00-0572

Minnesota Department of Agriculture

Agricultural Best Management Practices Loan Program

State Revolving Fund Status Report

2000

Minnesota Departm
90 West F
St. Paul, MN

Minn. Stat. 17.117 Subd. 15

1994 Minn. Laws Chap. 632
Art. 2 Sec. 11 Subd. 15

1999 Minn. Laws Chap. 86
Art. 3 Sec. 3

For additional information please contact:

Dwight Wilcox
Minnesota Department of Agriculture
90 W Plato Blvd
St. Paul, MN 55107

Phone: (651) 215-1018
Fax: (651) 297-7678
email: Dwight.Wilcox@state.mn.us

Executive Summary

During the 1994 Legislative session, Governor Carlson proposed and the legislature enacted initiatives to provide funding for nonpoint source water quality problems. One portion of this initiative was the Agricultural Best Management Practices (AgBMP) Loan program, created to assist local governments in implementing agricultural components of their Local Comprehensive Water Plan. The program provides zero interest loans to the local governments, which in turn provide low interest loans to farmers, agriculture supply businesses and rural landowners for the implementation of Agricultural Best Management Practices that are a priority in the area's adopted water plan.

Individual counties and Joint Power Organizations (JPOs) representing multiple counties may apply yearly for AgBMP loan funds. In their application they describe the following:

- Water quality problems and causes,
- Solutions to these problems,
- Priorities for working toward these solutions, and
- The anticipated water quality benefits they hope to achieve.

The AgBMP program has received requests for $130.6 million and was appropriated and has allocated $45.0 million to 83 of the state's 87 counties. Over $26.7 million dollars have been disbursed to fund the 2,396 projects completed to date.

- 582 Agricultural Waste Management practices have been implemented throughout the state. These systems included replacement or upgrading of manure holding basins, pits or tanks; manure handling, spreading or incorporation equipment; and feedlot improvements such as clean water diversions around feedlots or berms and chutes to contain and direct contaminated runoff into the holding basins.
- 96 Structural Erosion Control practices have been funded, including projects such as sediment control basins, waterways, terraces, diversions, buffer and filter strips, shoreline and stream bank rip-rapping, cattle exclusions, windbreaks and gully repair.
- 721 Conservation Tillage practices have been implemented to date, funding various types of cultivation or seeding implements that leave crop residues covering at least 30% of the ground after seeding.
- 980 existing non-conforming septic systems on farms and rural properties have been repaired or replaced through this program.
- 17 other projects, including well sealing, chemical and petroleum storage containment structures, and chemical spray equipment, have been funded through the program.

Counties, local lenders, borrowers, and the Department have been reviewing the structure and effectiveness of the AgBMP Loan Program. Several opportunities for improving the program have been identified, and proposals will be developed for the 2001 legislative session.

Table of Contents

Table of Figures

Table of Tables

Table of Appendixes

I. INTRODUCTION

A. Purpose

The purpose of the Agricultural Best Management Practices (AgBMP) Loan program is to improve water quality by assisting local units of government in implementing agricultural components of their Local Comprehensive Water Plan (LCWP). This assistance is in the form of zero interest loans to local governments, who in turn provide low interest loans to farmers, agriculture supply businesses, and rural landowners implementing Agricultural Best Management Practices identified as priorities in local water plans.

This purpose has expanded to include providing financial assistance for upgrading Individual Sewage Treatment Systems (ISTS). Though not a traditional agricultural best management practice, failing systems are a serious problem for rural Minnesota. Since the AgBMP Loan program has been adopted in most Minnesota counties, it provides an established system to handle the additional program.

B. History

1. 1994 Governor's Environment 2000 Initiative

During the 1994 Legislative session, the Carlson Administration proposed and the legislature enacted a multi-faceted initiative to implement a program taking advantage of the new environmental opportunities opened by the Environmental Protection Agency (EPA) to fund projects targeting non-point source water quality problems. This initiative coordinated the efforts of the Minnesota Department of Agriculture (MDA), Minnesota Pollution Control Agency (MPCA), Board of Water and Soil Resources (BWSR), Minnesota Housing Finance Agency (MHFA), and Department of Trade and Economic Development (DTED) to address nonpoint source pollution issues involving private citizens. The initiative also amended Minnesota Statutes §446A.07 Subd. 8(4) to allow for the use of State Revolving Fund (SRF) funds for these non-point source purposes. Approximately $ 62.3 million from the EPA - SRF Capitalization Grant has been appropriated to implement these programs to date, amounting to approximately 21% of the total Capitalization Grant received from the EPA. These funds address non-point source pollution issues such as:

- Agricultural Waste Systems
- Structural Erosion Control Practices
- Equipment (Minimum tillage, manure handling, etc.)
- Storm Water Management
- Abandoned Well Sealing
- Contaminated Run Off
- Individual Sewage Treatment Systems
- Commercial Septic Systems
- Resort Septic Systems

The MHFA no longer participates in the program and the funds that were originally assigned to this agency were transferred to the MPCA. **Table 1** shows a summary of the appropriations to all nonpoint source programs from the state SRF account.

Table 1. Summary of SRF appropriations to nonpoint source programs in Minnesota, 1995 -1999.

Agency	Amount Appropriated
MDA	41,000,000
MPCA	19,295,697
DTED Small Cities Loan Program	1,250,000
DTED Tourism Loan Program	750,000
Total	**$62,295,697**

2. Federal Clean Water Act and State Revolving Funds (SRF)

The federal Clean Water State Revolving Fund is implemented by states through a series of agreements and plans involving the federal, state, and local governments. These documents are described below.

Minnesota 319 Nonpoint Source Management Plan: The 319 Plan describes how the state and local governments will address nonpoint source pollution problems. The original plan was prepared in 1994, and is reviewed every five years, and is currently under review. It identifies in detail the nonpoint source problems throughout the state, establishes priorities and potential actions to mitigate impacts. The Local Comprehensive Water Plans (LCWP), prepared by the counties, provide the basis for much of the statewide water plan.

Operating Agreement: The relationship between the US Environmental Protection Agency (EPA) and Minnesota is defined in the Operating Agreement. The Operating Agreement is an on-going agreement that is reviewed periodically, but has changed little over time. It will be revised in 2000. It outlines the basic requirements for the program, procedures for overall operation such as fund transfers and reporting.

Interagency Agreement: The relationship between the Minnesota Public Facilities Authority (PFA) and each organization using funds from the SRF account is defined by an interagency agreement. A new agreement authorizing the use and transfer of funds from the PFA to an agency or department receiving funds is prepared each time funds are appropriated. It defines the amount of funds available, how they may be used and requires appropriate accounting and reporting.

Intended Use Plan: Each year the Minnesota Pollution Control Agency (MPCA) prepares the Intended Use Plan (IUP) describing how all the funds in the SRF accounts will be used. It describes the proposed use and distribution of the Capitalization Grant from the EPA as well as any funds that are anticipated to become available within the next year through repayments, rescissions and interest income. The IUP is opened for public review and comment. Typically the IUP identifies municipalities that will receive funds for waste treatment works, anticipated amount of bond sales, any additional funds that will be made available to the agencies and departments implementing nonpoint pollution programs, and a general description of all programs and eligible projects.

Local Comprehensive Water Plan (LCWP): All counties in Minnesota are required to prepare a LCWP though a series of water resource inventories and public meetings and comments. The plan identifies specific local water resources, problems and impacts affecting the water resources, and action plans to reduce water pollution. Implementation of this LCWP is a critical feature of the AgBMP Loan Program. The LCWP is the local master plan that provides targeting and prioritization for proposed AgBMP projects.

3. Legislative History

a) AgBMP Loan Program

The Agricultural Best Management Practices Loan program was first authorized in 1994 with a spending limit of $20 million from the SRF. This legislation (Minn. Stat. § 17.117) defined

the overall purpose and procedures of the loan program and established a subcommittee of the state's Project Coordination Team, (Minn. Stat. § 103F.761 Subd. 2(b)), to review and rank applications. An amendment to the legislation was passed in 1995 to simplify the loan process and allow counties to act as lenders for themselves. However, part of this amendment requires subordination of all prior loans when a county acts as the local lender. Since other mortgage holders typically do not voluntarily subordinate their loans, this requirement has failed to allow counties to act as local lenders.

In 1996, the spending authority for the AgBMP Loan program was increased to $40 million, and in 1999 the spending authority was increased to the present $140 million.

Between 1995 and 1999, a total of $41 million dollars have been appropriated from the state's SRF account and from the general fund to the AgBMP Loan Program.

b) Countywide ISTS & Well Loan Program

During the 1997 session, the legislature appropriated $4 million in state funding for repairing non-conforming Individual Sewage Treatment Systems (ISTS), to be distributed through the AgBMP Loan Program network. This new program is administered separate from the AgBMP Loan program, but was designed to complement the AgBMP program by expanding borrower eligibility from just agricultural or rural septic systems to septic systems anywhere within the county. Under this authorization, the MDA provides loans to counties using the procedures of either the AgBMP program (Minn. Stat. § 17.117) or the ISTS and Well Loan Program (Minn. Stat. § 115.57). The Countywide ISTS Loan program is typically administered and implemented by the same organizations and using the same procedures as the AgBMP Loan Program.

