

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

Project Title:

ENRTF ID: 181-G

Long-Term Drinking Water Supply Protection, Recreation, Habitat Plan

Category: G. Land Acquisition for Habitat and Recreation

Total Project Budget: \$ 2,500,000

Proposed Project Time Period for the Funding Requested: 3 years, July 2016 to June 2019

Summary:

Long-term drinking water supply protection plan effectuated through permanent controlled ownership placing vulnerable lands into conservation use with benefits of drought resistance, contamination elimination; promoting habitat, recreation; retaining tax bases.

Name: Mark Johnson

Sponsoring Organization: Lincoln Pipestone Rural Water System

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Lake Benton MN 56149

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Location

Region: SW

County Name: Jackson, Lac qui Parle, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, Rock, Yellow Medicine

City / Township:

Alternate Text for Visual:

Drinking Water Supply Wellfields to be Protected

<input type="checkbox"/>	Funding Priorities	<input type="checkbox"/>	Multiple Benefits	<input type="checkbox"/>	Outcomes	<input type="checkbox"/>	Knowledge Base
<input type="checkbox"/>	Extent of Impact	<input type="checkbox"/>	Innovation	<input type="checkbox"/>	Scientific/Tech Basis	<input type="checkbox"/>	Urgency
<input type="checkbox"/>	Capacity Readiness	<input type="checkbox"/>	Leverage	<input type="checkbox"/>		TOTAL	<input type="checkbox"/> %



Environment and Natural Resources Trust Fund (ENRTF)

2016 Main Proposal

Project Title: Long-Term Drinking Water Supply Protection, Recreation, Habitat Plan

PROJECT TITLE: Long-Term Drinking Water Supply Protection, Recreation, Habitat Plan

I. PROJECT STATEMENT

Lincoln Pipestone Rural Water (LPRW) is a Regional Governmental Rural Water System entrusted to guard and protect its drinking water supply for the health and welfare of 10 counties, 38 cities, 4500 customers and over 50,000 people in Greater Southwest Minnesota. Most (60%) of its water comes from public wells situated among highly row cropped agricultural land. Excess nutrients and chemical applications from these lands move into the water environment and thus into the aquifers that supply the LPRW drinking water well fields. These contaminants degrade the water quality from these aquifers. **Minnesota Regulations 4720.5100 et seq.** mandate water suppliers protect their drinking water supply against contamination and have an action plan called a Well Head Protection Plan. Conservation steps to guard against agricultural contamination can help but most have severe limitations making them inadequate for protecting drinking water supplies. Filter strip easements only partially protect from contaminants entering streams and aquifers and in some cases are bypassed from tiling or excess runoff that discharges directly into streams. Best management practices are on a year-to-year basis and only as good as adhered to. CRP land held by private owners are short-life non-permanent solutions that may revert to croplands. Reinvest in Minnesota is payable only to private entities and is a taxable event, a disincentive to 1031 tax free land exchanges for LPRW in effectuating land swaps. Private RIM lands are legally limited in the means to produce income while continuing to endure property taxation.

All these practices remain in the exclusive control and best interest of these private owners, not LPRW. Thus **Fee title ownership and permanent control over restoration and maintenance by LPRW of these lands is needed to best protect the drinking water supply.** LPRW already has a history and commitment of permanently protecting 1100 acres it owns from being a contamination source by placing and retaining them in CRP programs. Yet there remains 2700 acres of vulnerable water supply land that have been identified and need immediate protection. The LPRW plan is to start acquiring 250+/- acres of these acres to be placed in grassland under CRP which conservation practice would provide monies for maintenance, property taxes to the counties and net profits back to the ENRTF as required by law. Other **Important Long Term Benefits** from CRP applications are that grass cover retains snow and rainfall providing moisture retention and infiltration therefrom into the aquifer without introduction of contaminants while directly reducing the effects of drought. In turn this promotes Habit for wildlife and recreation for hiking and hunting, i.e. the Hunters Walk-in program. Also some of the acquired lands may have the potential to allow the wellfield footprints to be expanded with additional locations for wells and thus mitigate aquifer and overall well drawdowns thus firming up and further protecting the drinking water supply from the effects of drought and even from very localized contaminate influence found on a well-to-well basis.

