue, in coordination with our local government partners, transition to the new One Watershed, One Plan initiative with the goal of completing plans over a ten-year period.

Technical Services

The BWSR Technical Services Section provides engineering, soils, vegetation, landscape ecology, drainage management, hydrologic monitoring and groundwater expertise for a number of agency programs and functions. These services include: direct technical assistance for wetland and upland restorations and Wetland Conservation Act compliance, development of technical guidance documents and associated consultation, training provided to local government unit staff and other conservation partners, and involvement in technical and policy coordination for a wide range of water and soil resource management topics.

Working for Minnesota

Our biennial accomplishments include:

BWSR Landscape Ecologist Dan Shaw leads a plant identification training.

- Completing 92 wetland restoration projects, providing substantial wildlife habitat, water quality, and water quantity management benefits in Minnesota.
- Providing advisory review for approximately 20 watershed district projects involving Chapter 103E drainage systems, as well as flood damage reduction and natural resource enhancement projects involving floodwater impoundments, levees and/or stream restoration.
- Supporting 14 Cooperative Weed Management Areas in the state, some of which were newly established, enabling more efficient and effective control of invasive species and improvement of native vegetation on private and public lands.
- Partnering with the NRCS through an LCCMR grant, mapping nearly 800,000 acres of soil in Lake, Cook and Crow Wing counties and nearly completing the state Digital Soil Survey, foundational information for many water and soil resource conservation practices and programs.
- Coordinating with the Minnesota Recovers Task Force and its Natural Resources Committee in response to flooding disasters to help local government units assist private landowners with erosion control and water quality restoration and protection projects and practices.
- Providing 14 cost-share grants through the Clean Water Fund Conservation Drainage Program to local government units for a variety of drainage practices designed to prevent erosion and reduce nutrients from running off into rivers, lakes and streams.
- Targeting $700,000 in drainage water management practice grants in FY13 to 41 local governments in agricultural areas to restore and protect water quality.

Program Components

The primary components of the Technical Services Section are:

- Engineering
- Native Vegetation / Landscape Ecology
- Soils
- Drainage Management
- Groundwater and Wetland Hydrology

Program Reports

Engineering

BWSR engineering staff worked in a number of capacities, including wetland restoration site investigation, design and construction management in support of agency programs and initiatives; review and consultation for all Wetland Banking Program private wetland banking projects; advisory review for watershed district projects, and consultation and coordination with local government partners around disaster relief response efforts to assist private landowners with erosion control and water quality restoration and protection projects and practices.

Drainage Management

We facilitated the stakeholder Drainage Work Group (DWG), which began in 2006, and in 2012-13 the group developed its third set of consensus recommendations to update applicable sections of Chapter 103E Drainage Law. These consensus recommendations included adding provisions to enable reestablishment of drainage system records that are lost, destroyed or incomplete, clarify authority for wetland and water quality improvement elements in certain types of drainage system work, and enable use of a two-stage ditch for petitioned repair projects. These recommendations were adopted unanimously by the Legislature in 2013.

We coordinated with the USDA Natural Resources Conservation Service and University of Minnesota Extension to provide training for local government staff and private technical providers on eligible drainage water management practices.

During the biennium, we facilitated the interagency Drainage Management Team (DMT) to coordinate sharing of drainage management information about pertinent research, reports and programs involving state and federal agencies, the University of Minnesota and Minnesota State University – Mankato.

Soils

We continued to work with the USDA Natural Resources Conservation Service and counties, using LCCMR grants, federal match and in-kind contributions, to expedite completion of the Statewide Digital Soil Survey for Minnesota. Our agency provided soils training for the University of Minnesota Wetland Delineator Certification Program during the biennium, as well as soils consultation for challenging wetland sites under the Minnesota Wetland Conservation Act (WCA).

Staff conducting a soil profile.

Funded by LCCMR grants and BWSR Clean Water Fund dollars, BWSR supported research at the University of Minnesota modeling soil erosion and depositional processes on agricultural land and set aside lands like CRP.

In partnership with the USDA Natural Resources Conservation Service, the BWSR developed guidance on the use of NRCS Drainage Setback tables to protect jurisdictional wetlands. The guidance document provides a consistent framework for addressing wetland impacts as related to drainage, and simplifies the process of calculating lateral effect distances. The guidance document was presented at the Minnesota Wetlands Conference in January 2013.