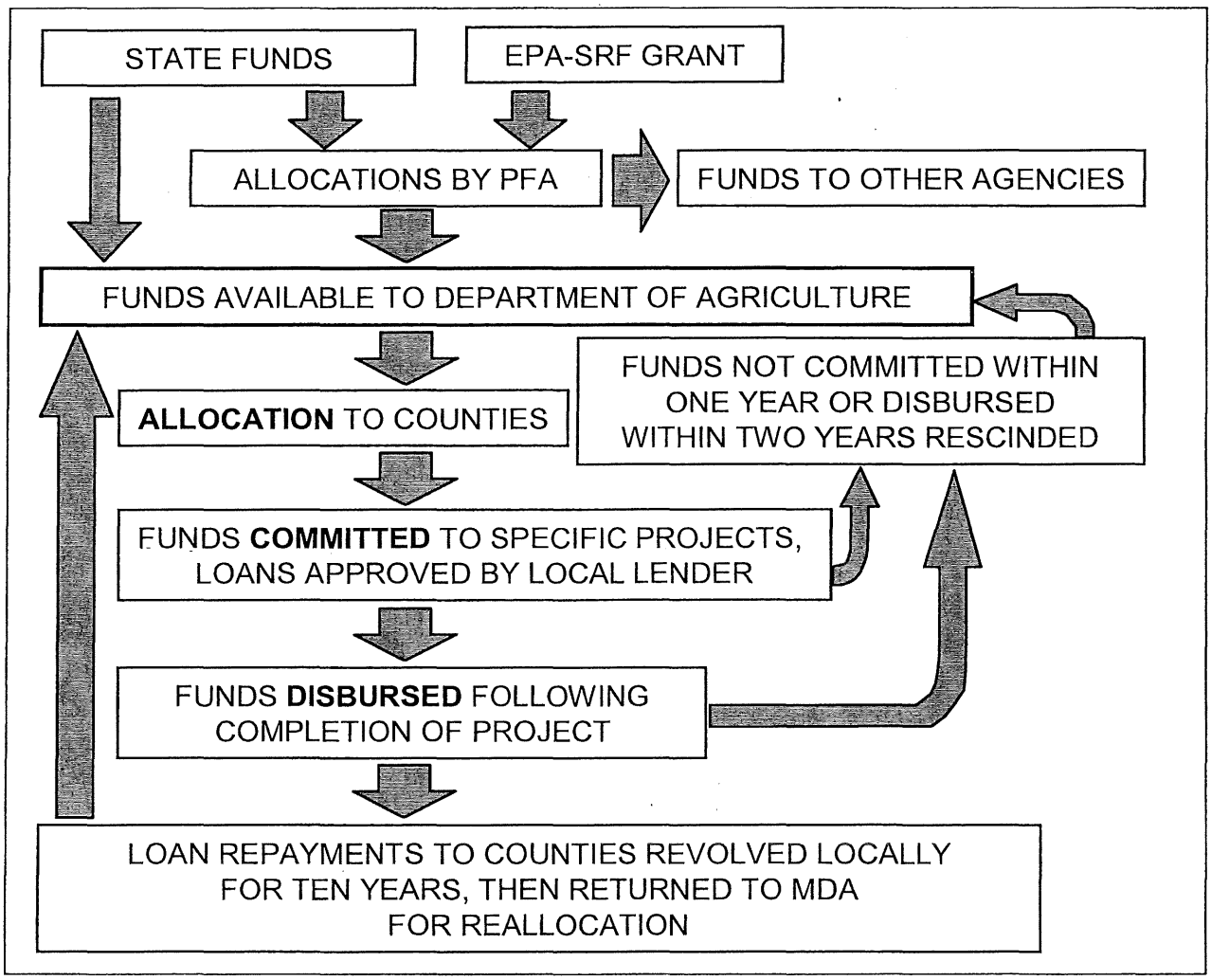
The statute and guidelines of the AgBMP Loan Program (Minn. Stat. § 17.117) were not affected by the Countywide ISTS legislation and remain targeted on implementing the agricultural priorities of Local Comprehensive Water Plans.

Except where necessary to differentiate the AgBMP Loan Program from the Countywide Program, the amounts, numbers, and totals in this report will be combined. Given the similarities in administration and implementation of both programs, this program is virtually indistinguishable from the AgBMP program in relation to its accomplishments and benefits.

II. PROCESS FOR ALLOCATIONS TO COUNTIES

Figure 1 shows a flow chart of the funds through the AgBMP Loan program. The department may receive funds from multiple state and federal sources. Through a competitive application process, these funds are awarded to counties. (Through the remainder of this report, the term "county" will refer to the local government unit implementing the Ag BMP Loan program, whether county government, the county Soil and Water Conservation District or a joint powers organization consisting of a group of either county government or Soil and Water Conservation Districts.) These funds must be committed to projects within one year and spent within two years; funds not used within these time limits are taken back or rescinded by the Department and competitively reallocated during the next application period. Once funds are sent from the state to the county, repayments from these loans can be re-loaned for up to ten years before repayment to the state begins. Repayments that the state receives from local lenders will be continually reallocated through the competitive application process.

Figure 1. Ag BMP Loan Program Funding Flow Chart.



C. Application Process

In the fall of each year, the MDA announces the application period for the program, affording counties a two or three month opportunity to prepare and submit applications. The MDA holds several workshops each year to assist counties in completing their applications. This application allows local governments to describe their local funding needs in relation to their LCWP, legislative criteria, and the program's purpose. The primary questions asked in the application process are: What are the local water quality problems and their causes? What are the solutions? What are the county's priorities? What are the benefits of proposed solutions? The applications require the local governments to summarize their proposed scope of work into five major categories:

1. Agricultural Waste Management, including projects such as manure storage basins and tanks, manure handling, loading and application equipment, and physical improvements to feedlots that prevent runoff or groundwater contamination.
2. Structural Erosion Control Practices, including projects such as sediment control basins, waterways, terraces, diversions, buffer and filter strips, shoreline and stream bank rip-rapping, cattle exclusions, windbreaks and gully repair.
3. Conservation Tillage Equipment, including both cultivation and seeding equipment designed to maintain a minimum of 30% crop residue cover after seeding. Various types of cultivators, chisel plows, rippers, air seeders and planting drills are typically financed.
4. ISTS, including repair or upgrade of existing, non-conforming septic systems on farms or rural properties.
5. Other, including practices such as well sealing, chemical and petroleum storage and chemical spray equipment.

Following the close of the application period, applications are reviewed, evaluated, and ranked by the Statutory Review Committee. This committee is established under Minn. Stat. § 17.117 Subd. 9 and 103F.761 Subd. 2(B), and is composed of representatives from the Departments of Agriculture, Health, and Natural Resources, the Pollution Control Agency, the Board of Water and Soil Resources, the Association of Minnesota Soil and Water Conservation Districts, Association of Minnesota Counties, the US Natural Resource Conservation Service, and the Farm Services Agency. This evaluation is based on the nine statutory criteria in addition to the applicant's past performance in fulfilling their previous work plans. The individual rankings of each reviewer are combined to determine the overall ranking of all applications. Applications proposing a program targeting local priorities and implementing solutions that maximize benefits receive the highest ranking.

The Statutory Review Committee meets to determine and submit to the Commissioner of Agriculture recommendations for the allocation of loans to counties. The rankings function to competitively distribute the money while ensuring equal treatment of all applicants. The Statutory Review committee strives to provide significant funding to the very best of the applications, yet has made a commitment to provide a reasonable minimum funding level to all applications.

During the initial years of the program, all participating counties completed the same application. For the last two years, a modified application process has been implemented:

1. Competitive applications that address each of the statutory criteria in detail were considered for funding of up to $300,000. This type of application must be specific in terms of practices, water resources and high priority water quality problems.

2. Basic applications, in which the county proposed a number of practices that address local water quality problems and local water priorities but do not provide the details required for the competitive applications. These applications are considered for funding of less than $80,000.

This two-tier application process has allowed those counties with aggressive water quality protection programs to receive significant funding, while reducing the administrative requirements for counties seeking only a base level of funding.

D. Targeting and Prioritization

The AgBMP Loan Program utilizes two levels of prioritization and targeting of SRF funds for implementing nonpoint water quality best management practices. At the statewide level, Minnesota's 319 Nonpoint Source Management Plan prioritizes and establishes broad objectives. At the local or county level a local water planning process that develops Local Comprehensive Water Plans (LCWP) identifies water resources, prioritize problems and establishes local goals and solutions.

Through the annual application process, a county proposes a 10-year project to implement its LCWP. In the application the first two years of this project are outlined, defining the priority water resources, number and approximate costs for specific practices that implement the agricultural and rural components of the LCWP. Use of the funds in subsequent years is reviewed annually by the MDA to assure continued implementation of the LCWP throughout the term of the 10-year project.

