

Project Title	Agency Priority	Funding Source	Agency Request			Governor's Rec	Governor's Planning Estimates	
			2008	2010	2012	2008	2010	2012
RIM Reserve Program	1	GF	\$12,500	\$0	\$0	\$1,800	\$0	\$0
		GO	57,500	0	0	20,000	0	0
Local Government Road Wetland Replacement	2	GF	0	0	0	720	720	720
		GO	8,500	8,900	9,400	4,200	4,200	4,200
RIM Clean Energy	3	GF	6,000	0	0	300	0	0
		GO	40,000	0	0	3,000	0	0
Clean Water Legacy - Streambank, Lakeshores	4	GO	2,500	2,500	2,500	0	0	0
Grass Lake	5	GO	1,700	0	0	0	0	0

Project Total	\$128,700	\$11,400	\$11,900	\$30,020	\$4,920	\$4,920
General Obligation Bonding (GO)	\$110,200	\$11,400	\$11,900	\$27,200	\$4,200	\$4,200
General Fund Projects (GF)	\$18,500	\$0	\$0	\$2,820	\$720	\$720

Funding Sources:	GF = General Fund	THF = Trunk Highway Fund	OTH = Other Funding Sources
	GO = General Obligation Bonds	THB = Trunk Highway Fund Bonding	UF = User Financed Bonding

Agency Profile At A Glance

Local Government Delivery System:

Agency responsibilities are delivered with or implemented by local government to assure local priorities are met and participation in private lands management occurs. These include:

- ◆ 91 Soil and Water Conservation Districts (SWCD's)
- ◆ 44 Watershed Districts
- ◆ 27 Watershed Management Organizations
- ◆ 230 Cities
- ◆ 304 Western Community Action Local Government Units (WCA LGU's)

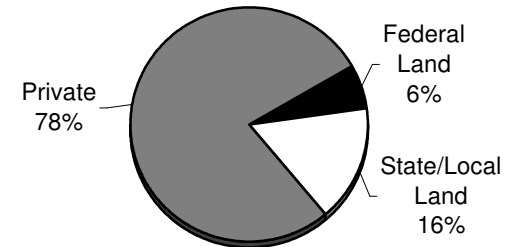
Accomplishments:

- ◆ 178,181 acres of wildlife habitat and wetlands restored through Reinvest in Minnesota (RIM) Reserve
- ◆ 29,588 acres of wetland loss avoided
- ◆ 208 feedlots improved through state cost share grants
- ◆ 1.9 million tons per year of soil erosion prevented
- ◆ 522,000 tons of sediment kept out of lakes, rivers and streams
- ◆ 1,105,000 pounds of phosphorus kept out of lakes, rivers, and streams.

Agency Purpose

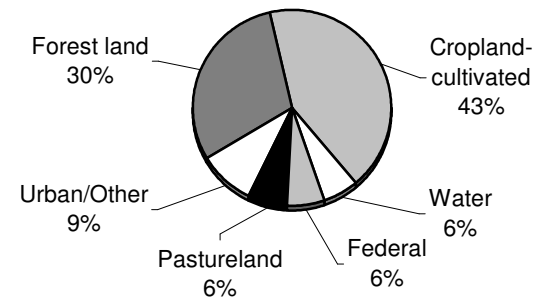
The Board of Water and Soil Resources' (BWSRs) purpose is to protect and enhance the state's irreplaceable soil and water. The board implements the Wetland Conservation Act (WCA) and comprehensive local water management through local units of government. The agency is the state's administrative agency for 91 soil and water conservation districts, 44 watershed districts, 27 metropolitan watersheds, and 80 county water management organizations.

Land Ownership



Because 78 percent of the state is privately owned, the agency's focus on private lands is critical to the state attaining its goals for clean water and abundant fish and wildlife. Managed wisely, these working lands – Minnesota's farms, forests, and urban areas – can benefit water quality, preserve and enhance fish and wildlife habitat, prevent loss of wetlands, and preserve open spaces.

Variety of Land Uses



Agency programs to assist landowners and local governments have resulted in less sediment and nutrients entering our lakes, rivers and streams; more fish and wildlife habitat and the drastic slowing of wetland losses. These outcomes are achieved, in spite of intensification of agriculture, greater demands for forest products and rapid urbanization in many parts of the state.

Core Functions

BWSR's mission is implemented through the following core functions:

- ◆ Serves as the state soil conservation agency (M.S. 103B.101)
- ◆ Directs soil and water conservation programs through the state's SWCD's, counties, cities, townships, Watershed Districts, and Water Management Organizations (M.S. 103C, 103D)
- ◆ Ensures linkage of water resource planning with comprehensive land use planning (M.S. 103B)
- ◆ Resolves water policy conflicts and issues (M.S. 103A.211, 103A.305, 103A.315, 103A.311)
- ◆ Implements all comprehensive local water management acts (M.S. 103B.201, 103B.255, 103B.301)
- ◆ Provides a forum (through the board) for local issues and priorities to be incorporated into state public policy (M.S. 103B.101)
- ◆ Enforces the state Wetland Conservation Act (M.S. 103G)
- ◆ Coordinates state and federal resources to realize local priorities

Operations

The board consists of 17 members representing local government entities delivering BWSR services, state agencies and citizens. The board sets a policy agenda designed to enhance service delivery through local units of government. Agency staff is located in eight locations throughout Minnesota. The focus of agency staff is to provide technical and financial assistance to local governments in order to plan and implement agency policy on privately owned lands. The agency also works with private landowners to implement conservation on the ground. This provides an opportunity to apply state, federal, local, and private resources to projects that help maintain water quality, prevent soil loss and erosion, ensure planning for land use and protect wetlands located on privately owned lands. These partnerships in

service delivery ensure that the interest of state policy is implemented with local issues and problems in mind.