Native Vegetation and Landscape Ecology

Establishment of diverse native vegetation in wetlands and on associated upland buffers is a critical component of wetland restorations for the Local Road Wetland Replacement Program, as well as RIM conservation easement programs. During the biennium, we provided review and technical assistance for vegetation planning, establishment and maintenance for approximately 20 private wetland banks and 12 local road wetland replacement projects.

BWSR continued to develop and maintain many technical guidance documents for local government units and other conservation partners regarding establishment and maintenance of native vegetation, control of non-native and invasive species, and implementation of associated landscape ecology practices. Due to an increasing decline of honey bees, butterflies and other pollinators, BWSR began to incorporate guidance regarding pollinator habitat into these guidance documents.

BWSR also coordinated with a wide variety of partners through meetings, workshops and conferences on the topics of wetland mitigation, landscape ecology, plant community restoration, state seed mixes, pollinator habitat, climate adaptation, bioenergy, bioengineering, stormwater design, invasive species management, rare and endangered species, plant identification, and monitoring methods.

Groundwater and Wetland Hydrology

We conducted hydrologic monitoring for ten wetland restoration projects associated with the Local Government Road Wetland Replacement Program, a necessary process for wetland credit certification through the Wetland Conservation Act. Our technical staff also developed a guidance document for Hydrologic Monitoring of Wetlands.

Agency staff conducted hydrogeologic evaluations and monitoring in support of two RIM-WRP wetland restoration projects. Staff also provided technical input to local government and Technical Evaluation Panels in support of seven Wetland Conservation Act appeals and regulatory issues.

Featured Project: Hansen Wetland Bank

Southwestern Minnesota's Murray County is home to a unique restoration project known as the Hansen Wetland Bank, part of the Local Government Roads Wetland Replacement Program. Our technical services staff were involved in every aspect of this project, from construction management to restoration. The goal of the project is to restore pre-settlement hydrological conditions and vegetative communities to the site, return the functions of fresh wet meadow, marsh, and mesic prairie communities, and preserve the existing native fen communities. Construction for the project was completed in the winter of 2012 and consisted of blocking drainage tile, installing outlet structures, constructing earthen embankments and removing an existing earthen dam and outlet structure on an adjoining RIM easement at the southeast end of the site. When the site is fully restored, approximately 57 acres of wetland credit will be enrolled in the Local Government Roads Wetland Replacement Program and will be used to offset wetland impacts associated with road construction within Minnesota.

BWSR Hydrologist Eric Mohring installs data loggers at the site to track water levels.

BWSR technical staff participated in interagency coordination on groundwater quantity and quality, including the MDH Well Water Advisory Commission, the Clean Water Amendment Interagency Groundwater and Drinking Water Team, and the Nitrogen Fertilizer Management Plan Advisory Committee. Staff also cooperated with the U.S. Geological Survey on a project to measure the water quality benefits of agricultural set-aside programs such as RIM and CRP.

Recommendations

Recommendation #13:

Explore how emerging issues – such as climate change and threats to pollinators – are best incorporated and addressed within our existing wetland and land restoration programs.

Recommendation #14:

Promote multipurpose drainage water management in collaboration with the Drainage Work Group and the Interagency Drainage Management Team.

Disaster Assistance

Disaster Assistance FY12-FY13 Funding Sources	
Bonding	$1,500,000
General Fund	$11,000,000
Total	**$12,500,000**

We provide disaster assistance funding through special appropriations for our local government partners to install, repair, or rehabilitate water quality and watershed protection projects on private lands in designated disaster areas. While Federal funding is often available to rebuild public infrastructure, our agency's disaster assistance resources help bridge the gap that exists to repair conservation projects damaged on private land. Our Disaster Assistance Program, new this biennium, focuses on providing recovery funding for projects that keep soil and water on the land, protecting these resources and supporting fish and wildlife habitat.

Program/Policy Changes

During the time period of June 14-21, 2012, severe storms and flooding caused damage to infrastructure, private/public property and natural environments in several Minnesota counties. A Presidential Major Disaster was declared and Governor Dayton subsequently signed a disaster relief bill appropriating $12.5 M to BWSR to repair flood-damaged land, streams, and related infrastructure. Our Board approved two flood-related resolutions and adopted a 2012 Flood Policy which became the 2012 Disaster Recovery Assistance Program.