At the local government level, each county establishes a targeting and prioritization system for selecting and implementing the specific practices that carry out agricultural components of the LCWP. In most situations, the counties actively seek the participation of farmers and landowners who will:

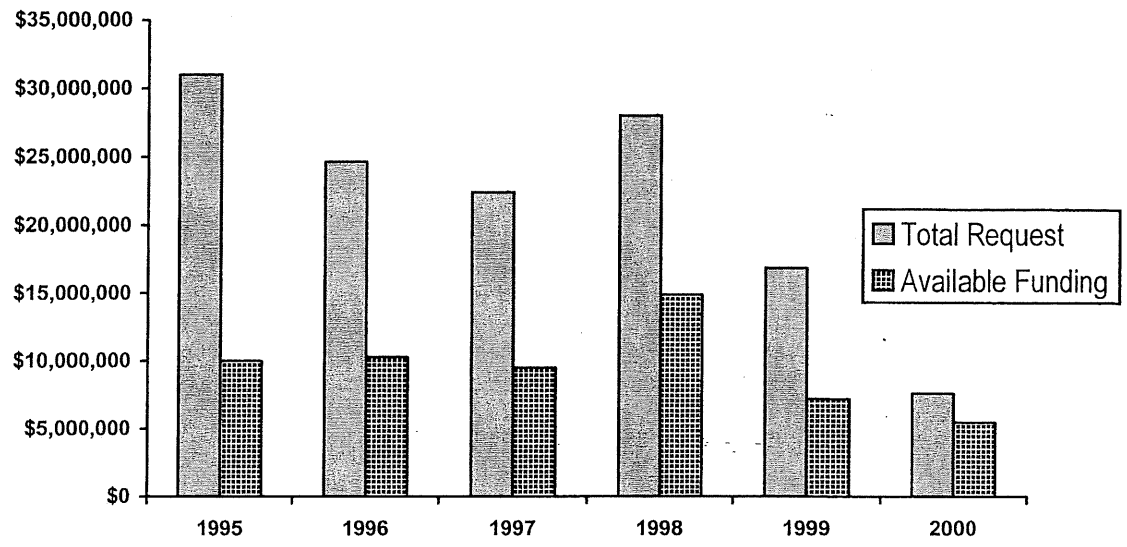
1) Implement specific types of practices to address priority water quality problems anywhere within their jurisdiction (i.e. the county will approve construction of a manure storage basin anywhere within the county), and/or

2) Implement prioritized eligible practices within targeted, priority water resource areas (i.e. the county would approve priority water quality practices within specific targeted watersheds).

If the emphasis of the county is to implement priority practices within targeted areas, farmers and landowners in other areas or with other eligible projects will also be considered if funds are available. Counties typically have a review panel to evaluate eligibility, technical feasibility, project priority in the LCWP, and the amount of funds to be made available to proposed projects.

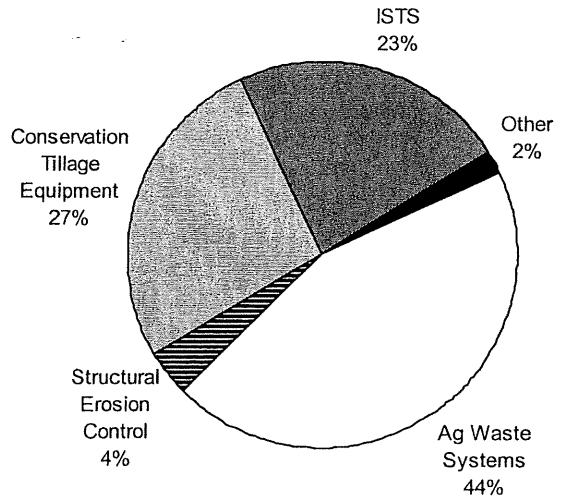
E. Requested Funding and Proposed Scope of Work

Figure 2. Requested Funds from Counties for AgBMP Loan Program, 1995-2000.



Each year, funding requests from counties have been in excess of available funds (see **Figure 2**). MDA has received applications for the Ag BMP and Countywide ISTS programs totaling over $130.6 million dollars. The observed decline in the annual request for AgBMP funds is not caused by a reduction in local needs, but rather a better awareness of how much is available, the increased experience the counties have gained in proposing realistic action plans that recognize the time limits of the program, limitations in local staffing, availability of contractors and engineers, permitting requirements and other factors such as construction weather.

Figure 3. Percentage of total funds allocated to each practice category.



Most counties are submitting applications that emphasize agricultural impacts by proposing projects in all categories of practices, with agricultural waste management usually the highest priority, followed by conservation tillage equipment, septic system repair, and structural erosion control practices, **Figure 3**.

F. Available Funding for Allocation to Counties

Although the legislature sets the spending limits for the AgBMP program, the amount of new funding from the state's SRF account available for distribution each year by AgBMP Loan Programs is determined by the PFA. Before making its appropriation to the Department, the PFA reviews the status of the EPA - SRF Capitalization Grant to the State, requests from other programs using SRF funds (including municipal waste treatment plants), interest rates, bond ratings and other factors. The AgBMP Loan Program was originally funded directly out of the federal Capitalization Grant. However, to speed the transfer of funds from the federal government to the state, the non-point source programs are now funded from repayments from prior municipal waste treatment plant loans made by the PFA to communities.

Table 2 shows the amount appropriated to the AgBMP and Countywide ISTS Loan programs from state and federal sources.

Table 2. Appropriation to the AgBMP and Countywide ISTS Loan Programs

Fiscal Year of Appropriation	Amount Appropriated	
• Ag BMP Appropriations		
1995	10,000,000	
1996	10,000,000	
1997	7,159,494	
1998	9,000,000	*
1999	3,840,506	
2000	1,000,000	*
Ag BMP Total	$41,000,000	
• Countywide ISTS Appropriations		
1998	4,000,000	*
Total of All Appropriations	**$45,000,000**	

*Funds appropriated by Minnesota legislature.

G. Allocations, Time Limits and Funding Rescission

Each year awards to counties are made from a pool of all available funds. This funding pool may include newly appropriated funds and old funds from prior appropriations such as:

- New appropriations from the state legislature or the PFA.
- Rescissions of past awards in which the local government did not utilize the funds within the required time schedule.
- Funds that were previously awarded but were declined by the local government unit.

This loan program has stringent requirements for timely and expeditious use of funds, requiring that recipient counties obligate funds within one year and expend the funds within two years. If funds remain uncommitted after one year or unused after two years, the Department reduces the contracted amount and the unused funds are then added to the available pool and awarded again during the next application period. This process of contract monitoring and recycling unused funds assures that the recipients are using all available money in a timely manner.

H. Allocated Funding and Revised Scope of Work

When allocations are made by the MDA, the local governments are notified of their award amount. If the award is less than they requested, they are asked to adjust the scope of work

that was requested in their application to match the funds allocated. Each applicant is allowed latitude in revising the scope of work, and may choose to fund only the top priority categories of projects or prorate the funding based on the proportions in the original application.

Table 3 summarizes the proposed number and budget for each of the funding categories, based on the current allocation of all funds under contract and 2000 awards at the time of this report. Agricultural Waste Management has been budgeted the most funds while upgrading ISTS projects are the most numerous.

Table 3. Summary of the proposed number and the cost of projects for the AgBMP and Countywide ISTS Loan Program, 1995-2000.

Category	Proposed Number of Loans	Proposed Budget for each Category	% of All Loans Issued
Ag Waste Management	940	$20,100,000	45%
Structural Erosion Control	310	$2,000,000	4%
Conservation Tillage Equipment	860	$11,200,000	25%
AgBMP Septic Systems	1,440	$7,000,000	16%
Other Practices	190	$700,000	2%
Countywide Septic Systems	690	$4,000,000	9%
Total	**4,430**	**$45,000,000**	

I. Borrower and Cost Share Coordination

The loan program will finance the total amount of a project up to $50,000. **Table 4** shows a summary of the average total project cost, average AgBMP loan amount, and the percentage that AgBMP loans contribute toward the total cost of projects funded through the AgBMP Loan Program based on the invoices submitted to the MDA for disbursement. For agricultural waste management, structural erosion control practices and conservation tillage equipment, the borrower generally establishes significant equity at the project's outset from personal resources, cost share programs, equipment trades or other financial resources. However, for repair or upgrade of septic systems the experience has been that the AgBMP loan covers most of the cost (89%).

Table 4. Summary of average loan amount, total project cost and percentage of project paid from Non-AgBMP funds.

Category	Average Total Project Cost	Average AgBMP Loan Amount	Contribution of AgBMP Funds to Practice
Agricultural Waste Management	$30,600	$19,500	64%
Structural Erosion Control	$16,000	$7,000	44%
Conservation Tillage Equipment	$18,700	$12,800	68%
Septic Systems [1]	$5,400	$4,800	89%
Other Practices	$19,000	$14,300	75%
Overall Average	**$16,400**	**$11,300**	**69%**

[1] Only loans for individual systems were used to calculate average costs

State and Federal Cost Share programs provide partial-cost grant assistance to farmers and landowners for implementing specific types of practices that benefit the environment. State Cost Share funds are typically passed through the Board of Water and Soil Resources (BWSR). The United States Department of Agriculture Natural Resource Conservation Service (USDA NRCS) oversees Federal Cost Share funds. Like the AgBMP Loan Program, local county Soil and Water Conservation Districts usually administer them. In addition, the State has also provided technical engineering assistance through BWSR's Nonpoint

Engineering Assistance Program for funding design of best management practices. Because these programs are locally administered in the same local government office, these funding sources and technical assistance are closely coordinated.

