



June 26, 2002

To: Governor Jesse Ventura

Fr: Dean Barkley, Acting Chair
Environmental Quality Board

Re: Environmental Quality Board Priorities for the Biennial Budget

The Governor's Water Unification Initiative (Executive Order 99-15) and Minnesota Statutes call for the Environmental Quality Board to determine the state's water priorities and to set the framework for water-related elements of the biennial budget. Pursuant to your order and state law, and following a thorough process of public involvement, the Board approved five priorities at its June 20, 2002 meeting:

- Improve the monitoring and assessment of Minnesota's waters
- Help agriculture protect, restore and enhance Minnesota's waters
- Manage water for smart growth
- Take new steps to protect Minnesota's lakes
- Secure stable financing for Minnesota's waters

The Board also found it important, should further cuts be required, to maintain key elements of the infrastructure of the state's water program. The key elements are:

- The ability to monitor and understand Minnesota's water resources and important threats to them
- Water-related data management and information sharing tools and expertise
- Integrity of the basic water regulatory program

While a number of factors must be considered in determining the biennial budget, the priorities represent a key step to securing Minnesota's environmental and economic future. Accordingly, we recommend that this framework be used by the Department of Finance and state agencies as they develop the next budget over the coming months. The attached document, "Water Priorities for the 2004-2005 Biennium" provides additional detail about the Board's priorities.

Thank you for your leadership on these issues.

Attachment

cc: Pam Wheelock, Commissioner of Finance
Craig Johnson, Governor's Office

Water Priorities for the 2004-05 Biennium

Minnesota Statutes, Sections 103A.43 and 103B.151 direct the Environmental Quality Board to prepare water policy recommendations and priorities each biennium. The Governor's executive order on water unification, Order 99-15, requires that the board's assessment be used to determine the administration's water priorities and policies for the biennial budget.

The Environmental Quality Board finds that the following priorities represent a key step to securing Minnesota's environmental and economic future. They are intended to build upon the existing framework of water programs, and in some cases fill gaps inadvertently created by budget cuts of the last decade. Should additional cuts in the state's water program be required, the priorities can aid in making those tough choices. If viable funding alternatives can be agreed upon, counterproductive cuts should be reduced.

If future cuts must be made, the state must take care to retain a few key, core elements of the water program. These are necessary to safeguard the quality and availability of Minnesota's drinking waters and its fish and wildlife in the face of a growing population. They are key to protecting Minnesota's investment in water. The elements include:

First, the ability to monitor and understand Minnesota's water resources and important threats to it. This requires an adequate network of water monitoring stations to define ambient quality, record the effects of pollutants, understand pollutant sources, and understand the effectiveness of practices to address problems. It also requires understanding of water availability and the geologic and land use characteristics that profoundly influence and affect water.

Second, water-related data management and information sharing tools and expertise. These are essential ingredients to capturing the information, linking water quality, availability and land use, and informing decision-makers at every level of government.

Third, integrity of the basic water regulatory program. The regulatory program for water quality and availability provides a safety net to ensure basic protection of the resource from those who might not appreciate the effect of their actions, or who might not care. It includes rule development and standard setting, permitting, compliance monitoring and program administration, outreach and evaluation. These activities provide the backbone of Minnesota's water protection and management system, and must be kept effective.

To tap opportunities to protect Minnesota's water resources and to rebuild essential elements, the Environmental Quality Board finds that the state must:

■ **Improve the monitoring and assessment of Minnesota's waters.** Like trying to read a book in the dark, we can't manage what we don't measure. Over a decade after

passage of the Ground Water Protection Act we still cannot tell people much about the trends in nitrate contamination of ground water. That is just one example. This priority supports water monitoring initiatives essential for basic support of the water program, including ambient monitoring of ground water sufficient to characterize the quality and availability of this valuable source of much of the state's drinking water; geologic atlases and regional hydrogeologic assessments in areas of the state at risk or under pressure; surface water monitoring sufficient to inform state efforts to control or manage point and nonpoint sources of contamination; and basic information management technology and information systems needed to integrate, assess and share data collected by a wide range of agencies and individuals.

■ **Help agriculture protect, restore and enhance Minnesota's waters.** Row crop agriculture takes place on about 40 percent of Minnesota's land surface. This percentage is much higher in the Minnesota and Lower Mississippi river basins. Animal confinement facilities are also prevalent in these areas. This priority will build on the federal 2002 Farm Security and Rural Improvement Act to enhance the sustainability of Minnesota's agricultural industry. It will target conservation efforts to critical areas, including highly erosive lands, watersheds with set total maximum daily loads (i.e., TMDLs), source water protection area needs, and areas sensitive to ground water contamination. Targeting may require and allow shifts in the allocation of state resources, both to ensure effective use of federal funds and to give needed state attention to other priorities. Another need is to build on the sensitive area delineations developed by the Department of Natural Resources in response to the Ground Water Protection Act of 1989. The goal is to identify suitable activities and land uses for the state's most vulnerable areas consistent with state ground water and drinking water protection policy.

■ **Manage water for smart growth.** Minnesota is growing, but this growth often occurs without thought to the implications for the environment, particularly water. This priority will make sure key water elements, knowledge and expertise are adequately brought to bear in growth management decisions. It includes smart growth guidelines and targets for water and sewer project funding, financing of water quality and availability monitoring and data management, and other support needed to define the concerns and limits to growth from a water perspective. A key element is development of aquifer management plans (determining sustainable yields and resource protection needs) for those aquifers at risk from urban growth. Another key element is providing this information to local governments and helping them build and carry out solid comprehensive plans that incorporate the issues from water plans. The priority includes a new federally mandated storm water program that will impact development and protect surface waters from urban storm water runoff. And, it calls for policies and actions to enhance the connections cities make with urban rivers. Finally, support for preparation of a state development strategy is also included. The strategy will help focus and integrate state efforts for smart growth and will make the state more responsive in meeting local growth management needs.

■ **Take new steps to protect Minnesota's lakes.** Lakes are perhaps Minnesota's most prized natural resource, and additional state, local and citizen-based efforts to safeguard

them are warranted. This priority integrates state water quality protection efforts and provides new, integrated support to local governments and lake interests consistent with local comprehensive plans. There is strong public support for improving lake water quality protection efforts and strengthening the involvement of local governments and citizen groups.

■ **Secure stable financing for Minnesota's waters.** A number of state water programs receive funding through various fees or federal grants, while others are supported solely by the general fund. This priority will examine legitimate fee-based opportunities to provide reliable, inflation-adjusted support to those functions that comprise the foundation for the state program. First, this should include support for the state's water quality and availability permit programs. Second, it should consider ways to provide a baseline of support for ambient water monitoring and assessment efforts. A key principle will be to make the system sufficiently broad-based so that fees can provide reliable support to the activities of a range of agencies. This approach is necessary to rebuild important efforts undermined by budget cuts of the last decade, and to ensure that the overall system is balanced in a way that reflects the need, not merely the success of agents at securing money. The approach is unusually important in the water arena, since water management involves a complex network of interrelated activities and programs, with each depending on others for the whole to work.