Budget

Two-year State Budget:

- ◆ \$8.1 million in operating funds
- ◆ \$24.1 million in pass-through grants
- ◆ \$27.8 million in 2005 session capital projects

BWSR funding is primarily from the general fund. The majority of the funds are passed through to local government to administer state policies and programs the agency is responsible for. Outcomes are evaluated to assure conservation policy objectives are attained and that resources are expended to assure program success.

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At A Glance: Agency Long-Range Strategic Goals

The Water and Soil Resources Board's (BWSR) Strategic Plan identifies voluntary resource management strategies and related goals. Resource management strategies are focused on a combination of education, financial incentives, and regulation. The goal is to build local capacity for water resource management by providing assistance to local governments and landowners in preventing natural resource problems and mitigating existing problems.

Agency goals and objectives that are achieved through capital projects include:

- ◆ Protecting or retiring marginal agricultural and environmentally sensitive lands
- ◆ Targeting limited resources to the highest priority marginal and sensitive lands
- ◆ Creating natural retention systems to improve surface water runoff and enhance groundwater recharge
- ◆ Achieving the state's policy of no net loss of wetlands
- ◆ Installing best management practices on Minnesota lands

BWSR programs, as outlined in the capital budget request, use incentives and include tools local governments can use to enhance local conservation program delivery. Incentives provide opportunities to remove marginal agricultural and environmentally sensitive land from production and provide solutions for extreme shoreland erosion and flood damage to land and wildlife habitat. They encompass both urban and rural values and provide both loan and grant programs.

Conservation Easement Programs: As part of the state's effort to protect marginal land and improve water quality, BWSR administers various conservation easement programs. These programs acquire or support the acquisition of easements to restore or protect critical lands.

The state established the Reinvest in Minnesota (RIM) Reserve Program in 1986. Since then, state-funded easement programs have secured more than 121,000 environmentally sensitive acres throughout the state.

The focus for acquiring easements over the past three years has been on the Minnesota River Conservation Reserve Enhancement Program (CREP) to preserve 100,000 acres and realize related water quality and habitat benefits. While not ignoring the Minnesota River's on-going resource needs, the RIM Reserve program will resume a statewide focus. RIM conservation easement programs include:

RIM Reserve Match to the Minnesota River Basin Project under the CREP

The purpose of this program is to retire marginal, flood-prone cropland along the Minnesota River and its tributaries and to reduce phosphorus and sediment pollution in the river.

RIM Reserve: Leverage Funding for Wetland Reserve Partnership (WRP)

This program restores previously drained wetlands and protects them from future drainage with a perpetual easement. The combination of a 30-year National Resource Conservation Service (NRCS)/WRP easement and a RIM Reserve perpetual easement streamlines the easement process for both local units of government and landowners. The requested funding provides the state match for the program. The geographic focus of this program is the Prairie Pothole Region.

RIM Reserve and Permanent Wetland Preserves (PWP)

RIM Reserve takes marginal agricultural land out of crop production to protect soil and water quality and support fish and wildlife habitat. PWP protects existing, at-risk, urban and rural wetlands from conversion to other uses by offering financial compensation to landowners in return for a perpetual easement. The geographic focus is statewide. By preserving wetlands, before they are drained, the state can preserve its natural resources at a lower cost.

BWSR will continue to leverage federal funding through CRP, WRP, CREP, the North American Wetland Conservation Council (NAWCC), and other private conservation organizations to maximize program outcomes.

Public Transportation Wetland Replacement Program

The Minnesota Local Government Roads Wetland Replacement Program results from a statutory obligation of the state to replace wetlands lost to safety improvements made to public transportation projects (M.S. 103G.222, Subd.1(1)). This program supports the “no-net-loss” requirements of both state and federal regulations. It benefits a wide number of constituent groups: local road authorities by assigning responsibility for replacing the inevitable loss of wetlands to the state; environmental interests by establishing higher quality wetland replacement sites; state taxpayers by reducing the overall costs of constructing these replacement wetlands due to economies of scale and citizens by avoiding delays in undertaking public safety enhancements to existing roads due to wetland mitigation costs.

Streambank, Lakeshore, and Roadside Erosion Control Program

This program provides for the protection of water quality, fish and wildlife habitat, public infrastructures, and public safety through:

- ◆ Protection and restoration of environmentally sensitive lake and river shoreland areas through the purchase of conservation easements, 103F.225 (Shoreland Protection Program).
- ◆ Restoration of severely eroded lake and river stream banks through the installation of erosion control practices with cooperating public entities.
- ◆ Reduction of flood damage through the installation of road retention projects.