Working for Minnesota

Our biennial accomplishments include:

- Distributing $7,977,661 in disaster assistance funding to 14 local governments to fund 260 disaster recovery projects protect human safety, property and infrastructure, and will also stabilize and protect areas that have already been repaired with city funds or Federal Emergency Management Agency (FEMA) funds.
- Board approval of the Disaster Recovery Assistance Program Policy to enable our agency to respond more quickly and efficiently in the event of natural disasters.

Gully erosion in Dakota County's Miesville Ravine Park following heavy rains in June 2012.

Program Reports

Disaster Recovery Assistance Program

Unfortunately, disasters are virtually impossible to predict, so government response must be both effective and nimble. Given these conditions, we created a standard operating procedure to provide structure for both our staff and local government partners in these circumstances to optimize efficiencies, responsiveness, and the impact of legislative appropriations.

The Disaster Recovery Assistance Program (DRAP) is that structure. Its purpose is to provide designated emergency appropriations to our local government partners for conservation projects in the disaster area that protect our soil and water resources. Specifically, we use these funds for erosion and sediment control, water quality and watershed protection projects and RIM easements.

The program is activated in the event of a natural disaster or other extreme environmental impact – its authorization is to address critical conservation problems resulting from a natural disaster. Over the course of the biennium, we developed policy to support and direct local government response.

Featured Project: the June 2012 Flood Recovery Effort

"The most damaging flood in Duluth's history" struck the city on June 19-20, 2012. Over those three days, 7.24 inches of heavy rains fell over already saturated ground. The surrounding areas were hit even harder, with rainfalls of 10.10 inches and 9.93 inches recorded north of the city. Duluth's Mission Creek was hit particularly hard, and work to restore and protect the area involved a truly interagency effort. From debris removal to slope and streambank stabilization, trail relocation and rehabilitation to bridge replacement, partnerships at the local, state, and federal level were leveraged to maximize funding in a joint effort to make the creek stronger than ever.

Our agency approved two flood relief grants to the City of Duluth totaling $5,302,247. These grants included the required local match funds for the NRCS Emergency Watershed Protection (EWP) Program. The City requested and received a total of $89,663 from our agency for Mission Creek Restoration efforts, of which $73,800 was budgeted for NRCS EWP match. According to the City of Duluth the BWSR funds will leverage most of the $858,177 that was awarded to the City from the NRCS EWP Program.

Duluth's Mission Creek, before and after stabilization work.

Recommendation

Recommendation #15:

Develop guidance related to the newly adopted Disaster Recovery Assistance Program policy.

Organizational Effectiveness

BWSR launched the Organizational Effectiveness Division in June 2012 with the goal to optimize our overall agency effectiveness by supporting and leading staff innovation, intentional planning, accountability and process improvement efforts. It combined the small sections of training and communications, often staffed by one person, to lead BWSR's **training**, **communications**, **project management**, and **organizational development** efforts.

This division was created as a response to the opportunities and challenges that have come with our Legacy budget growth, program changes, and workload demands faced by our staff. We operate as a service bureau to help build consistency and effectiveness in the successful implementation of agency operations and programs.

Program/Policy Changes

In August 2012 an Audit Committee of the BWSR Board was formed to appraise the effectiveness of the agency's internal control and risk assessment, and provide an avenue of communication between BWSR's internal audit function and external auditors, management, and the Board. In May 2013, to target and prioritize our internal control efforts, we developed a BWSR Risk Assessment Plan. In June 2013, to conform to Office of Grants Management Policies, and as a preventive control on conflicts of interest determining grant allocations, we revised the Conflict of Interest Disclosure Form for grant reviewers.

BWSR Academy attendees working collaboratively.

The Performance Review and Assistance Program (PRAP) introduced a watershed-based Level II performance review methodology focusing on plan accomplishments and collaboration among all local governments working in the same major watershed. This was piloted in the Sauk River watershed in central Minnesota.

