

**Environment and Natural Resources Trust Fund
2016 Request for Proposals (RFP)**

Project Title:

ENRTF ID: 163-F

Comprehensive Wetland Planning Framework and Mitigation Pilot

Category: F. Methods to Protect, Restore, and Enhance Land, Water, and Habitat

Total Project Budget: \$ 5,600,000

Proposed Project Time Period for the Funding Requested: 4.5 years, July 2016 to December 2020

Summary:

The Statewide Wetland Planning Framework will improve targeting, quality, and functional benefits of wetland mitigation and a Mitigation Pilot will provide for new, innovative wetland mitigation actions in Northeast MN.

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Sponsoring Organization: Board of Water and Soil Resources

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Location

Region: Statewide

County Name: Statewide

City / Township:

Alternate Text for Visual:

Northeast MN Watershed project map and Wetland Mitigation diagram have been uploaded to the "Visual or Map" tab

_____ Funding Priorities	_____ Multiple Benefits	_____ Outcomes	_____ Knowledge Base
_____ Extent of Impact	_____ Innovation	_____ Scientific/Tech Basis	_____ Urgency
_____ Capacity Readiness	_____ Leverage	_____ TOTAL	_____ %



Environment and Natural Resources Trust Fund (ENRTF)

2016 Main Proposal

Project Title: Comprehensive Wetland Planning Framework and Mitigation Pilot

I. PROJECT STATEMENT

This initiative will improve the targeting, quality, and functional benefits of wetland mitigation by establishing a statewide framework to guide mitigation activities, by improving knowledge and certainty regarding new and innovative wetland mitigation alternatives, and by placing more wetland mitigation decisions in the hands of agency wetland restoration experts. Under existing requirements, wetland mitigation siting and project success has been limited. State and Federal regulatory programs provide little direction and project-sponsors lack the incentive to prioritize and complete projects that maximize public value outcomes. The distribution and functions of wetlands, the type and scale of activities affecting them, and the availability of adequate mitigation opportunities vary significantly across the State, creating additional challenges. Unique circumstances in Northeast MN have garnered particular attention, where a single project can impact hundreds of acres of wetlands and opportunities for traditional mitigation projects (i.e. restoring previously drained wetlands) are limited.

As a result, mitigation projects can often replace lost wetland *acres* without replacing lost wetland *functions*. In addition, many wetland mitigation projects are being located such that they do not contribute to the integrity of the impacted watershed, nor are they located in areas where wetland restoration is a high priority. The recent interagency report “Siting of Wetland Mitigation in Northeast Minnesota” (March 7, 2014) recommended new approaches to wetland mitigation, particularly in Northeast MN, and related proposals are currently under consideration by the legislature. The U.S. Environmental Protection Agency is nearing completion of a report that identifies options in Northeast MN to implement the new and innovative wetland mitigation actions recommended in the interagency report. A pilot program will be vital to demonstrate success and provide certainty regarding these new functional mitigation alternatives.

The ultimate goal of this initiative is to increase the public value of wetland mitigation through improved targeting of locations and projects that will best maintain and improve watershed integrity. It will improve project identification and planning timeframes, provide a more informed decision-making process, and increase coordination with other conservation programs. This initiative only pertains to mitigation that occurs after a wetland alteration has been approved and in no way affects the requirement to first demonstrate avoidance and minimization of proposed wetland impacts. The initiative is also a vital core component of an approved In-Lieu Fee (ILF) wetland mitigation program, which BWSR will pursue separately.

II. PROJECT ACTIVITIES AND OUTCOMES

Activity 1: Develop a statewide Wetland Planning Framework.

Budget: \$600,000

The Wetland Planning Framework (Framework) will include a GIS-based prioritization tool to guide, select, and implement wetland restoration and mitigation activities that focus on providing specific wetland functions to meet specific watershed needs. The Framework will be constructed to allow for the incorporation of new information to keep it current and allow for continuous improvement. Specifically, data associated with the new National Wetlands Inventory (NWI) for Minnesota (an LCCMR funded project), and other sources that become available, will be utilized in future amendments to the Framework. The Framework will also be incorporated into State and Federal wetland mitigation policy, including an In-Lieu Fee mitigation program.

Outcome	Completion Date
1. Development of GIS model and establishment of wetland mitigation goals and priorities.	Dec. 31, 2017
2. Develop decision support tools to aid in the vetting of potential mitigation projects.	July 1, 2018
3. Finalize the Compensation Planning Framework.	July 1, 2018

Activity 2: Establish a pilot program for new, innovative wetland mitigation actions.