II. PROJECT ACTIVITIES AND OUTCOMES

Activity 1: Acquire, Restore, Maintain Targeted vulnerable lands. **Budget \$ 2,500,000.00**

Description: **Acquire in Fee Title** the first 250 +/-acres out of 2700 acres of vulnerable drinking water supply land identified in the LPRW well head protection plan so as to hold maximum ecological control and help in the furtherance of LPRW's Wellhead Protection Plan. Acquisition will be through negotiated voluntary direct and indirect purchases via 1031 land exchanges with some offsite lands purchased to effectuate such land exchanges. To help facilitate voluntary land sales, parcels that lie both within/without the vulnerable area may be bought in their entirety and not subdivided on a case-by-case basis. Only when inevitable and to make needed purchases of targeted land where there are owner-related multi parcels to the targeted land outside the vulnerable area but adjacent to this land will LPRW purchase such. LPRW will seek to purchase whenever possible below fair market value and will encourage donations to stretch grant dollars.



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Restore/ Maintain: Acquired land will be restored to non-contaminating moisture retaining/drought resistant grasslands and put into CRP programs with any net proceeds after maintenance, etc. costs considered would be returned to the Trust as required by law. Local and experienced farmers will be contracted for implementing these restorations. Any annual property taxes due will continue to be paid to the local counties.

Habitat/Recreational Use will be a direct long-term beneficial natural consequence.

Wellfield Footprint Expansion can be a natural consequence of this activity.

Outcome	Completion Date
1. Protect in accordance to the LPRW well head protection plan long-term 250+/- acres water supply land acquired in fee title ownership and controlled by LPRW and restored from adverse land uses into permanent maintainable conservative non-contaminating land uses which promote moisture retention; drought resistance and habitat and recreation.	June 30, 2019
2. Restoration and set up for long-term maintenance	June 30, 2019
3. Habitat and Recreation	June 30, 2019
4. Potential to Expand Wellfield footprints firming up drinking water supply/ mitigating drought and localized contamination on a well-to-well basis	June 30, 2019

III. PROJECT STRATEGY

A. Project Team/Partners

Project Partners Not Receiving Funds”

The following team members/ partners will be paid via their own agency/ by LPRW for the work on this project:

- LPRW CEO Mark Johnson, Operations Manager Jason Overby, LPRW Board Members/Farmers Joe Weber, Earl DeWilde and Rod Spronk. Consulting Attorney Ron Schramel (outside title advice). Other knowledgeable staff will assist with this program.
- Lincoln County SWCD Randy Kraus (also LPRW Board member) and Pipestone County SWCD Nicole Schwebach.
- Minnesota Rural Water Association Aaron Meyer, Wellhead Protection Specialist.

These expertise team/partners will work with targeted land owners to present the protection plan program and needs and to negotiate for voluntary purchase of lands and land swaps.

Project Partners Receiving Funds

- Local Title Insurance Company/ Title Attorney (\$ 65,000.00)
- Local Farmers restoring lands (\$78,000.00)

B. Project Impact and Long-Term Strategy

In the long term **Fee Title Ownership** will give LPRW **Absolute and Perpetual** control over these targeted vulnerable lands to place and keep them in conservation practices that prevent the entrance of contaminates from these lands into the LPRW drinking water supply serving some 50,000+ people living in Greater Southwest Minnesota. Lands placed in CRP help reduce the effects of drought as their cover retain snow and rainfall and enhance moisture retention and infiltration into the ground water supply over row crop uses. Further CRP grasslands permanently restored perpetually promote Habitat and Recreational use. Property taxes will be paid and any net profits as required by law would be returned to the ENRTF. Other phases are needed to complete the acquisition of all the remainder of the 2700 vulnerable targeted acres.

C. Timeline Requirements:

LPRW anticipates completing acquiring and restoring 250+/- acres vulnerable water supply lands into conservation land use by June 30, 2019.

