



Bassett Creek Watershed Management Commission

MEMO

To: BCWMC Commissioners and Alternate Commissioners
From: Administrator Jester
Date: September 5, 2021

RE: Recommendations for Providing Comments to BWSR on the Implementation of Watershed Based Implementation Funding

Background:

BWSR is moving away from distributing Clean Water Funds through a competitive grant program by moving toward a more predictable, stable funding mechanism called the Watershed Based Implementation Funding (WBIF) program. In non-metro areas, the WBIF program has provided funding for projects identified in comprehensive plans developed by large groups of partners on a basin scale. (These partnering groups and their plans are sometimes called "One Watershed One Plan" entities.)

In the metro area, watershed organizations have been developing comprehensive 10-year plans for decades. (Metro-area watershed organizations are not part of a One Watershed One Plan group unless their watershed is geographically tied with a larger basin on the metro-fringe.) So, for the metro area BWSR had to figure out how to distribute WBIF through a different mechanism. During the last two bienniums, BWSR distributed this funding through two different "pilot programs," hoping to zero-in on the most efficient and impactful way to implement the new program.

The pilot programs went well in some areas but weren't well streamlined and the process required considerable local-government staff time. Staff had to meet with and coordinate with other entities within a specific geographic area, develop criteria to rank projects, and determine the best projects to fund among all entities eligible to receive the funds including watersheds, cities, counties, and soil & water conservation districts (SWCDs). (Hennepin County does not have an SWCD.) Further, projects eligible for funding included those that were listed in SWCD annual work plans. While those are often good projects, the annual work plan is not comprehensive and often is not developed with the same amount of stakeholder input and rigorous review process as 10-year watershed plans.

MAWD Request:

The Minnesota Association of Watershed Districts (MAWD) recently requested that member organizations consider sending correspondence to BWSR regarding implementation of the WBIF program in the metro area. MAWD staff, Board, and some members argue that WBIF funding should be distributed only to watershed organizations and that city, county, or soil and water conservation district projects could be funded only if they are included in a watershed management plan. MAWD developed a policy analysis outlining its position and recommendations (Attachment 1).

Recommendation:

After reviewing this issue and MAWD's policy analysis, and consulting with Commissioner Welch due to his knowledge of the issue through his work with watershed clients, I recommend that the BCWMC send a letter to BWSR outlining the following points regarding this issue.

- The BCWMC supports the fundamental concept of dedicating Watershed Based Implementation Funds to a program or plan of coordinated, prioritized, and targeted water-resource improvement projects.
- Watershed Based Implementation Funding should be distributed equitably across the metro as there are high-priority needs and resources in every corner of the area.
- The BCWMC agrees that rigorous public involvement in the identification and prioritization of potential projects is critical to successful implementation.
- Funding policy that provides state grants to projects that are not included in an approved Minnesota Statutes chapter 103B plan undermines comprehensive, stakeholder-engaged watershed planning and significantly undermines the value and effectiveness of watershed organizations. BWSR should only fund projects that are included in an approved 103B plan or that qualify for an incentive program in an approved 103B plan.

Minnesota Association of Watershed Districts Policy Analysis and Recommendations Metro Watershed Based Implementation Funding

Introduction and Purpose:

The Board of Water and Soil Resources (BWSR) has been piloting options for long term funding through its watershed based implementation funding (WBIF) program for the metro area, as it moves away from competitive based funding for clean water projects.

This paper analyzes those policy options using criteria established by the Board of Water and Soil Resources, Minnesota statutes and the Local Government Water Roundtable (LGWR) – including that state funds be provided in a streamlined, efficient, predictable manner for prioritized, targeted and measurable clean water implementation at a watershed scale.

Policy Recommendation:

Based on the analysis, the Minnesota Association of Watershed Districts (MAWD) finds that the policy option that best meets these stated goals is:

Funding distributed to organizations with state approved comprehensive, multiyear 103B watershed management plans that deliver on multijurisdictional priorities at a watershed scale.