Budget: \$5,000,000

\$5,000,000 will be used by BWSR for the implementation of new and innovative wetland mitigation projects identified in the interagency and EPA reports. Project sites will be protected by permanent conservation



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easements held by BWSR. Resulting mitigation credits will be sold to offset previously approved wetland impacts. Credit sales will recover the full costs of site identification, establishment, monitoring, and maintenance, accounting for inflation and contingencies. Credit sale proceeds will be returned to the mitigation implementation fund for ongoing use by BWSR to address wetland functional mitigation and watershed needs. Knowledge and information gained from the completion of new mitigation actions will inform the development of guidance and policy for mitigation implementation, crediting, and performance standards.

Outcome	Completion Date
1. Develop implementation fund standards and operating criteria.	Sept. 31, 2016
2. Review and selection of alternative mitigation projects.	June 30, 2017
3. Development of restoration/conservation plans and permitting; project initiation.	May 31, 2018
4. Final implementation and completion of construction.	Dec. 31, 2020
5. Monitoring, assessment, and development of guidance.	Ongoing

III. PROJECT STRATEGY

A. Project Team/Partners

Les Lemm, BWSR Wetland Conservation Act Coordinator, and Ken Powell, BWSR Wetland Banking Coordinator will serve as co-project managers. BWSR technical, engineering, and wetland specialist will serve various roles in implementation. Funding will be utilized approximately as follows:

- \$290,000 to BWSR to develop the framework and manage the project.
- \$310,000 to MNIT and/or a natural resources consulting firm TBD for GIS analysis and tool development.
- \$5,000,000 to be utilized by BWSR for wetland mitigation projects.

Project partners contributing to development of the Framework and providing advice on wetland mitigation will include the MN Department of Natural Resources, Pollution Control Agency, and Department of Agriculture; and the U.S. Army Corps of Engineers, Environmental Protection Agency, and Department of Agriculture’s Natural Resources Conservation Service. Counties and Soil and Water Conservation Districts will be utilized as local partners for identifying potential mitigation projects. It is anticipated that additional funding for future phases of this project will be requested from LCCMR and/or other sources.

B. Project Impact and Long-Term Strategy

The Framework will guide wetland mitigation decisions into the future and will be amended as necessary to address changing resource needs, regulatory requirements, and scientific knowledge. The recapture of implementation fund expenditures through credit sales will allow for recurring use of the fund to provide continued, ongoing natural resource benefits. The strategies, costs, and outcomes of completing new, innovative mitigation activities will inform future mitigation searches, priorities, and policies. While the need for improved wetland mitigation is driving development of the Framework and mitigation pilot, both will also provide useful resources to help guide local, state, and federal conservation programs.

C. Timeline Requirements

The inventory and search for potential mitigation sites will occur concurrently with development of the Framework. Initial projects will be selected consistent with the EPA report on alternative wetland mitigation options in Northeast MN. Subsequent projects will be chosen and completed consistent with the completed Framework. Development of project implementation plans and permitting will begin upon project selection. Given the complex nature and long timeframes associated with the identification and successful restoration of wetland functions, the completion date for mitigation projects is expected to range from late 2017 to December 31, 2020. Short-term monitoring will occur annually for 5 years after project completion, and long-term monitoring will occur indefinitely in accordance with BWSR’s conservation easement monitoring procedures.

