



## MEMORANDUM

**To:** MCWD Board of Managers  
**From:** Becky Christopher  
**Date:** February 11, 2019  
**Re:** Information Item – Watershed-Based Funding Update

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### **Purpose:**

To provide the Board of Managers with an update regarding the Watershed-Based Funding Program.

### **Background:**

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

### Pilot Program

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

The eligible local government units (LGUs) within each county (watershed districts, watershed management organizations, counties, soil and water conservation districts, cities) were given a deadline of July 2, 2018 to develop a collaborative work plan identifying priority activities that would be implemented with the funds. Both the Hennepin and Carver County groups opted to use a formula-based approach to allocate the funds with 50 percent of the allocation based on

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land area and 50 percent based on tax base. The Hennepin County group first allocated ten percent of the funding (\$101,800) toward county-wide chloride programming. The resulting allocations for MCWD were \$249,151 in Hennepin County and \$93,879 in Carver County.

In June 2018, the MCWD Board authorized staff to apply for grant funding as part of the county-wide collaboratives and to allocate the funding toward the following projects:

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

### MCWD Recommendations

On February 8, 2018, the Board authorized the submittal of a letter to BWSR expressing the District's concerns and recommendations for the WBF Program. The recommendations included:

1. Funds should be allocated based on 8 digit HUC watersheds, rather than county boundaries.
2. BWSR should focus the program on the resource needs and outcomes of projects, and incentivize those projects and programs that achieve the greatest results.
3. The program should utilize a project priority list to allow LGUs to organize projects based on merit and provide a predictable funding plan in alignment with the timeline for project implementation.

Staff has continued to be vocal throughout the process regarding the District's concerns with the pilot and recommendations for the future direction of the WBF program.

### Stakeholder Engagement Process

Following the development of the collaborative plans for the pilot program, BWSR partnered with the Metropolitan Council to conduct a stakeholder engagement process to gather input about the future direction of the WBF program for the Twin Cities metropolitan area.

The first phase of the engagement was an electronic survey in August 2018. The results of the survey were used to shape questions for a round of focus group meetings in September 2018 with each LGU type (watershed districts, watershed management organizations, counties, soil and water conservation districts, cities). The focus groups were asked to identify and evaluate options regarding geographic distribution of funds, the allocation method, and eligible entities. Each stakeholder group then nominated two representatives to attend a series of multi-stakeholder forums to develop recommendations to guide BWSR as they craft the guidelines of the Metro WBF program. MCWD and Capitol Region WD staff (Becky Christopher and Mark Doneux) were selected as the watershed district representatives.

The forum group was charged with developing recommendations in three areas:

- Geographic distribution – the scale or boundary to which BWSR funding is allocated
- Allocation – the method for allocating funds from BWSR to the geographic areas
- Eligibility – which organizations and/or plans should be eligible

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## Multi-Stakeholder Forum Recommendations

The Metro WBF forum group met four times between November 2018-January 2019 and developed the following recommendations:

- Geographic distribution:
  - Funding should be allocated based on One Watershed One Plan (1W1P) boundaries. (The 1W1P boundaries are derived from the HUC8 watersheds with some modifications based on political jurisdictions or planning decisions.)
  - The Mississippi River Twin Cities and Minnesota River watersheds should each be split in two along the river due to their size and jurisdictional complexity.
- Allocation:
  - The funds should be allocated by formula, using land area as a primary driver and a tax-based parameter as a secondary driver.
  - There should be a minimum allocation amount.
  - Groundwater funding should be allocated separately, given that it does not follow surface topography.
- Eligibility:
  - Eligible organizations that can be direct recipients of funding are a city or township, watershed district (WD), watershed management organization (WMO), county, soil water conservation district, or joint powers organization.
  - Eligible plans are WD/WMO management plans, county groundwater management plans, 1W1P plans, and SWCD management plans (provided that they become subject to public review & BWSR Board approval).

The group also provided recommendations regarding how funds are distributed from the 1W1P planning areas to the LGUs/projects, including a requirement that LGUs follow an approach that is prioritized, targeted, and measurable.

### **Next Steps:**

Staff is generally comfortable with the recommendations that came out of the stakeholder process and feels that they are in line with the recommendations MCWD provided previously. The recommendations and meeting notes from the Metro WBF forum group will be passed on to BWSR committees for their review. BWSR will evaluate these recommendations, along with recommendations from the Local Government Water Roundtable regarding the statewide program, to develop a statewide WBF Program for BWSR Board approval by August 2019.

Staff will continue to track this process and keep the Board informed as it moves forward. If there are any questions or you would like further information, please contact Becky Christopher at 952-641-4512 or [bchristopher@minnehahacreek.org](mailto:bchristopher@minnehahacreek.org).

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