

**BOARD ORDER**

**Fiscal Year 2023 Water Quality and Storage Pilot Grant Program Policy**

**PURPOSE**

Authorize a fiscal year 2023 Water Quality and Storage Pilot Grant Program and adopt the updated Water Quality and Storage Pilot Grant Program Policy.

**RECITALS /FINDINGS OF FACT**

- A. Laws of Minnesota 2021, 1<sup>st</sup> Special Session, Chapter 6, Article 1, Sec. 4(I), appropriated \$1 million in Fiscal Year 2023 to a water quality and storage program.
- B. Laws of Minnesota 2021, 1<sup>st</sup> Special Session, Chapter 6, Article 2, Sec. 80 provides the statutory authority for the Water Quality and Storage Program (Minn. Stat. 103F.05), and includes the purposes of the Program that are “to control water volume and rates to protect infrastructure, improve water quality and related public benefits, and mitigate climate change impacts”, identifies eligible practices, and establishes that the priority areas for the program are the Minnesota River basin and the lower Mississippi River basin.
- C. Based on board order #22-06, staff opened the application period for the initial Water Quality and Storage Pilot Grant Program in early 2022. In the summer of 2022 staff scored and selected projects to receive funding. Grant agreements were developed, and work plans were submitted to BWSR staff in the summer and fall of 2022.
- D. Experience with the FY22 applications and scoring lead the team at BWSR to make a few modifications to the FY23 RFP and scoring matrix.
- E. The program policy, request for proposals, and frequently asked questions documents have been reviewed for application to the fiscal year 2023 Water Quality and Storage Pilot Grant Program and subsequent activities conducted with these funds.
- F. The Grants Program and Policy Committee, at their January 23, 2023 meeting, reviewed the proposed Water Quality and Storage Pilot Grant Program Policy and associated documents and recommended approval to the Board.

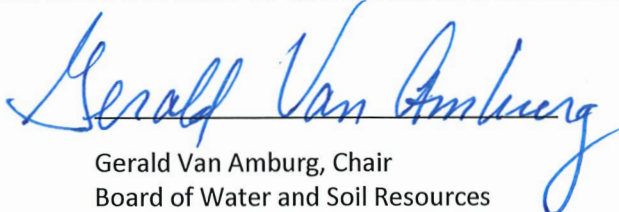
**ORDER**

The Board hereby:

- 1. Adopts the attached FY23 *Water Quality and Storage Pilot Program Policy*.
- 2. Authorizes staff to issue the Request for Proposals and score and rank the responses for future consideration by the board.

Dated at St. Paul, Minnesota, January 25, 2023.

**MINNESOTA BOARD OF WATER AND SOIL RESOURCES**

  
Gerald Van Amburg, Chair  
Board of Water and Soil Resources

Date: 1-25-2023

# Water Quality and Storage Pilot Program Policy

From the Office of Board of Water and Soil Resources, State of Minnesota

**Version:** 1.1  
**Effective Date:** January 25, 2023  
**Approval:** Board Order 23-05

## Policy Statement

The Water Quality and Storage Program was established to provide financial assistance to local units of government to control water volume and rates to protect infrastructure, improve water quality and related public benefits, and mitigate climate change impacts. This program is authorized by Minnesota Session Laws 2021, Article 3, Section 3, Sub 2.

## Reason for the policy

The purpose of this policy is to provide clear expectations for the implementation of grants delivered through this program. More specific requirements or criteria may apply when specified by statute, rule, funding sources, or appropriation language.

Grantees are responsible for the administration and decisions concerning the use of these funds in accordance with applicable Minnesota Statutes, state agency policies, and other applicable laws. BWSR will use grant agreements as contracts for assurance of deliverables and compliance with applicable laws and program policies.

**The BWSR Grants Administration Manual provides the primary framework for management of these funds.**

## Applicant Eligibility

Eligible applicants include municipalities, towns, counties, soil and water conservation districts, watershed districts, or organizations formed for the joint exercise of powers, as defined under section 103B.305, subdivision 5, and includes tribal governments. Applicant must have a State or tribal approved and locally adopted local water management plan, comprehensive watershed management plan, watershed district plan, or soil and water conservation district (SWCD) comprehensive plan.

Applicant must have calculated the reduction in peak runoff flow or volume due to the project at a downstream area of interest (to be determined by the applicant).

## Match Requirements

A minimum 25% match is required from non-state funds. The anticipated source(s) for the match shall be identified in the grant proposal. Activities listed as ineligible (see below) may not be counted towards match. Match can be provided by a landowner, land occupier, local government or other non-State source and can be in the form of cash or the cash value of services or materials contributed to the accomplishment of grant objectives.