Policy Parameters:

1. Portions of the metro that are within a One Watershed One Plan (1W1P) should be funded through the 1W1P program and NOT through the Metro WBIF. Specifically, the North Fork Crow River, South Fork Crow River, Rum River, Lower St. Croix River and North Cannon River within the metro should be funded through their respective 1W1P.
2. The remaining metro area should have grants distributed to the 23 water management organizations (WMO) wholly located within the metro for implementation.
3. Projects may be the work of any eligible local government identified in the WMO plan (including soil and water conservation districts, counties, or cities), or subsequently integrated into the WMO plan through the well-established planning processes outlined in MN Statute 103B.

Background and Context:

Local Government Water Roundtable:

In 2013, the Local Government Water Roundtable (LGWR) Comprehensive Water Planning and Management Policy Paper recommended that, *“long-term predictable state funding should be provided for implementation of actions identified in watershed-based plans.”*

The 2013 Policy Paper outlined that, *“the funding mechanisms should allow streamlined administration to maximize efficiency, minimize redundancy, and prevent duplication of efforts.”*

In 2016, the LGWR Funding Workgroup Policy Paper found that:

- *“When the voters of Minnesota approved the Clean Water, Land and Legacy Amendment to increase sales tax, they did so with the intent that actions would take place that would result in cleaner water.”*

- *“Once implementation strategies are developed it is imperative that funding is aligned to be distributed to implement actions effectively.”*
- *“More predictable funding for implementation will make it more likely to achieve progress on the goals of clean water which the citizens of Minnesota supported.”*
- *“Watershed management is an effort that takes time and would benefit from a more stable base of funding than is provided through current grants.”*
- *“In the Twin Cities metropolitan area, mandatory planning has been required since 1982. Since these plans exceed what is expected in 1W1P, at this time they are not anticipating going through the 1W1P process. However, their comprehensive watershed management plans are in need of predictable funding from the state.”*
- *“Long-term, predictable state funding should be provided in the form of Comprehensive Watershed Implementation Block Grants (CWIBGs) for management and implementation of actions identified in comprehensive watershed management plans.”*
- *“A new funding mechanism should . . . be resource driven where strategies and actions identified in the comprehensive watershed management plans drive what gets done.”*
- *“The most significant question remaining for the Metro is how future state funds could be equitably and more efficiently distributed, both for planning and implementation.”*

Board of Water & Soil Resources Watershed Based Implementation Funding Pilot:

The Board of Water and Soil Resources has established pilot watershed based implementation funding programming in the metropolitan area. Based on BWSR literature, these pilot programs are intended to:

- Ensure a simplified administrative process;
- Be driven by locally led collaboration;
- Provide reliable support for local water management;
- Be prioritized, targeted and measurable; and
- Depend on comprehensive watershed management plans to address the largest pollution threats and provide the greatest environmental benefit to each watershed

Stakeholder Engagement in BWSR Watershed Based Implementation Funding Pilot:

Pilot programming for watershed based implementation funding was implemented in the 2018-2019 and 2020-2021 biennium as a means to developing best practices for the long-term sustained implementation of WBIF.

Throughout that time metro watershed management organizations have repeatedly provided critical insight, feedback, and concrete policy guidance to BWSR based on real world experience with implementing the pilot programs; measured against the stated goals of BWSR – stemming from prior recommendations from the LGWR.

In addition to consistent feedback regarding the lack of specific and measurable goals, opaque process, and inconsistent communication from BWSR to stakeholders; metro watershed management organizations have repeatedly recommended that BWSR’s “watershed based” funding program be truly

watershed based – relying on metropolitan watershed management plans – in order to achieve policy objectives of:

- Ensuring a simplified administrative process;
- Being driven by locally led collaboration;
- Providing reliable support for local water management;
- Being prioritized, targeted and measurable; and
- Depending on watershed management plans to address the largest pollution threats and provide the greatest environmental benefit to each watershed

In response to feedback, BWSR has communicated that the watershed based funding pilot program “*is truly a pilot program,*” and that it was committed to working with local government partners to leverage the feedback and learning gathered through the pilot process. Unfortunately, to date the consistent recommendations from metro watersheds have not been meaningfully or transparently integrated into BWSR’s policy evaluation or decision making.