Trends, Policies and Other Issues Affecting the Demand for Services, Facilities, or Capital Programs

The following trends and issues are shaping the development of programs at BWSR:

- ◆ **Non-point source pollution strategy moves to implementation phase.** The strategy for non-point source pollution has moved to the implementation phase, which accelerates the need to install soil erosion and water quality practices on the land. BWSR’s local government network provides the means to effectively disseminate conservation, financial and technical assistance to private landowners throughout the state. Through its local water management programs, BWSR can

identify, assess, prioritize, and implement programs and practices to address non-point concerns at the local level.

- ◆ **Federal action increases pressure.** Federal action has increased pressure on BWSR and local governments to increase their efforts in land and water conservation. The current farm bill authorizes states to apply and have land set-aside of up to 100,000 acres in conservation easements. This program provides the potential for the state to leverage \$4 of federal funds for every \$1 of state match. Further, decreased USDA staffing for the NRCS has increased pressure on local and state governments to provide the technical assistance necessary to design and install conservation practices. In addition, EPA is requiring states to address impaired waters and nutrient enrichment (hypoxia) in the Gulf of Mexico. These factors have increased demands for service.
- ◆ **Increased acknowledgement of and reliance on the role and capabilities of local government.** Over the past several years, state government has grown increasingly dependent on local government to carry out state initiatives. Cooperative resource management is an effective way to maintain or increase resources without increasing funding. Local government officials and staff have advantages that the state does not – they have knowledge of local resources and attitudes, personal friendships, an awareness of local needs and priorities and authority over local land use decisions. Local government capabilities in resource management have grown significantly. They are now at a point, however, where they need a wider variety of training and assistance in technical, leadership, and management issues.
- ◆ **Increased natural resource awareness and willingness to take action to ensure a future with high quality natural resources.** Minnesotans are aware of environmental concerns, particularly water quality. With approximately one-third of Minnesota adults either owning a cabin or recreational land, the state’s citizens are more willing to make reasonable sacrifices to protect and improve water quality. Going to the cabin is a tradition for many families and they will notice if poor water conditions affect their favorite lake or fishing stream. Residents also are more aware of the need to protect marginal lands, especially those close to critical water resources. The agricultural community has accepted the need to remove marginal agricultural lands from production in order to improve production efficiency and water quality.

Provide a Self-Assessment of the Condition, Suitability, and Functionality of Present Facilities, Capital Projects, or Assets

The following information outlines the condition of Minnesota’s 23 million acres of cropland and related conservation needs.

Total Minnesota Cropland: 23 Million Acres

Soil Conservation Needs:

10 Million Acres:

- ◆ Protected from erosion; annual erosion is less than the tolerable rate of soil loss
- ◆ On-going need to maintain good management practices

8 Million Acres:

- ◆ Eroding at one to two times the tolerable rate of soil loss
- ◆ Need for technical assistance to landowners to implement sustainable management practices is vital

2.5 Million Acres:

- ◆ Eroding at greater than twice the tolerable rate of soil loss
- ◆ Productive land only if protected with conservation practices
- ◆ Targeted cost-share programs for conservation practices and technical assistance to landowners are critical

2.5 Million Acres *:

- ◆ Drained wetlands
- ◆ Marginal cropland
- ◆ Highly erodible and located in floodplains
- ◆ Targeted land retirement programs are needed

* Funding for BWSR conservation easement programs will be used on portions of these lands.

Other Resource Protection Needs:

1,600 miles of eroding streambanks and lakeshore
 4,300 cubic yards of soil are lost per year from roadside erosion

Agency Process Used to Arrive at These Capital Requests

In determining the amount of this request, acreage and application estimates were compiled based on historical program demands.

Internal agency estimates were used to arrive at the amount requested for PWP program. All requests reflect demands for service or assistance provided to local government and citizens.

Major Capital Projects Authorized in 2002 and 2003

Local Government Roads Wetland Banking Appropriations

2002	\$2.7 million (vetoed)
2003	\$2.7 million
2005	\$4.4 million

Conservation Easement Program Appropriations

2003	\$1.0 million
2005	\$23.0 million

RIM Reserve Program

2008 STATE APPROPRIATION REQUEST: \$70,000,000

AGENCY PROJECT PRIORITY: 1 of 5

PROJECT LOCATION: Statewide

Project At A Glance

The RIM Reserve and Permanent Wetlands Preserve (PWP) programs acquire conservation easements from private landowners to:

- ◆ Protect or retire marginal and environmentally sensitive agricultural lands
- ◆ Protect and enhance water quality of rivers, streams, and lakes
- ◆ Create fish and wildlife habitat
- ◆ Contribute toward a net gain of wetland resources
- ◆ Reduce flood damage through the creation of natural water retention systems
- ◆ Leverage federal WRP funds

Project Description

This request is for \$70 million to acquire RIM and WRP conservation easements on approximately 25,000 acres of private land. Of that amount, \$57.5 million is for easements, \$6.25 million is for local government implementation grants and \$6.25 million is for BWSR implementation. Implementation costs include the necessary realty, engineering and administrative functions associated with easement acquisition and implementation of conservation practices on easement lands.