2016 Detailed Project Budget

Project Title: *Comprehensive Wetland Planning Framework and Mitigation Pilot*

IV. TOTAL ENRTF REQUEST BUDGET 5 years

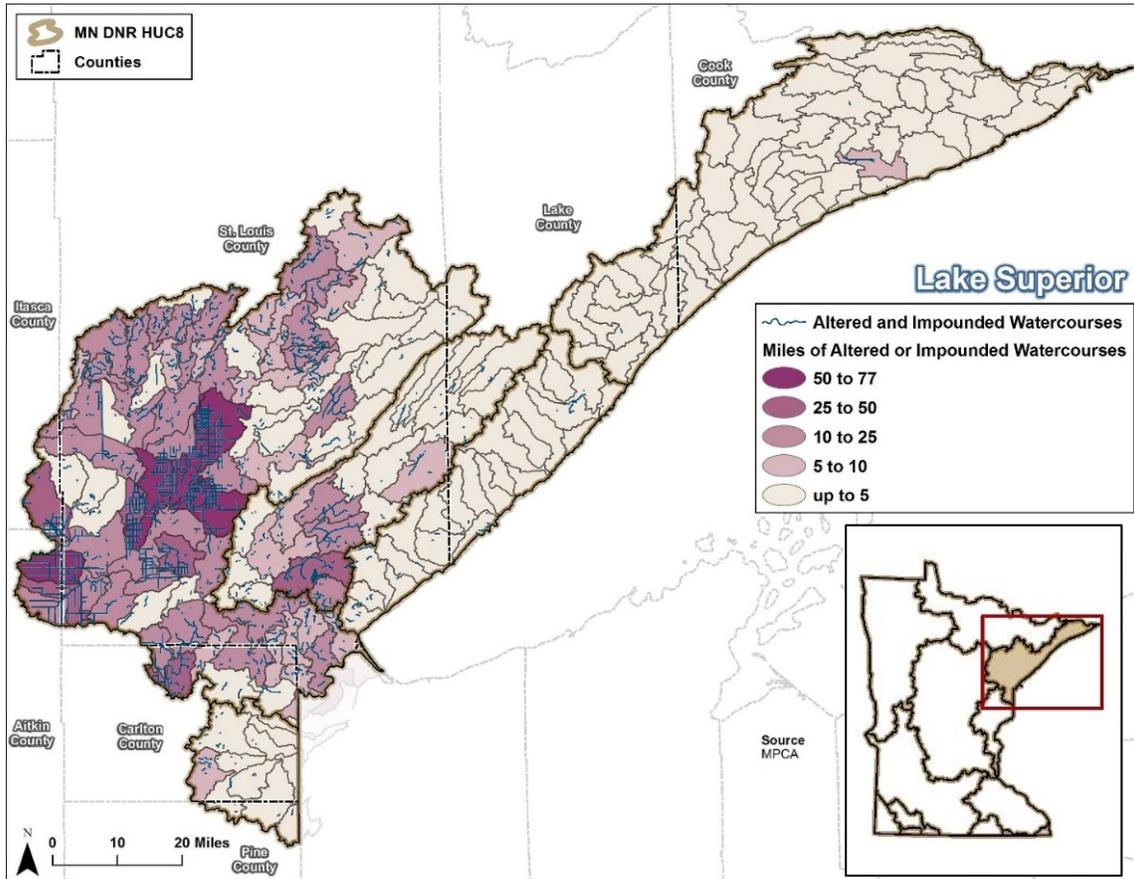
<u>BUDGET ITEM</u>	<u>AMOUNT</u>
Personnel:	
Project Management; approximately 10% FTE for three years.	\$39,000
BWSR staff development of the Wetland Planning Framework; 1 FTE for two years.	\$260,000
BWSR staff development of wetland restoration and mitigation plans.	\$41,000
BWSR staff costs for easement establishment.	\$20,000
Professional/Technical/Service Contracts:	
MNIT or a Natural Resources Consulting firm TBD based on RFP to perform GIS analysis and develop the data-dependent aspects of the Wetland Planning Framework.	\$310,000
Acquisition (Fee Title or Permanent Easements):	
Easement acquisition and construction. The number of easements and acres to be restored/protected is unknown at this time. However, it is anticipated to range from approximately three to twelve easements to be held by BWSR on 500 to 2,000 acres.	\$4,925,000
Travel:	
Mileage (approximately 5,000 miles), lodging, and meals for travel to and between sites for inspection, data gathering, survey, and construction oversight.	\$5,000
TOTAL ENVIRONMENT AND NATURAL RESOURCES TRUST FUND \$ REQUEST = \$	
	5,600,000

V. OTHER FUNDS

<u>SOURCE OF FUNDS</u>	<u>AMOUNT</u>	<u>Status</u>
Other Non-State \$ To Be Applied To Project During Project Period:	NA	NA
Other State \$ To Be Applied To Project During Project Period:	NA	NA
In-kind Services To Be Applied To Project During Project Period:	NA	NA
Funding History:	NA	NA
Remaining \$ From Current ENRTF Appropriation:	NA	NA

Comprehensive Wetland Planning Framework and Mitigation Pilot – 2016 ENRTF Proposal

