

Memo

To: House & Senate Legacy Finance Committees
From: Paul Gardner, Administrator, Clean Water Council
Date: February 1, 2024
RE: Supplemental Clean Water Fund Recommendations for FY24-25

The November 2023 revenue estimate and budget forecast show an additional \$18,056,000 in the Clean Water Fund (CWF) for FY24-25.

At its January 22nd meeting, the Clean Water Council approved the following requests to submit to the Legislature. These requests, if appropriated by the Legislature, would amend 2023 Session Law, Chapter 40 with section and paragraph references noted in each line item below.

Total Request **\$18,056,000**

MINNESOTA DEPARTMENT OF AGRICULTURE

Nitrate in Groundwater (Section 3(b)) \$1,000,000

This additional request would accelerate progress already being made by the Department of Agriculture (MDA) to implement the Nitrogen Fertilizer Management Plan. However, this additional funding would focus on eight counties included in southeast Minnesota as a response to the EPA. The current appropriation is \$3,000,000 in FY24 and \$3,000,000 in FY25.

Agricultural Best Management Practices Loan Program (AgBMP) (Section 3(c)) \$1,402,000

This request includes \$402,000 that is the difference between the MDA's past request for \$10 million and what was appropriated for FY24-25. The Council made this program its top priority for backfilling if a surplus was available. An additional \$1,000,000 would help meet a large backlog of requests for low-interest loans for water quality-related loans. The current appropriation is \$4,799,000 in FY24 and \$4,799,000 in FY25.

MINNESOTA POLLUTION CONTROL AGENCY

River and Lake Monitoring and Assessment (Section 4(a)) \$326,000

The Red River Watershed Management Board has regularly lobbied for a direct legislative appropriation from the Clean Water Fund to support the River Watch program. Usually, the Legislature makes an additional appropriation to the MPCA monitoring and assessment program for this purpose, but in FY24-25, it took \$326,000 from the program to pay for River Watch. This recommendation would backfill this cut

to meet the MPCA's goal of regularly monitoring for PFAS. The current appropriation is \$9,050,000 in FY24 and \$9,050,000 in FY25.

Enhanced County Inspection/SSTS Corrective Actions (Section 4(f)) \$1,000,000

The current appropriation for FY24-25 is \$7.1 million, which includes enhanced inspections by counties and assistance for qualified low-income households to replace their septic system to avoid imminent threats to human health. This additional recommendation would support an approximate additional 70 low-income households. The current appropriation is \$3,550,000 in FY24 and \$3,550,000 in FY25.

MINNESOTA DEPARTMENT OF NATURAL RESOURCES

Fish Contamination Assessment (Section 5(c)) \$90,000

The DNR received additional funds in FY24-25 to monitor PFAS in fish. (The program has monitored mercury and PCBs to date.) DNR requests some additional funds to accomplish the task. The current appropriation is \$455,000 in FY24 and \$455,000 in FY25.

BOARD OF WATER AND SOIL RESOURCES

Working Land and Floodplain Easements (Section 6(f)) \$2,000,000

The program goal is to restore and protect riparian, wellhead and floodplain areas across the state to improve and enhance water quality and wildlife habitat. The land targeted for this program is sensitive agriculture land within a riparian floodplain or wellhead area that is a priority drinking water protection area. This will be accomplished through long term, limited use contracts and perpetual easements. This additional funding would support activities in the eight southeastern Minnesota counties covered in the EPA response and could be used as state match for federal Regional Conservation Partnership Program (RCPP) funds. The current appropriation is \$2,500,000 in FY24 and \$2,500,000 in FY25.

Critical Shoreland Protection -Permanent Conservation Easements (Section 6(k)) \$2,000,000

This appropriation protects lands adjacent to public waters that have good water quality but are threatened with degradation. This program has a backlog of requests to protect priority parcels in the Rum River watershed. It protects sensitive shorelands on privately owned lands in the following 10 counties: Aitkin, Anoka, Benton, Chisago, Crow Wing, Isanti, Kanabec, Mille Lacs, Morrison, and Sherburne. Protecting these acres supports the drinking water supply for Minneapolis and St. Paul. This additional amount could support the protection of approximately 1,100 acres. The current appropriation is \$1,500,000 in FY24 and \$1,500,000 in FY25.

Watershed Partners Legacy Grants (Section 6(m)) \$2,000,000

This is the small grants program that the Council advocated for over many budget cycles to involve new partners. Half of the funding would go to tribal governments and the other half to nonprofit organizations. The current appropriation is \$500,000 in FY24 and \$500,000 in FY25.

Great Lakes Restoration Initiative Lakewide Action and Management Program \$1,000,000

This is a new request that had been pulled back from the FY24-25 appropriations process due to funding constraints. This funding would support soil and water conservation district capacity to leverage federal funds from the Great Lakes Restoration Initiative (GLRI). Funding would only apply to the five SWCDs along in the Lake Superior Basin for protection and restoration activities affecting lake water quality. The LAMP program is different from current GLRI funding to Minnesota that applies to the cleanup of the St. Louis River Area of Concern (AOC) that the CWF has matched in Section 4(d).

MINNESOTA DEPARTMENT OF HEALTH

Southeast Minnesota Nitrate Response \$6,354,000

This new funding would support a public health response on nitrate in private wells in eight counties in southeast Minnesota. The response includes conducting a well inventory and offering free well testing and mitigation for water quality issues. Most of the appropriation would go to the Tap In collaborative headed by Olmsted County that was created in a pilot project two years ago. A breakdown of the request is attached.

Drinking Water Contaminants of Emerging Concern (Section 7(a)) \$384,000

MDA would use this additional appropriation to develop health-based guidance for PFAS compounds and fish consumption. The current appropriation is \$4,746,000 in FY24 and \$5,354,000 in FY25.

UNIVERSITY OF MINNESOTA

Stormwater BMP Performance Evaluation and Technology Transfer (Section 9(b)) \$500,000

Additional funding would support research on emerging issues in urban stormwater pond operation and maintenance, including pond cleanout and disposal. Research in this program has been scaled up for water quality efforts statewide, such as enhanced street sweeping. The current appropriation is \$1,000,000 in FY24 and \$1,000,000 in FY25.