From the beginning, and throughout the pilot program, metro watersheds have repeatedly pleaded with BWSR to:

1. Articulate how the pilot programs are being measured relative to the stated policy objectives;
2. Communicate those data driven findings to stakeholders;
3. Identify criteria being used to evaluate the many policy options regarding the long term mechanics of watershed based implementation funding; and
4. Clearly communicate its analysis and findings ahead of decision making regarding the long-term use of constitutionally dedicated legacy funding.

With ongoing concerns related to the lack of transparent communication and unclear frameworks for analysis by BWSR, MAWD has worked with metro watershed management organizations to identify and apply evaluative criteria to the various WBIF options to support a clear and focused policy recommendation to BWSR.

MAWD Analysis of BWSR Watershed Based Implementation Funding Policy:

Introduction:

For purposes of evaluating WBIF options MAWD has used the well-established public policy analysis framework below.

- Define the problem
- Assemble the evidence
- Construct the alternatives
- Identify evaluative criteria
- Project the outcomes
- Confront the tradeoffs
- Decide

Define the Problem:

For purposes of MAWD’s analysis, LGWR has already assembled evidence and defined the problem, that to achieve the clean water objectives voted on in the constitutional amendment, a source of *long-term predictable state funding should be provided for implementation of actions identified in watershed based*

plans – with funding mechanisms maximizing efficiency, minimizing redundancy, and preventing duplication of efforts.

Construct the Alternatives:

Throughout the implementation of the WBIF pilot programs a variety of alternatives have been identified. These are outlined in the attached policy analysis matrix (Attachment A), and include:

- A. Allocate funds by BWSR defined 10 Metro Watershed Areas.
 - a. Eligible LGUs meet in each of the 10 WS Areas to decide distribution of funds. *Used in FY2020-2021 cycle
- B. Allocate funds by BWSR defined 33 Metro Watershed Areas.
 - a. Eligible LGUs meet in each of the 33 WS Areas to decide distribution of funds.
- C. Allocate each eligible entity in Metro (WMO, SWCD, County, up to 47 entities) to fund each plan.
- D. Metro-wide competitive grant for all eligible entities.
- E. Allocate funds by BWSR defined 3 Metro Watershed Areas based on major river basins (MN, Miss, St Croix).
 - a. Eligible LGUs meet in each of the 3 WS Areas to decide distribution of funds.
- F. Allocate funds to each of the 33 Metro Watershed Management Organizations with approved plans. WMO/WDs decide the distribution of funds.
- G. Allocate funds to each of the 23 Metro Watershed Management Organizations with approved plans that are not part of a 1W1P. WD/WMOs decide the distribution of funds.

Identify the Evaluative Criteria:

To objectively evaluate the aforementioned WBIF options, a set of seven criteria were used drawing from BWSR policy and guidance, statute, and LWGR policy recommendations, which include.

- Projects are prioritized, targeted and measurable (PTM)
- The Plan is sufficiently cooperative and coordinated with cities, SWCD, and counties in the metro
- The process to distribute identify and fund projects, implement, and report is efficient and streamlined
- Work is PTM at a watershed scale
- Projects must be identified in a comprehensive watershed plan developed under 103B
- The Plan underwent a public agency review
- WBIF funds are a predictable source of funds

Project the Outcomes:

The evaluation of options A-G, using the aforementioned seven criteria are outlined in the attached policy analysis matrix (Attachment A). An executive summary of this analysis is provided below.

Watershed management planning processes outlined in MN Statute §103B.231 have proven, over 40 years of practice, to be one of the most effective single means of comprehensively integrating multijurisdictional water and land use planning – resulting in truly collaborative, prioritized, targeted and measurable water resource improvement strategies coordinated efficiently at a watershed scale.

As the LGWR acknowledged in 2016, the content requirements of these metro watershed plans exceed what is expected in 1W1P, and require meaningful collaboration with towns, statutory and home rule charter cities, soil and water conservation districts, state review agencies, the Metropolitan Council and the Board of Water and Soil Resources.

Following plan adoption, every single metro water management organization implements annual processes to maintain their comprehensive watershed management plans, through careful and intentional collaboration with agency partners at a local and regional scale, to integrate emerging issues, priorities, and management strategies identified within the watershed.