The RIM Reserve and PWP programs compensate landowners for granting conservation easements and establishing native vegetation habitat on economically marginal, flood-prone, environmentally sensitive or highly erodible lands. They protect the state's water and soil resources by retiring existing marginal agricultural lands, by restoring drained wetlands and by protecting existing wetlands that are highly susceptible to development.

BWSR's RIM Reserve program is a critical component of the state's efforts to improve water quality by reducing soil erosion, reducing phosphorus and nitrogen loading, and improving wildlife habitat on private lands. RIM Reserve is implemented in cooperation with local Soil and Water Conservation Districts (SWCDs).

Degrading water quality and diminished wildlife habitats can be found throughout Minnesota. Approximately 2.5 million of the state's 23 million acres of cropland have been targeted as having more benefit to the state as restored native prairie wetlands.

Damage to Minnesota resources occurs in the form of soil erosion, sedimentation of eroded soil, and phosphorus. Soil erosion reduces farm productivity, increases the costs of farming, and creates sediment for downstream communities to address. Sedimentation fills rivers and lakes, destroys habitat, carries pollutants, increases flood severities, and reduces recreational value. Phosphorus makes water unsuitable for fish or human activities, promotes excess aquatic plant growth, and promotes eutrophication of water resources.

The RIM Reserve and PWP programs meet the goals and objectives of BWSR's strategic plan. Agency goals that are achieved through capital projects include:

- ◆ Protecting or retiring marginal and highly sensitive agricultural lands
- ◆ Creating natural retention systems to improve surface water quality and enhance groundwater recharge
- ◆ Working toward a net gain of wetland resources
- ◆ Installing best management practices on Minnesota lands.

The state of Minnesota achieves quantifiable water quality benefits by removing environmentally sensitive cropland from production. From 1998 to 2002, through BWSR's Local Government Annual Reporting System (LARS), with data reported by SWCDs, BWSR calculated the benefits at 9.6 tons/acre/year sediment reduction, 4.2 tons/acre/year soil loss reduction, and 5.3 pounds/acre/year phosphorous reduction from each acre enrolled in a conservation easement.

RIM Reserve Program

RIM Reserve/ WRP Partnership

The RIM Reserve/WRP partnership is a state/federal/local partnership that provides Minnesota with an opportunity to leverage significant federal dollars to increase wetland restoration conservation easement enrollment in Minnesota. In 2006, the United States Department of Agriculture (USDA) Natural Resources Conservation Service (NRCS) implemented a new appraisal process that was poorly received by Minnesota landowners. As a result, enrollment in WRP in Minnesota has decreased significantly compared to previous years' enrollment levels. The RIM Reserve/WRP partnership is successfully restoring drained wetlands by combining a WRP 30-year easement with a perpetual RIM Reserve easement. With this partnership we can create a combined payment from both programs that is attractive enough for landowners to choose enrollment in the partnership. Without bonding for RIM Reserve in 2008, Minnesota has the potential to lose \$15 million per year in 2008 and 2009 of WRP funding from the USDA. This partnership allows Minnesota's BWSR to leverage additional federal WRP dollars for Minnesota and reduce the state's payment to landowners. We expect to enroll approximately 15,000 acres in the RIM Reserve /WRP Partnership in 2008 and 2009. Permanent protection ensures that Minnesota's tax dollars are benefiting all citizens, both current and future.

RIM Reserve Program

The RIM Reserve continues to be a major force in Minnesota's soil and water conservation efforts. RIM Reserve increases public and private investment in private lands to improve water quality, and create wildlife habitat and enhance flood storage. These voluntary private-land conservation easements with private landowners are administered in partnership with SWCDs and focus on restoring drained wetlands and enrolling highly erodible, riparian and sensitive groundwater lands.

The RIM Reserve program is Minnesota's largest private land easement program and delivers multiple benefits which include:

- ◆ Retiring marginal/environmentally sensitive agricultural land from production
- ◆ Improving our water and soil resources
- ◆ Establishing wildlife habitat

- ◆ Keeping lands in private ownership and on local tax rolls
- ◆ Allowing partnership with federal, state and local entities to leverage additional financial resources that enhances the State's investment.

The BWSR is presently conducting an intensive RIM Reserve program review including stakeholder input to determine the agency's priorities for enrollment for the next five years. This review will be completed by the Fall of 2007 and will identify RIM Reserve program priorities and opportunities for targeting enrollment.

The following initiatives provide opportunities for BWSR to target the RIM Reserve program to provide significant public benefits on private lands:

- ◆ Enroll priority wetland, grassland and wildlife habitats as identified in federal/state restoration partnerships and other conservation initiatives
- ◆ Working Lands Initiatives (WLI) – enrollment in identified WLI focus areas
- ◆ Expiring CRP contracts – target enrollment of wetland and critical riparian lands
- ◆ Expiring RIM Reserve contracts – target enrollment of critical riparian lands
- ◆ Clean Water Legacy – target enrollment in TMDL's implementation areas including both protection and restoration plans
- ◆ Riparian buffers – target enrollment of 1.3 million acres of cropland identified within the 100 foot/100 year flood plain
- ◆ Army Compatible Use Buffers (ACUB) – target enrollment of targeted lands within a three-mile radius of Camp Ripley
- ◆ Wildlife Habitat Corridor Project (HCP) – target enrollment within the eight LCCMR approved project corridors
- ◆ Flood Damage Reduction projects – target enrollment of lands that flood during high rainfall periods and/or are within the 100 year flood plain
- ◆ Lake Shore easements – Clean Water Legacy protection plans

Priority will be given to expired RIM and CRP contracts. As of September, 2007, approximately 80,000 acres of existing CRP contracts expired. BWSR expects to enroll approximately 10,000 acres in RIM Reserve conservation easements.