2016 Detailed Project Budget

Project Title: Long-Term Drinking Water Supply Protection, Recreation, Habitat Plan

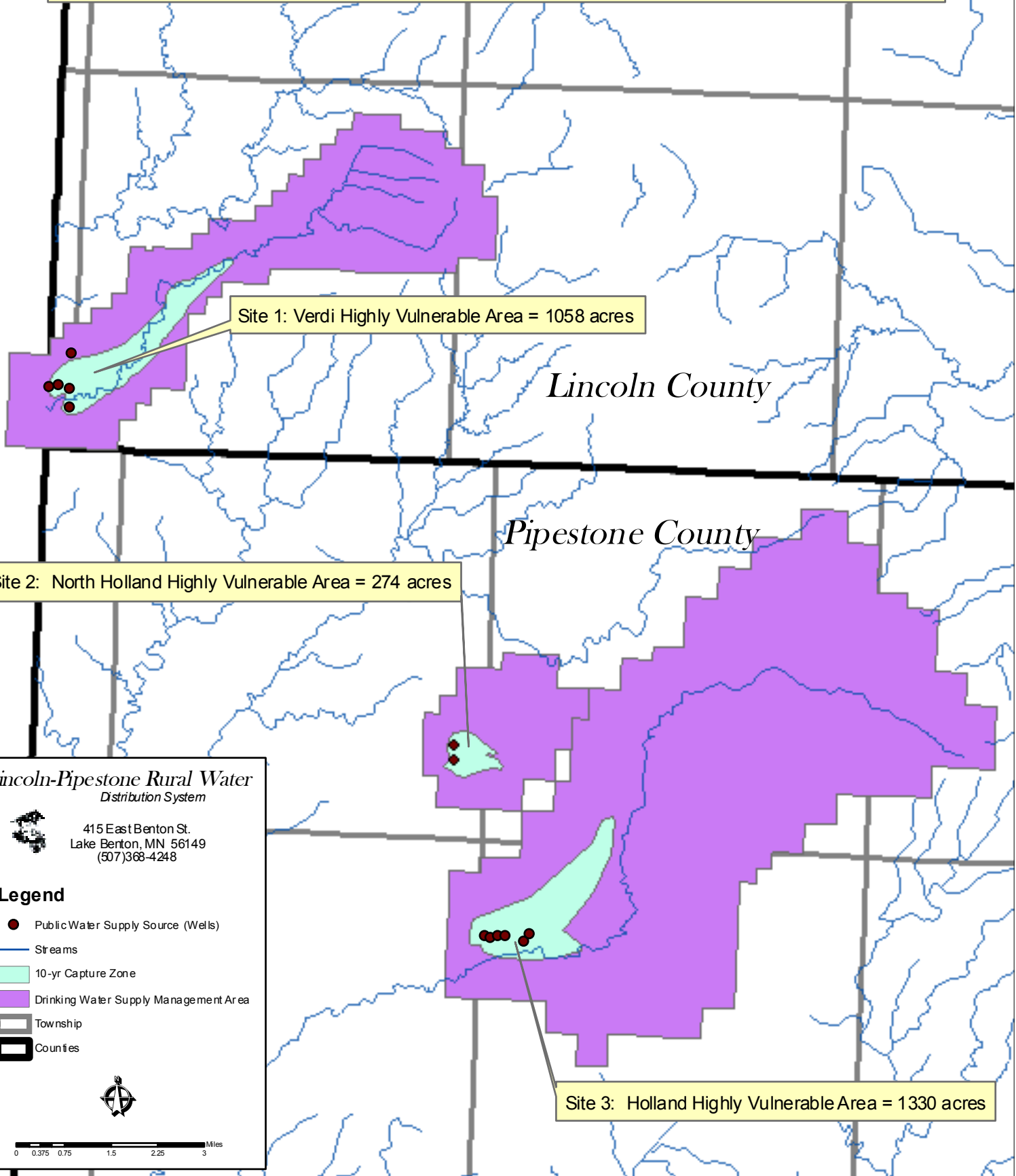
IV. TOTAL ENRTF REQUEST BUDGET [Insert # of years for project] years