As needed, based on this routine and real-time level of locally led collaboration, watershed plans are amended to integrate adjusted priorities identified through partnership with cities, soil and water conservation districts, counties and others. These amendments are reviewed by all member towns, cities, counties, the Metropolitan Council, state review agencies, before ultimately being approved by BWSR.

This process, designed by the legislature, is explicitly designed to contemplate and integrate, at a watershed scale, the physical environment, the hydrologic system, and the policies and plans of all other agencies within the jurisdiction, in order to develop a comprehensive, prioritized, and targeted plan for measurable watershed improvement.

Juxtaposed against existing and proven processes in 103B, BWSR has promoted a new “convene” policy, which at its core invents a new regional governance framework and planning process ([Metro Area Watershed Based Funding Process](#)), accompanied with significant overhead and duplications beyond the proven metro watershed planning already in place.

BWSR’s proposal contradicts the established goals and policy recommendations of the LGWR to establish funding mechanisms that *maximize efficiency, minimize redundancy, and prevent duplication of efforts*; and BWSR’s own claim that, *“The efficiencies created by this change will benefit both organizations and landowners by streamlining processes, which will allow more projects to be implemented in a timely manner and ensure limited resources are spent where they are needed most.”*

103B watershed management planning exists today, under statute, as an efficient, streamlined process to integrate and prioritize water resource management at a multi-jurisdictional level – bringing city, soil and water conservation districts and county goals under one umbrella. It is unclear how developing new bureaucracy that exists in parallel with statute and rule already in place serves the stated objectives of LGWR, BWSR, or taxpayers, as it increases the overhead and process for local agencies beyond those that were previously required to seek clean water funds competitively.

If the state wishes to develop an efficient, streamlined, predictable source of funding for prioritized watershed scale implementation on a coordinated versus competitive basis, funding 103B watershed management plans completed under existing statute and rule is the alternative that achieves these goals.

Attachment A

Policy Recommendation and Analysis

Policy Recommendation:

Funding distributed to organizations with state approved comprehensive, multiyear 103B watershed management plans that synthesize multijurisdictional priorities at a watershed scale.

Parameters

1. Portions of the metro that are within a One Watershed One Plan (1W1P) should be funded through the 1W1P program and NOT through the Metro WBIF. Specifically, the North Fork Crow River, South Fork Crow River, Rum River, Lower St. Croix River and North Cannon River within the metro should be funded through their respective 1W1P.
2. The remaining metro area should have grants distributed to the 23 water management organizations (WMO) wholly located within the metro for implementation.
3. Projects may be the work of any eligible local government identified in the WMO plan (including soil and water conservation districts, counties, or cities), or subsequently integrated into the WMO plan through the well-established planning processes outlined in MN Statute 103B.

Evaluation Criteria and Policy Analysis:

1. Projects must be identified in a comprehensive watershed plan developed under 103B

- a. Metro WMOs have approved comprehensive plans that meet strict criteria, are comprehensive and have a significant public and agency input and review process.
- b. These plans are comprehensive in nature and by statute, multiyear (10 Years) and are based on the state mandated and established watershed boundaries within the metro area.
- c. The WMO identifies and considers all relevant plans and programs. Reviews any Water Resources and Protection Strategies (WRAPS) reports, Groundwater Restoration and Protection Strategies (GRAPS) reports, and County Groundwater Plans and local water management plans, SWCD Comprehensive plans developed for the area.
- d. 2016 LGWR Funding Workgroup Policy Paper stated, "Metro Area Collaborative PTM Plans (prioritized, targeted, and measurable) should receive Comprehensive Watershed Implementation Block Grants."
- e. Collaborative PTM Plan: A plan for watershed management activities that are prioritized, targeted and measurable that is developed by using the existing comprehensive watershed management plans that exist in Counties of the Seven County Metro Area.

2. Projects are prioritized, targeted and measurable

- a. Plans are required under 8410.0045 to identify priority issues in consideration of:
 - (1) water management problems, including prevention of future water management problems,
 - (2) funding levels; and

(3) regional, county, city, state, and federal water management priorities.

b. Priority issues must be evaluated, addressed, and prioritized in the goals and implementation sections of the plan.

c. Each plan or plan amendment shall contain specific measurable goals that address issues identified.

