



MEMORANDUM

To: MCWD Board of Managers
From: Becky Christopher
Date: January 22, 2018
Re: Watershed-Based Funding Pilot Program

Purpose:

At the January 25, 2018 Planning and Policy Committee (PPC) meeting, staff will provide an overview of the Board of Water and Soil Resources (BWSR) Watershed-based Funding Pilot Program and its implications for MCWD.

Background:

In 2011, the Local Government Water Roundtable (Association of Minnesota Counties, Minnesota Association of Soil and Water Conservation Districts, and Minnesota Association of Watershed Districts) introduced legislation to make changes to allow Comprehensive Local Water Management to be conducted on a watershed basis instead of a county boundary. The policy recommendations were developed through the work of the Local Government Water Roundtable (LGWR) and BWSR. This watershed basis management is now known as One Watershed One Plan (1W1P). On January 27, 2016, the LGWR chartered a Workgroup in order to expand on the original concepts for watershed based funding that were included in its November 2013 Policy Paper, resulting in the 2016 Funding Workgroup Policy Paper.

The LGWR recognized that comprehensive watershed management planning has been taking place in the Seven County Metro Area since 1982. Since these plans exceed what is expected of a 1W1P, the watersheds in these counties are not required to go through the 1W1P process. However, they concluded that “comprehensive watershed management plans are in need of predictable funding from the state”, and “as the metro area contributes to the source of Clean Water Funds through its tax base, to be equitable, it should have some share in the funds distributed through this new mechanism [1W1P].”

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The Funding Paper included the following recommendations for the Metro Area:

- Metro local government units (LGUs) should work together and develop a priority list of projects leveraging existing plans without the need to duplicate existing plans/efforts.
- To address the issue of equity and duplication of funding through this new mechanism:
 - The LGUs within each County will come together to use their watershed management plans to develop a priority list of projects that will be referred to as a Collaborative PTM Plan (prioritized, targeted, and measurable).
 - The SWCDs in each county will be given the opportunity to serve as the lead organization for this effort. An alternative lead organization could be requested by the entities creating the Collaborative PTM Plan with approval from BWSR.
 - The lead organization will help to create the Collaborative PTM Plan, seek approval through BWSR, receive the funds, and distribute the funds to the partners in accordance with the partners per the funding agreement.

These recommendations were further developed and advanced by BWSR and the LGWR Workgroup, resulting in the Clean Water Council supporting watershed-based implementation funding with a recommendation for BWSR to initiate a pilot program in FY2018-19. The legislature appropriated \$9,750,000 from the Clean Water Fund to BWSR for the FY2018-19 biennium for a pilot program to provide performance-based grants to LGUs. The grants may be used to implement projects identified in a comprehensive watershed plan developed under the 1W1P or metropolitan surface water management frameworks or groundwater plans.

Pilot Program:

On December 20, 2017, the BWSR Board adopted the FY18 Watershed-based Funding Pilot Program guiding principles, policy, and allocations. The Pilot Program is generally consistent with the recommendations from the LGWR Workgroup. It allocates funding 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 LGUs within each county (county, SWCD, WMOs, WDs, and cities) can choose to either develop a joint 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 June 30, 2018 to develop and submit their joint work plan to BWSR or indicate that they are opting into the competitive process.

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Implications for MCWD:

Given that the District is part of both Hennepin and Carver Counties, staff will be participating in a separate process for each. The FY2018-19 allocations include \$1,018,000 for Hennepin County and \$749,200 for Carver County. A preliminary meeting with the Carver group was held on January 16, and a preliminary meeting with the Hennepin group is set for January 23.

Since the rollout of the pilot program in early January 2018, staff has been communicating with BWSR staff and other affected LGUs to better understand the program and its implications for the District. Staff has a number of concerns that have been expressed to BWSR staff regarding (1) the process used to develop the pilot program, (2) the framework for the pilot program, and (3) the long-term implications of the funding transition. These concerns will be outlined and discussed at the January 25 PPC meeting.

Next Steps:

Following the discussion with the PPC and the initial meetings with the two county LGU groups, staff is planning to draft a letter to BWSR further detailing the District’s concerns.

If there are questions in advance of the meeting, please contact: Becky Christopher at 952-641-4512 or bchristopher@minnehahacreek.org.

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