<u>BUDGET ITEM</u>	<u>AMOUNT</u>
Contracts: Restore 250+/- acres designated acquired agricultural land under contract with local and experienced farmers per the Conservation standards of Lincoln Pipestone Rural Water System and/or the advice of the local Soil and Water Conservation District Agent.	\$ 65,000.00
Professional Services for Fee Title Acquisition: Includes real estate transaction costs, appraisal and review; survey; attorney; realtor costs but only when necessary to be involved; closing costs, title insurance; recording fees & deed tax, etc. Monies not used here will be applied to the further acquisition of designated agricultural land.	\$ 78,000.00
Acquisition (Fee Title or Permanent Easements): Acquire 250+/- acres designated agricultural land in fee title in the name and ownership of Lincoln Pipestone Rural Water System through the efforts of the Lincoln Pipestone Rural Water System Staff and Board Members; only in unusual and unique circumstances will realtors and realtor fees be involved as the goal here is to acquire land not fees.	\$ 2,357,000.00
TOTAL ENVIRONMENT AND NATURAL RESOURCES TRUST FUND \$ REQUEST =	\$ 2,500,000

V. OTHER FUNDS (This entire section must be filled out. Do not delete rows. Indicate "N/A" if row is not applicable.)

<u>SOURCE OF FUNDS</u>	<u>AMOUNT</u>	<u>Status</u>
Other Non-State \$ To Be Applied To Project During Project Period: Personnel- Lincoln Pipestone Rural Water Systems dollar contribution; LPRW Staff Salary; CEO (0.1 FTE for three years); Operations Manager (0.1 FTE for three years) and Water Resource Operators (0.2 FTE for three years)	\$ 120,000	Secured
Other Non-State \$ To Be Applied To Project During Project Period: Board Members - Lincoln Pipestone Rural Water System - 2 Board Members (.1 FT efforts for three years)	\$ 31,200	Secured
Other Non-State \$ To Be Applied To Project During Project Period: Travel- Lincoln Pipestone Rural Water System Fleet Vehicles and mileage expenses	\$ 11,000	Secured
Other Non-State \$ To Be Applied To Project During Project Period: Retained Attorney- legal work for acquisitions	\$ 12,000	Secured
Other State \$ To Be Applied To Project During Project Period:	N/A	N/A
In-kind Services To Be Applied To Project During Project Period: Lincoln County and Pipestone Farm Services Agency Advise, Education, Communications, with targeted landowners.	\$ 12,000	Secured
Funding History:	N/A	N/A
Remaining \$ From Current ENRTF Appropriation:	N/A	N/A

Project Title:
Long-Term Drinking Water Supply Protection, Recreation, Habitat Plan.
Lincoln-Pipestone Rural Water System



Site 1: Verdi Highly Vulnerable Area = 1058 acres

Lincoln County

Pipestone County

Site 2: North Holland Highly Vulnerable Area = 274 acres

Site 3: Holland Highly Vulnerable Area = 1330 acres

Lincoln-Pipestone Rural Water
Distribution System

415 East Benton St.
 Lake Benton, MN 56149
 (507)368-4248

Legend

- Public Water Supply Source (Wells)
- Streams
- 10-yr Capture Zone
- Drinking Water Supply Management Area
- Township
- Counties




**Environment and Natural Resources Trust Fund
2016 Proposed Acquisition/Restoration List**

Project Title: Long-Term Drinking Water Supply Protection, Recreation, Habitat Plan

Project Manager Name: Mark Johnson

Organization: Lincoln Pipestone Rural Water System

ENRTF \$ Request: \$ 2,500,000

#	Acquisition or Restoration Parcel Name	Geographic Coordinates Format: [Deg.]° [Min.]' [Sec.]" [Hemis.]		Estimated Cost	County	Ecological Significance	Activity Description	# of Acres	# of Shoreline Miles	Type of Landowner	Proposed Fee Title or Easement Holder (if applicable)
		Latitude	Longitude								
1	Verdi highly vulnerable drinking water supply source area	44°12'38"N	96°26'43"W	3823704	Lincoln	Cropland use adversely affecting LPRW's Drinking Water Supply imparticular the vulnerable and high vulnerable areas therein.	Fee title acqisition and Restoration of lands to conservation practices	up to 250+/-	N/A	Private Individuals	Lincoln Pipestone Rural Water System
2	North Holland highly vulnerable drinking water supply source area	44°07'55"N	96°18'29"W	3823703	Pipestone	Cropland use adversely affecting LPRW's Drinking Water Supply imparticular the vulnerable and high vulnerable areas therein.	Fee title acqisition and Restoration of lands to conservation practices	up to 250+/-	N/A	Private Individuals	Lincoln Pipestone Rural Water System
3	Holland highly vulnerable drinking water supply source area	44°05'64"N	96°18'04"W	3823704	Pipestone	Cropland use adversely affecting LPRW's Drinking Water Supply imparticular the vulnerable and high vulnerable areas therein.	Fee title acqisition and Restoration of lands to conservation practices	up to 250+/-	N/A	Private Individuals	Lincoln Pipestone Rural Water System
<p>NOTES: Total of 250 +/- acres are being sought to be acquired in fee title to protect from out these three areas of designated highly vulnerable acreage within the drinking water supply source area in accordance to the LPRW Well Head Protection Plan.</p>											