Typically cost share can finance up to 75% of the total cost of constructed practices, such as manure basins, diversions, filter strips, waterways, terraces and sedimentation basins. In many cases the farmers who receive cost share will also request an AgBMP loan for the balance of the project's cost. In addition, farmers can request loan assistance for manure handling and application equipment that is not cost share eligible, yet equally as important for the effective operations of a complete agricultural waste system. AgBMP low interest loans and cost share funds provide a strong incentive to farmers to implement practices that prevent water pollution.

Local county governments coordinate the of AgBMP and cost share funds. These organizations provide the strategic service of evaluating projects, determining eligibility for potential funding sources, establishing priorities and submitting the appropriate applications, proposals and plans to assist the farmer obtain financial assistance while achieving environmental objectives of the LCWP. Despite having several funding sources for various water quality practices, farmers or rural landowners typically need only to contact or apply with the local Soil and Water Conservation District or county environmental office to access most of the available sources.

J. Local Organization Implementing the Program

The AgBMP Loan Program legislation provides the option for counties, Soil and Water Conservation Districts or Joint Powers Organizations of those two local government units to participate in this program as the primary applicant responsible for carrying out the program in local areas.

Table 5 summarizes the number of contracts issued to each type of local government unit. Although in many counties (35), the County itself acts as the primary applicant for the program, it is the Soil and Water Conservation District or JPOs of Soil and Water Conservation Districts that performs day-to-day administration of this program. The coordinated efforts of the county, local Soil and Water Conservation District, Joint Powers Organizations, and local banks are each instrumental in implementing this program.

Table 5. Number of Counties, Soil and Water Conservation Districts and Joint Power Organizations administering the AgBMP Loan Program and acting as Primary Applicant.

Organization Type	Number performing day to day administration	Number as Primary Applicant
County	21	35
Soil and Water Conservation District	43	29
Joint Power Organization	21	21
TOTAL	**85**	**85**

III. CURRENT STATUS

The values presented in the following descriptions are based on combined disbursement requests received by the MDA Marketing and Development Section for both the AgBMP Loan Program and the Countywide ISTS Loan Program prior to 01/01/2000.

A. All Years Combined

The AgBMP Loan Program and Countywide ISTS Loan Program have awarded $45.0 million to participating counties. Currently, $45.0 million (**Table 3**, page 15) is currently under contract or has been awarded to local governments

To date, 2,758 practices totaling $30.5 million have been completed through these programs. The program currently disburses an average of $500,000 monthly. **Appendix B** shows a summary of the amount disbursed by county through these programs.

Loans are issued through two processes. First time loans with new money from the Department financed 2,396 projects to date. The local revolving loan accounts are funding an increasing number of projects each year. There have been 362 projects that were financed as second-generation loans with funds from local revolving accounts, **Table 6**.

Figure 4. Cumulative amount of AgBMP funds allocated to counties, 1995-1999.

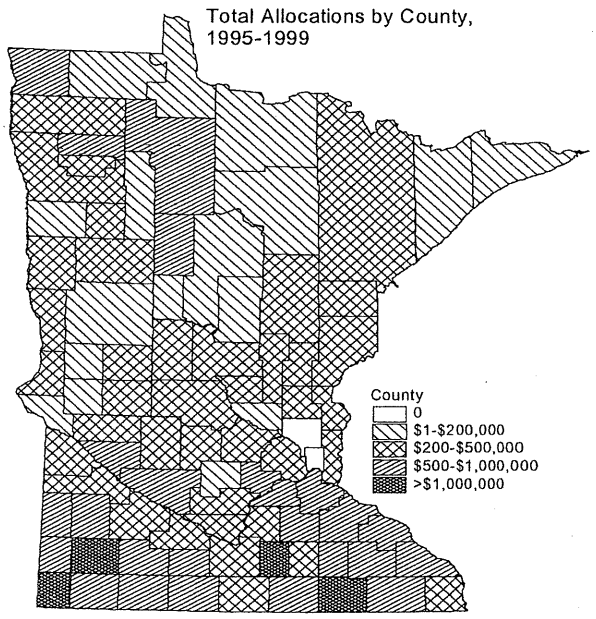


Table 6 separates the various loans between the new and local revolving fund sources; however, the remainder of the information provided in this report combines the information from both the first time loans and second-generation revolving account loans to provide an overall perspective of program accomplishments.

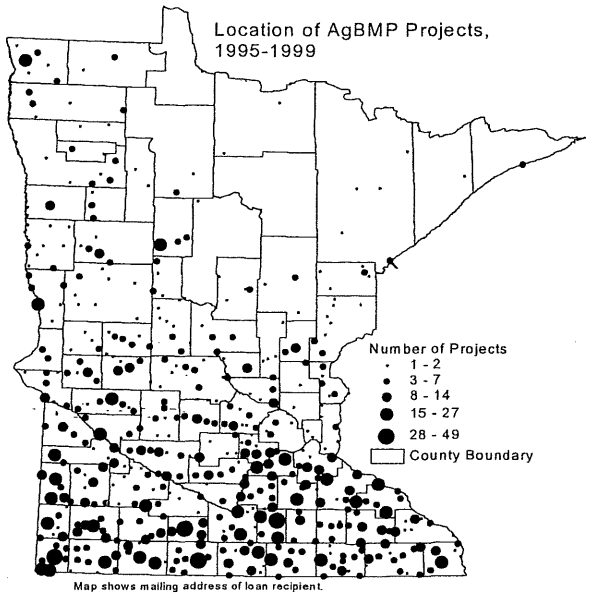
Table 6. Summary of number and costs of completed practices by category, 1995-1999.

	Loans from New Allocation		Loans from Local Revolving Fund		Total Loans from either fund	
Category	**No.**	**Amount**	**No.**	**Amount**	**No.**	**Amount**
Ag Waste Management	582	$11,289,695	49	$754,964	631	$12,044,659
Structural Erosion Control	96	$647,497	20	$166,793	116	$814,290
Cons. Tillage Equipment	721	$9,160,751	203	$2,389,954	924	$11,550,705
Septic Systems	980	$5,453,186	89	$396,826	1,069	$5,850,012
Other Practices	17	$186,761	1	$5,641	18	$192,402
Total	2,396	$26,737,890	362	$3,714,178	2,758	$30,452,068

B. Projects and Their Locations

Over 2,700 projects have been completed, located in nearly all counties, **Figure 5**. Although there are practices implemented throughout the state, most are in traditional farm areas.

Figure 5. Location of AgBMP projects.



1. Animal Waste Management Systems

Approximately 620 Agricultural Waste Management Systems were implemented throughout the state, **Figure 6**. The primary reported purpose of these systems included the replacement or upgrading of manure holding basins, pits, or tanks (250); manure handling, spreading, or incorporation equipment (320); and feedlot improvements such as clean water diversions around feedlots or berms and chutes to contain and direct contaminated runoff into the holding basins (50). The average size of farms receiving loans is 400 animal units. The size of farms using this program for agricultural waste projects is summarized in **Figure 8**. Most loans are issued to pork and dairy operations, **Table 7**. The average total cost of these projects has been $30,600

Figure 6. Location of Agricultural Waste Projects, 1995-99.

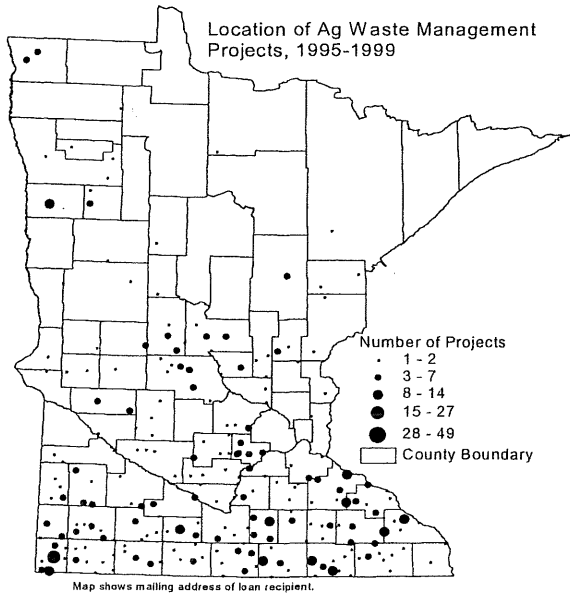
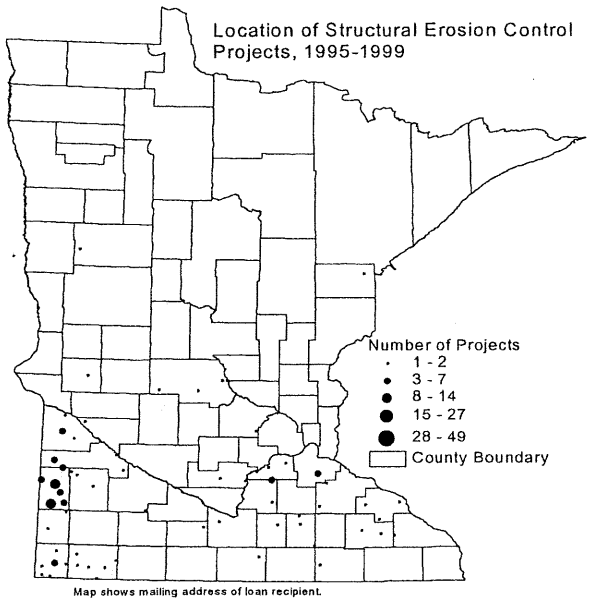


Table 7. Percentage of loans issued to various types of animal production operations.