3. Plan underwent a public and agency review

a. WMOs consults with BWSR Board Conservationist to review the plan update process. Prepare to start the update process approximately 18-26 months prior to the expiration of the current plan to allow adequate time to gather priority concerns, write the plan, and meet the review timelines. Discuss public input ideas. Set a due date for update completion and work backward to develop an internal timeline.

b. WMOs engage committee(s) in the update process. The purpose of the committee(s) are to make recommendations on the issues identified in the plan (8410.0045, Subpart 2). Committee input is solicited and integrated regularly throughout the update process. WMOs have an advisory committee and/or other type of committee, or other public and technical participation.

c. WMOs notifies the required state review agencies, any county, city, township and soil and water conservation district within the watershed area, and MnDOT. The notice describes the initiation of the plan update and requests input on water resource information allowing 60 days for response.

d. WMOs develop a public input process that is WMO Board approved and acceptable to BWSR. At least one public input meeting is required, however, multiple public meetings are often held to explain the planning process, the goals of the plan, and to solicit meaningful input. Citizen surveys and workshops with interest groups are also often used for additional means to gather public input.

4. The plan is sufficiently cooperative and coordinated with cities, SWCD and counties in the metro

a. A simple process already exists in MN Rules 8410 detailing how WMOs entities can amend their plans to incorporate requests from the cities, counties and SWCDs to include projects be added to comprehensive watershed plans if not already included. WMOs will continue to seek input projects and priorities as part of our annual budgeting process to members of our Technical Advisory Committee.

b. BWSR already has a review process for the comp watershed plans (PRAP or complaint-driven) and therefore can identify shortcomings in coordination or implementation and enforce change. Plans may be amended periodically to include partner project and program requests. The amendment process includes review by BWSR and all state review agencies.

c. Metro WDs/WMO can utilize their existing Technical Advisory Committees (TAC) to assist in the prioritization of watershed projects funded through WBIF. The TAC will also provide input on the plan amendment process and keeping the WD/WMOs apprised of the latest implementation strategies and technology.

5. This approach will make the CWF/WBIF process more efficient and streamlined

a. LGWR 2013 Policy Paper stated, "The funding mechanism should allow streamlined administration to maximize efficiency, minimize redundancy, and prevent duplication of efforts."

b. Provides for the fewest number of grant agreements to implement the program

c. Provides a more consistent statewide approach to fund allocation, priority project selection and implementation.

d. Provides BWSR the best way to ensure WBIF is meeting state defined criteria.

e. The areas within the metro that are part of an existing 1W1P (Rum River, Lower St. Croix, North Cannon, and the Crow River) should be funded through the statewide 1W1P program and not through metro WBIF,

f. This would eliminate the duplication of areas included in a 1W1P. The metro WBIF allocations for these areas should be added to the 1W1P allocations and the partnership should receive ONE allocation from two sources. These organizations have already been funded to write a plan and should now work collaboratively to implement the plan like the rest of the state.

g. Metro Groundwater Plans should be funded from another source to reduce the confusion and redundancy of WBIF also be used for groundwater implementation. There are other groundwater programs that end up getting an allocation for surface water AND an allocation for groundwater due to this duplication of funding.

6. Predictable source of funds

a. LGWR Comprehensive Water Planning and Management Policy Paper in 2013 stated “Long-term predictable state funding should be provided for implementation of actions identified in watershed-based plans.”

b. 2016 – LGWR Funding Workgroup Policy Paper stated “In the Twin Cities metropolitan area, mandatory planning has been required since 1982. Since these plans exceed what is expected of a 1W1P, at this time they are not anticipating going through the 1W1P process. However, their comprehensive watershed management plans are in need of predictable funding from the state.”

7. Watershed Scale

a. Local Government Water Roundtable (LGWR) introduced legislation in 2011 to make changes to allow Comprehensive Local Water Management (CLWM) to be conducted on a watershed basis instead of a county boundary.

b. Under 103B a watershed means a drainage area with boundaries that are substantially coterminous with those of an aggregation of contiguous minor watershed units possessing similar drainage patterns and that cross the borders of two or more local government units.