RIM Reserve Program

Other Conservation Initiatives

BWSR has solicited and received matching funds from the federal North American Wetland Conservation Council (NAWCC) for RIM wetland restoration easements. To date, BWSR has received approximately \$3.0 million for projects throughout the state. These habitat restoration projects include the Minnesota River watershed, the Heron Lake restoration (in Jackson, Nobles, Cottonwood and Murray counties), Grass Lake restoration (in Kandiyohi County near Willmar), Northern Tallgrass Prairie restoration (covering 18 counties in northwestern Minnesota) and the Prairie Heritage restoration project (cover 38 counties in Southern Minnesota). These projects include numerous partners and have been initiated at the local level. BWSR continues to seek grants from NAWCC to fund conservation easements associated with special projects like those listed above or projects located within priority watersheds. This matching program requires a 1.5:1 match in order to be competitive nationally.

It is anticipated that conservation groups, such as Pheasants Forever, Ducks Unlimited, Isaac Walton League, Minnesota Waterfowl Association, The Nature Conservancy, Trout Unlimited, and the US Fish and Wildlife Service will continue to leverage dollars towards the establishment of conservation practices on RIM Reserve easements. From 1992 to present, these organizations contributed approximately \$3.0 million to the program and made additional donations in the form of native grass seed and in-kind services.

Impact on Agency Operating Budgets (Facilities Notes)

\$12.5 million of this request is required to implement the RIM Reserve program. This amount is required to support the necessary realty, engineering and administrative functions associated with easement acquisition and establishment of conservation practices on those easement lands. SWCDs will receive approximately 50 percent of this total as a Conservation Easement Services Grant to offset their cost to secure easements, develop conservation plans and monitor easement compliance.

Previous Appropriations for this Project

1996	\$11.5 million
1998	\$15.0 million
2000	\$21.0 million
2001	\$51.4 million
2003	\$1.0 million
2005	\$23.0 million

Other Considerations

In April of 1998, a citizen's advisory committee issued a report *The Continuing Journey to Preserve Minnesota's Outdoor Heritage*, which sums up the state of wildlife-based recreation in Minnesota. This committee was established by the 1997 Legislature to review the original Reinvest in Minnesota (RIM) program to see if it had been successful. The committee found that RIM had been successful, but that additional funds were needed to avoid negative impacts to Minnesota's fish, wildlife, and native habitats from urban sprawl, agricultural practices and other development. The report recommended a funding level of \$20 million per year for expansion of the RIM Reserve, PWP and CREP easement programs.

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Governor's Recommendations

The governor recommends general obligation bonding of \$20 million for the Permanent Wetlands Preserve (PWP) program, with a general fund appropriation of \$1.8 million to implement the program.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	0	0	0	0
4. Project Management	0	0	0	0	0
5. Construction Costs	0	0	0	0	0
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
TOTAL	0	0	0	0	0

CAPITAL FUNDING SOURCES	Prior Years	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	57,500	0	0	57,500
General Fund Projects	0	12,500	0	0	12,500
State Funds Subtotal	0	70,000	0	0	70,000
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	0	70,000	0	0	70,000

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	57,500	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2013

Local Government Road Wetland Replacement

2008 STATE APPROPRIATION REQUEST: \$8,500,000

AGENCY PROJECT PRIORITY: 2 of 5

PROJECT LOCATION: Statewide

Project At A Glance

The Minnesota Local Government Road Wetland Replacement program replaces wetlands lost due to local public road improvements.

Project Description

The Board of Water and Soil Resources (BWSR) is requesting \$8.5 million to acquire 236 acres of wetlands to replace wetlands lost due to local government road construction and to acquire additional wetlands for establishing a 2.5 - year wetland "balance" to expand available wetland banking credits.

The Minnesota Local Government Roads Wetland Replacement program is in response to a state statutory obligation to replace wetlands lost to improvements made to public transportation projects as required under M.S. 103G.222, Subd.1, (I). This program supports the "no-net loss" requirements of both state and federal regulations and it benefits a wide number of constituent groups including: local road authorities by assessing responsibility for replacing inevitable loss of wetlands to the state; environmental interests by establishing high quality wetland replacement sites; state taxpayers by saving land acquisition costs due to economies of scale; and citizens by avoiding delays in undertaking public safety road enhancements due to wetland mitigation costs.

The 1996 and 2000 Legislatures amended the Wetland Conservation Act (WCA) after several years of controversy and regulatory inconsistency among local governments, business interests, environmental groups and others. The Local Government Roads Wetland Replacement Program was a key outcome of these amendments. It transfers responsibility for replacing

wetlands lost due to local government road construction from the local road authority to the BWSR. This eliminates the need for local government transportation officials to undertake and finance environmental reclamation projects, and consolidates the necessary technical, financial and other implementation work to provide higher quality, more cost-effective wetland replacement.