Type of Operation	Percentage
Pork	40%
Dairy	38%
Cattle	12%
Poultry	1%
Mixed Production	8%

2. Structural Erosion Control Practices

Figure 7. Location and Number of Structural Erosion Control Projects, 1995-1999.



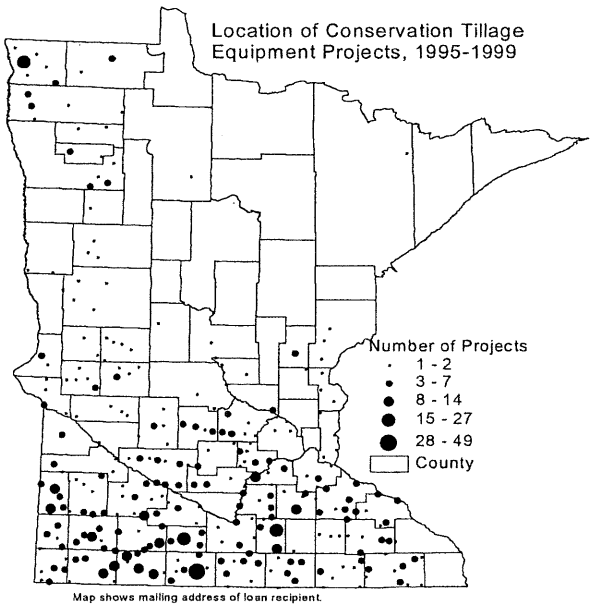
The number of Structural Erosion Control practices that have been funded is 116, **Figure 7**. The actual demand appears to be less than originally requested in the applications due to the limited availability of state and federal cost share dollars. These cost sharing programs provide up to 75% of the proposed project's total cost; however, the average amount of the total cost not included in the AgBMP loan is 44%. The average total cost for this category of projects was $16,000 with only $7,000 as a loan. Without cost share dollars to subsidize the cost of these practices, farmers have been reluctant to implement them. These practices provide little financial return to the farmer and sometimes take land out of production. For example, making a 32-foot wide grassed waterway has direct costs for construction and takes that land out of production. In addition, these structures often require periodic maintenance. Despite these problems, some counties, most notably Lincoln County, have implemented numerous practices.

3. Conservation Tillage Practices

The category of conservation tillage practices has been one of the program's most effective, with 924 practices implemented, **Figure 8**. Farmers are provided a low interest loan as an incentive to initiate or improve their current tillage practices. The average size farm utilizing an AgBMP loan to purchase conservation tillage equipment is 830 acres. The size of farms utilizing this program for conservation tillage equipment is summarized in. The equipment funded is generally a specialized cultivation or seeding implement that leaves crop residues covering at least 15% to 30% of the ground after seeding. The average total cost for this equipment is $18,700, though the average loan for tillage equipment is $12,800. This equipment is being used on approximately 700,000 acres.

In many areas of the state, sedimentation to rivers and lakes is a primary, high priority water quality problem. In these

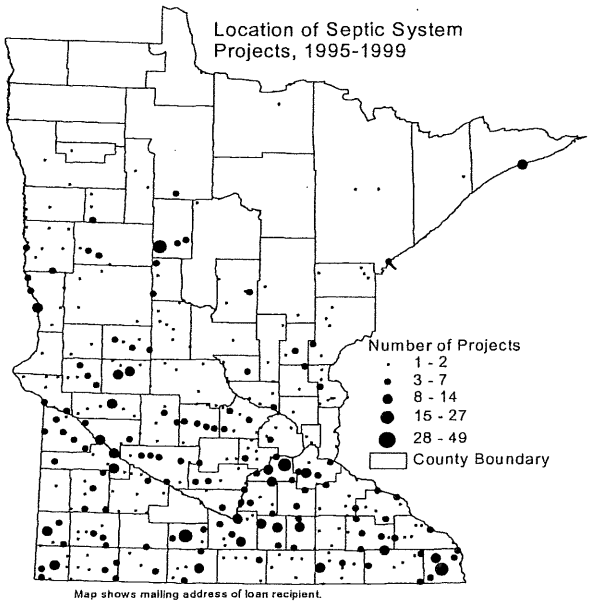
Figure 8. Location and number of Conservation Tillage Equipment practices, 1995-1999.



areas, counties report that conservation tillage is the most cost effective means of reducing sediment, as well as nutrient loading, to surface waters. Implementing conservation tillage practices on a single farm can effectively reduce runoff, erosion and nutrient loss from hundreds of acres. The counties have also reported that this low interest loan program has been the incentive that has encouraged many farmers to implement these practices.

4. Individual Sewage Treatment Systems

Figure 9. Location of repaired ISTS systems financed with AgBMP funds, 1995-1999.



To date over 1,069 ISTS projects have been funded throughout this program, **Figure 9**. The average total cost of these projects has been $5,400. The original primary purpose of the AgBMP program was to encourage implementation of practices that mitigate agricultural impacts on water quality. However, replacing failing farm and rural septic systems constitutes 19% of the funds disbursed. Although not a traditional agricultural best management practice, ground and surface water contamination from non-functioning septic systems has caused significant problems throughout the state. Since the AgBMP Loan Program addresses nonpoint source issues in nearly all counties of the state, it has proven to be an effective mechanism to provide much needed assistance to address this troublesome issue.

C. Status of Local Revolving Accounts

A key feature of the AgBMP Loan program is the capitalization of local revolving accounts. Once the money has been transferred to the designated Local Lender, the county can continue to reuse the funds for additional practices as loans are repaid throughout the first 10 years of the term of the loan from the MDA to the county. After year 10, the county has another 10 years to complete repayment of the loan back to the state. Since the start of the program, 362 projects costing $3.7 million have been funded as second-generation loans out of local revolving accounts, **Table 6**.

As of the end of June 1999, there was a combined total of approximately $3.2 million available for second-generation loans in all local revolving accounts throughout the state. Counties proposed the spending plan shown in **Table 8** to use these revolving funds. The spending plan includes both the funds on hand as well as some anticipated payments to be received in the next year. Based on the mixture of past loans, MDA staff estimates that approximately 15% of the total amount of loans outstanding from the MDA to the counties will be available each year for second-generation loans through the local revolving accounts. Counties manage local revolving funds in coordination with their requests for new allocations provided by the Department.

Table 8. Proposed use of local revolving funds for 2000.

Category	Proposed Number of Loans with Revolving Funds	Proposed Total Amount of Loans to be made with Revolving Funds
Ag Waste Management	79	$1,753,600
Structural Erosion Control	40	$191,200
Conservation Tillage	113	$1,470,902
ISTS	184	$917,485
Other	9	$2,800
Total Proposed for 2000	**425**	**$4,335,987**

IV. PROGRAM IMPROVEMENTS

The program was authorized in 1994. There were changes in the statute addressing counties as local lenders in 1996 and increases in spending limits in 1997 and 1999. Pilot program guidelines were prepared in 1996. Programmatically, the program has been unchanged since 1996. The MDA began a process to solicit suggestions and recommendations from counties for ways to improve the program in 1998.

The program has been extremely effective in most counties throughout the state. However, in some areas it has encountered complications in securing local financial institutions willing to serve as the Local Lender or finding a Local Lender that is able to conveniently serve all borrowers. Many suggestions and comments have been received from organizations that implement the program.

To evaluate the suggestions and formalize recommendations for program improvements, the MDA has organized a workgroup of the stakeholders including representatives from counties, Soil and Water Conservation Districts, Joint Power Organizations, large bank organizations, small community banks, Farm Credit Services, Association of Minnesota Counties, Minnesota Bankers Association and the Minnesota Association of Soil and Water Conservation Districts, in addition to department staff. The MDA anticipates submitting amendment recommendations addressing these key points to the 2001 legislature.

1. **The program should be made more "Farmer Friendly", increasing the local availability of funds and expanding the lending network.**

2. **The loan process should be modified to take greater advantage of normal banking procedures including account management and electronic fund transfers.**

3. **The pool of revolving funds should be consolidated to reduce the fiscal monitoring requirements by the local county and the Department.**

4. **Past contracts should be merged to reduce local program administration costs.**

APPENDIX A. TOTAL ALLOCATIONS TO COUNTIES THORUGH AGBMP AND COUNTYWIDE ISTS LOAN PROGRAMS.