Working for Minnesota

Biennial accomplishments include:

- Holding the 4th and 5th Annual BWSR Academies. With a 10% increase in LGU participation from 2010 attendance, 350 participants (including 270 Local governments) attended the BWSR's key training event each year. 88% of the attendees at the 2011 and 2012 Academies indicated that the sessions helped them meet their personal goals, which they were asked to identify as things they were looking to learn, apply or be better at as a result of attending the Academy.
- Implementing BWSR's first External Communications Strategy, nominated for the 2012 Best in Show award by the Minnesota Association of Government Communicators.
- Tracking compliance of 243 local government partners with basic practice performance standards through our PRAP program. 72% of our partners have a perfect score on compliance. We also reduced the number of expired LGU long-range plans from 18 to 7 over the biennium.
- Verifying 179 grants in 18 counties totaling over $7 million in grant funds.

Program Components

Major programs include:

- Training
  - BWSR Academy
  - Minnesota Conservation Apprenticeship Program

- Communications
- Internal Controls/Risk Assessment
- Grants Monitoring, Reconciliation and Verification
- Performance Review and Assistance Program (PRAP)

Program Reports

Training

BWSR defines training as the "systematic acquisition of knowledge, skills, or abilities that results in improved performance (outside the training environment)." It is grounded in our program theory that if we provide high quality and intentional training to our local government partners, then training participants will be more effective in implementing their work to improve and protect Minnesota's water and soil resources. BWSR provided over 6,000 learning hours to more than 700 individuals during the biennium.

	2011	2012	Total
Number of Sessions	39	38	77
Number of Participants	356	355	711
Learning hours (# of training hours x # of participants)	3,678	2,535	6,213

In late 2012 BWSR staff developed an external training strategy that provides an intentional plan for our role in supporting and building the effectiveness of the local conservation delivery system through learning opportunities related to BWSR's mission.

BWSR Academy

The local conservation delivery system faces continual change, from new programs, policies and technologies to new staff and new skills required to meet these changes. The goal of the BWSR Academy is to provide high quality training for local government staff that maintains and improves the delivery of conservation work and meets the shared expectations of BWSR and local resource management boards. Academy planning is guided by these principles:

- To provide a ***systematic training framework*** allowing LGU staff to improve their performance in delivering local conservation
- To be ***practical*** for LGU use
- To be ***cost-effective*** for LGUs to attend
- To increase governmental ***efficiency*** in delivering BWSR programs
- To use ***hands-on learning*** and case studies, when appropriate, to illustrate content
- To promote ***peer-to-peer*** learning
- To acquire ***LGU feedback*** on BWSR programs and overall operations

Minnesota Conservation Apprenticeship Program

BWSR partnered with the Minnesota Conservation Corps to implement a summer apprenticeship program, pairing future leaders with 33 local soil and water conservation districts in Minnesota. Apprentices are mentored by natural resource professionals and learn hands-on skills in managing soil and water resources. Services include engaging with landowners, providing educational materials, monitoring, inspecting sites, preparing reports and other conservation-related activities. Funding for this project was provided by the Minnesota Environment and Natural Resources Trust Fund as recommended by the Legislative-Citizen Commission on Minnesota Resources (LCCMR).

From 2011 to 2012 65 students were placed with 60 conservation districts. Due to the 2011 state shut down, a shifting of allocated funds allowed for the placement of an additional 35 students with conservation districts in May of 2013.

This program has benefits to both students and conservation districts. 100% of students said they now have increased technical conservation skills and are more prepared for a future career. 98% of the districts were satisfied with the work their apprentices completed. Managers also indicated that the work conducted by the apprentices increased the amount of conservation practices delivered by their districts during the program period.

Featured Project: Minnesota Conservation Apprenticeship Program

Neva Widner, pictured above, joined Carlton County Soil and Water Conservation District as an apprentice through the Academy. She wore a number of hats during her apprenticeship, and when her former supervisor left the SWCD, she was hired full-time as Carlton's Water Resources Technician.

Communications

In order to present a clear, concise and consistent framework for communicating with our partners and to build greater agency public awareness and transparency, in 2012 BWSR developed an external strategic communications plan that set measurable objectives and a specific structure for how BWSR implements external communications work. The purpose of the plan was to meet executive branch initiatives and connect key findings to recommendations from the external communications assessment. Key plan goals include:

1. Maintain BWSR's key communication role with, and improve the quality of, LGU partner communications.
2. "Tell the story" to those that have significant influence over the BWSR mission, including executive and legislative branches, using methods that motivate public policy decision-makers.
3. Increase awareness of BWSR and partners' Clean Water work with Minnesota citizens and non-government organizations interested in results of Amendment funding.
4. Expand BWSR's use of new technologies, including social media, to highlight premier projects and their outcomes for maximized awareness and support of BWSR and partners' programs.
5. Establish a clear brand identity for the agency and build on that image and reputation.
6. Maintain a proactive media relations program to enhance BWSR's and BWSR's partners' image at local and state levels.
7. Utilize and package BWSR information and efforts to gain additional mileage out of existing materials.