The Local Government Roads Wetland Replacement program provides the following benefits:

- ◆ Regulatory simplification and efficient wetland mitigation are achieved by eliminating the need for each local road authority to maintain its own staff expertise and budget to mitigate impacts to wetlands from road projects.
- ◆ Consolidation of fragmented impacts from road projects in targeted areas to provide habitat, water quality and other wetland functions away from traffic and highway runoff areas at a lower public cost.
- ◆ Integration of state and local water management goals such as improving water quality, flood control, greenway preservation, and wildlife corridor enhancement through collective action.
- ◆ Coordination with federal, state and local agencies in ranking project proposals and setting program strategies consistent with overall state and federal wetland goals.

There is stakeholder consensus on the benefits of the program and the need to permanently fund it. Local governments have recommended that funding for this program should be part of BWSR's capital budget request each biennium. Without a continued state commitment to this funding, local governments face paying for this work locally, which could result in several negative consequences including:

- ◆ Reduced or delayed completion of local government road projects.
- ◆ Increased local property tax levies.
- ◆ Reversal of the fragile stakeholder consensus that resulted in wetland regulatory reforms (Laws 1996, Chap.462 and Laws 2000, Chap. 382).
- ◆ Reversal of an agreement with the Army Corps of Engineers (COE) that allows this program to meet federal regulatory requirements on behalf of local communities. Local road authorities would again have to seek individual approval.

Local Government Road Wetland Replacement

Impact on Agency Operating Budgets (Facilities Notes)

The 2005 capital budget request was based on an average of 206 acres of required wetlands replacement every year at an annual cost of 2.06 million. An analysis of required replacement for the period 2004-2006 has determined that the annual need has increased to an average of 236 acres. The number of acres impacted depends most directly on the money available to local governments for road construction. The cost of establishing wetland varies widely, from a low of \$4,000 an acre in rural Minnesota to more than \$80,000 an acre for metro area projects.

State statute requires the replacement of wetlands to occur before any losses occur, but current practice lags two years behind in wetland replacement due to the availability of funding. This is important because it takes an average of 2.5 years to transform allotted funds into approved wetland credits. Establishing wetland credits requires 2 years to find sites, acquire land and then implement the construction and vegetation plans and another 6 months for the credits to be certified and deposited into the wetland bank. This means that in order to comply with the state and federal regulations that require the replacement to be done prior to or concurrent with the wetland losses, 2.5 years worth of credits or a positive balance of at least 590 acres should be established and maintained.

The current system of replacement has satisfied the federal agencies in the past but BWSR anticipates the need to build this buffer as soon as possible so replacement precedes impacts by a minimum of one growing season. Failure to meet this in advance requirement would increase replacement costs even further.

The increase in funding requested for this program is principally due to the following:

- ◆ Increasing need for replacement wetlands based on reporting to BWSR from local road authorities;
- ◆ Increasing demand for wetland banking credits and federal interest in establishing 2.5 year balance of wetland banking credits.
- ◆ Rising land prices that increase BWSR's cost to supply the required replacement wetlands. Data on farmland sales has documented a 23 percent increase in farmland values over the past two years.

In order to meet the statutory obligation to conduct wetland replacement and establish a 2.5 year balance of wetland credits, BWSR projects that it will need \$8.5 million for the upcoming two years (July 2007 through July 2009); however the total dollars needed may increase due to increased road construction activity and continued increases in land values.

Previous Appropriations for this Project

1996	\$3.0 million
1998	\$2.75 million
2000	\$2.75 million
2001	\$2.0 million
2002	\$300 thousand
2003	\$2.7 million
2005	\$4.36 million
2006	\$4.2 million

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Governor's Recommendations

The governor recommends general obligation bonding of \$4.2 million for this project, with a general fund appropriation of \$720,000 to administer the program. Also included are budget planning estimates of \$4.920 million in FY 2010 and \$4.920 million in FY 2012.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
1. Property Acquisition	0	7,100	0	0	7,100
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	0	0	0	0
4. Project Management	0	1,400	0	0	1,400
5. Construction Costs	0	0	0	0	0
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
TOTAL	0	8,500	0	0	8,500

CAPITAL FUNDING SOURCES	Prior Years	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
State Funds :					
G.O Bonds/State Bldgs	12,862	8,500	8,900	9,400	39,662
General Fund Projects	700	0	0	0	700
State Funds Subtotal	13,562	8,500	8,900	9,400	40,362
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	13,562	8,500	8,900	9,400	40,362

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	8,500	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2013

RIM Clean Energy

2008 STATE APPROPRIATION REQUEST: \$46,000,000

AGENCY PROJECT PRIORITY: 3 of 5

PROJECT LOCATION: Statewide

Project At A Glance

- ◆ The RIM Clean Energy (RIM CE) program will compensate landowners for granting RIM Clean Energy easements to create bio-energy.
- ◆ Easements will have a minimum duration of twenty years.
- ◆ RIM CE protects and enhances water quality and/or soil health, reduces chemical inputs, increases soil carbon storage, encourages biodiversity and provides wildlife habitat.