Lincoln Pipestone Rural Water

East Highway 14, Box 188
Lake Benton, Minnesota 56149-0188
(507) 368-4248 or (800) 462-0309
FAX: (507) 368-4573
MINNESOTA RELAY: 771 or 1-800-627-3529
Email: lprw@itctel.com

Project Title: Long-Term Drinking Water Protection, Recreation, Habitat Plan

Organization: Lincoln Pipestone Rural Water System

Lincoln-Pipestone was legally established under Minnesota Statute 116A organized in 1976 by Lincoln and Pipestone County farmers when they began pursuing the dream of clean and plentiful water. Since its beginning LPRW has grown into being a Regional water utility providing service in 10 Counties in Southwest Minnesota: Jackson, Lac qui Parle, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, Rock and Yellow Medicine Counties; and expansion into Jackson County. Currently LPRW serves 50,000 citizens, 4500 customers, 38 cities with 1.7 Billion Gallons Water per year.

LPRW was the first utility to develop a Wellhead Protection Plan to protect its drinking water supply from contamination. It strongly follows its plan and has acquired some 1100 acres within its drinking water supply and places them in conservation practices to prevent contamination therefrom.

Otherwise LPRW is engaged with the local Soil and Water Conservation Districts to approach the other owners of these vulnerable lands to educate them about protecting the drinking water supply and presenting them the conservation tools available to them to do this. LPRW even offers incentive monies from other grants to encourage and foster owners to follow conservation tillage practices. However these are stop gap at best and LPRW does not have the financial ability to timely purchase and fully and permanently protect more lands.

Project Manager Qualifications:

Mark Johnson is CEO of the Lincoln Pipestone Rural Water System since February 2013. Previously he had been the General Manager of a Municipal Utility District in Tennessee for 22 years. He is a licensed attorney and engineer in Tennessee and has practiced Bankruptcy law. He has extensive experience in land development both through his utility work as an executive administrator and his family business of land developments, investments, farming and commercial and residential rentals. He attended the Nashville School of Law holding a Doctorate of Jurisprudence and received a Masters and Bachelor degrees in Agricultural Engineering from the University of Tennessee, Knoxville. In his utility and legal work he has written and prepared many policy and courtroom documents; negotiated and acquired many deeds and easements, and has ostensibly dealt with the public, regulators and politicians. Further he has organized, worked with and managed many different people and teams to accomplish his organizations' goals. In his tenure he has lead and developed many large complex projects and developed their funding.

Other Partners/Staff:

LPRW will partner with the staff from the local Soil and Water Conservation Districts, Agent Randy Kraus who is also a board member of LPRW and Agent Nicole Schwebach. Their daily duties already encompass helping farmers with agricultural and the conservation programs that help protect the drinking water supply. Aaron Meyer, MN Rural Water Association is a Wellhead Protection Specialist Consultant. Attorney Ron Schramel also consults for Red Rock Rural Water on conservation issues, title documents. Board members and life-long farmers in these local areas Joe Weber, Rod Spronk and Earl DeWilde have a strong rapport and confidence level among these local farmers and within the community in general and understand and practice conservation measures on their own lands.

LPRW staff member Jason Overby, Operations Manager and Biologist, hired in 2005 has been integral in the conservation education programs to farmers and the community, the monitoring, analysis and effects of contaminants on the LPRW drinking water supply. Other knowledgeable staff will assist this program.