The plan received a 2012 Minnesota Association of Government Communicators Award of Excellence and was nominated for the Best in Show award.

Internal Control/Risk Assessment

Internal control is a process, effected by management, designed to provide *reasonable assurance regarding the achievement of an organization's objectives.* Risk assessment is a systematic identification of the events that can prevent an organization from achieving its objectives.

In May 2013, to target and prioritize our internal controls efforts, a BWSR Risk Assessment Plan was developed. Risk assessment is a systematic identification of the events that can prevent an organization from achieving its objectives.

- In 2012-13 the agency revised its Conflict of Interest Disclosure Form for grant reviewers, and will include on the form for agency and interagency grant reviewers instructions about the steps to take when an actual, potential, or perceived conflict is disclosed.

Grants Monitoring, Reconciliation and Verification
Among our agency's core values are those of empowerment and accountability. Just as we trust those "on the ground" to identify opportunities and implement long-term solutions, so do we verify the results that our partners produce with the resources that we share.

Our Grant Monitoring, Reconciliation and Verification Policy, through which we ensure grants compliance, calls for ten percent of all grants to be "verified" annually, through a site visit. The main purpose of a grant verification is to financially reconcile the grant. During the site visit, BWSR staff also check whether the terms of grant payments - as stated in the grant agreement, the BWSR Grant Administration Manual, and all applicable state rules and regulations – are in compliance. Verifications during the biennium include:

- September 2011 through January 2012, FY 2010 grants verified with 9 counties and spanning 95 grants, totaling over $4 million in grant funds.
- September 2012 through August 2013, FY 2011 grants verified 9 counties and spanning 84 grants, totaling over $3 million in grant funds.

Key findings from grant verifications include: Failure to meet or document cash or cash equivalent match for the Local Water Management (LWM) grant; unable to verify that the entire grant + match was expended; required transfers not made within required time frames; expenses occurring outside grant period; project files missing technical approval; billing rates too high.

Often, the visit confirms that an LGU's fiscal affairs are in order. When issues are found, corrective action plans are developed with the LGU's consent, and BWSR specialists work with local staff to bring the LGU back into compliance.

Performance Review and Assistance Program
Since 2007 BWSR's Performance Review and Assistance Program (PRAP) has been methodically assessing the

Featured Project: Root River SWCD's PRAP Assistance Grant

When the Root River Soil and Water Conservation District (SWCD) faced an impending retirement from a long-tenured district manager in 2011, it left the district board and staff looking for direction. The SWCD was advised to look into our agency's PRAP assistance grants, which provide funding to local units of government (LGUs) that want to improve their performance by addressing organizational issues like revising position descriptions, strategic planning and identifying training needs. Root River applied for and received the first ever PRAP assistance grant to hire an organizational effectiveness consultant.

District Manager Ron Meiners said the consultant took an in depth look at the district's operations, skills, workload and opportunities. "He provided recommendations for staffing plans, job descriptions, wage scales, work plans, training and much more," he said. "The current staff was very comfortable with the direction given and it also helped relieve a lot of the stress that our board faced when considering changes within our office."

The assistance grant was so successful that Meiners would recommend the program to other districts.

"To have someone from the outside that has professional knowledge of Soil and Water Conservation District operations look in and make unbiased recommendations is invaluable," he said. "The results included a sense of confidence, improved staff relations, and it set clear direction and optimism for our district."

performance of the units of government that constitute Minnesota's local delivery system for conservation of water and related land resources. The goal is to help these local government partners to be the best they can be in their management of these critical resources. During the biennium, our Board authorized PRAP Assistance Grants to help local government partners with organizational development and strategic planning. First year grants of $3,650 were cost-shared with three local governments. PRAP reports annually to the Legislature. Those reports can be found here: http://www.bwsr.state.mn.us/publications/legislative.html.

Recommendations

Recommendation #16:

Ensure a stable funding base for the Performance Review and Assistance Program, including restoration of funds from 2010.