Project Description

This request is for \$46 million to provide financial and technical assistance to landowners to produce native perennial energy crops and crop mixes for bio-energy production. The request includes \$40 million for clean energy easements on 13,000 acres of agricultural land, \$3 million for RIM CE service grants to local units of government and \$3 million to fund program implementation at the Board of Water and Soil Resources (BWSR).

Technology to transform cellulosic biomass (plant fibers) into bio-fuels such as ethanol is rapidly entering the marketplace. Minnesota is uniquely positioned to be at the forefront of this emerging industry. Done correctly, advanced bio-fuels will move us toward greater energy independence, reduce global warming pollution, improve water quality, increase wildlife habitat and drive broad-based rural economic development.

Cellulosic ethanol represents the best opportunity for replacing petroleum with a renewable fuel while improving national, economic and environmental security. In order to ensure that bio-fuels retain their "green" attributes, advanced energy crop growing, harvesting and processing should be

sustainable activities. If stewardship criteria are not integrated from the beginning, the threat exists that energy crops may not provide the expected environmental and local community benefits that they have the potential to deliver.

Growing energy crops would help support the development or expansion of bio-fuel facilities for ethanol production, generation of electricity or heat and production of other bio-based products.

Under the RIM CE program, BWSR would designate defined project areas through input received from the CE Technical Committee. Long-term easements would be purchased from farmers for sustainable production of perennial, native, bio-energy crops on agricultural lands. A tiered payment system would be developed for landowners based on the benefits of bio-energy production and the other public benefits achieved by RIM CE easements.

Other Conservation Initiatives

The 2007 Federal Farm Bill being considered by congress will likely include a significant bio-fuel element, which would provide an opportunity to leverage federal dollars for bio-energy production that would enhance Minnesota's RIM CE program. We will be closely monitoring the development of the Federal Farm Bill and its implications to Minnesota's new RIM CE program.

Impact on Agency Operating Budgets (Facilities Notes)

Six million dollars of this request is required to implement the RIM CE program. This amount is necessary to support critical realty, engineering and administrative functions associated with easement acquisition and establishment of bio-energy crops. Soil and Water Conservation Districts will receive approximately 50 percent of this total as a RIM CE service grant to offset their cost to secure easements.

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Governor's Recommendations

The governor recommends general obligation bonding of \$3 million, with a general fund appropriation of \$300,000 to implement a bio-fuels pilot project. Recommendations on future funding would be reserved until results of the pilot project are available.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	0	0	0	0
4. Project Management	0	0	0	0	0
5. Construction Costs	0	0	0	0	0
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
TOTAL	0	0	0	0	0

CAPITAL FUNDING SOURCES	Prior Years	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	40,000	0	0	40,000
General Fund Projects	0	6,000	0	0	6,000
State Funds Subtotal	0	46,000	0	0	46,000
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	0	46,000	0	0	46,000

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	40,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2013

Clean Water Legacy - Streambank, Lakeshores

2008 STATE APPROPRIATION REQUEST: \$2,500,000

AGENCY PROJECT PRIORITY: 4 of 5

PROJECT LOCATION: Statewide

Project at a Glance

- ◆ Provides grants for restoring impaired waters and priority lakes and streams.
- ◆ Implements local water management plans related to streambank, stream channel, lakeshore, and roadside erosion and sediment control projects, where there is a public interest in the land.
- ◆ Reduces sediment and associated nutrient losses to waters adjacent to agricultural land.

Project Description

This request is for \$2.5 million for cost-share grants to private landowners for implementation of soil and water conservation practices that contribute to the protection or restoration of streams, rivers, and lakes identified in comprehensive local water management plans or TMDL implementation plans. Cost-share grants will provide up to 75 percent of total project costs.

Projects will be selected through a competitive application process based in part on their ability to demonstrate the restoration and/or protection of water quality to the targeted water resource.

Recent studies have concluded that under average flow conditions, streambank erosion accounts for 11 percent of the phosphorous entering Minnesota’s surface waters. An overabundance of phosphorous can result in excessive algal production and in waters becoming impaired, i.e. not meeting state water quality standards.

Under high flow conditions the contribution of phosphorous from streambank erosion can be as high as 40 percent. According to a 2003 report from the

Soil and Water Conservation Society, the number of days on which heavy and very heavy precipitation events occur shows an upward trend. This upward trend in heavy precipitation events, coupled with an estimated 40 percent of phosphorous loading occurring during high flow conditions, supports the need for programs to address streambank erosion.

Because of the large contribution of pollutants from streambank erosion, it is critical that our Clean Water Legacy strategies for addressing TMDL’s for sediment, turbidity, and/or phosphorous include funding for streambank, stream channel, lakeshore and roadside protection and restoration projects.