Ag BMP Loan Program Loan Program - Current Allocation

07/01/1995 - 08/03/2000

County	County Totals No.	County Totals Amt.	Ag Waste No.	Ag Waste Amt.	Structural Erosion No.	Structural Erosion Amt.	Cons. Tillage No.	Cons. Tillage Amt.	ISTS No.	ISTS Amt.	Other Practices No.	Other Practices Amt.
Aitkin	25	$79,000							25	$79,000		
Becker	40	$306,378	4	$110,000	6	$34,370	5	$45,478	25	$116,530		
Benton	16	$277,705	8	$227,040					8	$50,665		
Big Stone	28	$212,158	1	$10,000			7	$124,251	20	$77,906		
Blue Earth	65	$403,818	8	$72,466	1	$1,500	12	$110,490	43	$218,987	1	$375
Brown	17	$275,556	6	$72,568			10	$152,987			1	$50,000
Carlton	32	$236,500	5	$85,000	8	$36,050			19	$115,450		
Carver	68	$747,534	28	$335,406	3	$10,000	20	$261,351	17	$140,777		
CCLNS JPB# 3	8	$150,000	8	$150,000								
Chippewa	60	$531,787	12	$322,637	5	$13,076	5	$65,300	36	$130,428	2	$345
Clay	23	$167,167	2	$33,500	2	$8,627	3	$47,040	16	$78,000		
Clearwater		$0										
Cook	7	$50,000							7	$50,000		
Cottonwood	53	$782,349	19	$390,129	2	$9,162	25	$348,058	7	$35,000		
Dakota	76	$836,555	19	$414,332	4	$17,657	15	$208,656	37	$190,909	1	$5,000
Dodge	29	$639,132	14	$445,570			6	$125,561	9	$68,000		
Douglas	33	$261,143	3	$33,592			7	$120,129	23	$107,422		
Faribault	38	$529,436	20	$276,364	2	$5,000	12	$230,725	4	$17,347		
Fillmore	55	$851,709	24	$541,129			19	$227,404	10	$53,175	2	$30,000
Freeborn	45	$606,422	18	$321,510	2	$13,000	14	$210,212	9	$50,200	2	$11,500
Goodhue	78	$1,082,430	30	$670,490	4	$12,441	28	$313,847	13	$78,451	3	$7,200
Hennepin	39	$270,300	3	$25,000			9	$126,625	16	$108,675	11	$10,000
Houston	40	$375,249	9	$279,000					31	$96,249		
Hubbard	45	$502,298	5	$200,000	1	$15,000	3	$45,000	30	$130,298	6	$112,000
[illegible]ACK - 6	144	$1,410,806	40	$767,991	8	$40,000	15	$198,421	81	$404,393		
[illegible]son	93	$835,252	23	$313,000			49	$404,452	21	$117,800		
Kandiyohi	18	$263,177	7	$195,000			8	$57,527	3	$10,650		
Kittson	57	$717,119	19	$297,619	2	$15,000	25	$366,249	3	$9,250	8	$29,000
Lac qui Parle	41	$266,989	2	$16,000	13	$69,804	4	$61,175	22	$120,010		
Le Sueur	55	$466,989	11	$143,013	4	$55,113	18	$165,954	22	$102,908		
Lincoln	85	$884,860	9	$220,629	43	$342,920	32	$318,225	1	$3,085		
Lyon	49	$532,564	11	$236,857	4	$26,500	19	$183,662	15	$85,544		
Mahnomen	29	$166,754	5	$61,050	3	$15,000	4	$21,704	14	$68,000	3	$1,000
Marshall	17	$309,725	1	$19,000			16	$290,725				
Martin	60	$779,037	14	$328,817			30	$371,558	16	$78,662		
McLeod	7	$109,600	4	$72,000			2	$32,950	1	$4,650		
Meeker	42	$270,640	1	$25,000			18	$138,500	23	$107,140		
Morrison	20	$372,150	15	$349,500			3	$16,650	2	$6,000		
Mower	72	$1,103,702	42	$801,463	1	$2,500	17	$229,061	12	$70,677		
Murray	65	$1,030,003	27	$718,621	3	$12,045	22	$245,457	13	$53,879		
Nicollet	27	$234,801	6	$126,505	2	$10,000			19	$98,295		
Nobles	85	$1,029,994	22	$507,784	15	$104,175	34	$357,174	14	$60,860		
North Central JPB	43	$696,418	17	$510,000	5	$44,000	1	$11,605	16	$110,812	4	$20,000
Northwestern JPB	64	$1,199,674	11	$359,742	3	$13,000	27	$684,931	13	$62,500	10	$79,500
Olmsted	74	$818,949	17	$419,619	1	$3,700	17	$184,360	38	$209,270	1	$2,000
Pennington	2	$99,763					2	$99,763				
Pipestone	40	$536,391	11	$316,874	4	$18,454	15	$165,325	10	$35,735		
Pope	50	$364,616	6	$78,924	2	$16,000	9	$109,947	33	$159,744		
Red Lake	4	$85,180	1	$19,400	1	$2,500	2	$63,280				
Redwood	37	$388,639	4	$52,900			15	$228,032	18	$107,707		
Renville	48	$429,297	4	$70,674			23	$261,220	21	$97,402		
Rice	34	$495,952	8	$222,250	1	$1,800	17	$226,902	8	$45,000		
Rock	109	$1,375,000	57	$1,028,707	7	$53,803	15	$195,990	30	$96,500		
St. Louis	5	$24,900							5	$24,900		
Scott	83	$599,578	10	$114,175	9	$53,495	19	$141,024	45	$290,884		
Sherburne	22	$158,500	3	$108,000			2	$15,000	14	$25,500	3	$10,000
Sib[illegible]y	37	$431,320	7	$182,777	2	$28,736	12	$120,000	16	$99,806		
S[illegible]s	32	$470,767	18	$367,126	8	$66,213	1	$8,200	5	$29,228		
St[illegible]e	58	$653,270	14	$336,082	5	$37,958	6	$91,025	33	$188,205		
Stevens	18	$107,259	2	$13,640	3	$14,315	7	$50,684	6	$28,620		
Swift	55	$401,368	11	$206,860	8	$18,000	6	$54,900	29	$120,608	1	$1,000
Todd	42	$449,107	13	$309,384	2	$24,500	3	$31,500	16	$81,723	8	$2,000

Ag BMP Loan Program Loan Program - Current Allocation

07/01/1995 - 08/03/2000

County	County Totals No.	County Totals Amt.	Ag Waste No.	Ag Waste Amt.	Structural Erosion No.	Structural Erosion Amt.	Cons. Tillage No.	Cons. Tillage Amt.	ISTS No.	ISTS Amt.	Other Practices No.	Other Practices Amt.
Traverse	28	$358,320	3	$91,250	3	$101,250	7	$90,000	15	$75,820		
Wabasha	73	$806,854	26	$480,779	1	$10,000	21	$187,349	25	$128,726		
Waseca	112	$1,459,169	36	$705,381	5	$16,375	40	$531,232	18	$95,685	13	$110,496
Washington	25	$221,221	13	$80,000	1	$20,000	6	$91,277	5	$29,944		
Watonwan	81	$921,910	17	$345,355	1	$4,340	35	$440,219	28	$131,996		
West Central JBP	76	$1,066,738	12	$371,824	2	$53,500	21	$452,160	41	$189,253		
Wilkin	22	$186,902	2	$65,000	1	$7,447	1	$20,000	18	$94,455		
Winona	40	$559,459	20	$482,796					20	$76,663		
Wright	40	$456,643	10	$116,541			17	$258,134	11	$73,818	2	$8,150
Yellow Medicine	52	$363,492	6	$108,830	6	$45,940	5	$49,400	35	$159,322		

APPENDIX B. TOTAL DISBURSEMENTS TO ALL COUNTIES FOR AGBMP AND COUNTYWIDE ISTS LOAN PROGRAMS.