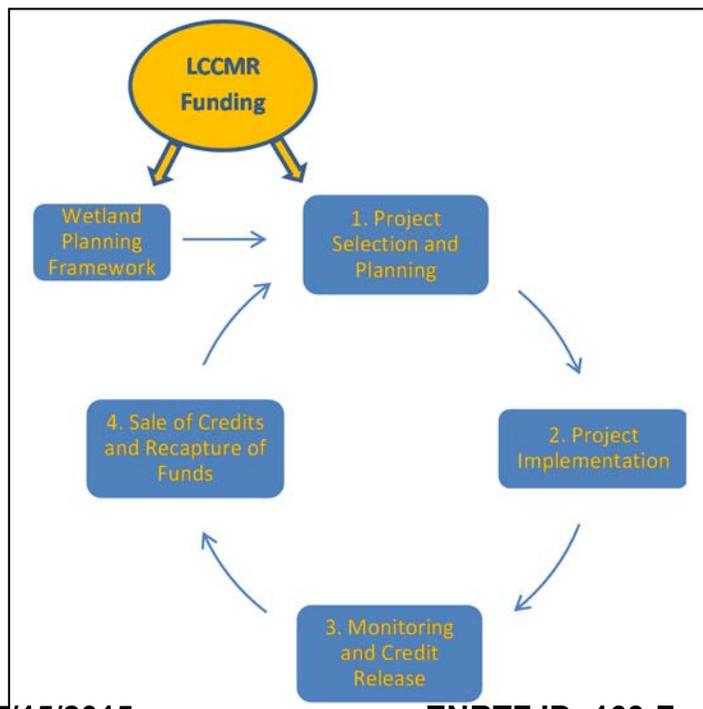
Figure 1. Opportunities for restoration of natural stream hydrology in northeast watersheds.



The interagency report “Siting of Wetland Mitigation in Northeast Minnesota” identifies the restoration and/or protection of riparian corridors and streams as one of several alternative actions for wetland mitigation in northeast MN. The above figure is from the EPA’s draft report “Northeastern Minnesota Compensation Siting: Alternative Wetland Mitigation Options,” which, when final, will be used to guide initial mitigation pilot program project selection.

Figure 2. Ongoing Implementation of the Wetland Mitigation Pilot Program.

Wetland mitigation activities will be chosen and implemented via a comprehensive planning process. Sale of mitigation credits will allow for the repeated investment of funds according to the wetland planning framework. As such, multiple recurring long-term benefits will result from a single initial investment.



Comprehensive Wetland Planning Framework and Mitigation Pilot

Project Manager Qualifications and Organization Description

Co-Project Manager: Les Lemm

Wetland Conservation Act (WCA) Coordinator
Minnesota Board of Water and Soil Resources

Education: M.S., Natural Resources Management, North Dakota State University, 2003
B.S., Environmental and Natural Resources Management, University of Minnesota, 1995

Background: Les has served as the WCA Coordinator since 2007. Prior to that, Les served 4 years as a Board Conservationist for BWSR in the metropolitan area where he worked with WCA, local water planning, implementing soil and water conservation practices, and other resource management programs. Previous experience includes working as a Natural Resource Scientist with the consulting firm of Widseth-Smith-Nolting in Brainerd and serving as the District Manager of the Lake of the Woods Soil and Water Conservation District. Les has experience and expertise both in natural resource policy and technical procedures, including wetland delineation methods.

Co-Project Manager: Ken Powell

Wetland Banking Coordinator
Minnesota Board of Water and Soil Resources

Education: M.S., Biology, Kansas State University, 1992
B.S., Wildlife, University of Wisconsin – Stevens Point, 1989

Background: Ken has served as the Minnesota Wetland Banking Coordinator for the past 4 years where he reviews wetland mitigation projects and develops wetland banks as the administrator and project manager of Minnesota's Local Road Wetland Replacement Program. Prior to that, Ken served 2 years as a Senior Wetland Specialist for BWSR where he worked with WCA policy issues and wetland impact and mitigation projects. Previous experience includes working as a Wetland Specialist and Permitting Coordinator with the Rice Creek Watershed District, a Wetland Specialist with several environmental consulting firms, and an endangered species biologist with the U.S. Fish & Wildlife Service. Ken has experience and expertise in the policy and technical aspects of wetland science.

Organization Description

The Minnesota Board of Water and Soil Resources (BWSR) is the state soil and water conservation agency. It administers programs that prevent sediment and nutrients from entering our lakes, rivers, and streams; enhance fish and wildlife habitat; and protect wetlands. BWSR is the state's administrative agency for 90 soil and water conservation districts, 46 watershed districts, 23 metropolitan watershed management organizations, and 80 county water managers.

The BWSR mission is to improve and protect Minnesota's water and soil resources by working in partnership with local organizations and private landowners. Core functions include implementing the state's soil and water conservation policy, comprehensive local water management, and the Wetland Conservation Act as it relates to the 41.7 million acres of private land in Minnesota.