

MEETING DATE: June 28, 2018

TITLE: Authorization to Apply for Grant Funding Through the Watershed-Based Funding Pilot Program

RESOLUTION NUMBER: 18-064

PREPARED BY: Becky Christopher

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REVIEWED BY: Administrator Counsel Program Mgr. (Name): _____
 Board Committee Engineer Other

WORKSHOP ACTION:

<input type="checkbox"/> Advance to Board mtg. Consent Agenda.	<input type="checkbox"/> Advance to Board meeting for discussion prior to action.
<input type="checkbox"/> Refer to a future workshop (date): _____	<input type="checkbox"/> Refer to taskforce or committee (date): _____
<input type="checkbox"/> Return to staff for additional work.	<input type="checkbox"/> No further action requested.
<input checked="" type="checkbox"/> Other (specify): <u>Requesting authorization at June 28 meeting</u>	

PURPOSE or ACTION REQUESTED:

Authorize staff to apply for grant funding through the Board of Water and Soil Resources Watershed-Based Funding Pilot Program

PROJECT/PROGRAM LOCATION:

325 Blake Road Regional Stormwater Project, Hopkins
Arden Park Stream Restoration Project, Edina
Wassermann West Restoration Project, Laketown Township

PROJECT TIMELINE:

Deadline for submitting work plans to BWSR – July 2, 2018
Execution of grant agreements (start date for eligible expenditures) – anticipated August/September 2018
Deadline for eligible grant expenditures – December 31, 2021

PROJECT/PROGRAM COST:

Requested grant amounts:

- 325 Blake Road Regional Stormwater Project - \$125,000
- Arden Park Stream Restoration Project - \$124,151
- Wassermann West Restoration Project - \$93,879

PAST BOARD ACTION:

February 8, 2018 – Res. 18-010: Authorization to Submit Letter to BWSR Regarding Watershed Based Funding Pilot Program

SUMMARY:

Background on Pilot Program:

The Board of Water and Soil Resources (BWSR) is moving towards providing more systematic Clean Water Funding for local water management authorities on a watershed basis. The watershed-based funding model is intended to provide local governments throughout the state with efficient, transparent, and stable funding. To achieve this, BWSR envisions transitioning from project by project competitive grants to a coordinated watershed funding approach. This approach will rely on comprehensive watershed management plans developed under the One Watershed, One Plan Program or the Metropolitan Surface Water Management Act to provide assurance that actions are prioritized, targeted, and measurable. The concept of watershed-based funding grew out of the Local Government Water Round Table 2016 Fund Policy Paper.

On December 20, 2017, the BWSR Board adopted a Watershed-Based Funding Pilot Program for state fiscal years 2018-19. The pilot program allocated \$5.59 million across the seven-county metro based on county boundaries and includes a base amount of \$250,000 for each county with the remainder distributed based on land area of each county. The resulting allocations are \$1,018,000 for Hennepin County and \$749,200 for Carver County.

The eligible local government units (LGUs) within each county (county, SWCD, WMOs, WDs, and cities) can choose to either develop a collaborative work plan identifying priority activities or collectively opt into a metro area competitive grant process. The funds for those groups that opt into the competitive process are pooled and only available to those metro entities. These partnerships have until July 2, 2018 to develop and submit their collaborative work plan to BWSR or indicate that they are opting into the competitive process.

At the January 25, 2018 Planning and Policy Committee (PPC) meeting, staff provided an overview of the Watershed-Based Funding Pilot Program and its implications for MCWD. Subsequently, on February 8, 2018, the Board authorized the submittal of a letter to BWSR expressing the District's concerns and recommendations for the program. An update was provided via information item in the April 23, 2018 Board packet.

Carver and Hennepin County Collaborative Work Plans:

Staff has been participating in discussions with both the Hennepin and Carver County groups to evaluate options for a collaborative approach to utilize this initial round of funding. Both groups have explored a variety of options, including formula-based allocations, regional collaborative efforts, and more competitive approaches that utilize various ranking criteria. In these meetings, staff has advocated for an approach that incentivizes the best projects by prioritizing based on resource needs and outcomes.