Total of All Funds Disbursed to Counties 07/01/1995 - 01/01/2000

05/09/2000

County	County Totals No.	County Totals Amt.	Ag Waste No.	Ag Waste Amt.	Structual Erosin No.	Structual Erosin Amt.	Cons. Tillage No.	Cons. Tillage Amt.	ISTS No.	ISTS Amt.	Other No.	Other Amt.
Aitkin	1	$50,000							1	$50,000		
Becker	5	$19,401					1	$5,750	4	$13,651		
Benton	10	$198,705	5	$177,040					5	$21,665		
Big Stone	20	$157,456					6	$99,252	14	$58,204		
Blue Earth	57	$353,484	7	$60,866	1	$1,500	11	$102,950	37	$187,793	1	$375
Brown	13	$217,557	6	$72,569			6	$94,988			1	$50,000
CCLNS JPB# 3	1	$36,602	1	$36,602								
Carlton	10	$112,683	3	$32,083	1	$5,000			6	$75,600		
Carver	45	$648,631	18	$218,406			16	$221,351	11	$208,874		
Chippewa	33	$260,882	5	$142,238	1	$1,676	2	$21,800	23	$94,823	2	$345
Cook	7	$46,450							7	$46,450		
Cottonwood	39	$657,486	15	$292,266	2	$9,162	21	$306,058	1	$50,000		
Dakota	55	$579,231	12	$225,934	3	$11,032	15	$208,656	25	$133,609		
Dodge	18	$336,383	9	$215,571			5	$95,562	4	$25,250		
Douglas	27	$226,322	1	$8,592			6	$120,129	20	$97,601		
Faribault	34	$460,809	19	$233,937			11	$209,525	4	$17,347		
Fillmore	49	$594,862	18	$328,878			18	$222,894	13	$43,090		
Freeborn	36	$508,335	16	$278,200			15	$210,212	5	$19,923		
Goodhue	49	$878,231	20	$494,440	2	$9,441	19	$234,748	6	$94,402	2	$45,200
Hennepin	12	$159,300					7	$120,625	5	$38,675		
Houston	44	$188,388	3	$75,000					41	$113,388		
Hubbard	43	$288,183	2	$100,000					40	$187,988	1	$195
IMPACK - 6	67	$807,449	22	$511,274			13	$123,422	32	$172,753		
Jackson	69	$632,733	17	$231,265			38	$298,049	14	$103,419		
Kandiyohi	23	$175,428	3	$80,000			7	$34,778	13	$60,650		
Kittson	33	$440,634	9	$88,885			24	$351,749				
Lac qui Parle	24	$141,526			4	$28,685	3	$41,875	17	$70,966		
Le Sueur	42	$361,640	8	$129,764	3	$15,614	16	$151,204	15	$65,058		
Lincoln	70	$782,886	9	$220,629	29	$240,946	31	$318,226	1	$3,085		
Lyon	36	$397,639	8	$164,457			11	$130,826	17	$102,356		
Mahnomen	5	$24,539	2	$11,050					3	$13,489		
Marshall	14	$207,725					14	$207,725				
Martin	61	$767,887	14	$325,817			31	$363,408	16	$78,662		
McLeod	7	$109,600	4	$72,000			2	$32,950	1	$4,650		
Meeker	28	$184,049					15	$115,501	13	$68,548		
Morrison	16	$299,150	12	$276,500			3	$16,650	1	$6,000		
Mower	75	$890,079	37	$608,490	1	$2,500	13	$158,412	24	$120,677		
Murray	49	$800,004	22	$545,227			15	$214,458	12	$40,319		
Nicollet	13	$112,076	3	$56,505					10	$55,571		
Nobles	62	$738,171	19	$375,284	8	$65,276	26	$263,398	9	$34,213		
North Central JPB	27	$211,665	2	$100,000			1	$11,606	24	$100,059		
Northwestern JPB	28	$643,188	4	$148,993			20	$479,345	3	$11,850	1	$3,000
Olmsted	56	$556,521	12	$244,620	1	$3,700	15	$159,360	27	$146,841	1	$2,000
Pennington	2	$99,764					2	$99,764				
Pipestone	27	$339,197	5	$162,715	4	$16,580	12	$138,656	6	$21,246		
Pope	36	$210,216	1	$13,924			7	$79,948	28	$116,344		
Red Lake	3	$82,680	1	$19,400			2	$63,280				
Redwood	30	$336,752	2	$20,486			15	$228,033	13	$88,233		
Renville	48	$455,681	5	$66,474			22	$245,804	21	$143,403		
Rice	32	$403,716	4	$120,446	1	$1,800	22	$211,552	5	$69,918		
Rock	92	$1,117,000	50	$853,707	6	$53,803	11	$135,990	25	$73,500		
Scott	78	$476,963	6	$64,175	5	$15,554	12	$88,425	55	$308,809		
Sherburne	15	$92,777	2	$39,952					13	$52,825		
Sibley	28	$422,314	6	$182,778	2	$19,730	11	$120,000	9	$99,806		
St. Louis	6	$224,900							6	$224,900		
Stearns	28	$390,712	17	$316,822	5	$36,713	1	$8,200	5	$28,977		
Steele	31	$257,505	6	$83,082	3	$27,958	2	$34,000	20	$112,465		
Stevens	22	$119,180	2	$13,640	2	$3,225	7	$50,684	11	$51,631		
Swift	30	$226,169	4	$91,860			4	$43,700	22	$90,609		
Todd	18	$229,661	8	$97,888			1	$5,500	8	$116,273	1	$10,000
Traverse	3	$36,670					2	$31,000	1	$5,670		
Wabasha	63	$644,903	23	$369,168	1	$10,000	18	$162,349	21	$103,386		
Waseca	78	$963,300	17	$343,882	2	$6,375	34	$422,732	20	$122,815	5	$67,496
Washington	12	$160,637	1	$50,000			5	$76,277	6	$34,360		
Watonwan	77	$861,373	16	$310,069	1	$4,340	34	$439,470	26	$107,494		
West Central JBP	82	$998,077	10	$309,081	1	$3,500	20	$437,161	51	$248,335		
Wilkin	25	$169,442	1	$40,000	1	$7,447			23	$121,995		
Winona	39	$460,214	18	$377,796					21	$82,418		
Wright	30	$383,368	6	$81,541			16	$253,384	6	$40,293	2	$8,150
Yellow Medicine	48	$310,749	4	$77,427	6	$45,940	4	$37,400	34	$149,982		

Summary of all loans issued through all programs.

Totals	2,396	$26,737,890	582	11,289,695	96	$647,497	721	$9,160,751	980	$5,453,186	17	$186,761

APPENDIX C. SIZE OF FARM OPERATIONS UTILIZING AGBMP LOANS.

Figure 10. Number and size of farms receiving AgBMP Loans for agricultural waste management.

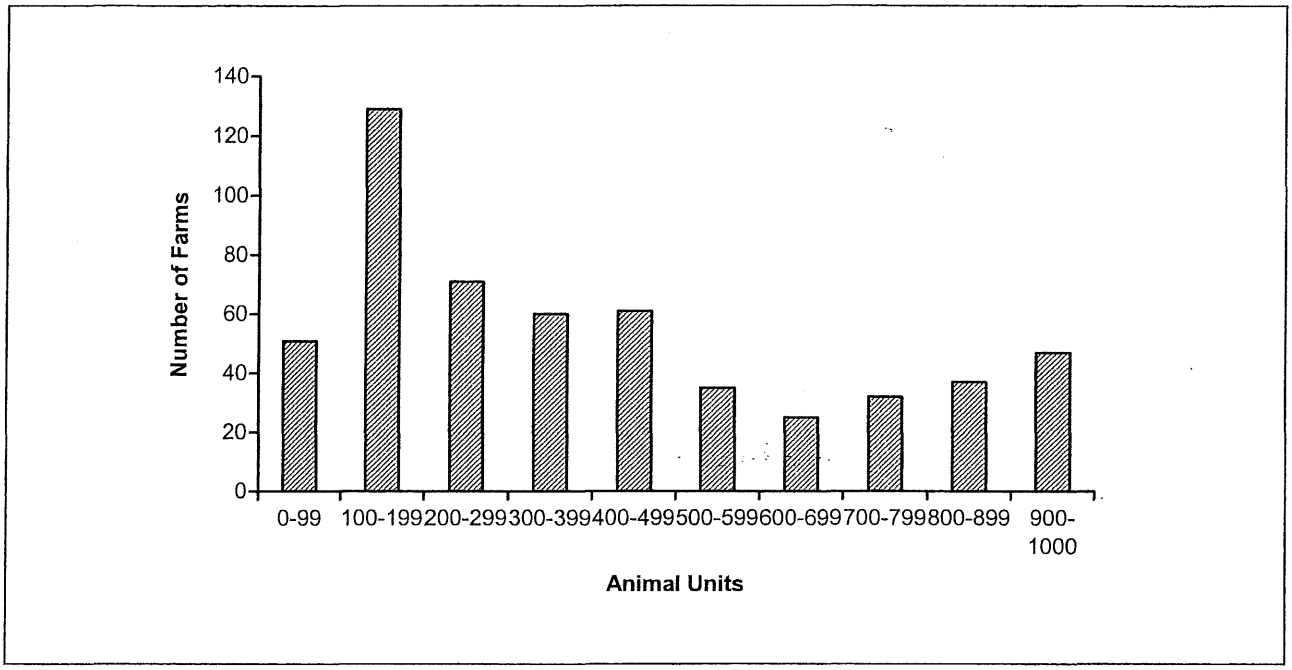
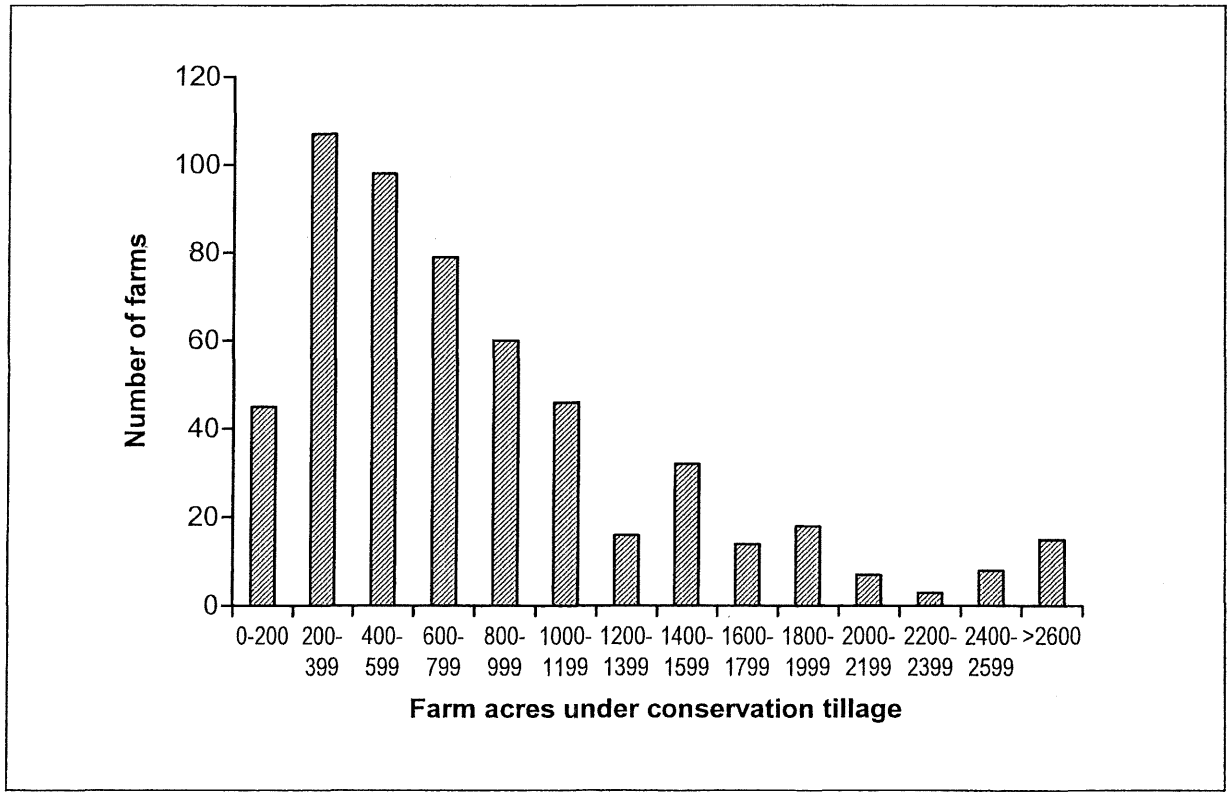