Impact on Agency Operating Budgets (Facilities Notes)

No impact

Previous Appropriations for this Project

Bonding State – Bonding Appropriation (2006)	\$1,000,000
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Governor's Recommendations

The governor does not recommend capital funds for this request.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	500	500	500	1,500
4. Project Management	0	0	0	0	0
5. Construction Costs	0	2,000	2,000	2,000	6,000
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
TOTAL	0	2,500	2,500	2,500	7,500

CAPITAL FUNDING SOURCES	Prior Years	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	2,500	2,500	2,500	7,500
State Funds Subtotal	0	2,500	2,500	2,500	7,500
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	0	2,500	2,500	2,500	7,500

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	2,500	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2013

Grass Lake

2008 STATE APPROPRIATION REQUEST: \$1,700,000

AGENCY PROJECT PRIORITY: 5 of 5

PROJECT LOCATION: Kandiyohi county

Project At A Glance

- ◆ Completes restoration of 1,200-acre Grass Lake located adjacent to the city of Willmar in Kandiyohi County
- ◆ Benefits wildlife habitat within and adjacent to Grass Lake
- ◆ Improves water quality in Lake Wakanda, Little Kandiyohi Lake and the South Fork of the Crow River
- ◆ Improves storm water runoff management for the city of Willmar

Project Description

This request is for \$1.7 million for a grant to Kandiyohi County (\$1.68 million) and for technical assistance (\$20,000) to complete restoration of Grass Lake adjacent to the city of Willmar. Grant funds will be used to acquire easements on 410 acres of land and complete project construction.

The total cost of Grass Lake restoration project is approximately \$5.2 million, of which \$3 million remains to be funded. Following are total project costs for the Grass Lake project:

Land rights acquisition	\$1,000,000
Rerouting of County Ditch 23A high flows	\$ 900,000
Water Control Structures and Vegetation Practices	\$ 500,000
Pump station and primary treatment pond	\$2,500,000
Professional and Technical Services	<u>\$ 300,000</u>
Total cost	\$5,200,000
Previous State Appropriation (2006)	<u>\$2,200,000</u>
Remaining state and local funding need	\$3,000,000

Grass Lake was drained many years ago for agricultural and urban development by constructing ditches and subsurface tile within the basin. Incremental restoration of Grass Lake began in 1989 via the Reinvest in Minnesota Reserve (RIM) Program. Between 1989 and 2000, 11 landowners within the Grass Lake basin enrolled lands in RIM perpetual conservation easements for wetland restoration and reestablishment of native prairie vegetation. Two sub basins within Grass Lake have been restored with federal North American Wetland Conservation Act grants.

Further restoration of Grass Lake would enable this large basin to better serve as a contiguous wildlife habitat area, and provide for a runoff detention and bio-retention area. Grass Lake is located in the Prairie Pothole Region of Minnesota, which is a high priority waterfowl habitat restoration area. Restoration of Grass Lake has also been identified as a goal for water quality improvement and flood damage reduction in the Lake Wakanda and Little Kandiyohi Lake areas downstream.

County Ditch 23A is the outlet for stormwater runoff from approximately 3,300 acres within the city of Willmar. During the 1990s, the city commissioned a hydrologic study and preliminary design of two large stormwater lift stations that would enable the abandonment of CD 23A through Grass Lake. However, the associated high costs for construction (approximately \$5 million) and for operation (approximately \$50,000 per year), together with the fact that all of the involved landowners had not agreed to participate, precluded the city and other project partners from undertaking a plan to fully restore Grass Lake at that time.

An alternative, lower cost plan to restore most of Grass Lake is being developed and implemented as a partnership between the state, Kandiyohi County and the city of Willmar. This plan involves rerouting of CD 23A and high flows around the western and southern sides of Grass Lake, together with construction of a smaller stormwater lift station to pump "first flush" stormwater runoff from Willmar into a restored Grass Lake. This plan also involves primary treatment of pumped stormwater within a treatment pond and secondary treatment within Grass Lake, as well as detention and treatment of runoff from the 7,000-acre Peach Creek watershed. The project plan is being coordinated with the Minnesota Pollution Control Agency (MPCA) in anticipation of the impending impaired waters listing for this hydrologic system.

Grass Lake

Key challenges involve the flat topography, highly organic upper soils, rapidly rising land values and the complexities of assuring compliance with existing and anticipated future water quality standards. Implementation of the project plan to restore Grass Lake involves acquisition of additional land rights on approximately 410 acres from seven landowners. A state-county-city partnership is critical for this challenging, yet very beneficial, multi-purpose project.

Previous Appropriations for this Project

State – Bonding Appropriation (2006) \$2,200,000

Other Considerations

During recent years, RIM Reserve Program funding has been dedicated to state-federal partnerships within targeted areas of Minnesota, including the Conservation Reserve Enhancement Program (CREP 1 in the Minnesota River basin, CREP 2 in the Red River, Lower Mississippi River and Missouri River basins) and the Wetland Reserve Enhancement Program (WREP in the CREP 2 target areas). These partnerships have leveraged substantial federal funding for conservation in Minnesota. However, Grass Lake is not within these target areas.

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Governor's Recommendations

The governor does not recommend capital funds for this project.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
1. Property Acquisition	520	480	0	0	1,000
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	0	0	0	0
4. Project Management	280	20	0	0	300
5. Construction Costs	1,400	2,500	0	0	3,900
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
TOTAL	2,200	3,000	0	0	5,200

CAPITAL FUNDING SOURCES	Prior Years	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
State Funds :					
G.O Bonds/State Bldgs	2,200	1,700	0	0	3,900
State Funds Subtotal	2,200	1,700	0	0	3,900
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	1,300	0	0	1,300
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	2,200	3,000	0	0	5,200

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	1,700	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2013