## Eligible Activities

Eligible activities must result in a reduction to peak flow rates and/or volumes to demonstrate a decrease in downstream flooding, improvement of water quality or related public benefits, or to mitigate climate change impacts. Grants may include any number of practices, but the practices cumulatively must reduce the peak runoff flow and/or volume at an area of interest (to be determined by the applicant). The area of interest must be identified at the time of application and an explanation provided of the flooding, water quality, or climate vulnerabilities at that location. A feasibility study must already be completed that shows the effect of the storage practice on the runoff hydrograph.

Examples of eligible practices include, but are not limited to:

- Ponds without permanent pools (Dry detention ponds)
- Ponds with permanent pools (Wet detention ponds)
- WASCOBs
- Wetland Construction or Restorations
- Improvements or retrofits of existing storage areas to increase storage capacity or retention time

Project lifespan must be at least 25-years and the applicant must develop an Operation and Maintenance plan that includes an inspection schedule, expectations for routine maintenance, and a financing system to ensure the design function of the project.

Eligible activities also include construction costs, project development, grant management, and administration. Technical and engineering assistance necessary for design of these practices is essential and may be included in the project cost.

Payments for land protection including easement payment (temporary, perpetual, or flowage), pre-title acquisition payments, property acquisition costs, survey, title, and recording fees are eligible expenses under this grant. If a perpetual easement is acquired, it must be approved by the Board of Water and Soil Resources (BWSR) for entire contiguous storage practice. Total state easement payment rates, shall not exceed regular 2018 Reinvest in Minnesota (RIM) rates if the easement will be used as match.

## Ineligible Expenses

- Activities that do not demonstrate a reduction in the hydrograph peak at an area of interest.

- Activities that are multi-phase, multi-year storage systems (i.e. – the project must not rely on components that will be constructed at a later time in order to get the reduction in peak flow rates and/or volumes)
- Maintenance or repair of existing structures/storage projects.
- Activities that would negatively affect drinking water.
- Meeting the minimum requirements of Chapter 103E or MS4 plans.
- Feasibility studies and/or hydrology and hydraulic modeling are not eligible during the pilot phase of this program.
- Activities that are constructed as part of 103E proceedings will not be eligible during the pilot phase of this program until criteria can be developed to evaluate the project separately from the drainage improvement activities.

## Technical Quality Assurance

Grantees must identify the technical assistance provider(s) for the practice or project and their credentials for providing this assistance. The technical assistance provider(s) must have appropriate credentials for practice investigation, design, and construction. Credentials can include conservation partnership Job Approval Authority (JAA), also known as technical approval authority; applicable professional licensure; reputable vendor with applicable expertise and liability coverage; or other applicable credentials, training, and/or experience.

BWSR reserves the right to review the qualifications of all persons providing technical assistance and review the technical project design if a recognized standard is not available. See also the Technical Quality Assurances section of the Grants Administration Manual.

## Grant Work Plan and Reporting Requirements

To ensure the success of the program, development of grant work plans, regular reporting of expenditures, and technical assistance and accomplishments are required.

- a. **Grant Execution.** Grant agreement must be executed before work can begin on this grant and all work must occur within the grant period.
- b. **Grant Work Plan.** Work plans shall be developed in eLINK and must be approved before work can begin on this grant. Work plans shall reflect each eligible activity, a description of the anticipated activity accomplishments, and grant and match funding amounts to accomplish each of the activities.
- c. **Grant Reporting.** Descriptions of actual results and financial expenditures for each work plan activity must be reported in eLINK by February 1 of each year.
- d. **Grant Closeout.** Within thirty (30) calendar days of the expiration of each grant agreement or expenditure of all grant funds, whichever occurs first, grantees are required to:

- a. Provide a summary of all work plan accomplishments with grant funding in eLINK; and
- b. Submit a signed eLINK Financial Report to BWSR.

**BWSR Grant Administration Requirements**

BWSR staff is authorized to review grant applicant’s financial records to establish capacity to successfully manage state grant funds, develop grant agreements, including requirements and processes for work plans, project outcomes reporting, closeouts, and fiscal reconciliations. All grantees must follow the grant agreement and other applicable sections of the Grants Administration Manual.

In the event there is a violation of the terms of the grant agreement, BWSR will enforce the grant agreement and evaluate appropriate actions, up to and including repayment of grant funds at a rate up to 100% of the grant agreement.

**History**

Version	Description	Date
1.0	Water Quality and Storage Program Policy - new	1/26/22
1.1	Revised to remove the requirement of reduction of peak flow or volume at the HUC12 scale.	1/25/23