Figure 11. Number and acreage of farms receiving Ag BMP loans for conservation tillage practices.



APPENDIX D. PARTIAL LIST OF EXAMPLE PRACTICES FUNDED BY THE AGBMP LOAN PROGRAM.

AG WASTE BASIN
AG WASTE PUMP AND AGITATOR
A-JACKS, RIPRAP, SHORELINE STABILIZATION
BALZER 4800 SPREADER - INJECTOR
BALZER 6350 SLURRY INJECTOR SYSTEM
BALZER 7500, DODA PUMP, FILLER TUBE.
BALZER MAGNUM SLURRY 10,000
BASIN LINER
BH 9100 HIGH RESIDUE CULTIVATOR
BH RIDGE TILL CULTIVATOR
BLUE JET CONSERVATION DEEP TILL
BOBCAT 773 SKIDSTEER
BRENT CPC 2000 RIPPER
CASE IH 1507 MANURE SPREADER
CASE IH 4300 FIELD CULTIVATOR
CASE IH 5400 NO TILL DRILL
CONCRETE AND EXCAVATION FOR DIVERSIONS
CONCRETE APRON
CONCRETE BASIN
CONCRETE FEEDLOT IMPROVEMENTS
CONCRETE RETAINING WALL
CONCRETE STACKING SLAB AND WALLS
CONCRETE TANK
CONCRETE, GEOTEXTILE LINER, EXCAVATION
DAM
DMI 527 ECOLO-TIGER
DMI 530 ECOLO-TIGER
DMI 900 ECOLO CHAMP
DMI COULTER CHAMP II HD
DMI TIGER MATE II CULTIVATOR
DODA 1.5, PTO, HYDRAULIC LIFT
DRESSOR 515B PAYLOADER
EARTHEN BASIN
EARTHWORK AND CONCRETE
EL 84-6000 TANK, INJECTION EQUIPMENT
EXCAVATION WORK
FEEDLOT IMPROVEMENTS
FILTER STRIP
FLEXICOIL 1330 AIR CART
GEHL 1322 SCAVENGER SPREADER
GLENCOE DISK CHISEL PLOW
GRASS WATERWAY WITH TILE.
HEIL 8750, HOULE 540 PUMP
HINIKER 6000 CULTIVATOR
HINIKER NO TILL DRILL
HOSES, REELS, AND INJECTION EQUIPMENT
HOULE 6000 AND FILL PUMP
HOULE TRAILER WITH PUMP
HPDE LINED BASIN
HS 2602 SPREADER
IH 5800 CHISEL PLOW
ISTS – MOUND
ISTS – TRENCH
JD 1600 CHISEL PLOW
JD 1750 CONSERVATION PLANTER
JD 1900 AIR SEEDER
JD 510 DISK RIPPER
JD 787 AIR SEEDER
KINZE 2600 PLANTER
KNIGHT 8018 HO SLINGER SPREADER
LANDULT 2325 WEATHERPROOFER
MANURE HAULING TANK WITH INJECTORS
MANURE INJECTION EQUIPMENT
MANURE PIT AND PUMPING SYSTEM.
MANURE PIT REPAIR
MANURE TANK AND MANURE PUMP
MEYERS 3245 TANK SPREADER
MEYERS 3295 R SERIES SPREADER
MW 1475 EARTHMASTER
NH 195 SPREADER
NH 3110 SPREADER
NH 395 FOLDING CULTIVATOR
R&H HIGH RESIDUE CULTIVATOR
RAWSON GRN TPH ZONE TILL CART
RESEEDING AND LANDSCAPING
RETAINING WALL.
RING DIKE
SCRAPE APRON, RETAINING WALL, FILTER STRIP.
SEDIMENT CONTROL BASIN AND TILE OUTLET
SLURRYSTORE, AGITATOR, PUMP
STACKING SLAB, SCRAPE APRON
SUNFLOWER 4010 CHISEL PLOW
TAYLORWAY 20' CON-TILL DISK
TERRACE AND TILING
TIGER MATE, CONCORD AIR SEEDER
TREE PLANTING SUPPLIES
VANDALE 4700 HD SPREADER & SHALLOW TILL IN
WEISER SLURRY STORE
WHITE 6200 PLANTER
WILRICH 340 FIELD CULTIVATOR
WILRICH 660 DISK CHISEL

APPENDIX E. GLOSSARY OF TERMS AND ACRONYMS.

AgBMP: Agricultural Best Management Practices. Practices traditionally associated with farm operations, such as proper use and storage of manure, contour farming, conservation tillage methods, terraces, grassways, filter strips, and buffer strips.

Allocation: Funds awarded to counties for projects.

Applicant: The local government unit that applies for AgBMP funds and will be responsible for administration of the program locally.

Appropriation: Funds provided by the legislature or the PFA to the MDA.

BMP: Best Management Practices. Practices, techniques, and measures, that prevents or reduces pollution from agricultural sources by using the most effective and practicable means of achieving air quality goals. Best management practices include, but are not limited to, official controls, structural and nonstructural controls, and operation and maintenance procedures.

Borrower: A farmer, rural landowner or farm supply business that implements a project.

BWSR: Board of Water and Soil Resources. The primary state agency that assists local governments to implement water and soil related environmental program. It provides oversight to state Cost Share programs to farmers.

LCWP: Local Comprehensive Water Plan. The planning document prepared by local units of government to identify water resources issues, establish priorities and develop action plans to address issues.

CWA: Clean Waters Act. The federal legislation protecting water resources authorizing the SRF accounts.

Disbursement: Funds sent to a designated Local Lender to finance an approved project.

DTED: Department of Trade and Economic Development. The state department that incorporates the Public Facilities Authority.

EPA: United States Environmental Protection Agency. The federal Agency responsible for administration of the Clean Waters Act and oversight of the SRF accounts.

ISTS: Individual Sewage Treatment System. On site sewage systems that treat less than 5000 gallons per day.

JPO: Joint Powers Organization. A formal group of Soil and Water Districts or counties formed to provide mutual benefits to the membership. JPOs may apply for AgBMP funds.

Local Lender: The local bank that will repay the MDA the funds the MDA provided for eligible practices and will service loans approved by local government unit.

MDA: Minnesota Department of Agriculture. The state department responsible for oversight of the local government implementation of the AgBMP Loan Program and account of money from the SRF and other appropriations.

MPCA: Minnesota Pollution Control Agency. The primary environmental protection agency in the Minnesota.

PFA: Public Facilities Authority. The state agency responsible for accounting and management of the SRF accounts.

SRF: State Revolving Fund. The primary source of AgBMP funds.

SWCD: Soil and Water Conservation District. The primary local unit of government unit that provides technical assistance and coordinates financial aid to farmers and landowners for projects that prevent or protect water and soil resources.