Given the short timeframe provided for developing a collaborative work plan (approximately 6 months) and the uncertainty of the future of the program, both county groups have reached consensus to use a formula-based approach to allocate the funds with 50 percent of the allocation based on land area and 50 percent based on tax base. LGUs in both counties have expressed a willingness to explore a more prioritized and targeted approach long-term. The majority of other counties are planning to utilize a similar formula-based approach for the pilot, though they differ slightly in the factors used.

In Hennepin County, there has been strong and widespread support from the watershed organizations and cities to apply a portion of the funds toward a regional collaborative effort to address chloride pollution. Given that chloride pollution is an issue that affects all metro LGUs and there is a metro-wide TMDL and management plan in place, there is potential for greater effectiveness and efficiency to be gained through a regional collaborative approach. The group has agreed to allocate ten percent of the funds (\$101,800) toward

a county-wide chloride program, with the remainder allocated based on the aforementioned formula. The specific scope of work and partnership framework for managing this work is not yet well-defined and is the subject of ongoing discussion. MCWD staff is recommending that the work plan include a contingency plan whereby, if the group does not reach consensus on the scope and partnership framework by a set date, the funding will be reallocated to the LGUs for project implementation.

Requested Action and Next Steps:

The resulting allocations for MCWD are \$149,151 for Hennepin County and \$93,879 for Carver County. Staff is recommending that this funding be applied to the following capital projects:

- 325 Blake Road Regional Stormwater Project - \$125,000
- Arden Park Stream Restoration Project - \$124,151
- Wassermann West Restoration Project - \$93,879

These amounts are consistent with assumptions used in budget discussions to date and provide for the required ten percent match. Following BWSR approval of the collaborative work plan, each LGU will complete individual project grant agreements (anticipated in August/September 2018). Expenditures under the grant can begin once the grant agreement is executed, allowing the District to begin work under these grants as soon as fall 2018. The grant period extends through December 31, 2021.

BWSR will still be running a separate competitive grant process for 2019, with the RFP release anticipated in August 2018. Staff is evaluating which projects in the capital improvement plan are best suited for that process and will return with a separate request for Board authorization at that time.

MCWD staff continue to be vocal regarding concerns with the pilot and future direction of the program and are tracking any developments. At the April 17, 2018 Metro MAWD meeting, BWSR staff reported that they are coordinating with the Metropolitan Council to form a metro roundtable of LGU members to provide input on this pilot program and other topics. This process is expected to begin later this summer.

RESOLUTION

RESOLUTION NUMBER: 18-064

TITLE: Authorization to Apply for Grant Funding Through the Watershed-Based Funding Pilot Program

WHEREAS, the legislature appropriated \$9,750,000 from the Clean Water Fund to the Board of Water and Soil Resources (BWSR) for the FY2018-19 biennium for a pilot program to provide performance-based grants to local government units (LGUs) to implement projects identified in comprehensive watershed plans; and

WHEREAS, on December 20, 2017, the BWSR adopted the FY18 Watershed-Based Funding Pilot Program guiding principles, policy, and allocations; and

WHEREAS, within the Seven County Metropolitan Area, the program allocates funding based on county boundaries and allows for the LGUs within each county to either develop a collaborative work plan of activities or opt into a competitive grant process; and

WHEREAS, Minnehaha Creek Watershed District (MCWD) staff has been participating in discussions with the Hennepin and Carver County groups to evaluate options, and both groups have agreed on a collaborative approach; and

WHEREAS, under the proposed collaborative work plans, MCWD would receive \$149,151 for Hennepin County and \$93,879 for Carver County; and

WHEREAS, staff is recommending that this funding be applied to the following capital projects:

- 325 Blake Road Regional Stormwater Project (Hennepin) - \$125,000
- Arden Park Stream Restoration Project (Hennepin) - \$124,151
- Wassermann West Restoration Project (Carver) - \$93,879

WHEREAS, the MCWD Board requested that they be notified of grant opportunities and authorize staff to apply for grants;

NOW, THEREFORE, BE IT RESOLVED that the MCWD Board of Managers authorize staff to apply for grant funding for the above projects through the BWSR Watershed-Based Funding Pilot Program.

Resolution Number 18-064 was moved by Manager _____, seconded by Manager _____.
Motion to adopt the resolution ___ ayes, ___ nays, ___ abstentions. Date: _____.

Secretary Date: _____