Metro WBIF Options and Criteria Comparison

	1	2	3	4	5	6	7
Option	1) Projects must be identified in a comprehensive watershed plan developed under the 1W1P or 103B metropolitan surface water management frameworks or groundwater plans	2) Prioritized, Targeted and Measurable	3) In the Metro the plan underwent a public and agency review	4) The Watershed Plan is sufficiently cooperative and coordinated with cities, counties, & SWCDs in the watershed	5) The process to distribute funds, identify projects, implement, report, and measure results is efficient & streamlined	6) WBIF funds are a predictable source of funds to eligible entities	7) Planning and project implementation is completed on a watershed scale
Source for criteria	2019 Session Law https://www.revisor.mn.gov/laws/2019/1/Session+Law/Chapter/2/	BWSR policy/guidance	MS 103B.231 & MR 8410	BWSR policy/guidance	BWSR policy/guidance	LWGR policy 2016	BWSR policy/guidance
A	Allocate funds by BWSR defined 10 Metro Watershed Areas. Eligible LGUs meet in each of the 10 WS Areas to decide distribution of funds. Used in FY2020-2021 cycle						
B	Allocate funds by BWSR defined 33 Metro Watershed Areas. Eligible LGUs meet in each of the 33 WS Areas to decide distribution of funds.						
C	Allocate each eligible entity in Metro (WMO, SWCD, County, up to 47 entities) to fund each plan.						
D	Metro-wide competitive grant for all eligible entities.						
E	Allocate funds by BWSR defined 3 Metro Watershed Areas based on major river basins (MN, Miss, St Croix). Eligible LGUs meet in each of the 3 WS Areas to decide distribution of funds.						
F	Allocate funds each of the 33 Metro Watershed Management Organizations with approved plans. WMO/WDS decide the distribution of funds.						
G	Allocate funds each of the 23 Metro Watershed Management Organizations with approved plans. WD/WMOs decide the distribution of funds.						

Scoring

Fully Meets Criteria
Partial Meets Criteria
Does Not Meet Criteria

Definitions

Comprehensive Watershed Plan	A plan that meets all the requirements under 1W1P or 103B including 5-10 year CIP, watershed assessments, program descriptions, public and agency review, etc. as described in MS & MR. This is consistent with 2019 Session Law for the funding.
Prioritized, Targeted and Measurable	Has the meaning as defined by BWSR in its guidance
Public and Agency Review	Has the meaning as describe in MS103B.231, Subd 7 Reviewing draft plan
Sufficiently cooperative and coordinated	Has the meaning as defined by BWSR in its guidance
Efficient & streamlined	This means the process to distribute funds, identify projects, implement, report, and verify is efficient & streamlined for both BWSR and the local eligible entities receiving the funds.
Predictability of Funding	Eligible entities know with a high degree of certainty when and how much funding will be delivered during the biennium.
Scale	BWSR has stated funding must be in a prioritize, comprehensive watershed plan. This only happens at certain scales, e.g. 1W1P (MS 103B.801), Metro plan (MS 103B.231 & MR 8410)

NOTES

BWSR defines Eligible Entities in the seven-county Twin Cities Metropolitan (Metro) Area as counties, watershed districts, watershed management organizations, soil and water conservation districts, and municipalities having a current state approved and locally adopted watershed management plan as required under §103B.231, county groundwater plan authorized under §103B.255, or soil and water conservation district comprehensive plan under Minnesota statutes

"Organizational" plan needs to be defined since BWSR uses this term to describe why watershed plans are not an adequate vehicle to plan and implement the work needed to meet comprehensive watershed management goals.

Options A-C and E can never fully meet the criteria because (1) not all eligible entities have a watershed plan under 103B, (2) is not a source of predictable funding to watersheds as it will vary by entity willingness to distribute by watershed need and not entity need to fund their own organizations, and (3) planning is not done at the watershed scale by all entities.

Main drawback to Option D is it's not a predictable source of funding and it does not promote collaboration at the local level.