Recommendation #17:

Pursue ongoing funding for the Apprentice Program, which provides important job training for future conservation professionals.

Recommendation #18:

Examine ways for the Organizational Effectiveness Division to help our agency and local government partners operate more effectively.

Other Policy and Administration

The goal of this program is to advance the agency mission by providing high quality, timely and cost-effective operational and administrative support. In addition to providing support to agency staff, we provide direct support to the 20-member Board, as well as support and information to external partners such as local governments, non-governmental and other community groups, businesses, legislators, and citizens.

Program/Policy Changes

During the biennium, a comprehensive upgrade was made to BWSR's electronic reporting system, eLINK, to enhance reporting, oversight, and accountability of grants to local units of government.

We also commenced a multi-phase review, reclassification, and strategic hiring of BWSR staff positions.

The biennium also saw passage of the Clean Water Accountability Act, which places into law the MN Pollution Control Agency's (MPCA) Watershed Restoration and Protection Strategy and requires our agency to prepare a Nonpoint Priority Funding Plan.

BWSR staff presenting to the Legislative-Citizen Commission on Minnesota Resources.

Working for Minnesota

Our biennial accomplishments include:

- Launching our upgraded eLINK system, providing an efficient mechanism for local governments to manage and report grant progress from application through final reports. It also allows our agency to more effectively track outcomes, resulting in enhanced accountability and transparency.
- Reviewing and reclassifying our staffing, providing a systematic means to eliminate those classifications that had been unique to our agency and substitute classifications used across state government, resulting in a consistent approach across the enterprise.

Program Components

Major programs within this section include:

- Administrative Services (Human Resources and Financial Services)
- Legislative Relations
- Information Technology
- Board Operations

Program Reports

Administrative Services

This program area provides human resource, labor relations, budgeting, payroll, purchasing, motor pool service, and financial reporting services to the agency. During FY2012-2013, these functions continued to support our agency's 90 staff in nine offices located throughout Minnesota.

Legislative Relations
Implementation of Clean Water, Land and Legacy Amendment in 2008 has continued to increase our agency's responsibilities, as well as the expectations for BWSR to advise legislative decisions. During the 2012-2013 biennium, we continued to work with staff and members of the Clean Water Council, Outdoor Heritage Council, and Legislative-Citizen Commission on Minnesota Resources in addition to the Legislature itself.

A key new piece of legislation, the Clean Water Accountability Act, passed the Legislature during the 2013 legislative session. The Act defines and prescribes the elements of a Watershed Restoration and Protection Strategy (WRAPS) that includes TMDLs, requires our agency to prepare a biennial nonpoint project prioritization and funding plan, and prescribes that RIM easement payments for lands within the 50-foot riparian shoreland zone be capped at the non-crop rate.

Board Operations
Our Board provides direction and oversight on policy development, grant funds to implement the state's conservation programs, and regulatory decisions. During the 2012 legislative session, some structural changes to the Board were made that include:

- Removing the provision for Board member appointments to be based on SWCD regions.
- Allowing the BWSR Board to issue orders and requiring the adoption of conflict of interest bylaws.
- Providing flexibility in the selection of Dispute Resolution Committee members through the adoption of bylaws that will govern the committee's membership and duties.

Featured Project: the New eLINK Reporting System

Our new eLINK Tracking System, launched in June 2013, is an agency and local government networked information system that supports up-to-date and integrated performance reporting of BWSR programs and projects. It provides a common reporting platform for tracking project results and expenditures and increases reporting efficiency while providing increased transparency and accountability on results for the public, stakeholders, and legislators. The new system is a "cradle-to-grave" application that allows local units of government and BWSR to manage grants from application through final reporting and allows for the tracking of local water plans.

Information Technology
This area provides technical expertise and technical support, develops and implements essential programming systems, coordinates geographic information systems, and manages telecommunication and network infrastructure. Efforts during FY 2012-2013 focused on continuing the transition of information technology services to MN.IT under the consolidation process, building coordination between the IT services and BWSR business needs, and completing a comprehensive upgrade of BWSR's eLINK reporting system.

Recommendation

Recommendation #19:

Examine adequacy of General Fund support, and consider increases to ensure BWSR is able to meet all its statutory roles and responsibilities.

This page was intentionally left blank.

Minnesota Board of Water & Soil Resources